



*The Great Wave Off Kanagawa, Katsushika Hokusai (1760-1849)*

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# The Election That Nobody Won: American Politics & the Crisis of Strategy

By Carl Davidson

Cy.Rev Managing Editor

The stalemated 2000 U.S. presidential election has cast a public spotlight on all the strategic and tactical weaknesses of all the political forces concerned.

It was truly an election that nobody won. To be sure, George W. Bush is now the legal president; but because of his strategic failures and the strategic failures of all the other prime players, the Bush presidency will lack legitimacy for the period ahead.

Strategy is one of the most crucial matters in politics. Success or failure here is a measure of one's ability, first, to take an accurate measure of the overall circumstances and, second, to make an accurate and fruitful determination of adversaries and allies in each successive set of circumstances. As Alvin Toffler recently put it, any political player who doesn't have a strategy is really a pawn in someone else's strategy.

So how did our political players in this election measure up on their strategies? Here's a quick review of the main points:

**The Gore Campaign.** The neoliberal Democratic Leadership Council was the inner core of Vice President Al Gore's campaign. Its strategy has been, for several years, to distance itself and the Clinton-Gore team from the party's traditional progressives, with the aim of uniting the country's political center and winning over elements of the right.

By trying to marginalize the left Democrats, however, the DLC ignored the crucial role of what can be called the critical force in building broad coalitions. Critical forces are insurgent constituencies that not only raise their own issues, but also pose broader questions against a main adversary that can help mobilize the more passive and static constituencies aligned with them. The Democrat's left progressives, especially among African Americans, have played this militant minority role in winning earlier mass campaigns.

This race was different. This conscious push to the center, explained the Aug. 15 Christian Science Monitor, seen in Gore's choice of Joseph Lieberman as his running mate, has distracted (if not alienated) many activist Democrats. Senator Lieberman is chairman of the Democratic Leadership Council, a pro-business group (of which Clinton also is a leading figure) that has nudged the party rightward in recent years.

One example of this trend on the party's left wing: The congressional Progressive Caucus, a 53-member group of Democrats, got slapped down at the recent drafting of the party's platform.3:23 AM Among the group's defeated proposals were those that would have limited the president's ability to negotiate trade agreements, raised pay and benefits for low-wage workers, and expanded government-funded healthcare.



They talk about a big tent, grumbled Rep. Dennis Kucinich (D) of Ohio, a member of the Progressive Caucus. But this tent just got a bit smaller.

After spending years criticizing and dismissing the traditional progressive constituencies, Blacks, labor, feminists, greens, the DLC at the last moment expected these same activists to turn on a dime and mobilize the full strength of all those who supposedly had nowhere else to go. Some progressives responded to the call, but many others either stayed home or campaigned for Nader. One indicator: the overall voter turnout this year was about 50 percent, compared to 55 percent in 1992 when Clinton ran against Bush the elder.

“I don’t like that the DLC gets it all”, said Robert Kuttner of the American Prospect, summing up the new relation of forces in the Democratic Party, “and Gore ends up being the left wing of the ticket.”

The DLC’s policy of “distancing” its candidate from African-Americans continued even into the month-long battle over the Florida recounts and the court decisions that finally decided the election. While one exposure after another revealed GOP efforts to undercount, miscount and otherwise disenfranchise voters in Black precincts, the Gore campaign downplayed these issues and stuck to narrower technical challenges to the vote counting process. At the unprecedented protest by the Black Congressional Caucus at the time of the Congressional approval of the Electoral College vote, not one Democratic Senator could be found to join their ranks.

**The Bush campaign.** The GOP’s strategy was an attempt to unite the right and far right, win over the center, and defeat the progressives. The critical force for Bush was the militant insurgency around the right-wing Christian Coalition. Its only clear-cut success, however, was isolating and defeating Pat Buchanan and his wing of the Reform Party on the far right.

Bush did make some inroads in winning over the center. What was new was his campaign’s “new diversity” and “compassionate conservatism” repackaging. It made some notable gains among moderate Hispanics and Asians, while expanding the GOP’s “Reagan Democrat” blue-collar white males. In fact, Bush carried a clear majority of white males with less than a college education. (One third of all union members also voted for Bush, a point that should be pondered by AFL-CIO officials blaming Nader for their failures.)

But Bush’s strategy stumbled badly over his overall assessment of the center forces and the “Gender Gap.” The American center, in its majority, simply does not want to jail women for having abortions or to abandon the children in its public schools. In California, for instance, women voted for Gore over Bush by an eighteen percent margin. Sociologist Francis Fukiyama explained it in the November 15 Wall Street Journal:

“It is not just that women vote in greater numbers than they did, but that they constitute the key vote that has swung toward the Democrats in contemporary elections. Foreign policy, strong national defense and tax cuts were key parts of the traditional Republican formula that brought Ronald Reagan to power. But these issues are also pre-eminently male ones, and have consistently failed to gain much traction among women. Mr. Clinton woke up to the feminization of American politics and the cultural issues this spawned much sooner than the Republicans, and rode it to two election victories.... How politicians play this issue is very complex, because women are not a homogeneous voting block and have very different interests on a variety of issues. But on the whole, this shift spells

trouble for conservatives more than for liberals. The single most important social change to have taken place in the United States over the past 40 years concerns sex and the social role of women, and it is from this single source that virtually all of the 'culture wars' stem."

**The Nader campaign** Ralph Nader, running on the Green Party line, defined victory differently than his opponents: getting five percent of the vote nationally to insure ballot status and federal funds for future elections. To win this goal, Nader tried to implement a "citizens vs. corporations" strategy that was essentially a hard-hitting, oppositionist critique of capitalism, but without a clear alternative program for restructuring both power and the production of wealth. It either ignored, attacked or ran ahead of his potential allies.

Nader's anti-corporate vision, moreover, was distorted by an anti-China, anti-trade protectionism he shared with the AFL-CIO leadership and, to a certain extent, with Reform Party candidate Pat Buchanan. As Bruce Shapiro noted in the November 1 *Nation*, "Buchanan's attacks on global trade and his opposition to U.S. military adventures abroad have led some influential voices on the left to wonder whether this is a bargain they could join. Some in the Naderite orbit, for instance, now argue privately that Buchanan will not center his campaign on social issues in the 2000 election, and that a platform based on his corporation-bashing might be worthy of support."

In practice, Nader and the Greens primarily united insurgent white youth and a portion of the older generation radicalized by the youth rebellion of the 1960s. Among 18- to 22-year-old voters, Nader ran at nearly thirty percent. This group, tied to the anti-globalist protests in Seattle and elsewhere, are crucial to future party-building efforts. He also ran slightly higher among Blacks and other minorities than among whites; and won the endorsement of Black leaders like Cornel West, Manning Marable and Adolph Reed. But instead of five percent of the vote nationwide, Nader got 2,716,231 votes, just under three percent; still not to be taken lightly.

In essence, the Greens took a get-rich-quick approach to party building. They tried prematurely to build an electoral organization from the top down before gathering sufficient strength and allies from the bottom up. While the Greens displayed some impressive mobilizing, they now face the task of consolidating their gains, but lack the infrastructure to do it systematically.

**The Buchanan campaign** Splitting from the GOP and taking over Ross Perot's Reform Party, Buchanan's campaign was essentially a semi-fascist attempt at empowering a nationalist united front of European Americans. Its populist anti-globalism mainly targeted immigrants of color and the third world, even as it claimed to defend American workers and jobs. Thomas Edsall put it this way in a June 22 Washington Post report on a Teamster's Union press conference:

"With Nader by his side, (Teamster President James P.) Hoffa said that 'only Ralph Nader and Pat Buchanan have stood with the American workers on trade.' He added, however, that on the broad range of labor issues, union representation, health and safety laws and a host of other issues, Nader is on the side on the union movement, while Buchanan is not.... 'Ralph Nader and Pat Buchanan must be included in the electoral process,' Hoffa said. "Furthermore, the (Presidential Debate Commission) should hold a debate dedicated specifically to address[ing] workers' issues and the issue of globalization."

But Pat's minions failed even to unite the far right. Buchanan completely underestimated the victory-hungry electoral pragmatism of Pat Robertson's Christian Coalition, which stayed with the GOP and

left him in the lurch. When he tried to compensate this loss with a temporary alliance with Lenora Fulani and the New Alliance Party, he was further isolated even in his own base. Despite winning \$12 million in federal campaign funds, he wound up with less than one percent of the vote.

In addition to Gore, Bush, Nader and Buchanan, there are a number of other players in the electoral arena that are important from the perspective of a strategy for the left:

**The Left Democrats.** Referred to variously as the Progressive Wing, the Rainbow Democrats or the New Deal Liberals, many in this cluster supported former Senator Bill Bradley, in the Democratic primaries. Others, such as Rev. Jesse Jackson, were behind Gore from the beginning, believing he was the stronger candidate against Bush. Unlike the DLC, the Left Democrats don't have a single center. In Congress, they are represented mainly by the Progressive Caucus and the Black Caucus, but they are also represented by Jackson's Rainbow Coalition, the National Organization for Women and the AFL-CIO's Committee on Political Education. There are also differences among them, with the Black Caucus having the most progressive overall platform.

These progressives constantly face a dilemma. On one hand, their political clout is tied to the perks and privileges they have won as members of the Democratic Party. On the other hand, they never have enough clout to displace the "Corporate Caucus," the DLC, as the primary force with the wealth and power in the Democratic Party.

Apart from the DLC's attempt to marginalize organizations of the Left Democrats, the main argument between the two factions is over how to win over the "white suburban center." According to the Dec. 16, 2000 Washington Post, "The populist wing argues that white voters without college degrees hold the balance of power while the centrist wing contends that 'wired workers' who use the Internet, and in many cases own stock, are the key voting bloc." One side wants to win these constituents with economic populism while the other wants to use social conservatism. Both miss the point that Bush made his greatest inroads into this group with a message of reform, local and individual empowerment and entrepreneurship, messages that by no means have to be conceded to the right.

**The Labor Party.** This trade union based organization, which has corralled the electoral ambitions of a number of left groups, was not a player in 2000. It is rooted among trade union organizers and activists to the left of the AFL-CIO leadership. Its strategy is basically to unite the working class, through its unions, against any candidates of the Democrats and Republicans. It has isolated itself through its go-it-alone ultra left tactic of abstaining from electoral campaigns until it can win big races at the top first. It opposes any fusion tactic of supporting local progressive Democrats and any potential candidate on its line must first break all ties with the Democrats. Two major national unions affiliated with the Labor Party, the United Electrical Workers and California Nurses Association, supported Nader. Most other unions supported Gore.

**The New Party.** This locally based independent left party, known for its cross-endorsing “fusion” tactics with progressive Democrats, was one small exception. It did not participate in the presidential race nationally, but where it did implement its tactics locally, it made gains. As Jay Schaffner summed up the New Party affiliate in New York: “In New York, the bright light is that of the Working Families Party”. On Election Day, they had some 3000 trade unionists, CORN members and others out on the streets, at the polls. The WFP vote climbed from just over 50,000 for Vallone two years ago, to somewhere between 102,000 and 110,000. The WFP vote doubled! The WFP is now the number four party in New York; previously it was number eight. (It should be noted that the total Nader vote in New York State was double that of the vote for the Working Families Party.) The WFP ran a slate of its own local candidates, but cross-endorsed Hilary Clinton and Al Gore on its own ballot line.

**The Vermont Progressive Party,** which endorsed Nader nationally, also did well. It won a number of local races and candidate for governor did better than ten percent.

What about the **socialist left**? It ran a few candidates in a number of states, notably David McReynolds from the Socialist Party and Monica Moorehead from the Workers World Party. Obviously, socialism in the U.S. doesn't speak with one voice. Some organizations, such as the Committees of Correspondence for Democracy and Socialism and the Democratic Socialists of America, were clearly divided between Nader and Gore supporters. Some are close to Nader's anti-corporate united front, but with a greater emphasis on minority nationalities and women. Others hold to older formulas for an anti-monopoly united front or anti-imperialist united front. Those leaning to the ultra left hold to some versions of a united front of the working class against capital, while those leaning to more moderate positions uphold equally dated versions of the united front against fascism or the all-people's front against reaction.

What all of these socialist approaches have in common is that they haven't changed much in at least 25 years. And with a few notable exceptions, the tactics that derive from these ossified strategies haven't produced anything for their advocates beyond continued isolation at the margins of political life. Some even have strategic principles, but no tactics at all. Others have a variety of tactics, but no strategy. Even when they win a battle, the gains soon evaporate. Moreover, nearly all varieties of the socialist left are without any independent electoral base organizations that have been built up over the years.

### **A New Proposal on Strategy**

What do we need to win elections and build the independent left in American politics? First, we need a good strategy, one that not only determines friends and enemies in a general way, but concretely, in the battles before us today. Just to name imperialism or corporate capitalism doesn't help much. We need to know which sectors of capital are currently the most dangerous, most reactionary and greatest obstacles to human progress today. We need to narrow the target and focus our fire on the worse and most dangerous of the bunch in a way that takes advantage of divisions in their ranks. This enables us to form broader alliances among the masses and to find tactical allies that we can use to develop our strength.

We are not in a revolutionary situation or crisis. Socialism itself is not on the electoral agenda or even a matter for mass agitation at this time. This doesn't mean we shouldn't be serious about socialism. To the contrary, we need to be very serious about it, but mainly as a matter of theoretical

development and revolutionary education. The process of critiquing the failed, second-wave, anti-market socialism of the last century still has to be deepened, so that a third wave socialism—ecological, market-employing, high-tech, globalist and radically democratic—can be further developed.

What we urgently need now, however, is a strategic vision and ensuing set of tactics appropriate to enhancing the political and economic preconditions for a third wave socialism in a non-revolutionary situation. In fact, it is precisely how well we can develop our forces in these conditions, which may last a long time that will determine our ability to act decisively in periods of upheaval and crisis.

I have argued elsewhere that we need to take up the new strategic thinking put out by the Center for Labor and Community Research. It calls for the formation of a broad alliance against speculative capital, especially the low-road globalists whose financial manipulations are deepening poverty and creating havoc with labor and environmental standards in this country and across the world.

Notice that this is not a broad alliance against all capitalists, all big corporations or even all global multinationals. Instead it singles out a particular grouping of parasites who do little to organize new wealth or productive forces, but mainly manipulate market inequalities to loot and pillage. It seeks a strategic relationship with progressive “third sector” capital, such as nonprofit institutions and employee-owned firms. It leaves open the possibility and the desirability of tactical alliances with productive capital, even very large but productive corporations with a global reach. It distinguishes between high road and low-road capital strategies, between those who, on one hand, want to level down working conditions and wreck the environment and those who, on the other hand, want to develop a high-skill, high-design, sustainable future.

Here’s just one example. According to a November 22, 2000 report by American Viewpoint, a GOP polling firm, a poll of the Fortune 5000 finds U.S. business executives split on the Kyoto Protocol, the international treaty being negotiated, with the help of Al Gore, to halt global warming:

“Thirty-four percent of business executives polled said they support ratification of the agreement by the U.S. Senate, 26 percent opposed it, and 38 percent had no opinion.... U.S. business executives are not monolithically opposed to the Kyoto Protocol, as some lobby groups would like everyone to believe,” Philips Clapp, president of the National Environment Trust, which commissioned the poll, said today. “More than a third actually support Senate ratification of the treaty, and roughly another third say they don’t have enough information to make a decision,” he said.

“The poll also found that 75 percent of Fortune 5000 executives believe that global warming is a serious problem. Arguments by the Global Climate Coalition and other groups that the scientific evidence of global warming is inadequate seem to have been rejected by a majority of business executives. Fifty-five percent of those polled said that majority of the evidence supports the existence of global warming or that it is established scientific fact.”

Does this mean an end to class struggle against capitalists in any anti-low road alliance? Of course not. In fact a critical form of class struggle is precisely to engage and challenge these class forces on firmly taking the high road rather than the low road, to curb their own speculative, “make money rather than create value” tendencies, and to adjust and focus the struggle on the main targets at a given time.



Among the people, we also need to change our thinking and make new assessments. It doesn't help just to think in terms of static class formations, working class, small producer, petit-bourgeoisie, underclass. It is far more fruitful to think in terms of insurgent constituencies as primary forces and the relatively more passive constituencies as secondary allies. Today the inner city poor, the working poor and the student youth are the main insurgencies, with the traditional progressive forces taking a relatively more static and passive role.

These insurgent constituencies are also in tune with the current trends of development, especially the impact of the information revolution: increased demand for technically trained labor, repression of inner city youth and expansion of the prison-industrial complex, stagnation of the blue-collar sector, and the growing demands for a social wage with health care, school reform and workforce development programs.

A new strategic thinking rooted in high road vs. low road development also means a break with the primarily oppositionist and redistributionist politics of the old liberalism. Our aim is not just the redistribution of wealth, but primarily the restructuring of power and a redistribution of the means of creating new wealth.

It is interesting that Bush's "compassionate conservatism" makes some of its stronger inroads into former or potential Democratic constituencies with its own variation on this theme. Stephen Goldsmith, former mayor of Indianapolis, puts it this way in the conservative journal, *Hoover Digest* (2000/4):

"Government has a responsibility, not to redistribute the wealth of citizens, but to provide the underprivileged with the skills and opportunities to create their own wealth.... For the most part, Democratic liberalism, instead of creating opportunities for people to enter the mainstream, has sought to 'buy out' the less fortunate by creating a system of government that actually disempowers those most in need by giving them less control over their lives. And by promoting the redistribution of income rather than the creation of new wealth and new opportunities for investment, liberals have consigned people in need to the sidelines, where they remain dependent for their survival on the largesse of the state and the decisions of bureaucrats."

Compassionate conservatism, however, gets tangled up in its own conflicting principles. Without redistributing current wealth, except toward the military-industrial sector, it undercuts the ability to create or implement its individual empowerment plans except in ways that add to the crisis or expand inequalities. This would be the consequence of its school voucher proposals and welfare reform, especially with an economic downturn.

The left, of course, should never give up its goal of redistributing wealth; rather the left needs to subordinate redistribution to empowerment and the creation of new value

That means we do not simply denounce and oppose present outrages and demand relief. Instead we offer and fight for an alternative, sustainable plan of development and a popular effort to take hold of the political power needed to implement our program. It is precisely our task to show that the popular forces can run towns, cities, counties, states and countries better than the low-riders can, even without socialism. In fact, it is through this means that the working class and its allies develop their ability to be the masters of society.

We need to develop a new majority on a new basis because, as this election shows, neither the old liberalism nor neoliberalism nor compassionate conservatism can unite a broad new majority. We need a new vision that combines a democratic, wealth-creating, ecologically-sound entrepreneurial program with a radical democratic reform of political power and a sustainable safety net for society's weakest and most vulnerable members.

But strategy and vision are not enough. Every strategy requires organizational forms to mobilize political power and transform policy into results and deeds.

First, organizations that link this strategy's two main insurgent constituencies, the inner city poor and the younger wired workers and student youth, need to be multiplied and developed. These would include school reform coalitions, the community technology center movement, the universal health care movement, and movements against sweatshops, criminal justice abuses and toxic waste dumps.

Second, these insurgencies need to be linked to traditional progressive groups, labor, women, people of color, gay and lesbian, with proposals for radical democratic structural reform. These would include workforce development and business incubation initiatives, wider and more affordable access to higher education, organizing contingent labor, environmental cleanup and recycling initiatives, anti-discrimination and affirmative action measures, and social wage legislation. Many of these initiatives would also involve representatives from high road and green businesses, small and large in scope.

Third, the high-road coalitions need to develop an independent electoral organization rooted in the local political precincts, wards and districts of its grassroots members. A key starting point would be a Black-Green-Blue Alliance, united around radical democracy and a high-road economic agenda, that would cooperate in fielding candidates for local offices and building upward.

Finally, no significant progress can be made in the electoral arena without critical changes in the current election laws that unfairly buttress incumbency and the two-party system. First would be measures that would allow for instant runoff (preferential voting) rather than the winner-take-all plurality system we now have. This would disarm the "wasted vote" argument against minor candidates. Second would be to allow the cross-endorsement "fusion" option to vote for a single candidate across several party lines, as currently exists in New York state. Third would be reforms making it easier to get ballot status in states where it is unfairly difficult for minor parties. The more difficult issues of campaign financing and the electoral college can be dealt with in good time, but without these measures, the progressive movements will forever remain the captives of two-party "corporate caucuses" or consigned to the margins of American electoral politics.

## **A Case Study of a Community Technology Center in the Dual City**

Historical inequalities condition new social developments. (1) In virtually every society at the dawn of the 21st century, polarities of income, class, color, and space are translating into a digital divide. (2) This divide is between those who can access and use phones, computers, and the Internet and those who cannot. There are economic, cultural, and also spatial dimensions to this divide, because, for example, the lower income inner city community is excluded structurally and physically, living in unmarked but well defined neighborhoods with different or fewer resources.

## **Social Capital and Cyberpower in the African American Community**

by Abdul Alkalimat  
and Kate Williams



Digital divide measures usually focus on individual or household access. However, the digital divide also involves social applications of technology together with the content of networked information. Government surveys provide the most authoritative data to date on access. United States government statistics indicate household rates of access as: telephones 94.2%, computers 51.0% and Internet access 41.5%. At the highest income levels (annual household income of \$75,000 or more) computers are in 86% of the households, with little difference between Blacks and whites at this income level.

But on the whole the digital divide is also a color divide, or as the U.S. Department of Commerce put it in 1999, "The digital divide is fast becoming a 'racial ravine.'" (3) The current gap between Blacks and whites can be seen in 2000 household rates: 46.1% of all white households have Internet access, as against 23.5% of Black households. (4)

In addition to home and work, people access computers and the Internet in public settings such as government institutions (e.g. libraries and schools), commercial enterprises (e.g. copy shops and private business schools), and other venues making up the public sphere. (5) We call this public computing: public access to and use of information and communications technology. The community technology center (CTC) is a generic name given to a computer lab open to the public. Especially with recent government and private funding, CTCs are multiplying. They have formed into associations, often funding related, at the local, state, and national levels (table 1). Toledo, Ohio, the location of this study, is typical, with three associations at work, sometimes in coordination. (6)

<b>Table 1. Community Technology Center Associations: Toledo, Ohio, and US, with Excerpted Mission Statements</b>		
<b>LOCAL</b>	Coalition to Access Technology and Networking in Toledo (CATNeT) <ul style="list-style-type: none"> <li>• Founded 1996</li> <li>• 22 members</li> </ul>	... to contribute to the empowerment of low income citizens and community-based organizations by providing or facilitating access to the technological tools that are more routinely available to our community's more affluent citizens and organizations.
<b>STATE</b>	Ohio Community Computing Centers Network (OCCCN) <ul style="list-style-type: none"> <li>• Founded 1995</li> <li>• 39 members</li> </ul>	... dedicated to expanding access to technology in Ohio's low-income communities. ... Supports the efforts of centers that provide free public access to computers and the Internet for members of their communities.
<b>NATIONAL</b>	Community Technology Center Network (CTCNet) <ul style="list-style-type: none"> <li>• Founded 1990</li> <li>• 450+ members</li> </ul>	... provide opportunities whereby people of all ages who typically lack access to computers and related technologies can learn to use these technologies in an environment that encourages exploration and discovery and, through this experience, develop personal skills and self-confidence. ... offers resources ... [to] facilitate telecommunications, print, and in-person linkages enabling members to benefit from shared experience and expertise. ... a leading advocate of equitable access to computers and related technologies; it will invite, initiate, and actively encourage partnerships and collaborations with other individuals and organizations that offer resources in support of its mission; and it will strive, in every arena, to bring about universal technological enfranchisement.

The actual development of public computing labs far exceeds the membership of the various associations. Preliminary results of a census of public computing in Toledo indicate numbers exceeding 120 sites, and generally for every competitive funding opportunity applicants far outnumber grant recipients.(7)

### **Theoretical framework**

Our general research focus is on community technology centers in urban poor communities, especially communities of color. Our specific research question for this paper is this: How does social

capital structure power in a community technology center (CTC) and influence its programs and effectiveness for local residents? (Social capital, as we shall discuss below, describes the social relationships, expectations, obligations, and norms that facilitate productive human activity.)

### Historical context

This research question is anchored in theoretical concerns about how the organization of society establishes the context for and conditions the sustainability of the African American freedom struggle. We are interested in how public computing can play a role in this freedom struggle. This struggle has been the theme of the Black experience, involving the dialectical interplay of social forces internal and external to the Black community. This dialectic is sometimes hidden under the ideological banner of nationalism versus integrationism, but the objective dynamic is that all organizations and movements of the Black freedom struggle use resources from both internal and external sources, as well as face obstacles from both as well. The success of an organization or movement depends on its resources being more powerful than the obstacles it faces.

Thus the two concepts of community and power are the main foci of the scientific literature that sets the context for our research question. Citing this literature, we formulate a theoretical framework for the case study and provide the basis for interpretation of our results.

The African American community is rooted in a history of struggle. (8) It came into being as the result of the global expansion of capitalism by means of four centuries of the slave trade. It has experienced three fundamental historical stages: slavery, tenancy, and industry. Each of these stages has ended and transitioned into the next based on disruptive processes: the Atlantic slave trade, the emancipation process from slavery, and the mass migration from the rural agricultural south to the urban industrial north. Beginning in the 1970's, another disruptive transition became apparent, as suggested by the new concepts used to describe the crisis: une employment became structural and permanent unemployment, homelessness emerged, stagflation, etc. The economic expansion and political expansion of democratic inclusion that lasted from World War II through the 1960's was ended and a reversal began.

**Table 2. Structural Parameters for Black Middle Class Advancement, 1950-1990**

<b>Table 2. Structural Parameters for Black Middle Class Advancement, 1950-1990</b>			
		Politics of Reform and Transformation -                    +	
Expanding Economy	+	1950s	1960s
	-	1980s	1970s

In his study of the Black middle class, Landry suggests a conceptual map of decades (table 2). (9) The 1950s was a decade of expanding economics but an absence of reform politics. The 1960s ushered in reform politics on top of economic expansion, and the Black middle class grew and advanced. In the 1970s, reform politics continued but the economy stalled; the Black middle class held steady. The 1980s, with neither an expanding economy nor reform politics, was another decade of relative incremental growth of the Black middle class. This meant that the 1960s saw an unprecedented and short-lived growth of the Black middle class.

### **Community Context**

The 1970s and 1980s also produced unprecedented poverty in the inner cities of the United States. Wilson advances three concepts that sum up changes in the social organization of Black community life during this time: social buffer, social isolation and concentration effect. (10) These concepts capture the crisis facing Black people being marginalized through the birth process of the information society. Wilson states his argument:

“I believe that the exodus of middle- and working-class families from many ghetto neighborhoods removes an important "social buffer" that could deflect the full impact of the kind of prolonged and increasing joblessness that plagued inner-city neighborhoods in the 1970's and early 1980s. ... Thus, in a neighborhood with a paucity of regularly employed families and with the overwhelming majority of families having spells of long-term joblessness, people experience a social isolation that excludes them from the job network system that permeates other neighborhoods. ... The social transformation of the inner city has resulted in a disproportionate concentration of the most disadvantaged segments of the urban Black population, creating a social milieu significantly different from the environment that existed in these communities several decades ago.” (11)

As a result, the last quarter of the 20th century gave rise to a new Black middle class and a new-impooverished class.

**The old Black middle class contained entrepreneurs, service professionals, and farmers.** The new Black middle class has almost no farmers, and the service professionals have become overwhelmingly employed by the state. Over 70% of Black women with college degrees and 50% of Black men with college degree work for government. (12) This process started during Reconstruction after the Civil War, when government employment was the main avenue open to Black upward social mobility. It continues today as affirmative action applies only to employment in the state and in those private firms with government contracts.

While charting the main feature of what he calls the "network society," Castells analyses unprecedented urban poverty on a global scale. He argues that the new impoverishment and social exclusion is a systemic feature of this period.

This widespread, multiform process of social exclusion leads to the constitution of what I call, taking the liberty of a cosmic metaphor, the black information holes of informational capitalism. ... Social exclusion is often expressed in spatial terms. The territorial confinement of systemically worthless populations, disconnected from networks of valuable functions and people, is indeed a major characteristic of the spatial logic of the network society. (13)

Elsewhere, applying this analysis to the United States, he describes the informational city as a dual city.

By dual city, I understand an urban system socially and spatially polarized between high value-making groups and functions on the one hand and devalued social groups and downgraded spaces on the other hand. ... The power of new information technologies, however, enhances and deepens features present in the social structure and in power relationships. (14)

In this context we apply the concept of social capital to the inner city African American community. (15) Social capital, contrasted with physical capital (e.g. machines) and human capital (e.g. education), describes the social relationships, expectations, obligations, and norms that facilitate productive human activity. (16) Putnam measured U.S. social capital over the 20th century.

Collecting longitudinal data on American participation in all sorts of organized groups, he found that since roughly 1960 there has been an across the board decline in social capital. His thematic metaphor is that people used to bowl in organized leagues, and now are "bowling alone." Putnam makes a distinction between bonding social capital, relationships within a group, and bridging social capital, relationships that link a group with others. These two types of social capital together make up the social capital of any given social group.

Bonding social capital is good for undergirding specific reciprocity and mobilizing solidarity. Dense networks in ethnic enclaves, for example, provide crucial social and psychological support for less fortunate members of the community. ... Bridging networks, by contrast, are better for linkage to external assets and for information diffusion. ... Moreover bridging social capital can generate broader identities and reciprocity, whereas bonding social capital bolsters our narrower selves. (17) The distinction between bridging and bonding social capital plays a particular role when a community lacks key resources, for instance, money.

[A]mong the disadvantaged, "bridging" social capital may be the more lucrative form. All told, people in economically disadvantaged areas appear to suffer doubly. They lack the material resources to get ahead, and they lack the social resources that might enable them to amass these material resources. (18)

## **Discourse**

The concept of the public sphere has been debated since its historical exegesis from European intellectual history by Habermas. (19) The public sphere is a social ecology for relevant discourse that shapes policy, public opinion, and the dominant intellectual themes of an era.

Dawson critiques Habermas in such a way that we can connect Putnam to our focus on the dual city. (20) Habermas concludes that the public sphere of capitalist society is a bourgeois phenomenon, but Dawson utilizes a concept from feminist theory to argue that the Black community has always had a "subaltern counterpublic" as the social basis for resistance.

An independent Black press, the production and circulation of socially and politically sharp popular music and the Black church have provided institutional bases for the Black counterpublic since the Civil War. (21)

After articulating an analysis of the same economic transformation discussed by Landry, Wilson, and Castells, Dawson states:

“[T]he ideological and political restructuring that accompanied this transformation was decisively accomplished in the 1980s by a number of extraordinary conservative regimes including those of Margaret Thatcher, Helmut Kohl and Ronald Reagan.” (22)

He then asks what continues to be a relevant research question in and after the same period discussed by Landry, Castells, and Wilson:

“The question before us becomes, what is the basis in the 1990s for restructuring an oppositional subaltern public in the aftermath of a rightist backlash of historic proportions.” (23)

In sum, our approach to community examines the dual city (Castells) for social capital (Putnam) in the socially isolated Black inner city (Wilson) to produce a Black counterpublic sphere (Dawson) by means of a community technology center.

## **Social Movements**

Morris analyses the institutions that the Black counterpublic relied on during the civil rights movement in a case study of the Montgomery, Alabama, bus boycott movement in the 1950's led by Martin Luther King. (24) He employs an "indigenous perspective" use of resource mobilization theory to define the Black movement:

Resource mobilization theory emphasizes the resources necessary for the initiation and development of movements. They include formal and informal organizations, leaders, money, people, and communication networks. (25)

Landry describes how the Montgomery movement was led by a young middle class minister, Martin Luther King Jr., but was sustained by poor Blacks of the city, domestics, garbage collectors, and unskilled laborers as well as Blacks of other classes. (26)

Landry's data on this broad-based mobilization supports Morris in arguing the primacy of internal resources.

Morris anticipated Putnam's distinction between bonding and bridging social capital.

The basic resources enabling a dominated group to engage in sustained protest are well developed internal social institutions and organizations that provide the community with encompassing communication networks, organized groups, experienced leaders, and social resources, including money, labor, charisma, that can be mobilized to attain collective goals. ... The significance of outside resources, in this view, lies in the help they can give in sustaining movements. However, our evidence suggests that they are not a causal determinant. (27)

## **Cyberpower**

Jordan advances the notion of cyberpower and identifies three interrelated regions of cyberpower, "the individual, the social, and the imaginary." (28) Cyberpower—the effect of online activity on power—can be measured and mapped. We use three definitions of these types of cyberpower:

- individual: gaining skills and connections for oneself
- social: gaining skills and connections for a group
- imaginary or as we renamed it, ideological: gaining skills and making connections in order to advance the imaginary: a vision, a movement, an ideological purpose.



Jim Walch argues for a research agenda in this area:

A new, 'wired' political community is emerging, a net-polis. The contours and nature of this political community are only in formation, nebulous. The task of research is to study what is happening, why, and what possible patterns might emerge. A major concern—for politicians, scholars and citizens—is maintaining democratic values in cyberspace: equal access, responsibility, representativity, public control and accountability. (29)

There is an emerging research literature on the community technology center. Researchers with the Educational Development Center have documented that users of CTCs gain computer-related job and job-hunting skills as well as advances in the areas of employment, learning, increased confidence, and sense of community. (30) Breeden et al found that CTCs are popular with all ages, provide a wide variety of benefits, but offer management and sustainability challenges to their operators. (31) The Department of Commerce has published three dozen case studies of CTCs funded by their Technology Opportunities program (formerly TIAAP). (32)

Somewhat in advance of the nationwide spread of CTCs, a sequence of studies by Bertot and McClure (with others) quantified the continuing expansion of public computer access across the nation's public library outlets. (33) Lentz et al observed computer users at seven CTCs and public libraries and found that environmental factors such as layout and staff behavior can structure access to technology in ways that sometimes discourage users. (34) From a background of building and studying community networks as well as CTCs, Bishop et al outline design recommendations for technology literacy projects in low-income communities: a community-wide approach, reliance on native talent rather than outsiders as staff, working through existing human networks for outreach, and adopting a "discovery" approach to educational goals. (35)

CTCs elsewhere in the world can also be found in the research literature. Relating to evaluation, Hudson has proposed a telecenter typology, which includes a range of services (phone, fax, computers, Internet, print matter, training, copying, design and research services) reflecting the developing world's simultaneous leap into all forms of telecommunications. (36) In the U.K., the PAT15 report, issued by one of the Policy Action Teams reporting to the government's Social Exclusion Unit, reviewed progress in community technology to date and recommended that by April 2002, "each deprived neighborhood should have at least one publicly accessible community based facility to complement any home access." (37) Gurstein and Loader (38) are among those who have identified community informatics as a strategy whereby information technology helps develop communities as well as individuals.

The global construction of the Internet has led to cyberpower as a tool in the fight for human survival and freedom. Marginalized and socially silenced groups have used information technology to build support and global media attention. (39) This includes East Timor, Nigeria, Congo, Yugoslavia, and South Africa. Three particular examples illustrate high levels of bonding social capital utilizing information technology to escape social isolation and leap into connectivity with a global abundance of bridging social capital.

1. Wilmington, North Carolina (40): Faced with a demolition/reconstruction plan that threatened their apartments and their community, residents of the Jervay Place public housing project purchased internet service for computers already in use in a resident training center and expanded their library-based research to include listserv participation and email communications and the publication of a well-received Jervay web site. With the help of online contacts, they produced a counter-plan for

redevelopment of the housing project in the interest of current residents and negotiated their way into the planning process.

2. Chiapas, Mexico (41): Upon the implementation of NAFTA, the Zapatista National Liberation Army came out of the jungle and took over a series of towns in the state of Chiapas in order to make indigenous voices heard at the national level. Friends and reporters posted news about the Zapatistas on the Internet; more than a dozen support web sites and listservs were set up, in various languages. Once the Zapatistas and their allies began to use the Internet directly, they were able to mobilize 7,000 people from around the world to two conferences held in Chiapas and in Spain and to continue to provide "counterinformation" sidestepping local news blackouts.

3. WTO (42): The 1999 WTO protests in Seattle were the results of email mobilizing, and the Seattle Independent Media Center posted on the web moment-to-moment reports on the demonstrations and the police response. The resulting global visibility fueled subsequent protests, workshops and teach-ins. Indymedia.org, which received 1.5 million hits during the week in Seattle, now has 30 local spin-off sites. A16, which organized counterevents to the Washington D. C. IMF/WTO/World Bank meeting, can perhaps best be described as a networked movement center, with listservs, web pages linked to those of cooperating organizations, online donation mechanisms, etc.

Our general theoretical model is summed up in figure 1. Our thesis is that the social capital invested in a community technology center determines its role in the community and the continuing freedom struggle. Community technology center outcomes will be expressed in cyberpower. The overall question is whether social capital and cyberpower are creating a new Black counterpublic in the information society.

### **Figure 1. Theoretical Model**

social capital --> community technology center --> cyberpower

## **Method**

This study is an example of what the African American psychologist Kenneth Clarke called involved observation. (43) In his study of a social action agency in Harlem, New York, he played two roles simultaneously, executive director and researcher. He recruited another social scientist to help him debrief and escape the blinders of his own subjectivity. This is very different from the detachment required of participant observation.

The two authors of this paper are volunteers and board members at the center, involved in planning and implementing programs. We have used our two viewpoints to triangulate towards objectivity. We have also discussed this analysis with staff, volunteers, and other board members.

In addition, we made use of the center's archives, benefiting from cooperation with the center as a whole. The archives include 18 linear feet of papers in files and binders and a number of electronic documents. Part of our work was assembling and inventorying this material for the center: minutes and handouts from board and staff meetings, financial records, day-to-day program records, and program plans and reports. It is testimony to the care taken from the beginning days of the center that staff preserved these records. We also conducted interviews with key participants. In turn, we discussed research findings with board members, staff and volunteers, whose input only helped improve the study.

## **Historical Narrative**

The object of our case study is the W. J. Murchison Community Center, a center which today carries out tutoring, community gardening, support for other community groups, and most of all computer classes and open computer time. The center has 17 PCs and is located at street level on a smaller arterial street in African American central Toledo, Ohio. The community garden is one block away, across from Martin Luther King Jr. Elementary School. Half of the computers are networked to the Internet. An average of 200 people use the center each month, and more than 170 have user IDs for which they paid \$5 annually, \$10 for families.

According to the 1990 U.S. census, 70% of households in the surrounding area live at or near federal poverty levels and 70% are female headed. Ninety-seven percent of residents are African-American. The area has lost population over the last 40 years. Many of the mostly wood houses, built around the turn of the century, are boarded up. The city has also torn down abandoned houses. Inhabited houses may be broken down or freshly painted and carefully maintained. Yards may be overgrown with weeds or rich with flowers and trimmed hedges. The community is also dotted with vegetable gardens with greens, tomatoes, and an occasional stand of corn.

Nine churches are located within one half mile, more beyond that radius. These churches serve both community residents and people who live in the generally more affluent and newer African-American communities to the west, many of them with ties to the old community. Hair salons, little stores selling candy, soda, junk food, and beer, and "big box" auto parts stores dominate the local economy. McDonalds is the morning coffee spot for older men in and from the community. The absence of a grocery store has been a political issue for some time.

Interstate 75, a major highway linking the southern and northern United States, slices the Toledo Museum of Art away from the community. The museum's programs, for instance, art class scholarships, are not publicized in the area, although the founder Edward Drummond Libbey, a local glass magnate, stipulated that admission to the museum was to remain always free, and built a wing that has long housed art classes for the general public, classes which many older white Toledoans remember fondly.

In 1998, in a well-publicized move against drug dealing, Toledo's mayor declared martial law on a side street next to the center. The police moved in and set up guard stations limiting people's access to their homes and preventing guests from visiting. This prompted a brief debate. After a few months the city removed the concrete barriers and martial law was lifted. In 2000, the federal government allocated over \$4 million to gentrify part of the area, continuing a nationwide pattern of de-population preliminary to a (real or promised) return of the middle class to the central city.

### **Stage One: Church**

Bishop W. J. Murchison is pastor of nearby St. James Baptist Church, which he founded in 1967. A retired construction worker and contractor originally from Georgia, he and his wife Sister Dorothy Murchison live six blocks away from the center. She sings and has for many years directed St. James's youth choir as well as a citywide fellowship choir. She is also known for her grassroots fundraising: gospel concerts, banquets, and especially her "brownies" funds (pennies).

In 1992 crack cocaine swept through the area, snatching up many vulnerable individuals of all ages and settling into buildings that became crack houses. Residents saw people lose their cars, even their houses, after falling prey to crack. For Bishop, who had always emphasized the church's ministry to

youth, this recalled Ecclesiastes 3:1-8, especially "A time to plant, and a time to pluck up." He experienced a vision, which was to found a community center. As he puts it, "We were about to lose a generation."

With crack tearing through the families of his own congregation, it was natural to draw together a group of church members to implement his vision. His own niece Deborah Hamilton, saved since her late 20s, was among the group. Bishop also recruited a younger minister Dr. C. E. Reese to administer the effort. Remembering the early days of the center, Sister Murchison references another bible verse, Proverbs 18:29: "Without a vision, the people perish."

In 1993, partly because drug treatment agencies had already set up nearby, the group decided to focus on prevention—agreeing in one early handout, "If the mind is replete with substance of the positive nature, then the need for further stimulus becomes a moot point." Dr. Reese outlined the center's original vision statement: "Awareness ... Education ... Outreach." The center's programs got underway in the basement of St. James Baptist Church.

Programs consisted of counseling, job preparation, and computer skill training. By 1994, there were two donated Wang word processors. When both computers were in use, participants practiced key stroking on spare and unconnected keyboards. In the eyes of Mrs. Hamilton, this was driven by their hunger for education and advancement.

In 1994 Dr. Reese left Toledo, and the board asked Deborah Hamilton to become the executive director. Members recall four reasons: She had a college degree, she knew how to use computers, she had served as secretary of the board, and she was a staunch member of the church. Guided by Mrs. Hamilton's self-study on organizational development, the board became a fundraising committee. They obtained non-profit status in March 1994, thus moving from under the umbrella of the church to being a distinct organization. In the tradition of the Black church, a series of projects kept bringing money in, several hundred dollars at a time, and the organization always had close to \$2,000 saved up. An effort to recruit a grant writer began, and in early 1995 grant writer Ms. Goletha D. C. K. Chestnut volunteered to work with Mrs. Hamilton on two grant proposals for public funding. The first of these was to the Ohio Department of Alcohol and Drug Addiction Services (ADAS) and the second was to the Community Development Block Grant (CDBG) program via the City of Toledo.

By February 1995, the board was so encouraged by the programs and the fundraising that when Bishop suggested for a second time that for \$150 the center could rent part of a small building he built and owned on Lawrence Street, they agreed. Moving out of the church was a marker of the start of a second stage in the life of the Murchison Community Center.

## **Stage Two: State**

Although it was rejected, the ADAS grant submission, done in communication with the responsible government agency, was a learning experience for the center, as was the successful CDBG grant. What the center began to learn was how to jump through the hoops set by the government bureaucracy. Once the funding started to flow—\$44,000 in 1996, \$25,000 in each of 1997, 1998, and 1999—it dwarfed the funds raised through the social networks of the board members, i.e. church members, and defined the terms under which the center operated for the next stage of its life. For example, the mission statement of the center made no reference to the original vision statement, and was developed by Mrs. Hamilton and Ms. Chestnut with the aim of fitting the requirements of the

grant application process. Within a year Ms. Chestnut joined the staff of the City of Toledo Department of Neighborhoods and was assigned for some time as the CDBG liaison to the center. Since then, she has continued to look out for the interest of the center and provide valued unofficial advice.

CDBG is a program established in the 1980s when so many 1960s Great Society federal funding streams to impoverished communities were cut off. In their place, President Reagan and Congress directed a much smaller amount of funds through the Department of Housing and Urban Development to be doled out by city and county authorities according to federal guidelines. Thus CDBG provided federal funds, but local officials directed the flow.

Another example of an external authority setting the agenda for the center came when Mrs. Hamilton and a few others were working into the wee hours one night on another government grant proposal. They were stumped when it came to writing a needs statement, and read the suggestion "conduct a needs assessment of your community such as by means of a survey." They had never surveyed the community. The grant process used the same language of "needs assessment," so the idea of conducting a survey took hold.

In fact, most of them had been raised or had raised their own children in the community, but the exercise of a survey captured the attention of the center for several months. The board settled on 12 questions and eventually 116 surveys were gathered. It is not clear what use was made of the information, gathered in response to external bureaucracies rather than as an outgrowth of the center itself. Echoing the critique of John Kretzmann and John McKnight, the questions themselves portray the community as a collection of needs rather than a collection of resources that can be mobilized. (44)

When the local CBDG office reviewed the center's 1996 proposal, it recommended that the center partner with a startup Community Development Corporation. CDCs were again a product of the 1980s, which saw an epidemic of homelessness. By the 1990's in Toledo, the city had assigned most inner city districts to various CDCs and the CDCs were taking the lion's share of CDBG funding. This money subsidized them in building and occasionally renovating small numbers of inexpensive housing, and then selling them with great fanfare.

The Murchison Center neighborhood had been mostly left out of the gold rush. Roosevelt Revitalization and Development Corporation and the center were to partner and submit one proposal for 1996. This process again took attention away from the grassroots fundraising that the board had been focusing on, but the joint proposal led by the center was funded and stage two was really underway.

Because Murchison's governance was well established and programs were already underway relative to their partner, Ms. Chestnut, representing CDBG, recommended that the two organizations not collaborate financially after all. Roosevelt would go back to the drawing board. A new term, leverage, came to the board as Ms. Chestnut explained why the city had funded the center. The funds (\$44,000) were to be used to leverage other dollars, so that the center would not remain 90% CDBG-funded. The city, the board learned, had funded the center 1) as part of the now-suspended Roosevelt partnership 2) as a fresh effort in census tracts 25 and 26 (which no doubt covered a CDBG gap) and 3) because the grant focused on job development.

Not only did the CDBG office recommend policy directions, but they required a complex of procurement, personnel, program and financial policies, procedures and reporting that the center had to master. One of the most onerous was the process of reimbursement. The monthly activity reports were to include every document produced that month plus a quantitative and descriptive report on each area of program activity. These reports were required before a monthly check was sent. Then each expenditure had to be documented, every check copied, and together submitted monthly to CDBG. Several weeks later a check would arrive for all approved expenses. Disputed or incompletely documented expenses would be delayed one month or more. In order to provide service the center had to obtain a line of credit, which they did, with the personal assurance of Bishop Murchison and his construction business track record.

Financial administration became particularly difficult given that the payroll and all bookkeeping was being done by a personal contact of St. James, an older gentleman who was in bad health for more than a year, making any change a sensitive matter. By October 1998 the indebtedness ballooned to more than \$11,000.

As a result of the reporting requirements, programs were documented like never before, and a monthly number, reflecting the number of people participating in center programs, was reported. The total number hovered around 55 per month during 1997-1998.

As soon as the first CDBG grant began, three new board members were elected and an assistant director and program coordinators, all working part time, were hired. The terms of the grant did not allow for a full time salary for Mrs. Hamilton, so she continued to work a full time day job and volunteer her time to the center, taking occasional payments that just about equaled her travel and incidental expenses. The new individuals were either not members of St. James or were more loosely tied to the church; the staff members, only one from St. James, worked during the day or after school hours rather than in the evening when the board met, so the close personal ties that the board had used to keep the center together began to loosen.

The role of the board changed during this time. What had been an active fundraising committee became a bureaucratic group that approved policies and financial reports without taking action on such things as the indebtedness. Meetings were held almost weekly over 1995 and early 1996; then monthly meetings became the norm. Near-perfect board meeting attendance also became a thing of the past. The 1997 strategic plan, for instance, was the result of just four of 12 board members attending a session with a paid consultant and a representative from the city's plan commission. These two people wrote up the strategic plan.

Accompanying this shift, staff rather than volunteers carried out programming during this time. For example, a children's program that started out with arts and crafts with one volunteer followed by a rap session with another, Mr. Hamilton, was converted into that same volunteer doing arts and crafts as paid staff, with various "guest speakers" following the arts and crafts. With the program carried out as a job rather than a church youth mission, speakers were often absent, and the effect on the kids was not nearly as powerful, because there were fewer ongoing relationships with adults apart from the arts and crafts leader. Eventually the program was arts and crafts only, with the modest supplies and skills of the staff member, who worked days as a security guard.

Computer classes continued over the years, with different projects to buy or get machines donated. The board investigated but then declined to pursue a 1996 opportunity to apply for \$80,000 from another CDC to build a computer lab. The reason noted in the board's minutes was "not enough

room;" the grant was in fact more complex and with more stipulations than the board or staff was comfortable with. That same night the board adopted a slogan for the center: "Knowledge is Power." It is a curious reflection of the balance of power in the organization: the cautiousness of staff and the determination of the St. James members. Donated computers were obtained in lieu of the \$80,000 (peripherals from the local MidAm Bank and four PCs from Owens Corning Corporation) and the organization connected with a more gradual citywide effort to bring computers into the community known as CATNeT.

CATNeT—the Coalition to Access Technology and Networking in Toledo—formed as a collaboration between the University of Toledo's Urban Affairs Center and a local subsidized housing agency related to the Catholic Church; this agency had won a U.S. Department of Housing and Urban Development Neighborhood Networks grant to build labs at six apartment complexes.

### **Stage Three: University**

In early 1998 a University of Toledo Africana Studies course called the Poverty Seminar invited Mrs. Hamilton to speak. The seminar was discussing the question of "ending poverty once and for all," and made a special effort to look for ways to use computers and the Internet to end poverty and to bring participants up to date on the Web, email, etc. The Murchison Center attracted students' interest as a site teaching computers in a low-income African American community.

Soon after Mrs. Hamilton visited the seminar, the seminar organized a "Day of Dialogue" on "Ending Poverty versus Ending Welfare" and recruited center staff to host a lit table. More than 500 people attended three panel discussions held that day. The locations—a soup kitchen in the Black community, a local farm workers union in the Latino community, and the largest auditorium on campus—attracted a wide variety of people and helped to bond the organizers—the Africana Studies program—and the Murchison Center.

Summing up the event, the seminar decided to approach the Murchison Center about a partnership. The seminar would start meeting at the center and in exchange would contribute some volunteer time to the center and its programs.

While the students collected data about the community, the seminar helped the center in a number of ways. Most of these were summarized in a written letter of agreement between the director of Africana Studies and Deborah Hamilton:

- computerize accounts and train staff in Quicken
- design and help pay for a newsletter
- provide after school tutoring for elementary school children
- send student techs to troubleshoot and teach computer classes

Work on the accounts led to some work on grant proposals, and a university representative joined the board of the center. Data gathered and discussed in the seminar, together with the tutoring experience, led to a focus on mathematics and the proficiency tests.

During this time, other programs of the center ended as staff departed for various reasons. Last to leave were two women who worked or had worked for other social agencies in Toledo. They were each also ministers, oriented towards professional status as social service providers. At the same time they were struggling to make ends meet. Their formality, visible in their dress and comportment, was

different from that of the university volunteers. The people from campus were "fresh legs" and brought from the seminar process a sense of mission similar to the church founders. They aimed to partner with poor people rather than deliver services to them. The university group was also more diverse: Blacks, Asians, whites, multiple faiths, experience with national social movements against racism, AIDS, nuclear weapons, environmental pollution, and the death penalty. They were 1960's, Gen-X, and hip-hop in personal style. Mrs. Hamilton saw the differences but embraced both approaches.

The community research by the students turned up the fact that close to no local elementary students were passing the math proficiency tests, and everyone recognized that math skills are a ticket to high tech, high paying jobs, where African Americans are underrepresented. Moving past the original partnership, UT and the center launched a program of practice testing and tutoring, taking place in the center, the school, and on the university campus. A similarly oriented summer youth program followed. Most of the staff distanced themselves from the partnership without participating in any meetings before they left the center, but Mrs. Hamilton continued to hold the university volunteers in high regard, because of the focus on computers, the resources coming into the center, and the education she was getting along the way. One component of this was a group trip to the Black Radical Congress in Chicago, which was her first exposure to Black Power, to a movement.

The Black Radical Congress gathered together Black academics and social activists to rally African Americans who were critical of the mainstream efforts of elected officials and the conservative orientation of the Million Man March, which opted for atonement rather than activism to change state policy. The main tool used by the BRC in creating this counterpublic has been and continues to be the Internet via listservs discussions involving 15,000 subscribers.

The university's seminar approach carried over into program management. Work was evaluated in meetings that included staff, volunteers and parents. For instance, after discussing various approaches to discipline, the group developed an axiom: "Discipline is a result of engagement." In other words, policing kids who are not interested in an activity was not effective. The kids had to be drawn into an activity that would absorb their attention, the way video games did at home or learning Powerpoint did at the center. This would have to involve reasoning with children and making a convincing case for whatever activity was at hand.

Both administration and programming at the center was changing, but not only as a result of the university involvement. Bishop Murchison was pressing on with building a new center across the alley from the old one, and it was finished in June 1999.

Bishop Murchison invited the director of Africana Studies to give the keynote address at the grand opening, a gathering of more than 300 people in front of and inside the new center. Bishop had designed the facility with a distinct room for a computer lab, and small grants finally came in to allow the center to fill the lab with eight new computers. Slightly used computers were donated by UT, as was volunteer time and a student worker who kept the PCs up and networked. The center also hired three part-timers at wages lower than the earlier staff: two Africana Studies graduate students and a computer-savvy father from the neighborhood who had joined the practice proficiency testing.

In August 1999 the board acknowledged the changes when it added the phrase "community based cyberpower" to the mission statement and added strengthening the nearby school PTO to the center's goals and objectives. Over the next year the board voted in three people who came out of the work, one from UT and two grandmothers.



Fifteen hours a week of computer classes, tutoring in the schools, and practice math tests became the programming. The number of people served monthly climbed steadily from roughly 55 to more than 250 by early 2000. Parents—predominately grandmothers raising grandchildren—were recruited into the tutoring/testing activities and began to help make decisions and implement programs. Several of them had computers or wanted computers, and an electronic discussion list was implemented via the online service eGroups.

With a free electronic discussion list via Egroups.com and two donated computers placed temporarily at grandmother's homes, four people from campus and four from the community were able to stay in touch and make decisions. An average of 62 messages were posted per month. One third of the messages came from the non-university list members, who were not accustomed to typing or to broadcasting their ideas. A breakthrough came when one grandmother succeeded in using Egroups to assign out tasks for a barbeque. This was done from her home without any direct assistance from others.

The center's computer classes ranged from elementary-Adult Basic Computing-to advanced, particularly when a new UT course, The Black Church, set a requirement that students build a web page for a local church. Cyberchurch, as it came to be called, evolved into a mainstay offering at the center. One of the students stepped forward to teach it.

This did not come without struggle. Board members representing local agencies within the government bureaucracy kept aloof from the center. One expressed strong disagreement with the center's programs. Elements at King School became defensive about new forces in the PTO and attempted to steal the PTO election. A controversy broke out over a passage in a report published by the center, a passage that one grandmother ultimately labeled a "wake up call:"

Year after year ... the King Cougars win the city basketball tournament. Last year the team was undefeated, 28-0.

Also last year, no 4th or 6th grade King student passed all five proficiency tests. Nine percent of 4th graders and 7 percent of 6th graders passed the math test. But with support and study, King students can excel in math just like they do in basketball. The test scores show how much the entire school (students, parents, teachers, administrators, and community) has to change to meet TPS's [Toledo Public Schools] stated goal of 75 percent passing.

A crisis came in spring 2000 when the CDBG grant proposal was 20 minutes late and as a result, rejected. The center's testimony before the city council—delivered by the director of Africana Studies—did not change matters. The center drew strong approval from longtime liaison workers at CDBG, who had read the detailed monthly reports and saw the center's tremendous growth trajectory. New people were brought onto the board and are at work raising funds.

As of now, the watchword at the center is "sustainability," both in terms of funding and in terms of people. The university forces brought a movement mentality to the center that supplanted the professional orientation of stage two. The state edged out the tight group of ideological St. James Church leaders of stage one. The future goal is to move firmly into a stage four, where the broader community itself is in the driver's seat at the Murchison Community Center. At that point St. James Baptist Church, the state, and the university, will all have to move into new supporting roles. The center is now an island of connectivity in the community; as it moves forward it will be poised to

become just one station on the modern underground railroad, one node on a network into the information society promised land.

### Analysis

The historical narrative of the Murchison Center is summed up in Table 3.

<b>Table 3. Historical Stages of the Murchison Center, 1992-2000: Facilities, Budget, Partners</b>			
<b>Stage</b>	<b>Facilities</b>	<b>Budget</b>	<b>Key Partners</b>
Church (1992-1995)	St. James Baptist Church basement, 1520 Hoag Street (July 1992)	under \$4,000 per year, raised by grassroots fundraising projects \$1,000 or more in account	Roosevelt CDC (local startup)
State (1995-1998)	1610 Lawrence (February 1995)	average \$30,000 per year, 90% from CDBG line of credit briefly tops \$11,000	CDBG, Lucas County Human Services Department, CATNeT
University (1998-present)	1616 Lawrence (July 1999)	average \$35,000 per year, primarily grants, contracts, grants, user fees, small donors	University of Toledo, PASS charter school, Toledo GROWS, OCCCN, CTCNet, Neighbors in Action/TCCN

Each stage is named after the form of social capital making the critical contribution in the life of the center at that time. This has been a cumulative process so at present there are four kinds of social capital on the board: church and community (bonding) and state and university (bridging) social capital.

As noted above, this pattern of social capital is highly suggestive of a broader pattern that has been repeated at various stages of Black community development and the freedom struggle. Innovation takes place based on initiatives generated within the Black community. The state steps in, either to stop what is new or to reconfigure it in line with agency specifications and funding requirements.

This process suggests a process of spontaneity followed by institutional cooptation. For instance, in 1964 the Mississippi Summer Project initiated by the Student Nonviolent Coordinating Committee (SNCC) started a network of "Freedom Schools" to intervene in the early childhood development of poor children. In 1965 the federal government took this project as inspiration for a federal program called Operation Head Start. In this case a state bureaucracy replaced a movement.

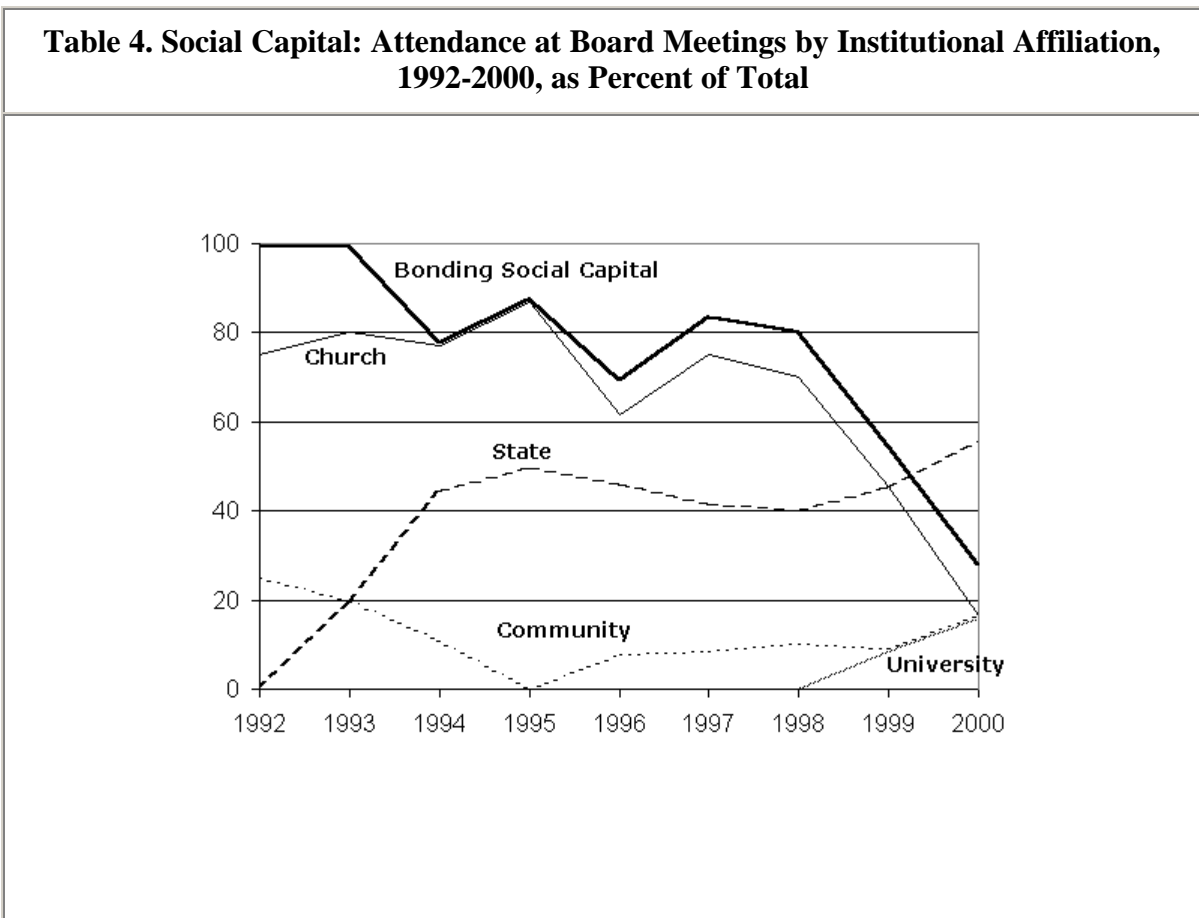
Several scholars have studied the intervention of the state to block the new tactics of the 1960s civil rights movement. Doug McAdam found that the state was not interested in advancing the movement but in preserving "public order." (45) Piven and Cloward found that "in the wake of the student sit-ins and the freedom rides the Kennedy administration attempted to divert the civil rights forces from tactics of confrontation to the building of a Black electoral presence in the South." (46)

The difference in the case of the Murchison Center is the continuity of leadership. Throughout the history of the Murchison Center, continuity insuring the stability and growth of the center has rested on its founder, Bishop Murchison, and its founding institution the church, which has supported the third continuity in the form of Mrs. Deborah Hamilton. Mrs. Hamilton has been executive director, mostly without pay, since 1994. Bishop Murchison has attended 94 of the 107 recorded board meetings.

Attendance at meetings is a solidly documented empirical indicator of social capital. Putnam bases his social capital argument on a decline in attendance:

In short, in the mid-1970s near two-thirds of all Americans attended club meetings, but by the late 1990s near two-thirds of Americans never do. (47)

In table 4 we present data on attendance at board meetings from 1992 to 2000. Note that although not all 1993 and 1994 board meeting minutes were available, complete data on board membership for that period was.



<b>Table 4. Social Capital: Attendance at Board Meetings by Institutional Affiliation, 1992-2000, as Percent of Total (cont')</b>									
Year	1992	1993	1994	1995	1996	1997	1998	1999	2000
Number of Board Meetings	3	2	2	35	20	12	11	13	10
Number of Participants	4	5	9	8	13	12	10	11	18
Each board member was coded twice. First, as bonding social capital (attends St. James Church, lives in area served, or is participant in the center's programs) or no. Second, into one of four categories: Church (attends St. James Church), State (works for government agency), University (student, staff or faculty), or Community (private sector employment, lives in area served, or is participant in programs of center).									

Board attendance is aggregated by the background of the board member and charted from 1992-2000. There is a general pattern consistent with our conception of three stages, basically 1992-95, 1995-98, and 1998-2000. Overall there has been a sharp decline in the relative importance of attendance by board members representing bonding social capital. Church members have been replaced by the state and the university. Part of this is subtle, as three board members are both church members and government employees. One of these individuals works as a claims examiner for the Ohio Bureau of Employment Security; another is a security supervisor with the Lucas County Department of Human Services (the welfare department).

The mission statement of an organization is a good indicator of its ideology. Table 5 below reviews changes to the center's mission statement over the three stages of its history. As noted above, the first statement reflects church language along with the grassroots slogan of "Awareness, Education, and Outreach." The second statement speaks the language of bureaucracy, but the slogan "Knowledge is Power," also adopted during stage two, expresses the orientation of Bishop Murchison and St. James Church, reflecting the historic Black commitment to education and to struggle. Stage three brought a new concept from the technologically oriented poverty seminar: community-based cyberpower.

<b>Table 5. Ideological Development of the Murchison Center, 1992-2000</b>	
<b>Stage</b>	<b>Vision/Mission Statements</b>
1: Church	Prevention is designed to focus upon [the] central city [with] Axiology/value ... Metaphysics/reality ... Epistemology/knowledge Awareness ... Education ... Outreach (May 1993)

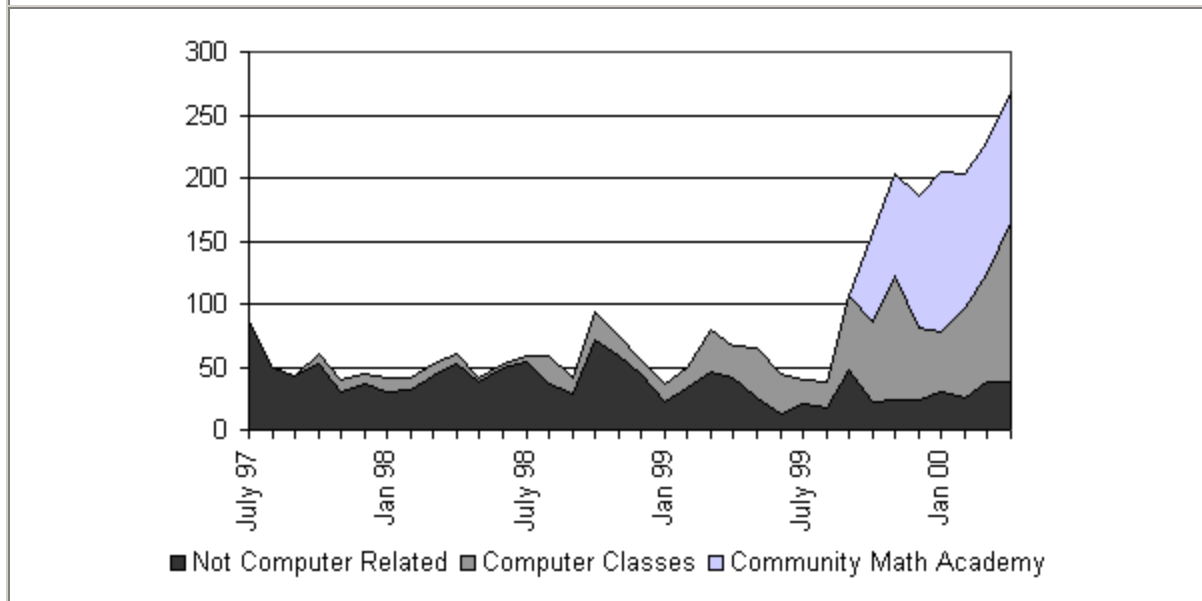
<b>Table 5. Ideological Development of the Murchison Center, 1992-2000 (cont')</b>	
<b>Stage</b>	<b>Vision/Mission Statements</b>
2: State	<p>Knowledge is Power (Oct 1996)</p> <p>Our mission is to educate, counsel, and provide the necessary training to alleviate the problems of underemployment, drug/alcohol abuse, peer pressure, and violence. We are committed to enhancing the overall social and economic growth of the neighborhood residents in our service area. (February 1997)</p>
3: University	<p>Knowledge is Power (continued usage)</p> <p>Our mission is to educate and provide community support to alleviate the problems of underemployment, drug/alcohol abuse, peer pressure, and violence. We are committed to enhancing the overall social and economic growth of the neighborhood residents in our service area. Our main tool for change is community based cyberpower.</p> <p>community based cyberpower: community empowerment and organizing using computers and the Internet. (August 1999)</p>

The board and its changing ideological orientation connect with the program activities of the center and related participation. Table 6 below charts attendance at different programs from 1997 to 2000. Computer related programs begin to grow in mid 1998 with the tech support and teaching input from campus. Tutoring and practice testing in cooperation with parents and the university began in January 1999, but figures were not incorporated into monthly reports until October 1999. This in itself is a reflection of the bureaucratization of the center, to the point where new developments were not swiftly incorporated into reporting. University volunteers had a big impact on mobilizing the community to participate. Demarcation between stage 2, state, and stage 3, university is visible.

It is important to note that the reporting that produced this record was originally mandated by the state and began in stage two of the center's history. The reporting mandates changed the way the center operated. Once state funding began, the center collected data and produced quantitative, narrative, and financial activity reports. At first these were quarterly, then every month. The center also followed guidelines from the state on procurement, personnel, financial management and other matters.

The university and the community brought expertise and training in Quicken and Excel which helped convert the center to internal bookkeeping and in other ways streamlined the reporting and record keeping, putting the center more in control of its own resources.

**Table 6. Social Value: Participation in Murchison Center Programs, July 1997 to April 2000, in Number of Participants per Month**



A closer look at the center's program offerings—computer classes and otherwise—allows us to identify the cyberpower that emerged from the social capital and other inputs that went into the center. Cyberpower was an outcome, but also, we will see, a further input into the center.

### Individual Cyberpower

As soon as the center got computers, adult beginners were taught to use the computer, to type, and to produce resumes. Once educational games were available on CD-ROM, children came in to do that as part of tutoring. As computers modernized and more computer-savvy staff and volunteers were on hand, these job and/or school-related classes grew more sophisticated. For instance, one resourceful staffperson made use of the "What Color is Your Parachute" job hunters' web site and computerized the intake process for new job-seekers signing up at the center. By 1999, adults were learning Adult Basic Computing (Windows and Wordpad), Word, Excel; children were using CD-ROM games but also learning Kids Basic Computing, Word, Powerpoint, and being guided through using educational Web sites.

The individual power that resulted was seen in adult's job skills development and job hunt successes, their individual mastery over the software. It was also seen in their moving to teach others, either the student sitting at the next computer or a whole room of students, as they moved from learning to teaching a class. At this point individual cyberpower becomes social cyberpower.

### Social Cyberpower

Long before "community based cyberpower" was part of the Murchison Center mission, it was in evidence. The first sign of this was in 1994 when Mrs. Hamilton explained her "field promotion" from board secretary to executive director. "I had been to college and I knew computers." At that point computer knowledge was seen as something to be shared with the community. According to

Mrs. Hamilton, the board at that time was not just looking for her to word process letters, but to teach others.

When the Community Math Academy began in January 1999 a local father began to volunteer at the monthly practice proficiency tests. When attendance at these was taken, it included not just name and phone but also email. His email address was piesqd@[...]. Pi is the ratio between the diameter and the circumference of a circle. (48) Asking about this creative screen name, other volunteers learned that he was a UT student, a working engineering technician and, for the neighborhood, an early adopter of computers. Within a few months he volunteered to teach the evening Word/resume production class. Soon after he was promoted to computer lab manager. He computerized attendance records so that the monthly quantitative reports were produced by Access instead of by pencil and paper.

The Community Math Academy itself was a product of and a generator of social cyberpower. As we have said, students in the UT Poverty Seminar had found the Murchison Center's computer lab in an online listing on the CATNeT site, and the partnership that resulted came from the shared attitude that computers were a key to Black community empowerment. Where the seminar managed to show its participants the Web and perhaps get a few people Hotmail accounts, the Community Math Academy went further, using Egroups to cement its volunteer leadership core and thus build social cyberpower. This involved some private computers as well as some loaners that went into people's homes, although they then decided to return the loaned computers and get their own more powerful units. In addition, center staff and volunteers contact school officials were by email instead of phone or letter writing, which was either unsuccessful or cumbersome.

A year after first inquiring about it, the Community Math Academy was able to make use of the school's computerized automatic phone message system to notify parents about the practice proficiency tests. In this way the voice of the newly elected King PTO delivered a message to 600 King families. Just as with the loaner computers from the university, this board of education system was a case of bridging social capital and bonding social capital investing together in building the center's programs.

Perhaps the pinnacle examples of social cyberpower are the two classes, Cyberchurch and Cyberschools, which began in 1999 and 2000 respectively. Here, though, we cross over once again, as social cyberpower becomes ideological cyberpower.

### **Ideological Cyberpower**

The university brought to the scene the language of the digital divide, the Black liberation struggle, and the community technology movement. This language expressed, clarified, and advanced what the center was already doing to some extent. The ideology of community uplift using computers, rooted also in the concept "Knowledge is Power," was elaborated in the day-to-day work, the plans and the mission statement of the center. Embedded here was an ideological orientation towards the community as a set of assets as well as needs, best evidenced in the last sentence of the mission statement developed by the Community Math Academy (emphasized below). The goal of "ending poverty once and for all" was an early critical ideological issue.

The Community Math Academy aims to improve the math skills and change the math attitudes of young people in central city Toledo. We see math as an academic subject and a tool for social transformation. We see math as part of ending poverty once and for all.

The academy is a project of UT, the Murchison Center, and King School. We join with children and their parents to conduct educational activities in the school, the community and the home. *Parents are the leaders of the academy because parents love their children and, more than anyone, determine their futures.*

Operating as it did over the Internet as well as through face-to-face meetings and sessions, the Community Math Academy program was itself an instance of ideological cyberpower.

But two classes, Cyberchurch and Cyberschools, begun in 1999 and 2000 respectively, also illustrate the ideological cyberpower generated through the center.

Cyberchurch emerged as an assignment in a university course on the Black Church. When each student went to complete a web site for a local church, they came to the center to build their site. This class then took on a life of its own, with word of mouth bringing more students, one student stepping forward to teach it, and more skills and web space being applied. The course assignment originated as an idea the director of Africana Studies sold to the instructor for Black Church. The instructor, a local pastor and high school guidance counselor, had pastored in various Toledo churches for 27 years, and provided his church space to the local Black Panther chapter when it formed. While the web site building assignment in his course was a burden to him at first—he was asking students to do something he hadn't done—one day after hearing a lecture by the director he told him, "I've heard you talk about this 'eBlack' many times, and I always agreed. But now I really, really get it! I have it so much on my mind that I'm thinking of taking out all the pews in my church and using folding chairs, and getting in some computers. It can still serve on Sundays but can be a lab the rest of the time." His plans began to unfold.

The ideological content of this form of cyberpower is the vision that if the Black church is online, then a good portion of the Black public sphere can be kept intact as our personal, cultural, political, and spiritual lives move into cyberspace, as more and more Black people get online. If the Black church is intact, then the Black liberation struggle has that important institution, with all the social capital imbedded therein, to rely on.

While Cyberchurch was a class that expresses the dynamic combination of university social capital (bridging) and church social capital (bonding) within the context of the center, Cyberschools had a slightly different origin. It originated from a combination of university social capital with community social capital (bonding), again within the context of the center.

Murchison's Community Math Academy project put the center and its volunteers, especially the university students, in close proximity to King Elementary School. The CMA, especially the involved parents, who were all grandmothers, attended the school's PTO meetings, seeking more parent involvement. CMA volunteers worked in the schools as classroom teacher aides and after school as tutors. As a result, new officers were voted in as PTO leaders.

The King PTO had two members, who were a couple with one son in the school, but had been unable to organize parents to do little more than bake sales and an annual book sale. The Murchison Center began to do outreach to get more parents to the PTO meetings. Thus the annual election brought in a full slate of PTO officers with new energy and a plan to build the library up, participate in practice proficiency testing, etc.



Cyberschools was begun to support these parents and others like them. Like Cyberchurch, it meets one night a week. Cyberschools sessions are dedicated to two things: organizing to get more families to the practice proficiency tests, and helping local PTOs get their plans and contact information posted onto web pages devoted to their schools and their families, plus email.

PTOs across the country have web pages and use email to keep parents in touch and organized. But these PTOs do not often appear to be in the Black community. With computers moving into homes and workplaces, anyone can take advantage of the Internet to organize. Not only that, the web sites that Cyberschools takes people to explore include the Toledo Public Schools, the teacher's union, the University of Toledo, the Ohio Board of Education (which posts information about schools, testing, standards, the Ohio 4th Grade Guarantee (no fourth grader failing the reading test will be advanced to 5th grade), and more. So the Internet is a source of information as well as a communication tool used by parents to impact children's experience in public schools. Parent involvement is proven to be perhaps the deciding factor in student and school success.

## **Implications**

We are now able to elaborate further the theoretical framework emerging from our analysis. We will move beyond the particularity of this case study to conceptual implications for our general research focus, community technology centers in urban poor communities, especially communities of color. First we will concentrate the lessons of this case study into several propositions that in turn can serve as guidelines for further research. Second, we will discuss the implications of this research for the public sphere, especially the Black counterpublic sphere.

The first point is that these centers are social organizations, and therefore part of the structure of social relations in a community. This understanding requires a paradigm shift from the current dominant trend to study individuals who pass through the center, to the centers themselves as social units.

A second point is that the digital divide has to be understood as a community attribute, part of a broader phenomenon called public computing. The digital divide as community descriptor can be determined by how extensive and effective are the local organizations which provide and promote public computing.

A third point is that the CTC as community organization is the locus for the concentration of resources. These resources can be conceived as different forms of capital:

- a. Physical capital: buildings and equipment
- b. Human capital: staff
- c. Financial capital: budget
- d. Social capital: social background and ties of board members and the organized partnerships of the organization

A fourth point is that social capital is the key. Bonding social capital is the fundamental resource that makes something belong to a community. Without this form of community wealth and legitimacy the organization is an artificial construct. Bridging social capital is essential in acquiring temporary resources and external support. Whenever bridging social capital is dominant the organization is in crisis and in danger of dying or being transformed as an extension of external interests rather than the interest of the original community and its bonding social capital.

A fifth point is that the investment of these resources produces a social value, cyberpower. There are three forms of cyberpower.

- a. individual cyberpower: new human capital
- b. social cyberpower: collectives engaged in cyber organizing
- c. ideological cyberpower: ideas and policy promoted by individual and social cyber power

A sixth and final point is that the success and sustainability of a center is a function of whether point five loops back and feeds into the capital resources of the organization. The organization produces bonding social capital or it fails the litmus test of success and sustainability.

On the basis of these six points it is critical to raise the issue of democracy and social inclusion of people who are living in the social isolation of the poor part of the dual city. The existence of a democratic system is not merely the actions of individuals at the polls. Democracy requires informed citizens who are socialized and live in a complex set of overlapping social networks. Each network is an interest group, and multiple memberships mean multiple interests, sometimes congruent and sometimes in conflict. This complexity is the basis for democratic discussion and compromise. We argue and compromise because while we have differences with others, on other issues we share common interests.

Building sustainable democratic equality in the information age means more than how many individuals are online. The key is to stabilize and support people working with information technology in the form of social organizations rooted in the legitimate social capital of the community. The key is to invest all forms of capital to produce social capital for the socially isolated inner city Black poor. In turn, this investment should be utilized to produce Black cyberpower. Powerlessness, especially the lack of cyberpower, is anathema to democracy in the information society.

#### **Footnotes**

1 In an earlier publication we discussed continuing social inequalities in the information revolution. See Alkalimat, Gills, and Williams (1995).

2 Benton Foundation, <http://www.digitaldividenetwork.org>; U. S. Department of Commerce. <http://www.digitaldivide.gov>. These and other URLs are listed under references.

3 Department of Commerce press release, July 8, 1999. On the web at <http://www.ntia.doc.gov/ntiahome/press/fttn070899.html>.

4 Telephone penetration rate from James McConnaughey, personal communication; other data from Department of Commerce (2000).

5 See Bertot and McClure (2000) for the use of library computers to access the Internet; Williams (2000) presents data on Internet service being provided by libraries in Ohio.

6 See references for URLs for CTCNet, OCCCN, and CATNeT.

7 Williams and Alkalimat (2001 forthcoming).

8 Alkalimat (1986).

9 Landry (1987).

10 Wilson (1987).

11 Ibid, pp 56-58.

12 Landry, op cit., pp 116-122.

13 Castells (1998) pp 162, 164.

14 Castells (1999) p 27.

15 Orr (1999) presents a useful case study of Black social capital in a historical study of Baltimore school reform in which he discusses bonding and bridging social capital as intergroup and intragroup relations of Blacks and whites.

16 For definitions and literature review on social capital see Resnick (2000), Feldman and Assaf (2000), and Putnam (2000).

17 Putnam (2000) pp 22-23.

18 Ibid, p 32.

19 Habermas (1991), Calhoun (1992), Negt and Kluge (1993).

20 Dawson (1994).

21 Ibid, p 206.

22 Ibid, pp 213-214.

23 Ibid, p 215.

24 Morris (1984).

25 Ibid, p 279.

26 Landry (1987), p 71.

27 Morris, op cit., pp 282-283.

28 Jordan (1999).

29 Walch (1999) p 23.

30 Mark et al (1997), Chow et al (1998, 2000).

31 Breeden et al (1998).

32 Department of Commerce (2000).

33 Bertot and McClure (2000). Previous studies were released in 1994, 1996, 1997, and 1998.

34 Lentz et al (2000).

35 Bishop et al (2000).

36 Hudson (2000).

37 Department of Trade and Industry (2000), p 6 of executive summary.

38 Gurstein (2000) and Loader (1998).

39 Dyer-Witthford (1999) pp 145-164.

40 Mele (1999).

41 Cleaver (1998) and Ronfeldt and Martinez (1997).

42 Vari (2000) and Tabb (2000).

43 Clarke (1989).

44 Kretzmann and McKnight (1993).

45 McAdam (1999).

46 Piven and Cloward (1979), p 231.

47 Putnam (2000), p 61.

48 Piesqd translates into pi squared. The symbol p, or pi, is mathematical notation for the irrational number 3.14159.... Found in Egyptian and Babylonian science, pi is a 2500-year-old constant.

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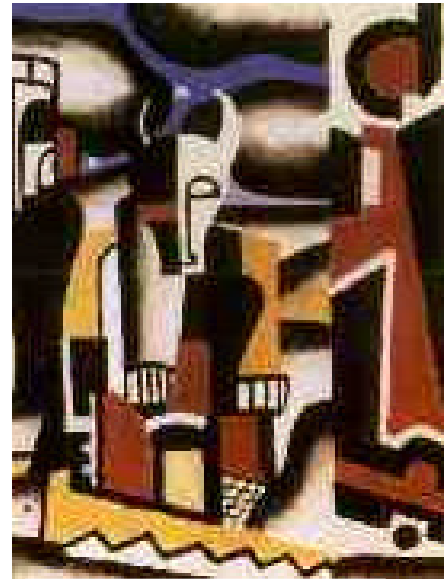
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## **Fissures In The Globalist Ruling Bloc: The Politics Of Globalization From Above And Below**

By Jerry Harris and Bill Robinson

Globalization has become the main dynamic in the world today. We are witness to a new stage in the evolution of the capitalist system characterized by the hegemony of transnational capital and the rise of a new global capitalist ruling bloc. At the helm of this bloc is a transnational capitalist class based among the huge corporate and financial institutions that are integrating the world into a single productive apparatus. The globalist bloc has its corresponding representatives in the political parties, civil societies, and state apparatuses in both the developed and third world nations.



*From Leger's 'Creation'*

The politics and policies of this bloc are conditioned by the new global structure of accumulation made possible by the revolution in information technology and new capitalist strategies of production and labor control fostered by these changes. This revolution in the means of production has created a new technological economic sector, evolved industrial manufacturing, and transformed financial markets. It's the electronic skeleton through which globalization works, connecting every performing part of the world economy. The convergence of telecommunications and computers has made possible a global command and control structure for transnationals, building a global assembly line for manufacturing. Secondly, the same information systems have established 24-hour global financial markets that function in real-time, leading to world capital integration.

The groups that make up the globalist bloc are united only in their defense of global capitalism. Beyond that, they have shifting alliances and competitive contradictions. Throughout much of the 1980s and 1990s they marched virtually unchallenged in building their new world order. But underneath their triumphant banners a host of contradictions have been building in intensity. Fissures within the bloc have now become more apparent in the face of mounting economic crises and a groundswell of resistance from popular classes around the world. These came together at the ministerial meeting of the World Trade Organization (WTO) in Seattle in November '99 in a way hitherto unseen. The WTO creates a concentrated crossroads for world politics and economics as the organization strives to build a new regulatory superstructure to house these global forces of production. Thus it also provides a forum where these tensions can explode in their most exposed form.

Seattle witnessed this explosion as the birth of a new movement that continued with demonstrations in Washington, Australia and Prague. Changes in the political landscape have been accelerating in scope since the Asian market crisis. Europe has been the scene of large-scale anti-global demonstrations for several years. But North Americans seemed unaware of this growing movement, even as the United States fostered some of the most powerful transnationals, and housed the International Monetary Fund (IMF) and World Bank in Washington. While many observers have commented on the demonstrations, our purpose here is to concentrate on the major issues of unity and contention within the globalist bloc. An analysis of the rising splits within the globalist bloc may offer lessons for emancipatory action from below in the new century.

There are, among others, three tactical and strategic issues we will discuss that are generating fissures in the summits of global power which became exposed in Seattle with particular clarity: 1) political tensions between dominant groups in the North and the South over the social crises that global capitalism has wrought; 2) a strategic split within the bloc between traditional neo-liberals and a "Third Way" or "softer" version of neo-liberalism; 3) recent shakeups at the IMF and the World Bank, reflective of these first two fissures, over how to reform the world financial system and bring greater order to the global economy.

### **The WTO, Transnational Classes, and the Third World**

Prominent among the fanfare at Seattle was the apparently militant position a number of Third World ministers took up against their Northern counterparts, such as those from Brazil and India. This was interpreted by some observers as a contradiction between the Third World and the core in the new capitalist order, or even as a renewed anti-imperialism. Closer inspection, however, suggests the protests mainly represented a struggle within the globalist bloc, not an anti-imperialist contest between the Third World and the capitalist core.

The complaints of Third World ministers at the WTO were a complex mix of calls for necessary reforms, anger over G-7 arrogance, and expressions of competitive pressures. While their grievances over the arrogant disregard of their concerns were justified, fundamentally they were demanding greater access to global markets for the Third World bourgeoisie and a greater role in managing the global economy, not its dismantlement. These Third World elites are as much part of the new global system as their counterparts in the developed nations. This is not the national bourgeoisie of the 1960s who promoted state directed modernization projects, local industry, and import substitution. Production worldwide has been reorganized by the giant transnational corporations (TNCs) that operate through new methods of finance and production brought about by the revolution in information technology and new accumulation strategies fostered by these changes. National productive apparatuses have been broken down and integrated into emergent global production processes. On the one hand, the material bases for the old Third World national capitalist projects have eroded. On the other, globalization has opened up new opportunities for third world capitalists and state elites, whose interests lie increasingly in integration into global capitalism rather than in the construction of autonomous national capitalisms.

Transnational class formation is a key aspect of the globalization process and has involved the increasing integration of Third World contingents into the ranks of the globalist bloc. Elites in both North and South have become divided along a new national-transnational axis. National fractions are those groups grounded in national circuits of accumulation, whereas transnational fractions are those grounded in new globalized circuits. The former tend to pursue their interests through national regulatory, industrial, and protectionist policies, whereas the latter, in an expanding global economy based on worldwide market liberalization. The clashes between national and transnational groups underlie many surface political events and ideological battles in recent years. These two fractions have been vying for control of local states since the 1970s. Transnational fractions of local elites swept to power around the world in the 1980s and 1990s and have used national state apparatuses to dismantle the old nation-state projects and integrate their countries into the global economy and society.

The leading capitalist groups in the Third World have transnationalized by integrating into global circuits of accumulation through a variety of mechanisms, ranging from subcontracting for global

corporations, the purchase of foreign equity shares, mergers with corporations from other countries, joint ventures, and increasing foreign direct investment (FDI) abroad of their own capital. In the 1980s, \$170 billion in FDI entered the Third World. In the 1990s, this figure shot up to \$1.3 trillion. Third World based transnationals themselves had invested \$51 billion abroad by 1995, or about 8 percent of total world FDI stock, up from only one percent in 1960 and three percent in 1985. Between 1993-1995, the top 50 Third World TNCs augmented their foreign assets by 280 percent, compared to a rate of 30 percent for top corporations based in the developed world. Petroleos de Venezuela and Daewoo joined the ranks of the top 100 transnational in 1996 (although Daewoo may shortly be taken over by G.M. or Ford). The Third World bourgeoisies of countries such as Singapore, South Korea, Taiwan, Brazil, Chile, and Mexico, are becoming important "national" contingents of the transnational capitalist class.

These contingents have increasingly used the infrastructure of global capitalism to attempt to strengthen their standing with the globalist ruling bloc. Venezuela pursued a successful WTO case against America's clean air standards, which resulted in allowing dirtier Venezuelan gasoline to be imported into the U.S. The famous "turtle protesters" at Seattle were reacting to a case won by Pakistan, Malaysia and Thailand. These are examples of ongoing competitive struggles amongst the globalists, which naturally were continued in Seattle. The Third World ministers who came to Seattle represent for the most part the new transnationalized elites in the developing world. This explains why most of the third world countries at the WTO are wedded to the IMF and the global market. Whether the former Asian tigers, or Brazil or India, these governments are carrying out vast neo-liberal restructuring, often under the co-direction of the IMF and World Bank. A few weeks after the uproar in Seattle, WTO Director General Mike Moore was in New Delhi addressing the Confederation of Indian Industry to work out new deals at the conference "Partnership Meet 2000."

To fully integrate their countries as parts of the global economy, Third World states use the superprofits from the exploitation of their working class and the rape of their country's natural resources. These are seen as their competitive advantage in global competition. In Seattle they fought hard to maintain these advantages for themselves and their transnational partners. Arguing for low wages is not a plan for national development, but a defense of Nike paying 25 cents an hour, and Third World sub-contractors running industrial zones for the TNCs that drive the global economy.

In looking at some of the major spokespersons that emerged among the Third World ministers at the WTO meeting their motives become clear. The government of Brazil, for example, is carrying out a vast neo-liberal project after its defeat of the Workers Party and receiving a \$42 billion bailout package from the IMF last year. Another voice was from the ruling BJP of India, a reactionary Hindu nationalist party that is implementing a neo-liberal program of privatization, dismantling the Indian economy's state sector, and promoting genetic engineering in agriculture. Of course there are competitive conflicts over how programs are carried out. But much of the nationalist rhetoric displayed by government officials in Seattle was simply a cover to legitimize their policies at home, where the deepening economic crisis is turning up the political heat.

However, beyond the rhetoric, there was another set of underlying political tensions within the globalist bloc reflected in the ministers' protests in Seattle. Third World globalists have borne a disproportionate brunt of the political fallout from the social crises brought on by global capitalism. They face rising mass unrest, instability, a legitimacy crisis, and the threat of losing their grip on power, whereas their core country counterparts seem only concerned with assuring that global accumulation continue unhindered. Having borne the brunt of recent upheavals, Third world

globalists are now insisting on a greater say in policy matters. None of these ministers want to face the type of turmoil experienced by Indonesia, nor suffer the fate of Suharto.

This issue came to a head in Seattle when small groups of rich nations held informal meetings on key issues without informing Third World ministers. These so-called "Green Room" meetings were a crude manipulation of the WTO, which has been much criticized for its non-transparent and undemocratic nature. The breakdown of general deliberations, and the resultant failure to reach any new trade agreements, was in part due to the rift between the Third World ministers and G-7 countries. But the issue here is one of democracy and justice within the globalist bloc, not of a struggle between this bloc and the Third World, much less over substantive democracy and social justice in global society. Given continued North-South inequalities and the long history of core country interventions in the Third World, progressives must be particularly sensitive to demands emanating from the peripheries of world capitalism. But the voices to listen to are from the grassroots.

### **The "Third Way": Globalization with a Human Face?**

If one major fissure among the globalists is this rift between the G-7 "senior" partners and Third World "junior" partners in the ruling bloc, a second is between the more dogmatic neo-liberals and a "softer" neo-liberalism as expressed in the emergent "Third Way" political project.

Former U.S. President Bill Clinton is a key political leader for the globalists. He has been a major figure in promoting the "Third Way" strategy for globalism, which is an important adjustment to the pure neo-liberalism of the Reagan/Thatcher period. His support for labor and environmental rights is part of this approach, and seeks to stabilize globalization into an acceptable institutionalized form with a broader social base. Its origins in the U.S. goes back to Clinton's initiation of the Democratic Leadership Council. These "New Democrats," as the Clinton wing is known, moved the Democratic Party away from traditional liberalism towards an alignment with neo-liberal conservatism. The Third Way was first picked-up in the United Kingdom by Tony Blair (who actually coined the phrase), then in Germany by Gerhard Schroder, and now a number of other parties throughout the world.

The Third Way argues the state should enable the market to function more smoothly and avoid radical swings that produce periodic crisis. Government's role is to create an institutional framework for a flexible global economy that recognizes a place for social concerns. Unemployment, poverty, educational and health are seen as issues effecting the labor force and the proper use of "human capital." But the Third Way political program is not a return to a Keynesian project. The program does not question the premises of an every more open and integrated global economy or the prerogatives of capital. The state is neither to replace the private sector nor to intervene directly in the circuits of accumulation, but to structure market rules that enable capital to enjoy a more dominant role in a stable financial environment. The program reaffirms the set of macroeconomic fiscal and monetary policies associated with neoliberalism, with withdrawal of the state from "economic issues" (state regulation of capital) and the continued rollback of the welfare state. But these aspects are combined with a new emphasis on "social issues." Social programs such as education and health care that generate the "human capital" which high-tech information capital requires are emphasized, as is the creation of "flexible labor markets." Welfare is replaced with "job readiness" and market opportunities" (read: cheapening labor and tailoring it to the changing needs of capital while abandoning the state's and capital's reciprocal obligations to labor). Limiting the

destruction of nature is also promoted as a necessary step in managing a profitable and productive environment.

The Third Way conception of the state and economic policy draws on the new "institutional economics," which emphasizes the problems of economic coordination in the free market and their resolution through the management activities of "experts" in the state. Theoretically, this approach argues that the state, which has the authority to create money, influence interest rates, encourage technical development and research through educational and regional policy, and so on, can influence economic activity without interfering directly in the market by creating a more predictable economic environment. The doctrine emphasizes complex coordination of just the type of decentralized and vertically disintegrated production processes that characterize the global economy, as well as a new and more sophisticated infrastructural environment, such as communications grids and information highways - "goods" which the more "pure" neo-liberal laissez-faire state is ill-equipped to provide.

Reagan and Thatcher represented the most dogmatic and pure form of neo-liberalism - a wholesale and unfettered opening to the global economy. This dominated political and economic transformations in the initial period of globalization. This was known as the "Washington consensus," was first launched as a globalist strategy at the Cancun Conference in 1982 and implemented around the world with a vengeance in the 1980s and 1990s. But the world recession of the 1990s exposed the fragility of the world monetary system and caused rising alarm and growing fissures in the inner circles of the global ruling class. How to stabilize the system and achieve some regulatory order and stabilize the system has bedeviled transnational elites and led to strategic differences. With mounting social fallout from pure neo-liberalism, especially in the wake of the Asian crash and looming economic disasters elsewhere, unity around the Washington consensus fell apart and the Third Way began to develop as an alternative policy approach for the transnational ruling class.

The breakdown of the Washington consensus reflects a broad and ongoing debate engaged by different think tanks, political leaders and economists as the globalists search for a way out of growing world crisis. Indeed, shortly before the Seattle meeting Clinton told the annual gathering of New Democrats that the party is united on most "Third Way policies" - fiscal conservatism, being "tough" on crime, educational reform, and so on - but there is one big exception: "how we're going to respond to globalization." The battle in Seattle, both on the streets and in the corridors, was mostly in response to the social fall-out and failures of the neo-liberal Washington consensus, and began the struggle to forge a new consensus around the Third Way.

### **Changes at the IMF and World Bank**

This debate has been reflected in the differences and sometimes-heated exchanges between policy leaders at the IMF and World Bank. This struggle came to a head in November and December '99 around two important resignations; Michel Camdessus leaving as Managing Director of the IMF, and Joseph Stiglitz resigning as chief economist at the World Bank. The major protagonists in this drama that unfolded within the apex of these powerful supranational institutions of global capitalism brought together several of the most influential figures in globalist financial policies. It is not possible here to elaborate on all the issues behind the IMF and World Bank shakeups, which go to the heart of an increasingly fractious transnational elite's efforts to reform the world financial system. But a cursory look at the events and policy shifts that eventually solidified in the annual IMF/World Bank meeting in Prague throws some light on the current politics of globalization from above.

Camdessus has led the IMF for 13 years and is a leading exponent of the Washington consensus and has had a huge influence on global economic policies. Stiglitz was chief of Clinton's Council of Economic Advisors before he went to the World Bank, where he became a major spokesman for the Third Way, and one of the most outspoken critics of the IMF. In some ways Stiglitz was a stalking horse for Clinton, who has been cautious and accommodating with the established policies of the Washington Consensus. Clinton's men at the Treasury Department, Robert Rubin and Lawrence Summers worked closely with Camdessus to implement neo-liberal solutions to the Asian and other crises. These included bailouts for international finance, high interest rates to benefit global lenders, rapid privatization of state supported enterprises and cutting social services. The resulting political disruptions and free fall into poverty was viewed as necessary steps to regain the confidence of international financiers.

It was precisely these policies that began the revolt of Third World globalists, as they paid the price of the crisis for their more powerful partners in the developed world. Stiglitz, not surprisingly a leading exponent of the new "institutional economics," was the first inside voice from the inner sanctum of the ruling bloc to criticize the IMF's strategy in Asia and Russia, directly challenging the Washington consensus as a short-sighted and incomplete strategy. In fact, Camdessus' resignation reflected the breakdown of the Washington consensus. Taking place on the heels of Seattle, it upped the ante by raising the possibility of new directions for the Fund and for globalist financial policies. Stiglitz stepped up the tenor of his attacks after Camdessus announced his resignation in November. At that point, Summers stepped into the fray to try to impose order and stake out a middle ground for a new consensus.

The functions of the IMF have grown greatly with globalization. Its role as a neo-liberal policy enforcer took shape not as part of an ideological principal of governance, but as an organic response to growing world problems. During Camdessus' tenure criticism of the IMF steadily rose from all quarters, indicating a concern to formalize a global supervisory and regulatory structure that could bring some order to world finance. As one commentator pointed out in the Financial Times regarding the resignation: "As an exemplar of bureaucratic entrepreneurship, the IMF is a triumph. Yet what is good for the institution is not necessarily ideal for the world. A change in management is the ideal time to refocus the institution on its core tasks." In response to his critics, Camdessus retorted that "I know that there is, here and there, some nostalgia for a mythical 'good old fund,' limited to a narrow scope of concerns...This would obviously be a recipe for irrelevance in today's world," and lamented that he had failed to reverse "the world's propensity to use [the Fund] as a scapegoat."

But changes have been strongly supported by conservatives or old-guard neo-liberals who see the IMF as an oversized bureaucracy interfering in the natural functioning of the free market, as well by liberal Keynesians largely marginalized under globalization and who decried the extension of neo-liberal social policies through IMF financial arrangements. This alliance came to the forefront of the debate with the Meltzer Report. Issued by a congressional committee known as the International Financial Institution Advisory Commission, it was headed by conservative economist Allen Meltzer and Harvard liberal Jeffery Sachs. The report accused the IMF of a record of failure and too much interference in the economic affairs of developing countries. It pushed a stronger role for the private financial sector in lending, and recommended the IMF limit its activities to short-term emergency measures and crisis management. Overall the Meltzer Report called for a sharp cut-back to many IMF functions.

Taking advantage of Camdessus' resignation, Summers gave a major policy speech in mid-December '99 on the IMF at the London School of Business which gives some insight into Third Way thinking

regarding global financial regulation. His proposals called for important adjustments to programs based on the Washington consensus, pushing the IMF towards Third Way policies. Changes would include an end to long-term IMF lending, while allowing the private sector greater freedom in arranging terms and solutions for international debt. This would limit IMF loans to short-term crisis management, and focus the Fund's attention on developing a system that obligates governments and banks of "emerging markets" to provide greater access for global bankers and lenders to large bodies of closely guarded economic information. Summers also proposed more attention be given to debt relief, limiting volatile short-term loans, and recognizing the need for greater inclusion of "civil society" and "emerging countries" in IMF decisions making.

But while the IMF should scale back short-term lending and shift this role more fully to private capital, it must assume greater responsibility in global financial oversight and regulation. In this manner the IMF would provide a more secure environment for ongoing accumulation. Its role would be that of an oversight committee which guards the collective rules while individual competition is allowed full range; stepping in only when economic competition gets out of hand causing a financial crisis. Such measures in Summers's view would give states more ability to keep the market running smoothly and help avoid the financial disruptions to the system that the Third Way argues for. Overall, Summers was reformulating a call made with increasing frequency within the globalist bloc for the creation of a transnational "lender of last resort" and suggesting that this role fall to the IMF. The Fund "must be a last, not a first, resort," impose "generally accepted accounting principles" for the global economy and encourage countries to "implement standards and codes of conduct." The cutting edge of the Third Way is that it charts a path between the conventional conservative/liberal split in an attempt to reformulate a majority globalist consensus, which includes ideas from both sides. In what Summers called a "great debate," he argued the true role of the IMF is "to enable creditors to recognize their collective interests despite their individual interest."

Previously Camdessus and Summers have worked closely to implement neo-liberal solutions in Asia, Russia and Brazil. In fact, Summers was Clinton's point man in getting Congress to come up with \$18 billion to help the IMF take control of the Asian crisis. But as speculation circulated about Camdessus resignation, Summers began to distance his own position from that of Camdessus and called for a "new framework for providing international assistance, one that moves beyond a closed, IMF-centered process that has too often focused on narrow macroeconomic objectives at the expense of human development." In London, Summers expanded his changing tactics to suggest that the World Bank, not the IMF, take the lead in global debt relief programs for the world's poorest countries.

Summers' rejection of the policies he helped develop and implement indicates the depth of the globalist debate. The economic, social and political upheavals of the past three years have the transnational elites searching for new answers, answers that Third Way advocates hope to provide. With Summers' and others' proposals for reorganizing the IMF, key organic intellectuals of the globalist bloc have acknowledged that transnational functionaries need to acquire greater autonomy from transnational capitalists and act more independently of the latter's short-term interests. The neo-liberal state has shown itself incapable of such autonomy; it is not clear if a "Third Way" state would be up to the task.

Back to Stiglitz. With the debate swinging to his side why would Stiglitz choose to resign? One of his most repeated criticisms of the Fund was that its policies led to a deepening human crisis of poverty. Now poverty reduction programs are more firmly in the hands of the World Bank. Just as Summers had distanced himself from Camdessus, World Bank president James Wolfensohn, who had

credited Stiglitz for helping to move the institution beyond the Washington consensus, now distanced himself from Stiglitz, expressing discomfort with the full range of the latter's criticisms. These include restricting short-term flows of capital, the IMF's Russian policy, moving more slowly on market liberalization, giving poor countries an inside seat on financial negotiations, and advocating a stronger role for the state. "In short, he cast himself as a scourge of the Washington establishment," noted *The Economist* "By the end, his boss, the hitherto supportive James Wolfensohn, had turned less warm."

Many of Stiglitz' ideas seem firmly planted in Third Way policy. But for Stiglitz the World Bank has not moved far nor fast enough in changing their basic approach. As Stiglitz stated; "It has become obvious to me that it would be difficult to continue to speak out as forcefully and publicly as I have on a variety of issues and still remain as chief economist. Rather than muzzle myself, or be muzzled, I decided to leave. It became very clear to me that working from the inside was not leading to the responses at the speed at which responses were needed." Recently Stiglitz launched further broadsides against the Washington consensus at the American Economics Association, where he won a standing ovation. Sharply criticizing policies that Camdessus, Summers and Ruben had enforced, he stated; "I believe there is some chance that some of the disastrous economic decisions would not have occurred had workers had a voice in the decision making. Capital market liberalization has not only not brought people the prosperity they were promised, but it has also brought these crises, with wages falling 20 or 30 percent, and unemployment going up by a factor of two, three, four, or ten." Such open criticism of the crisis goes beyond the comfort level for most Third Way advocates, including Summers, who pressured the World Bank for Stiglitz' resignation.

The battle over policy continued with the World's Bank's flagship report on global poverty. The World Development Report reviewed the accomplishments and failures of globalization in the 1990s. Its lead author, Ravi Kanbur, is a highly respected economist brought into the bank by Stiglitz. Discussion for the report was opened up in an unprecedented way using an electronic conference that attracted 1,523 people from over 80 countries. Under Kanbur's guidance the report sharply questioned market liberalization as the best method of development, and criticized economic growth that failed to redistribute wealth. In addition the report called for an expanded governmental role in providing a social safety net as well as empowering the poor through land redistribution. This was too much for Summers who maintains faith in liberalization and growth as the main tenants of the Third Way. Some attention to the elimination of poverty is acceptable, but Kanbur's frontal assault went too far. Summers demanded a rewrite of the report and Kanbur resigned in protest.

Having fought off Third Way critics from the left and right the annual meeting of the IMF and World Bank in Prague offered the opportunity to consolidate a new consensus. Leading up to the conference the IMF's new managing director, Horst Kehler, had been making speeches strongly backing the approach of Summers. In a speech to the Board of Governors in Prague Kehler clearly articulated a Third Way policy orientation for the IMF. The central role of the IMF will be to develop a "comprehensive approach to fostering a sound and integrated international financial system." This entails guaranteeing data transparency, surveillance of domestic economic policies, and promoting international codes and standards. This will provide a stable structure for the private sector while allowing competition to rule the markets, which is a key orientation for Third Way advocates. In addition Kehler has established a Capital Market Consultative Group to create an ongoing dialogue between the IMF and global bankers and financiers, a key demand from the private sector. Refusing to back off from its involvement in the affairs of developing countries the IMF will maintain its Poverty Reduction and Growth Facility which oversees macroeconomic stability in the Third World and demands an export economy to integrate poor nations into global markets. As part



of the Third Way focus there will be efforts to increase human capital through health and education spending and debt relief.

### **Wither the Politics of Globalization From Below?**

Having Camdessus, Stiglitz and Kanbur out of the way, and the Meltzer Report behind him, Summers has been able to cobble together a policy combination with the help of Khler and World Bank president James Wolfensohn. After a three-way struggle, the Third Way has emerged out of the Asian crisis to push forward a new consensus within the IMF and World Bank, and more broadly, within the transnational capitalist class. But is not clear how the globalist ruling bloc will sustain its fragile economic and political hegemony. There is no reason to believe it will be able to manage the contradictions of global capitalism, particularly those of overaccumulation and worldwide social polarization. However, as global protest makes clear, the principal source of tension in the coming period will be over the threat from below. The fissures in the globalist-ruling bloc have percolated up from outside the bloc. What took place in the streets in Seattle, Washington and Prague, the politics of globalization from below, forms the real basis on which to understand the politics of globalization from above.

The growing movement is unequivocally an anti-capitalist movement. The importance of this development should not be understated. But breaking the "TINA" (There is not Alternative) syndrome requires an alternative vision for global society. The left and progressives, who may well be competing for influence against a Third Way political configuration for this vision, must move from anti-capitalism, however important that stance may be, to relaunching a democratic, sustainable socialist project for the 21st century.

### **NOTES**

The theoretical issues discussed here are elaborated on at some length in William I. Robinson and Jerry Harris, "Towards a Global Ruling Class? Globalization and the Transnational Capitalist Class," *Science and Society*, Vol 64, No. 1, Spring 2000, 11-54.

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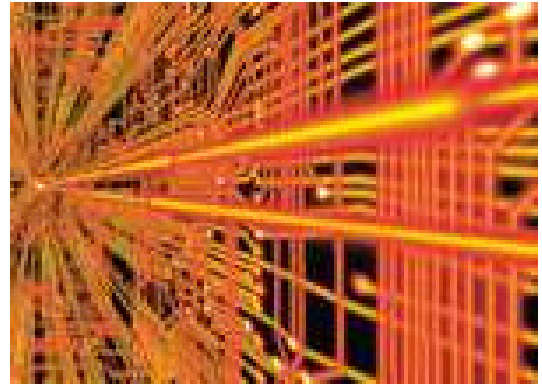
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# **The Coming Job Glut: Expanding Work in The High-Tech Sector**

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## **Introduction**

I am a highly skilled, highly paid high-tech consultant. While I have been a progressive since 1960s, I have also been a computerphreak since 1963. I have grown up with this technology and have experienced its social impact firsthand--in humanity's ongoing crises of internecine war, increasing joblessness, and deepening alienation and despair.

I have been engaged in the debates on these topics from the beginning. While I do not want to minimize these crises or the role of information technology in any way, I have often felt that these discussions were one-sided. I believe they frequently did not take into account the internal dynamics of the information technology sector itself and how these dynamics can inform progressive or revolutionary action.

This paper reflects my experiences from the inside of a large number of corporations, including many in the Fortune 500, which I have serviced over the last several decades. It responds to many of the "end of work" scenarios that have been circulating, along with some ideas on the implications of these perspectives for political action. For the sake of clarity, I focus on employment. But I am quite aware of the many other areas that have been adversely affected by information technology including war, civil liberties, criminal justice, education and economic speculation.

## **What the Traditional Left is Saying**

The conventional wisdom on the left on technology and jobs goes something like this:

Disastrous unemployment and underemployment is being created by two factors, both stemming from the information technology explosion that started in the 1950s:

1. Automation is increasing worker productivity at the expense of jobs. Fewer workers are needed to produce industrial goods in greater quantity and higher quality. This is causing increasing divisions and conflict between a new but small elite of skilled high-tech workers, a shrinking sector of low paid unskilled workers, and a growing pool of unemployed, underemployed and permanently unemployable workers.
2. Globalization is allowing transnational corporations to pit the working class of one country against another. The transnationals are driving down overall labor costs in a terrible race to the bottom. The future will be one where all of the world's wealth is concentrated in a few hands while with the overwhelming majority of humans are locked out of the global economy or locked up in prisons as slave laborers. In the new global and totalitarian order, governments themselves are competing with each other to see who can best subordinate themselves to the interests of transnational corporations.

What is to be done to prevent this dismal outlook from becoming a reality?

“Saving Jobs at Home” (usually meaning in highly developed 1st world countries) is the first key battle. Some add that demanding adherence to human rights and ecological standards by employers is also critical. Some go even further to argue that saving jobs or the environment will not work by themselves. Instead the capitalist system must be destroyed to be replaced by a favorite flavor of socialism, and that in many cases even the demand to save jobs is “misleading” workers into accepting another round of phony reforms that will not benefit the working class.

### **Why the Traditional Left View is Incomplete**

I do not want to argue that the above views are substantially wrong, even in the short run. Given the incredible increase of misery of all kinds in the last several decades, it is hard to argue, without severe qualifications, that the information technology revolution has benefited the majority of people on this planet. Instead, the problem with the typical left perspective is that it views technology from the outside looking in; it does not take into account the internal dynamics of the information revolution and both the promise and peril waiting there.

The first inkling that there is something missing in about the left perspective is the increasing shortage of high-tech workers. The New York Times, February 27 headlined an article “Atlanta Loses Jobs but Still Needs High-Tech Workers.” Around 5000 jobs were about to be lost from Lockheed Martin, BellSouth and Coca-Cola. The article goes on to say "If Atlanta's economy has run into a rough patch, it is not because there is a shortage of jobs. To the contrary, they say, there is a lack of people to fill them, particularly in technology(1).”

In fact, programmers, analysts, web designers, content specialists and project managers are in such demand that there is no hope of fulfilling all job openings any time soon. Congress is even moving to allow the importation of more skilled workers from Asia, Russia and Eastern Europe to work in the US. This is not just because they will work for lower wages (at least until they are granted permanent residency). It is because there are not enough native-born US citizens who are qualified or who are trying to become qualified to fill these positions.

A widely quoted Feb. 9, 2000 AP article by Bart Jansen states:

“The Bureau of Labor Statistics reported that the number of high-tech jobs nationwide grew from about 4 million in 1990 to more than 4.8 million in 1998, and projects jobs in some categories will double in the next six years.(2)”

Let's look at some of the current contributing factors:

**The Low Road Option.** Poor people are being channeled into low-level service jobs or prison rather than college and high-tech jobs. There is no rational reason for this except for the tradition of racism and class bias that so infuses the US and most other “advanced” nations. Our political life is warped by a “cycle of idiocy”: First, politicians exploit fear of crime among minorities and the poor to get elected. Next they put more poor and minorities in jail to “fulfill their promises to the electorate.” The prison population grows wildly even as crime goes down, leading to harsher conditions and fewer educational or training programs in prison. Released ex-offenders have even less chances at decent employment, and end up going back to prison. This adds to the fear of minorities and the poor, making it even easier to get elected by fear tactics, and so on....

**Older Unemployed High-Tech Workers Are Being Ignored.** While this is certainly happening to many, it is not clear how many are really being left out compared to the number of positions available. The other thing to keep in mind is that the high-tech world is unforgiving. You need to constantly be learning new skills and re-inventing yourself. If you fall off the train, it can be very difficult and expensive to get back on. Very few employers want to train older workers when they hire them.

**The Bill Gates Model.** More and more young people want to be the next Bill. In many cases they don't finish college (just like Bill) or even high school before starting their own businesses. Business schools are even starting to feel the heat since they are the traditional stepping-stones to CEO-hood. Thus being a hard-grinding programmer or high-tech worker has lost its allure among many young Americans, even though someone has to come in and fill those empty spots or there will be no one to make the next Bill's bills.

**The Info-Gamblers.** Another aspect of the information revolution is the incredible growth of speculative markets. Anyone can now become their own broker. Those that do not want to become Bill, want to make their millions by joining the hot action on Wall Street and similar institutions world wide. In short, productive labor is out, gambling is in.

The above circumstances are not inevitable or inherent to our society. There are any number of scenarios that could come about to ameliorate or change them. Whether or not you believe political and business leaders are smart enough or humane enough to see how to do it, the solutions are not that complicated.

But I want to argue a different point. It is certainly good to promote social policies that give more people productive skills, especially if they have been locked out of the economy. But I believe the more successful we are in producing skilled high-tech workers, the greater the shortage of high-tech workers will become. Again, this does not mean we should not attempt to bring people into well paying high-tech jobs; but it does mean that we will have to radically readjust our thinking about the future of economics.

## **Information and Automation**

cy.Rev has long argued that the fundamental commodity of this new economy is not goods and services or even money, it is information. This new economic system is based on the ever-expanding production of information. Improvements in the quality and quantity of goods and services are, in most cases, a side effect or by product of information production. That is the true meaning of automation.

In an industrial economy, there are relatively long cycles involved in producing new products for the market or even for internal use. Production involved many steps, a large portion of them involving relations with suppliers who were outside the control of the corporation needing what they supplied. One of the reasons automation has come into existence is to shorten those cycles.

The production of information, on the other hand, can follow very short cycles. In an automated process every interaction in the production cycle is usually audited at some level. This mean that even in the early design stage of a new product, information is being produced in large volumes. In many cases the raw information produced contains too many details, so it is further processed into reports,

which in turn are presented to the people who manage the process. Then the results of a large number of these reports may get aggregated into other reports and so on.

In order to continue to shorten production cycles and speed up time to market, corporations are racing to make a process more efficient by integrating more and more of the components of the production cycle into a single unified information structure. This means that the people who work in these cycles have more access to information than they have had in the past.

A manufacturing engineer, for example, may gain access through an Enterprise Resource Planner (ERP to the cognoscenti). The ERP contains a diagram of a large device (say a jet engine) where every component part is linked to a database that is constantly refreshed with all of the inventory information known for that component. The engineer may then have the system automatically poll an Internet site for the best deal to be had on that part. The part can be ordered on the spot, with a purchase order immediately sent to the chosen supplier. This process also includes regular updates on when the part is to be delivered, by which carrier, with the appropriate bill of lading identifiers automatically sent back to the initiating ERP system, which then can keep the engineer and management team apprised of the status of the part order. The system can even be set to notify the engineer with an email if the expected arrival date changes for any reason.

Things can get even more complicated. The engineer may need to do research on the suppliers to make sure the one chosen will supply parts that are high quality. This can mean sifting through journals and calling contacts at other firms. Nowadays it is more likely using a search engine on the Internet or on the local document management system (if the corporation has been saving articles on suppliers in its document management system). Then issues may arise about which kinds of parts can be assembled by the robots that were just installed on the assembly line. More searches and telephone calls proceed from here. If the engineer makes any mistakes, it could seriously impact production and lose millions of dollars.

So the engineer may start to rely on special software. Or he or she may look to Internet sites focused on jet engine production that can furnish answers quickly and reliably. While it costs money for the software or to use the Internet site, it also reduces the time it takes to make a decision and does not increase the number of people in the engineer's department. The point is that the management of information is becoming the primary factor determining how things are done or not done in this new economy. Better information management means more efficiency and (leaving aside market speculation) more profits.

Unfortunately, information management comes with its own set of special circumstances. It involves several components: collection, classification, storage and retrieval.

Collection is the process of gathering the data from its source and preparing it for entry into an electronic repository.

Classification is where other descriptive data is added to the source data to make it easier to find later on. Classification can happen before, during or after collection(3).

Storage means placing the data in electronic media for future retrieval. Storage involves worrying about how quickly the data needs to be retrieved, how much redundancy is needed to insure reliability and whether or not to store the data centrally or in a geographically dispersed system.

Retrieval is a collection of processes where a user can request information based on any number of identifiers from unique identifiers such as a product id to non-unique identifiers, such as keywords or concepts.

## **Infoglut**

The retrieval of information thus depends upon the classification of data. This is where things start becoming even more problematic. Information is usually classified based on the current classification models used when the data is entered. In many cases these classifications are not useful when the information is opened up to larger circles of requestors. What happens then? Either a large project must be undertaken to reclassify information so it is useful to the larger circle. Or workers must be retrained to do the reclassification. Or special expensive software may be designed or purchased that purports to do this automatically. Or, most likely, a combination of all three.

Now let's say the information is successfully reclassified, and the corporation is even more efficient. This means that even more information is being produced at an even faster rate. As competitors catch up, more pressure is put on the corporation to integrate more information into its systems and to make it available to even larger audiences. This causes another problem with reclassification, which leads to even faster information production, and so on.

Sheer volumes of data can also force the need to refine classification data. As more data is entered into a system, more and more data falls under the same classes. This may not be a problem for people who know unique combinations of elements that can be used to find what they need. But it is a problem for the majority who do not have that knowledge. In any event reclassification becomes necessary and users must be trained in the new system. Or the corporation must rely on automated classification software that can process millions of data elements, but cannot understand human language. In some circumstances, this means critical data can be lost unless someone can correctly deduce the right combination of factors to use in a query. Anyone who has used an internet search engine to look for obscure data has experienced this first hand.

With the internet becoming not only the common means of exchanging information, but the common repository for information, this cycle builds up even faster since any time anything is added to a repository, some portion of it will be opened up to the internet. There are two responses to this situation: 1) build new search/classification software to handle the increasing load and 2) build new information specialty businesses or business units that can provide information very quickly in a very narrow range of topics. The latter expansion is referred to as both horizontal and vertical growth. Horizontal growth refers to expansion into new areas and vertical growth implies deeper expansion into existing areas.

Of course these solutions must be short lived. Since no matter how efficient the search software is, when enough new information is added to a repository, searches that produced short lists of possible resources start to produce lists that get larger and larger until the searches become useless and must be refined. The same goes for information specialists. Sooner or later what started as a small niche will be seen as overly general and unmanageable so that newer smaller niches will need to be created. Since the whole dynamic of the information revolution is to produce more and more information with increasing acceleration, these solutions will become obsolete faster and faster.

While lots of salespeople who sell the latest search/classification software based on the latest computational linguistic techniques will claim that they will have this problem solved within a few





The problem is that the industrial culture we are leaving has built up a political structure that functions as a barrier against bringing those at the bottom who need family sustaining jobs to the corporations who need more high paid workers to manage the information crisis they are creating.

## **Information and Technology Cycles**

So how fast is the automation/information-production cycle? Having no direct statistics, the best indicator that I am aware of is in the growth of technology. There are several indicators that are consistent with the above views.

Moore's law invented by Joe Moore states that roughly every 18 months the processing power of computer cpu's (central processing units) will double. While there is some suspicion that this will eventually end, it is not clear when. It has held true now for at least 20 years. Interestingly enough, according to Jon William Toigo in the May 2000 issue of Scientific American: "Many corporations find that the volume of data generated by their computers doubles every year. Gargantuan databases containing more than a terabyte—that is, one trillion bytes—are becoming the norm ... (4)" This means information appears to be growing in some sectors faster than a major element of information processing technology, processor power.

The concrete ways Moore's law contributes to information production are:

- The workstations that people use respond to the same software faster, allowing more information to be generated in the same time.
- The workstations that people use can run more sophisticated software at the same speed of less sophisticated software, which can in turn generate even more information, much of it of greater complexity.
- Servers (computers that handle large amounts of data) can process information faster.
- Network bandwidth (the speed that data can travel between computers on a network such as the internet) increases. Routers, switches, hubs and network cards, the basic drivers of networks, all use cpu's of some type to do their work. In addition, this last item is not only dependent on Moore's Law. It is also dependent upon other technologies such as fiber optic technology which is also advancing at a dizzying rate. As bandwidth increases, more information can be delivered to more servers and workstations faster, facilitating the overall growth of information flows.

"Cyberimperialism". In order to create chips with higher and higher component densities (this is what makes Moore's law work), newer, more sophisticated and much more expensive factories must be built. It now costs over \$1 billion to build a state of the art chip factory. In order to make a profit on the chips before the factory becomes obsolete, more chips must be produced and sold than previous generations. The way to make sure that happens is to create new mass marketable devices in ever expanding commercial and consumer markets. So we now have not only PalmPilots, we have all kinds of computer game devices, computerized dolls, soon computerized kitchen devices such as internet enabled refrigerators and microwave ovens. (No joke. They maintain automated lists of groceries and can automatically reorder from your net-based grocer when supplies are low.) The only

way to preserve profits is to expand markets into newer untouched areas of human culture. This expansion also adds to the information explosion.

Information architectures are also changing. This is also driven by the need to handle more information faster. There are really four main generations of computer architecture(5):

1. Batch processing. This mode of processing lasted from the late 40s to the early 70s. In this mode, punched cards were submitted to a computer operator who ran each program one at a time.
2. Mainframe based transaction processing. This started in the late 60s and still exists in most large corporations though it started losing dominance in the early 80s and has been more or less stable ever since the 90s.
3. Client/Server architecture. This started in the mid-80s and is probably the dominant architecture today. While client/server applications are still being deployed, they are not growing as fast as they once were due to the next item.
4. Modern multi-tiered web-based architectures. This is really a hodge-podge of many different architectures that has taken off starting in around 1997 with the growth of commercial web sites.

While the effect of the spread of new architectures is hard to quantify, it does indicate a new faster information growth trend is now underway.

### **New Employment Niches**

So far we have been talking primarily about employment that directly serves corporate needs. The growth of the Internet is also giving rise to potential niches serving consumers who use the net, the majority of whom are high-tech workers because of their familiarity with the net as well as the amount of money they have to spend.

Consumers, whether they are working for corporations in a particular capacity or just out for themselves, are finding it increasingly difficult to find what they want on the internet. Portal sites such as Yahoo, Excite, Netscape, AOL, MSN and others are one response. These sites are attempting to become the entrance points for all users on the web, providing them with access to both search engines and large indices that help users find what they are after. Shopping portals such as My Simon have also arisen. These sites will allow a consumer to find goods and services offered by a generally large set of online businesses and to comparison shop right then and there. The affect this is having on prices and what the outcomes will be is another very interesting phenomena to watch.

On the other hand, none of the search engines or portal sites can account for any more than about 20% of all of the web pages available. It is still quite common to find "dead urls" (web addresses that no longer exist) when using these sites to find information. As a result more specialized sites are evolving such as Slashdot for the heavy techie or Arts and Letters Daily for those interested in literature, philosophy and opinion. Just as Usenet has provided thousands of sites to host specific discussions, "electronic communities" are forming everywhere with all kinds of specific focuses. In fact the latest dot.com consultants are advising all businesses to transform themselves into electronic communities where consumers interact with each other as well as the corporations workforce to not only buy and sell products, but to actually design and build products.

Another important development is arising and that is for “micro payments”. This is a combination of technology for secure buying and selling and arrangements with the financial industry to allow for sites to make money off small payments that may be as low as a tenth of a penny. When this technology becomes ubiquitous on the net, we will probably see a shift in many sites from “free” information (with lots of advertising) to sites with little or no advertising but small fees charged for each access. When you realize that some estimates indicate that there will be over a billion users on the net by the end of 2005 or sooner, you can see the reason for micropayments.

While large corporations that can advertise their sites all over may reap the largest benefits, small providers can benefit just as well. Imagine you are a provider with a very small niche of say 100,000 regular users. If you collect just 10 cents per month from them on average, you will take home \$120,000 dollars/year. As you can see, if you can provide a more unique and specialized information service, you can charge more to a smaller audience and still do quite well. Less specialization implies a lower charge and a larger audience for success. While small specialists will not be able to afford the advertising resources of a large corporation, that may not be important. Larger specialty sites that have established followings are happy to link to smaller more specialized sites to increase their traffic. The smaller sites are thus “electronic symbionts” of the larger sites. This type of spontaneous hierarchy can go a long way and provide millions of niches for small providers. As this evolves, these niches as a whole may be necessary to the functioning of “corporate communities” who will ultimately depend upon good relations with thousands of these smaller communities for business.

As with corporate information management, the growth of these sites is in a positive feedback loop, the more sites there are, the larger the need for newer sites to help people negotiate all the sites available.

How many people are employed by web sites? Unfortunately I have no statistics on this. The range goes from one person for a few hours a week (cy.Rev fits this) to hundreds of people working in several shifts to keep a large commercial site functioning 24 hours a day. Given that there are millions of web sites and thousands of commercial sites and that the commercial sites are just starting to come up, this translates into a large number of jobs. In addition, there is the indirect labor employed by the Internet Service Providers to keep the basic infrastructure working. There are all kinds of graphic artists and writers who are contracted to produce specific content for a site and then move on to other contracts, advertising agencies, consultants galore, trainers, technical book writers and on and on. The point to remember is that we are just at the beginning of the Web as a commercial trend . It is bound to keep growing at a furious pace for at least the next 10 years (and probably a whole lot longer).

### **The Future for High-Tech Jobs**

One conclusion seems inevitable. For people in the high-tech sector who constantly renew their skills, job opportunities will always be expanding. Job related anxieties will not be about finding work, it will be more with deciding what kind of circumstances to work in, as well as completing projects successfully.

The other interesting question becomes what happens to salaries in an economy in a permanent job shortage? Traditional economic views predict disastrous inflation leading to a meltdown. But we are experiencing one of the longest runs of low inflation in history, so that view is probably wrong. While sooner or later the speculative bubble will burst and many stocks will lose their value, I am

dubious that this will be anything more than a bump on the road. I think the left needs to do more empirical and theoretical work to understand the new dynamics in the information led economy.

There are no studies (that I am aware of) that demonstrate this positive feedback loop between the information explosion and the need for more high-tech labor. On the other hand, the Bureau of Labor statistics provides some interesting supporting data. The top 5 occupations that are expected to grow the fastest in the period 1998-2008 are all high-tech computer-related jobs(6):

Employment change, 1998-2008

<b>Occupation</b>	<b>Number (in 1000s)</b>	<b>Percent</b>	<b>Most significant source of training</b>
Computer engineers	323	108	Bachelor's degree
Computer support specialists	439	102	Associate degree
Systems analysts	577	94	Bachelor's degree
Database administrators	67	77	Bachelor's degree
Desktop publishing specialists	19	73	Long-term on-the-job training

Note this table does not imply that these jobs are or will be the most numerous in this time frame. Low paid service jobs will still dominate numerically.

For people who can function in this environment because they have the necessary skills, this new economy is a fantastic promise. You can have the money to live and work anywhere you want comfortably, possibly even without a boss. For those without the background, this is just another opportunity that is beyond grasp.

### **Strategies for the Future**

By a high-tech worker I mean someone who has information manipulation skills using computer technology. At its most basic this means knowing how to use one of the office suites such as Microsoft Office, WordPerfect or Lotus' SmartSuite as well as being able to get around the internet with a browser. In general this also means having the ability to read and write, as well as reasonable computational ability. It should also be obvious that the more educated a worker is the higher the job earning potential.

There are two main barriers to entry into the high-tech job market. The first is education and the second is job entrances or who you know. Progressive strategies that address joblessness need to account for both of these factors.

Traditional left strategies that focus on getting a bigger piece of the pie as well as keeping the pie constructed the same way it was in 1950 have clearly failed and I see no indication this will ever be reversed. Even the UPS workers' recent victory seems to me to be more of a missed opportunity. The union, instead of taking up the cause of part-time workers (as part-time workers) took a more traditional approach. By getting some of the part-time workers upgraded to full-time they won the strike. But part-time workers are expanding at a fast rate, and are being used by UPS's competition.

The upshot is that the union managed to avoid the issue of organizing part-time workers, giving management time to figure out how to defeat the union on this issue in the next struggle.

Others argue that we need to reduce the workweek so that more people can obtain full-time employment and so workers will enjoy a better life style. This also seems like a stop-gap. First it still does not address getting workers into higher paying and more stable high-tech jobs. Secondly, it is quite possible that given the pace of automation, capitalists will be able to continue to shrink the labor force even as the workweek shrinks resulting in no net gain for labor.

Dan Swinney's "The High Road(7)" seems to be the strategy best positioned to be able to attack these barriers. Swinney divides the capitalist class into two camps, the high roaders and the low roaders. The high roaders are concerned with providing employment for people to generate new wealth and for a healthy environment. They can be tactical allies when it comes to providing capital to restructure failing enterprises by arranging for worker buyouts, retraining and even capital equipment purchases. The low roaders are driven by a "race-to-the-bottom" focus on short term gain to the exclusion of all else. They are the ones who shut down productive factories in one country to take advantage of starvation wages and totalitarian environments in another. They are the primary constituents of the new transnational class. Swinney's strategy goes way beyond allying with sectors of capital; he involves unions and community groups as the core of the people that need to be organized and empowered to be able to stand independently of any ally. This is why I consider this approach so promising.

Swinney's strategy is critical to stem the bleeding that is now going on in the name of globalization. It does not yet address the dynamics of the high-tech marketplace. I want to make a stab in that direction.

First an anecdote will hopefully clarify the kinds of opportunities that are now opening up as a result of a tight labor market. Entrepreneurial Edge Direct on March 16, 2000 (8) published an interesting article about a plumbing and heating company that needed more help but was hindered by the tight labor market. The owner got hooked up with an organization that taught "survival" language skills and was able to contract with them to provide survival English lessons for 5 newly hired Latino workers and survival Spanish classes for his 65 English-speaking workers. This became a major boon to his business. It seems doubtful that this would have come about in anything other than a tight job market. Employers are loath to cross racial and/or language lines unless they are desperate. But under these circumstances not only did normally left out Latinos get some jobs, a new service company grew too. Survival language skills are probably not going to do well in a loose labor market. This is an example of how a tight labor market not only provides entrances to new jobs to the traditionally left out. It also provides opportunities for labor service organizations that did not exist before either.

The basic model is to grow politically and economically independent and self-sustaining organizations built up around gaining access to the high-tech workplace. As in Swinney's model, this means reinvigorating unions and giving them back to their membership. It also means building alliances with community organizations and other institutions that have a stake in the success of the oppressed. In addition it means struggling for democratic and civil rights and advocating economic and civil policies that are consistent with the needs of the overwhelming majority. It means struggling to be heard, which is increasingly difficult in a world dominated by huge transnational media monopolies.

This, in many ways, this model resembles the “Serve the People” approach of the Black Panthers. As you recall, the Panther strategy was derived from revolutionary third world strategies to build a self-sustaining independent base from which to operate. Impoverished and oppressed, the Afro-American community was marginalized even when employed, numbed by welfare and deadened by gangs and drugs. While the attempt to build that independent base failed, it failed because the State was fearful of its success. Cointelpro, other parallel actions by law enforcement and media hysteria all succeeded in destroying the Panthers. This shows how difficult it will be to establish such a base.

One of the reasons for this difficulty is that now the new Transnational Capitalist Class (TCC)(9) is asserting hegemony over national governments that in the first place were never oriented to helping the oppressed. This class is even more predatory than the earlier national bourgeoisie of the advanced nations and is completely focused on short term gain. Independent economic and political organizations not dominated by the TCC are considered threats; and national governments are charged with disposing of those threats.

Developing a revolutionary base among the oppressed is only one aspect of developing a revolutionary strategy. This paper is focused on this aspect because of its relations to the question of jobs. I am not attempting to claim that these ideas constitute a whole revolutionary strategy. The following points, however, need to be addressed in an overall strategy:

Reforms to bridge the digital divide are not enough. Gaining access to technology is clearly important for oppressed groups, but it is not sufficient to provide meaningful jobs or to provide an independent political and economic base to contend for power. Reforms to bridge the digital divide are not enough. Gaining access to technology is clearly important for oppressed groups, but it is not sufficient to provide meaningful jobs or to provide an independent political and economic base to contend for power.

Unions and community groups need to become high-tech learning centers and to go after alliances with venture capital to form high-tech incubators. These institutions are a critical need in the inner city. Poor and minorities without any experience have a much harder time breaking into good jobs. Nobody knows who is behind a web page or where they are located. It should be possible to start all kinds of businesses that serve the base communities and are profitable. These businesses can grow and become independent and also provide much needed on-the-job experiences for members of depressed communities. Again, if a progressive organization such as a union or community organization is behind this, there are ample opportunities to build a political base.

Unions that adopt these ideas could not only provide jobs for their members, they would be in good position to be an employment resource, a place that employers would go to find qualified staff. This would make it easy to negotiate for better salaries, working conditions and benefits since they would be holding scarce resources in a tight market as opposed to now when they are holding resources of diminishing value both economically and politically. This would also be a good way for unions to again become a major political force on the rise.

Unions and community groups also need to create partnerships with local colleges and universities (knowledge-based social capital). Educational institutions need to provide classes at an extreme discount or for free in exchange for a piece of the action from the profits that come from the incubator. While scholarships and loans can be important, this idea makes the educational institutions invested in the success of their students and the incubator and thus also invested in the economic success of the community. This can have important political ramifications to the community's benefit

since the educational institutions can drag in many other players who can become allies (even if the amount of commitment varies).

Progressive organizations with access to workers need to become conduits for needed educational services. By using the internet, many classes can be taken in circumstances where the environment can be set up to insure greater success, especially for single mothers or for people who have to care for injured or disabled family members. Education should be on a broad continuous basis. This is because not only because technology changing rapidly, but because more educated workers have more intellectual facilities to bring to bear in a job and that provides competitive advantage. Finally, continuous education means more opportunity for organizers to interact with the base, especially if the educational environment is under the auspices of a progressive organization.

Controlling access to high-tech workers also means unions and community organizations can have influence on the deployment and direction of high technology itself. Why should high-tech businesses only serve the interests of the TCC? Why shouldn't these businesses be better for the environment? Why shouldn't customer sensitive web businesses be concerned about the fact that a large base of customers wants more democracy and real news not just a backdrop for advertisements? Building up a strategic base will have profound consequences for the exercise of power in this new world. Not building this base will have equally severe consequences in the opposite direction.

## **Conclusion**

The new economy is upon us. There is no going back. Rather than looking for progressive models from the past to guide us, we need to strike out in new directions. Through a "concrete analysis of concrete conditions" today, we need to determine a strategy and tactics to combat rapacious capitalism in its modern form, not as it was 100 years ago. Organizing the industrial proletariat to remain an industrial proletariat is a rear guard action. It is still important as long as there is an industrial proletariat, but helping the millions who are excluded or about to be expelled from the global economy obtain lives they can live in dignity and justice must be our priority. We can not do this just by saving industrial jobs, we need to transform people into modern high-tech workers using a progressive, high road agenda.

## Notes

(1) <http://www.nytimes.com/library/financial/sunday/022700biz-atlanta.html>

(2) <http://www.examiner.com/000209/0209visas.html>

(3) Typically classification can occur before entry in a scenario similar to the following: A new engineering modification is to be created, before the modification design can start a change request id must be generated by the system. A record with the identifier and classifying information is created and placed in a system as a place holder so that other engineers can see what other changes are being requested even though the request is not yet complete.

(4) <http://www.sciam.com/2000/0500issue/0500toig.html>

(5) These architectures are defined primarily by their use of database technology with the first phase being the most primitive. Mainframe databases never really standardized though it seems safe that the combination of CICS and VSAM has ended up as the dominant trend. Client/Server is primarily

defined by relational database technology and the Structured Query Language (SQL). Object oriented databases supporting XML seems to be the common trend in the most advanced of the web based technologies. XML adds a new dimension of “unstructured” or text based information to the mix in ways that can not be accomplished in a client/server environment (though Oracle and IBM are trying very hard to dominate this area with their older database technology).

While arguing that the new multi-tiered “pure” XML solutions are clearly the most efficient and will very soon come to dominate information management will appear contentious especially to the many software companies that depend on the older client/server architecture, it seems like a safe bet. Part of the reason for this is the incredible growth of XML that is being driven by the W3C which is an industry standards group that guides the development of the internet as a whole.

One of the distinguishing features of this new era in computing and all other eras is that in this era standards bodies are leading the technology sector forward while in previous eras, dominant corporations were. This is due to the fact that the web is the first technology that has created real head-to-head competition in the computer marketplace. Before the web, computer systems were islands to themselves and vendors could capture market share by getting a corporation to buy their hardware and/or software. This would keep many other vendors either out of the corporation or at least lower their footprint drastically. With the web, there is no way to isolate your technology so the expansion of the web depends upon the existence of industry standards that all vendors adhere to.

An aside is that Microsoft’s monopoly problems have to do with how it dominates the client side of the client/server technology. Even Microsoft has been forced to adhere to W3C standards as a condition of its existence in the new technology marketplace.

(6) <http://stats.bls.gov/news.release/ooh.t01.htm>

(7) This can be purchased from The Center for Labor and Community Research for \$10. See [http://www.clcr.org/1st\\_publications.cfm](http://www.clcr.org/1st_publications.cfm)

(8) [http://edge.lowe.org/main/direct/ELR\\_spanish.htm](http://edge.lowe.org/main/direct/ELR_spanish.htm)

(9) See Transnational Capital Faces Nationalist Challenge by Jerry Harris or Fissures in the Globalist Ruling Bloc? by Jerry Harris and Bill Robinson



## How the Internet is Changing Unions

By Eric Lee  
Working USA

Now that the net has become a mass medium, it's time to look at how it has changed trade unions.

Some unions will point to such things as cost savings. There's no question that email is cheaper than fax, telephone and old-fashioned postal mailings. Cost is often cited by trade union officials as a reason to invest in any new technology, including the net.

But I think this misses the main point, which is the role played by the Internet in reviving and strengthening the labour movement. There are three major effects which I intend to address in this article:

1. The Internet internationalizes unions and is leading to a rebirth of classical trade union internationalism.
2. The Internet democratizes unions, decentralizes them, makes them more transparent and open, weakens entrenched bureaucracies and provides new tools for rank and file activists.
3. The Internet strengthens unions by helping them organize and reach new audiences, as well as build public support during times of need, such as strikes...."

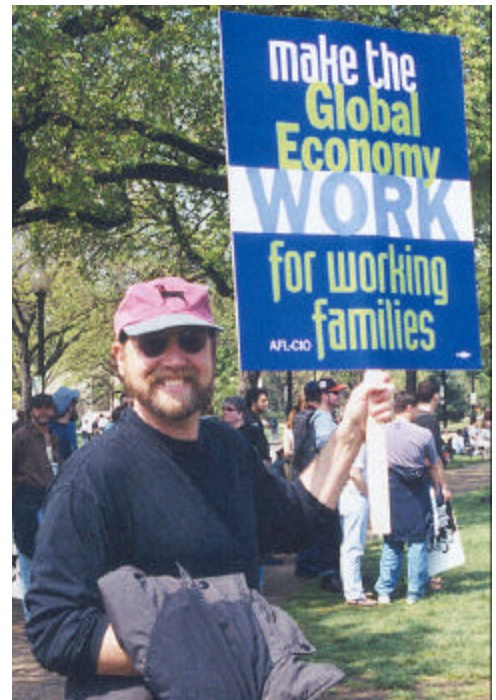
There is little debate any more about how much the Internet has changed the world -- it is now widely understood that the emergence of a global computer communications network is an event comparable to the invention of the printing press. (Though I do think comparing the net to the discovery of fire are stretching things a bit.)

It has changed much in the world we live in, including how we buy and sell things (from books to shares on the stock market), how we learn and teach, how we are entertained and informed. Everyone who uses the net understands this. It is a transformative experience.

And it is changing trade unions too, even if they don't realize it yet.

It's a little hard, at first, to accept the idea that new communications technologies change institutions like trade unions. And yet a glance backward at the 19th century reveals that the telegraph too had a profound effect on the world's economy and culture and even -- albeit somewhat less obviously -- on the emerging trade unions.

In Tom Standage's delightful book, *The Victorian Internet*, a history of the telegraph, he recounts a story of the first trade union meeting conducted "online" -- hundreds of employees of the American Telegraph Company working the lines between Boston and Maine met for an hour, conducted their discussions and even passed resolutions, all in Morse code.



Obviously the idea of "online" trade unionism (using Morse code) didn't catch on in the 19th century. But no less an authority on the early labour movement than Karl Marx was convinced of the transformative power of new communications technologies. In *The Communist Manifesto*, he wrote that it was not the occasional victories of workers that was the "real fruit" of their struggles, but the "ever expanding union" of workers.

"This union," he wrote, "is helped on by the improved means of communication that are created by modern industry, and that place the workers of different localities in contact with each other."

New communications technologies create new possibilities for trade unions. In the nineteenth century, they made unions possible -- or at least unions that went beyond a single location. National trade unions, which were common by the end of that century, would have been unthinkable without the national economies, which were in turn dependent upon the telegraph.

The global trade unions emerging today, at the beginning of the twenty-first century, are being made possible because of the Internet.

But none of this happened overnight. There is a history going back more than twenty years of trade unions using computer networks. The global networked trade unions now being born have their roots in the early 1980s.

Back in 1981, personal computers were hobbyists' playthings. They existed. Some people bought them. Some hobbyists even built modems, which allowed them to exchange files through telephone lines. In the late 1970s, electronic bulletin boards had been created. But you really had to like this sort of thing to buy and use a computer at home.

Trade unions, of course, had nothing to do with any of this. They continued to work in the old tried-and-tested ways (without using computers) for years to come, lagging far behind businesses, which adopted personal computers widely in the 1980s and got online by the mid-1990s.

But in 1981, there was a first, tentative step made. Larry Kuehn and Arnie Myers of the British Columbia Teachers Federation (BCTF) saw a demonstration of how a modem worked and were impressed. They introduced portable computers (not very portable by today's standards) with modems and printers to union leaders and quickly created the first labour network. Soon the whole Executive of the BCTF was traipsing around the province sending off messages to each other on the clumsy machines.

There was no rush of imitators even though the project was fairly successful. (The union survived a brutal assault by the right-wing provincial government in part because its internal communications allowed swift and effective responses.)

By mid-decade, a fellow Canadian -- Marc Belanger of the Canadian Union of Public Employees -- managed to put together Canada's first nationwide packet-switching network. It was not only the first such network created for a union -- it was the first such network created in Canada, period. It was called Solinet, short for Solidarity Network.

Within a short time, hundreds of CUPE members were using Solinet's unique conferencing system which was also the first in the world to work in two languages, English and French.

Meanwhile, the need for cheap communications was driving European-based International Trade Secretariats to seek out alternatives to phone calls and even the new fax machines. (International Trade Secretariats are global organizations of trade unions in particular sectors of the economy, such as teachers, metal workers, transport workers and so on.)

Eventually, they came upon a German-based network called Geonet and began using this to exchange emails and even set up online bulletin boards. The ITS for the chemical sector -- now known as the ICEM -- and the International Transport Workers Federation (ITF) were pioneering global labour computer communications years before most of us were even using personal computers, let alone the Internet.

A little more than a decade after Kuehn and Myers got hooked on the idea of modems, enough was happening to justify an international conference to discuss where things were going. This was held in Manchester in 1992, hosted by one of Britain's largest unions, the GMB.

That Manchester conference and a successor one in 1993 included among the invitees all those who had been involved -- including Kuehn, Belanger, and the Europeans, such as Jim Catterson of the ICEM and Richard Flint of the ITF. Poptel, a workers cooperative had been launched in the UK to help coordinate this work, and a rival grouping in the US -- IGC Labornet -- set about to bring American unions online. For several years the two systems -- Geonet's and IGC's -- existed side by side, unable to communicate with one another, offering rival conferencing systems for those few trade unionists who were already online.

I got interested in all this sometime in 1993. The International Federation of Workers Education Associations (IFWEA), which employed me to produce its new quarterly "Workers Education", took a great interest in these new developments. It became the first international labour body to have its own website, early in 1995. I began contacting all the early pioneers who had been making slow progress for more than a decade, learning about this remarkable hidden history of an emerging labour network, when suddenly all hell broke loose.

Thanks to the creation of the Mosaic browser in 1994, the Internet became, overnight, a mass medium. (The Mosaic browser is the forerunner of Netscape Navigator.)

In my book, *The Labour Movement and the Internet: The New Internationalism* (Pluto Press, 1996), I pointed out that the most optimistic estimates showed then about 50 million people online. The day was coming, I wrote, when there would be double that number. As I write these words, early in 2000, there are over 200 million people online. Many millions of these are trade union members and thousands of unions have established websites and begun using the Internet as a basic tool of communication.

Coincidentally, many of the countries with the highest rate of Internet penetration, such as Finland, Sweden, Denmark and Norway, are countries with the highest rates of trade union organization. Thus the percentage of Internet users who are trade unionists is actually probably quite high, and it is not unreasonable to suggest that there are currently tens of millions of trade unionists online.

Now that the net has become a mass medium, it's time to look at how it has changed trade unions.

Some unions will point to such things as cost savings. There's no question that email is cheaper than fax, telephone and old-fashioned postal mailings. Cost is often cited by trade union officials as a reason to invest in any new technology, including the net.

But I think this misses the main point, which is the role played by the Internet in reviving and strengthening the labour movement. There are three major effects which I intend to address in this article:

1. The Internet internationalizes unions and is leading to a rebirth of classical trade union internationalism.
2. The Internet democratizes unions, decentralizes them, makes them more transparent and open, weakens entrenched bureaucracies and provides new tools for rank and file activists.
3. The Internet strengthens unions by helping them organize and reach new audiences, as well as build public support during times of need, such as strikes.

The most important of these, by far, is the first -- the re-internationalization of the labour movement.

One has to start by remembering how bad things have gotten. A hundred years ago, there existed a kind of labour internationalism that is hard to imagine today. Working people often dug deep into their pockets to support far away strikes and unions were often built by highly mobile workers who moved from country to country. The ties between unions in different countries were much stronger in 1890 than they were in 1990. In 1890, unions were able to organize centrally co-ordinated worldwide protests including general strikes in support of a single, global demand -- the 8-hour day. And they were able to co-ordinate their actions so that it all happened on a single day: May 1, 1890. That was the first real May Day. It would have been unthinkable a hundred years later to organize a similar global campaign, even though communications technologies were much improved.

American unions have been particularly affected by the de-internationalization of the labour movement and for many years, the heavy hand of the AFL-CIO's International Affairs Department held back any kind of genuine solidarity campaigning, particularly at rank-and-file level. And this was not only true of the USA, but of most trade union movements in most countries. International departments of unions talked to one another; ordinary workers did not.

The Internet has already had a huge impact and one can now say without fear of exaggeration that it has contributed to a remarkable re-internationalization of trade unions which has in turn empowered those unions, allowing them to survive and grow in the most difficult of times.

A remarkable example took place in early 1998 when tension between Australian dock workers (known as "wharfies") and their employers, backed by a viciously anti-union government, peaked -- launching what came to be known as the "war on the waterfront".

News was breaking every hour as unions, employers and government fought it out in the country's courts -- and in ports around Australia. The Maritime Union of Australia, representing the wharfies and the target of vitriolic hatred from the right, had just launched its own, slick website. But it wasn't being updated. Like so many trade union sites, it was just an online brochure.

A team of web activists from other unions, including the teachers, worked together with the Australian Council of Trade Unions to get up a regularly updated site on the net, but even this proved to be a sporadic effort. The most successful attempt to maintain daily coverage on the web was done by a local activist in Melbourne, an anarchist who went by the online name of Takver. His "Takver's Soapbox" website, together with the Leftlink mailing list run out of a leftist bookshop, became the best sources of up-to-date, online information about the dispute -- which increasingly took on an international character.

The International Transport Workers Federation, based in London, was charged with co-ordinating international support for the wharfies and mobilized its website toward this end, but it was immediately slapped with a court injunction barring it from interfering. For several days the ITF was immobilized and it fell to the independent LabourStart website, recently launched by this writer, then living on a kibbutz in Israel, to spread the news and build international support for the wharfies.

Within days, the threat of a boycott of Australian shipping emerged with the longshoremen on the west coast of the US and Canada taking the lead. News about the dispute had spread rapidly around the globe, largely thanks to the web and email. Faced with massive public support in Australia for the wharfies and the danger of a shipping boycott, the government retreated and the wharfies won.

The victory of the wharfies stands in sharp contrast to the defeat of the Liverpool dockers a few weeks earlier. The Liverpool dockers struggle was also widely publicized on the net, thanks particularly to the Labournet website run by Chris Bailey in the UK, and was widely promoted as the most successful example of the building of online, international trade union solidarity we had seen so far.

But unlike the Australian wharfies, the Liverpool dockers' struggle was "unrecognized" and they could not enjoy the full support of their union (the Transport and General Workers Union) nor that of the ITF. Without such support from their own union, the best website in the world couldn't help.

In another example, in late 1999 broadcasting technicians working for the American Broadcasting Company walked off their jobs in a one day strike -- which prompted the company to lock them out and begin a bitter dispute which lasted several months.

What would have been a purely national dispute between a US union (NABET) and its employer inevitably took on an international character and within weeks it became clear that ABC was using its London studios to broadcast World News Tonight, their flagship program, thus avoiding the picket lines in New York.

Thanks to the NABET websites news of the struggle with ABC had already reached British shores. Eventually a NABET delegation arrived in London and using all the tools of modern communications technology -- websites, email, faxes, mobile phones -- within hours they were able to pull together leaders of some of Britain's largest unions, including the Communication Workers Union, in a dramatic international picket line at the ABC studio. Among the participants in that picket was the president of Media and Entertainment International (MEI), the international trade secretariat responsible for this sector.

The picket was widely reported in the British media, and digital photos appeared hours later on the strikers' website in the US. Unions on both sides of the Atlantic touted the event as heralding a new era of co-operation and everyone pointed to the key role-played by the Internet in organizing it.

Unfortunately, the London picket disappeared as soon as the American strikers went home, ABC continued to broadcast its nightly news from the safety of the capital of New Labour's Britain, and the union was eventually routed, accepting all the company's terms.

It was not enough to have a first-rate website or even to drum up some international solidarity. When playing hardball with the likes of a multinational corporation like Disney (which owns ABC), much more is necessary.

A final example -- and one with a happier ending -- of how the net is helping to strengthen trade union internationalism occurred in recent weeks.

The militant South Korean trade unions -- long experienced in using the Internet to build international support for their struggles -- were engaged in a non-violent sit-in in Seoul. The government sent in riot police who proceeded not only to arrest 17 of them (including many prominent figures, heads of national unions) but to brutally beat them as well.

The Korean Confederation of Trade Unions (KCTU) sent out an urgent appeal by email to all its contacts in the international labour movement. The appeal began by publishing the email address of the Korean President, Kim Dae Jung, suggesting that protest messages be sent directly to him. It was instantly published on the LabourStart website and a special urgent appeal sent out to the more than 1,400 subscribers to LabourStart's mailing list. Within 48 hours -- on December 10th 1999, Human Rights Day -- the KCTU announced the release of all the jailed trade unionists. In a remarkable statement, they wrote:

"The news of the raid of the KCTU sit-in site by the riot police aroused immediate reaction from the trade union movement community of the world, which helped in bringing about the quick release of the detained activists."

"The news of the riot police raid," the statement continued, "was featured as the top news at the most widely accessed labour movement news website, LabourStart. The LabourStart relayed the news via its listservice to several thousand trade union movement activists in the world."

As a result, statements of protest poured in -- most of them by email. It is no coincidence that the very organisations the KCTU thanked in their message -- the International Metalworkers Federation (another international trade secretariat), the South African Municipal Workers Union, the Canadian Labour Congress -- are among the most "wired" unions on earth.

At the end of their statement the Korean unionists remarked that they were made to realize "once more the power of international solidarity and the new communication weapon of the labour [movement]", meaning the Internet.

This was not just a thank you note -- it was a wakeup call to unions everywhere. The Korean trade unionists have long been proponents of greater use of the new communications technologies and as early as December 1996 were publishing daily news reports about their general strike on the web. Three years later, they were able to confirm what many of us have long suspected: the Internet allows international labour to mobilize with a speed and effectiveness we have never experienced before. And it can produce concrete results, like freeing 17 imprisoned trade unionists.

Another important change the Internet is bringing to unions is that it is democratizing them. Some of them.

This is a painfully slow process and is nowhere near as advanced as the re-internationalization of the labour movement. But there is already good evidence that it is happening.

Already back in the early 1980s, the British Columbia Teachers Federation, then pioneering use of modems, discovered whole strata of the union hierarchy that proved to be unnecessary once communications were improved and made more direct.

In the summer of 1999, flight attendants working for NorthWest Airlines rejected the company's contract offer in a surprise vote. The union leadership had urged members to vote for the contract. This is not the first time that the rank and file have rebelled, but what made the NorthWest case interesting was that the campaign against the new contract was conducted entirely online.

It was organized initially by a single angry flight attendant based in San Francisco who sent out repeated emailings to fellow union members explaining what was wrong with the contract. Because of the nature of their profession, always travelling from place to place, unable to attend conventional union meetings, email turned out to be an especially potent weapon.

It even turned out that the NorthWest insurgents were not such pioneers; they had heard that a similar rebellion at American Airlines, also using email, had won a better contract some time earlier.

At just about the same time in Britain, the Communication Workers Union, which represents both postal and telecom workers, had concluded a long and difficult series of negotiations with Royal Mail to produce a joint long-term vision of employer-employee relations for the years to come. Historically, postal workers have been a militant lot and the future of Britain's postal service in the Internet age is uncertain. One can imagine how much work must have been put into reaching an agreement that satisfied both the union and management.

Rank and file postal workers were not, admittedly, organized by email into an effective opposition to the agreement. They did, however, vote to defeat the proposal in a democratic ballot, forcing the union to re-think its strategy regarding Royal Mail. But there was also an Internet angle to the story.

Some months earlier, the union had launched a series of web forums on its site. Though over a thousand members of the union (out of 250,000) had password access to the forums, they were largely unused. In one particularly embarrassing case, a female member of the CWU launched a forum on women in the union and began with a message asking if anyone was out there. She received no response.

As the forums were fairly inactive, and the top union leadership not yet connected from their desktops to the Internet, no one noticed when insurgent postal workers began using the tool to exchange views -- and trash the union leadership for the deal it had made with Royal Mail. After a while, the attacks became bolder and personal, bordering on the libelous. Someone noticed. The reaction of the union was to immediately shut down all the web forums for 48 hours and rethink the situation.

In the end, a set of guidelines for behavior in the forums was proposed and they were reopened, but it came as quite a shock to the CWU leadership to see the new technology being used for such purposes.

One should not exaggerate the democratizing potential of the Internet for trade unions. If the net were truly the great leveller, making everything transparent, giving out all the facts so propaganda and lies would become ineffective, and so on, then in countries like the US where Internet penetration is very high, you'd see a rapid decline of old, corrupt leaderships and their replacement by democratic reformers.

And yet the single biggest change to happen to US union leaderships in the age of mass Internet access was not the triumph of a reforming slate somewhere, but Jimmy Hoffa's election in the Teamsters.

When I pointed this out at a conference in New York City a year ago, an angry Teamster, herself a strong Hoffa supporter, pointed out that the Hoffa campaign had run an excellent website and used email intensively. Which is, I guess, the whole point.

The new technology by itself can be used by insurgents and by entrenched bureaucracies -- there is nothing about it that guarantees the success of democracy. What made the NorthWest and Royal Mail cases different was that the union leaderships were caught off guard. In the future, those leaderships will be better prepared.

In addition to internationalizing and democratizing unions, the Internet has the potential to greatly strengthen them -- not only as a recruitment tool, but as a way of binding members ever-closer to their unions, using the new technology.

In late 1998, John Dixon was sent on a global fact-finding mission by his union, the New South Wales Teachers Federation, in Australia. While visiting the UK, he met with officials of the National Union of Teachers who told him that the web had proved to be an incredibly effective organizing tool. Some 5,000 new members had been recruited online, he was told.

I have my doubts about this story. Because as one looks around at the hundreds of trade union websites that seem to offer the possibility of joining up online, in reality what they all seem to really offer is the chance to fill out an online form and receive a packet of information by snail mail.

This was confirmed by the fact that headlines were recently made in the US by the second largest union at Boeing (the SPEEA) which allows potential members to download the union's authorization card in Adobe Portable Document Format (PDF), meaning that they can print out the cards themselves, sign them, and hand them in to union representatives. This seems to be about as far as it has gone. Not even the SPEEA actually allows you to join online.

True online organizing means allowing people to join unions in the same way that they bank online, or buy insurance, or shop for books or CDs. You should be able to fill in a secure online form and sign it using an encrypted digital signature. There should be no need for paper at all.

Obviously such a technical development would not eliminate the need for human organizers actually talking to potential recruits. The labour movement is not going to grow because people read good things about unions on websites and promptly fill in the online forms.



But there is no reason why technological barriers should still exist to actual online recruitment. And I'm convinced that it's only a matter of time before unions actually do recruit this way. Already in Britain, the government's proposed ecommerce legislation with its support for digital signatures has convinced some that true online recruitment is now possible.

Organizing means more than just recruiting members -- it also means keeping members in unions and bringing them closer to their unions. This is where the Internet can play a big role in strengthening unions.

Unions which until now were limited by budgets to quarterly magazines, which were sent to members, can now communicate with their entire memberships on a daily basis, using email and the web. Because of the enormous cost involved in old-fashioned print and mail, unions have become increasingly distant from many of their members. When I asked at Britain's giant MSF union (with some 400,000 members) about the possibility of doing a mailing to the membership, I was told that the union simply didn't have the financial ability to do such mailings. It relied upon a bimonthly or quarterly magazine to keep up contact with the rank and file. It had no means to mobilize its membership in time of need.

Today, MSF's website is updated on a daily basis, allowing the union to talk to its members in real time -- something it has never been able to do before. The potential for mobilizing is now there. There are other ways unions can bring members closer to the organization. In the past, unions used things like t-shirts or pins and badges. Today, email addresses can play a similar role. MSF negotiated a deal with a provider of web-based email to provide an MSF email address to every member of the union. This would be their permanent address, regardless of where they worked or who their Internet service provider was. The idea was that members would tell people their email address and that would be a way identifying themselves as union members.

Other unions have made determined efforts to create portal websites which would be the home pages of members on the Internet. Such sites would bind members closer to their unions.

The most ambitious attempts to do so have been those recently launched by the Australian Council of Trade Unions and the AFL-CIO, both of which are offering package deals of computers, Internet access, and the portal website. If hundreds of thousands of union members begin using these services, as the two national centers hope will happen, they will not only be exposed to union news and views on a daily basis, but will probably begin to identify themselves more and more as trade union members, even if they have never attended a union meeting in their lives.

The new online tools also allow unions to reach out beyond their own memberships as never before. This is particularly true during times of need, such as strikes, when the support of the community is especially important. In recent years, unions have made extraordinary efforts to use the web to tell their side of the story. This proved particularly effective in the case of the Teamsters, a union which suffers from generally awful public relations, when it led a strike at UPS which proved to be quite popular with the American public. As I write these words, the Teamsters are again involved in a long and bitter nationwide strike, this time at Overnite, and have set up a special website to tell their side of the story.

In 1999, Quebec's nurses found themselves embroiled in an extremely difficult strike against a union-hating provincial government. The union's website was caught unawares as the strike began -- it was

a simple online brochure with a picture of the union's president and some basic information and everything was in French.

But as the strike intensified, with threats of arrests of union leaders and multi-million dollar fines (nurses' strikes are illegal in Canada), the union found itself transforming the website, turning it into a tool to mobilize public support. Daily news was added. An English language page was added. Another page showed a long and growing list of organizations, which expressed solidarity with the nurses, from all over Canada and around the world.

After only a few days, the Quebec nurses were using the Internet actively to build support, spread the news, raise morale. With widespread community support and an unwavering rank and file, they eventually won. The net certainly played a part in their victory.

Unions are often perceived, at least in the advanced industrial countries, as dinosaurs. It would surprise no one to hear that most top leaders of most unions are Internet illiterates.

But a campaigning union website sends out the opposite message. It says that unions are part of the new, networked economy, that they intend to stay around for a while and are not about to become extinct. Using the new communications technologies itself is a way of sending a strong message about unions' commitment to the future.

Until now, I've talked about the past and present of unions and the net. It would be appropriate to conclude with a few words about the future.

Naturally, no one knows what will happen. With the incredible pace of technological change, predicting has become an impossible job.

But we can take a page from Samuel Gompers, who when asked what trade unions want said, "More!" What will happen to unions and the net in the years to come? More -- more websites, more online campaigns, more online recruitment, more online communities (web forums and chat rooms), more mailing lists, more news, updated more frequently, more interactivity, more online rank and file activism, more international solidarity.

Thanks in part to the Internet, we are moving inevitably toward a networked global economy. Just as the emergence of national markets in the 19th century spawned national trade unions, so the 21st century is giving birth to the next stage of the labour movement: networked global unions.

*Copyright Eric Lee*

*About the author: Author of *The Labour Movement and the Internet: The New Internationalism* (Pluto Press, 1996), editor of the LabourStart website (<http://www.labourstart.org>), and ICT Co-ordinator for Labour and Society International. Also the author of *Saigon to Jerusalem: Conversations with Israel's Vietnam Veterans* (McFarland, 1992) and the unpublished *Mole: Stalin and the Okhrana*. Founding editor of *The New International Review* (1977-1989) and *Workers Education* (1993-1997). Member of Kibbutz Ein Dor, Israel. Editor of the online newsletter *BibiWATCH* (1996-98). Currently based in London.*

## Ralph Nader Vs. Al Gore: What's The Best Policy For Democracy And the Internet Economy

*Wired News hosted a particularly lively and informative debate on technology policy during the 2000 election. It featured Green Party presidential candidate Ralph Nader and Al Gore advisor Reed Hundt, former chairman of the FCC during the Clinton-Gore administration. Other presidential campaign offices declined to participate. Here are some key excerpts.*



### Ralph Nader's Critique

As a U.S. senator, Mr. Gore was indeed a supporter of public investments in the development of the Internet, and a vision for the Internet to serve educational needs. However, for the past eight years, Mr. Gore has not only coasted on his earlier deeds, he has actively pushed for a new approach to the Internet as something that is far less public.



Beginning with the famous exchange between Mr. Gore and AT&T right after the 1992 election over who would build the "information superhighway," the vice president has followed corporate America in redefining the agenda. It is no longer about information policy; it is about government promotion of e-commerce and the growth of markets.

The Snowe/Rockefeller initiative for funding telecommunications services for schools and libraries is one of the rare areas where the public character of the Internet has been given any attention. To his credit, Mr. Hundt at the FCC, of course, supported this initiative. However, at the end of the day, this isn't a lot for an eight-year legacy.

What is remarkable is how little the Clinton/Gore administration has invested in critical evaluation of technology in the classroom, the development of curriculum, training for teachers, the creation of new public-domain software or content relating to teaching.

For all of Mr. Gore's reported concerns about digital libraries, what has the administration brought forth?

The big push to put government information online came from the grass roots -- librarians and activists such as the Consumer Project on Technology. The decisive movement for government policy on this topic did not come from the Clinton/Gore administration, which was busy raising money from their friend Vance Opperman, then the CEO at legal publisher West Publishing, a company that opposed online access to public records.

Rather it was from Newt Gingrich, who proclaimed in 1994 that all Congressional documents would be published on the Internet for free -- the minute they were available to corporate lobbyists.

While Mr. Gingrich and the Congress never followed through on this promise, his statement at least pointed to a decisive policy goal that never came from the White House.

An endless source of frustration with the Clinton/Gore administration on this score has been the unwillingness to enforce across-the-board limits on the prices that federal agencies charge for data -- hefty prices that limit access except for corporate users -- and the various proposals to privatize and corporatize certain federal databases and publications. Of course, different federal agencies have different records, and under Mr. Hundt's leadership the FCC did a great job.

But there have been battles over opening up the Patent and Trademark databases and the CIA's Foreign Broadcast Information Service, which is marketed by the National Technical Information Service as the World News Connection).

An annual online subscription to the World News Connection is \$25 per week, or \$780 per year. Want the conference proceedings for Workers' Compensation and Managed Care? You can place your order online for \$124. The 18-page executive summary of Hospital Based Managed Care: Cost and Quality is \$28.50. How many school children or civic-minded citizens can afford these prices for government reports?

More recently I have been asking the administration to put all government contracts (above a threshold amount) on the Internet, to make the management of taxpayer property and government by contract more transparent and subject to public scrutiny.

I will add that the lack of openness regarding government contracts is astonishing. For example, the Clinton/Gore administration won't even disclose, under Freedom of Information Act requests, for the term of exclusive patent licenses or the royalties paid to the government for taxpayer-funded inventions that are worth billions to big pharmaceutical companies.

Putting existing government information on the Internet should be the easy part. The more challenging issue concerns the funding and support for the free public digital libraries that would focus on materials that are particularly useful for students and citizens. The vice president talked about this when he was elected, but what was actually done?

Mr. Hundt's cursory discussion of competition policy deserves something more than a few self-congratulatory pats on the back for the occasional good works by the bureaucracy.

The Reagan administration split AT&T into seven regional local exchange companies and one long-distance company, with rules in place that stopped the local exchange companies from entering various content businesses. It has been the Clinton/Gore administration that has permitted the Bell Atlantic/Nynex/GTE merger (now Verizon) and the SBC-PacBell-Ameritech merger, reducing the number of big local exchange carriers from eight to four.

This has fundamentally undermined the benefits of the AT&T breakup. With smaller local calling areas, the local exchange monopolies would have had to contend with entry barriers when they tried to grow outside of their market area. But these mergers have given the local exchange monopolies such huge calling areas that they can avoid competition with each other and punish rivals in a much bigger market.

The failures of the FCC, the U.S. Department of Justice and state regulators to protect the competitive sector for last-mile connections is one of the reasons there is so little broadband deployment.

And, without resistance from the Clinton/Gore administration, the new entrants are merging or becoming partners with the incumbent monopolies. The local exchange companies are buying into the new DSL providers. SBC/PacBell/Ameritech is now an investor in Covad, a firm that had filed an antitrust suit against SBC. Verizon is investing in Northpoint Communication.

As Brian Pioskina writes in Interactive Week, NorthPoint and Covad were the two strongest competitors in the market, not just because of their size, but because of the ferocious manner in which they took action in court against the incumbents when business practices were in dispute.

Will the Gore Administration stop these deals? The Qwest merger with U S West was another example of a merger that sought to avoid competition.

If you look at the Internet Service Provider market, you no longer see a group of upstart companies challenging the old-guard telecom players. With few exceptions, you see a bunch of upstart companies that have been bought or become partners with old-guard telecom companies.

Mr. Hundt's earlier assertion that there was no evidence that the cable industry would engage in anticompetitive conduct in the broadband Internet market prompted me, in my previous post, to quote from Disney's devastating accounting of the history of AOL and Time Warner's anticompetitive acts.

Mr. Hundt ignores all of the specific allegations except one -- the time that Time Warner blacked out ABC from its cable television platform, which he also noted led to swift FCC action to protect Disney.

Then Mr. Hundt accuses me of shilling for Disney, which he calls "Mickey Mouse behavior." To be accused of shilling for Disney by Mr. Hundt, on behalf of Mr. Gore, is of course offensive or amusing, depending upon one's mood. But clearly Mr. Hundt is afraid to deal with the specifics set out, not only by Disney, but by virtually every major consumer group that follows the open-access issue, including the Consumer Federation of America, Consumers Union, the Media Access Project, the Center for Media Education, and the Consumer Project on Technology, not to mention free-speech groups such as the American Civil Liberties Union.

Mr. Hundt's comment on the Cisco initiative includes this naive statement: "Cisco's vision of the Internet fundamentally reinforces the concepts of openness, and the transfer of market power to the individual and/or enterprise user. The tools discussed by Cisco can work for the individual: Every person with a server is part of the vision."

While every person with a server may be part of the vision, what Cisco has marketed to cable companies will be managed by the cable owner, not by the cable subscriber? Perhaps Mr. Hundt can't see the difference between Time Warner/AOL and AT&T or Comcast and their customers, but I can.

The issue isn't whether or not technology by Cisco or others would permit useful ways to control Internet-data delivery -- they will. The issue is who will control this technology, and what are the consequences for the Internet of tomorrow.

If the cable Internet company decides which data travels fast and which data travels slow, it can and will use this bottleneck to charge content providers premium fees for premium delivery or to discriminate among content providers.

This is not rocket science. The cable industry has been engaged in discrimination among content providers as long as there has been a cable industry. This is what the cable companies do. This is also what AOL does, and it is what every would-be Internet monopoly dreams of, including Microsoft, now an investor in many cable systems here and in Europe.

If Mr. Hundt wants to make a good case for Mr. Gore, he should explain how Mr. Gore will protect the Internet from would-be monopolies, including those in the cable industry who want to turn the Internet into a highly discriminatory content platform with monopolistic pricing for data delivery that isn't lousy (the so-called premium service). This would be more compelling than telling us how Al Gore deserves credit for every new technical innovation on the Internet.

Mr. Hundt's comments regarding privacy seem to suggest the issue will be solved if the Democrats can only control Congress. But what does this mean? Will the Democrats in the Congress finally stop the Democrats in the White House from using U.S. trade policy to undermine European privacy policies?

Will the Gore appointees to the Federal Trade Commission finally see Internet privacy as something not solved by self-regulation? Will Mr. Gore actually agree that the government must actively protect citizen privacy rights?

Will he agree to the creation of an independent office with a mission to protect personal privacy, as most modern countries do now? Will he support an International Convention on Privacy Protection that will help safeguard the privacy interests of consumers and citizens in the 21st century, as called for by the Trans Atlantic Consumer Dialogue and global privacy groups?

On the issue of privacy, the United States stands alone in opposing meaningful privacy regulation of e-commerce. Why is this so? Because the Clinton/Gore administration has been so focused on raising campaign contributions from the e-commerce industry, where company valuations are often based upon a firm's ability to strip consumers of privacy.

When it has come down to a choice between what investors in e-commerce want and what most American voters want, the investors have had their way. Does Mr. Hundt really believe this will change in the next four years, after what we have seen in the past eight?

In looking at the Internet, one might also ask what has the administration done to support the open-source movement, either through procurement policies (very little), funding for open-source software (not something the administration talks about) or protecting free software developers from software patents and anticompetitive practices targeted at the free-software movement?

In the area of corporate welfare, tax breaks and subsidies for big corporations, there is no end to what this administration will do for the e-commerce industry.

But when it comes to supporting an astonishing citizen movement that is protecting the Internet from Microsoft and other would-be monopolies and providing huge benefits to the economy, the administration is completely inarticulate.

During the government's antitrust investigation of Microsoft, Mr. Gore's daughter went to work for Microsoft. Could he at least respond to the repeated requests for the administration to talk about

procurement and the free-software movement? Or find a way to use the federal acquisition regulations to fund the development of public-domain software?

And what can we expect from Mr. Gore on the issue of intellectual property rights? Right now the U.S. Patent and Trademark Office is pushing as hard as it can for the public to accept patents on business methods.

We have patents on methods of Internet auctions, patents on one-click shopping, patents on methods of picking stocks, patents on methods of avoiding taxes on credit card transactions, patents on methods of political campaigning on the Internet, and even patents on Internet Web standards.

Mastercard has foolishly sued me, claiming their trademark rights can stop my use of parody in political ads, including using the word "priceless" itself.

There are lawsuits over hypertext links in Web pages. The Girl Scouts are told to pay royalties on campfire songs. Trade-secret laws are now a federal criminal offense. Students have been thrown in jail for refusing to turn patents over to giant corporations who fund university facilities.

I am opposed to patents on software, and opposed to patents on business methods. I believe that parody should be protected in copyright and trademark, that copyright enforcement should not override privacy rights, and that use of patents, trademarks and copyrights should be limited by fair use, and when necessary, compulsory licenses.

The public domain should be protected, and public figures need to speak out against the ever-escalated march of corporate lobbying for expanding intellectual property rights.

There is finally the issue of the privatization of law and policy making on the Internet, and the easy way that Mr. Gore has pushed for the elimination of democratic institutions. The creation of the Internet Corporation for Assigned Names and Numbers is at the center of the Clinton/Gore Internet strategy.

ICANN is a nonprofit organization that is largely controlled by corporate interests. The initial board for ICANN was largely picked by then-IBM executive Roger Cochetti. The majority of ICANN's board is controlled by a handful of structures that are controlled by corporate interests. The ICANN board and Clinton/Gore administration officials claim this is a feature, not a flaw.

What is ICANN, and what will it do? That is the interesting question. Right now ICANN is using its power to protect big corporate trademark interests.

The next issue will be copyright, as ICANN considers corporate proposals to use the ICANN control over domain names and IP numbers, to become an ever-ambitious police for alleged intellectual property infringements. In the trademark areas, ICANN is already throwing concepts such as fair use or free speech out the window. Mostly, however, it is an issue of corporate privatization.

ICANN is a private government. It isn't the same as no government. It is a government where regular people either can't vote or will never be able to elect a majority (in the current election, ICANN will only permit five of its 19 board members to be elected by Internet users).

These are really only a few of the information society issues confronting citizens today. People can think about these issues, and ask themselves, will Vice President Gore stand up for their interests as citizens, consumers or owners of small businesses, or will he protect powerful corporate interests?

If you truly believe Mr. Gore is your friend and your advocate on these issues, then make him take a stand for users and consumers on these fast-emerging issues and (stop) fronting for autocratic interests over the Internet.

### **The Gore Campaign's Response**

First, if you think some other public official deserves more credit than Al Gore for repealing the paradigm of monopoly and implementing instead a competitive blueprint for the American and international communications sector, who would it be? Certainly not any Republican. Virtually every initiative -- from unbundling to exemption from interstate access charges -- that has promoted data and the Internet was opposed by the greater part of the Republican Congress. Certainly not any member of the Green Party -- a group virtually absent from this hugely important shift in policy.

Second, if you think that the policy of competition has not promoted the success of open code and open-system business models, then you are at odds with every single CEO in the software and hardware worlds. Indeed, without a robust competition model, such business models are doomed; regulated monopolies do not adopt open models.

Third, if you think that the American-style competition model is not materially related to the Internet as a mass-market phenomenon, then not only do you disagree with all academic work on this topic, but you also overlook the most obvious facts about the Internet in America today: It is cheap; it is marketed by more than 5,000 different providers; it flourishes under the umbrella of protection from the subsidy-giving and subsidy-taking schemes that historic policy has layered onto the voice networks of every country; it is unlicensed; and it benefits from a host of pro-competitive and pro-Internet regulations, including but not limited to unbundled loops, reciprocal compensation, information services categorization and many others.

None of this is by accident; all is spelled out in my book, *You Say You Want A Revolution*. And not one step down this path was taken by anyone more boldly or with more vision and commitment than was shown by Al Gore. You can look it up.

Of course, the fact that the multiple protocols that create the Web experience are shared is one of the key reasons for the widespread adoption of the Net. And yet it is also true that the code that constitutes MS-DOS has also had widespread adoption.

What is the difference? The Internet flourishes in a competitive market; that is, what Windows does not inhabit. Please think about this: Competition, not standards-mandating regulation, is the key to maintaining the growth and inclusion of the Net.

You talk about the breakup of AT&T as if it were the mother or father of all sound competition policy. But -- and here I resort to the learning of 17 years of practicing antitrust law -- the breakup of AT&T did not lead to competition in the local telephony market, or to competition among data carriers, or to competition in software. It had an effect largely limited to the long-haul voice market, today an industry in its last stages. It would not have been useful or practical to break up the Bell



companies. Many small telephone companies in fact already exist; only in rare cases do they face serious competition.

Whether a telco is large or small is largely irrelevant to whether it does or does not face competition. That competition exists if government actively insists on unbundling and interconnection. No federal government has ever more actively pressed those two points -- in the face of virtually unceasing Republican congressional opposition and many recalcitrant courts -- than the Gore-led administration. Entrepreneurs, startups and customers are the beneficiaries.

So is the entire economy: These startups are pushing productivity-generating technologies into every small and large business in the country. These startups are the distribution agents of the economic efficiencies that are keeping our wealth-creating economy going at record pace. No one in public life has done more than Al Gore to promote this market economy; no one can even name another public official who has done remotely as much.

You raise the open-access issue, again embracing the Disney argument that because a cable company unlawfully and briefly did not carry a broadcast TV show, it therefore follows that a new regime of regulating Internet access should be invented and applied, presumably to any and all bandwidth companies. I might call this overreaction -- or an excessive attachment to Regis Philbin.

But if we really wanted the most number of people in the United States to have a crack at being a millionaire -- i.e., if we want to maximize value creation -- it would not be by expanding to the Internet space the clear obligation of cable companies to carry broadcast. Rather, we would promote competition and investment in alternative bandwidth providers.

We should always prefer robust competition over monopoly-encouraging regulation. Because that is what the open-access debate is really about beneath the surface: letting cable monopolists perpetuate monopolies in return for granting access to a powerful few, such as the estimable and effective Disney. I assure you that if the cable companies could obtain monopoly status in return for granting open access, they would do so. That is what they did in the 1984 Cable Act, which in turn led to record increases in cable prices, which in turn led to the mandate for me, at the FCC, to check those price increases, which I did, until the Republican Congress stripped us of that authority in 1996.

Exactly why Mr. Nader is bent on doing all he can -- whether or not intended -- to deliver us into the grip of another, more strengthened Republican government still leaves me dumbfounded. If he is successful (which I hope and believe he will not be) and if Al Gore truly is not elected, then not only I but history will record Mr. Nader's campaign not as a personal frolic or a ventilation of issues, but as a disastrous adventure that led to the frustration of virtually every goal sought by Mr. Nader during his justly renowned career.

As to privacy issues, I have said before and say again that a new paradigm for privacy protection should be the subject of federal legislation. There can be no doubt that a Democratic White House and Democratic Congress can make this happen, and that a Republican Congress will pervert those goals.

As to Al's vision, and my job, of putting the Internet in every classroom, Mr. Nader somewhat cavalierly says, "This isn't a lot for an eight-year legacy." Actually, putting the Internet in every

classroom is a job only 65 percent done, so it's worse than Mr. Nader says: Its a 10-year effort at least.

But is it a lot or a little for Al Gore to have taken the essential initiative to create: 1) the largest new national program for K-12 education in the last 20 years; 2) the fastest-spreading innovation in education since chalk; 3) a platform for new training, curriculum, charter schools, individualized testing, new business models, online community creation, tutoring, and addressing disabilities; and 4) obtaining the greatest amount of participation from local school districts ever (nearly 90 percent)? To me, it is a lot. It certainly took a lot of effort --- not a bit of which came from Mr. Nader, I add with regret.

Mr. Nader also states with insouciance "putting existing government information on the Internet should be the easy part."

Really, almost no business thinks so. No one involved in XML thinks so. It is an idea easy to state and very difficult to implement. Yet, in reality, no one in public office has so vigorously and effectively accomplished so much "on-lining" as Al Gore. At the FCC, just as an example, following Al's leadership we took an agency that operated under cover of Stygian Washingtonian darkness and exposed its decisions, data, speeches and debates to everyone on the Net. Literally millions of hits testify to our success.

I did not find this easy. It took extra appropriations, changing the agency culture, working with the bar and long hours of unpaid overtime with the staff. But we got the job done. Frankly, as opposed to the somewhat contemptuous disregard of the degree of difficulty of the task blithely stated by Mr. Nader, a simple "thank you" would be appropriate. Beyond that, a vote for Al Gore -- who made this happen -- rather than a whimsical protest ballot for Ralph Nader would be a way to make a contribution to openness and progress in our society.

As to the open-source movement, let me put it this way: You write the federal legislation you want to make this flourish and then decide. Would you rather try to persuade George W. Bush or Al Gore to commit the time and energy and political capital to making it pass? This is indeed an easy question to answer. I don't have any doubt about the positive direction of Al Gore's policies in this respect.

But who has done the hard work of actually writing such proposed legislation? Like code, it is easier to talk about than write. But let's do it and do it together, starting right after the election, assuming the country selects -- of the two candidates with a chance to win -- the only one who actually would engage on the relevant issues.

I understand this debate is now concluded. I honor Mr. Nader and consider it a privilege to have had this exchange. I am deeply worried when I think in particular about my own attitude toward presidential elections in 1968 and 1972, when I was in my salad days and was green of years.

I did not think then that elections mattered so much and I indulged in the cynical view that if candidates didn't say and do everything I wanted on every topic, they didn't deserve my support. I know now what I didn't know then: I know now to commit with enthusiasm to causes, to forgive the bumps and dips of the path of progress, and to fight on toward goals by following leaders who I have learned with time will get us to those goals. Such a leader is Al Gore.

If you want his clothes to be of a different color or his jokes to be funnier or his comments from a lectern to be either a little lighter or a little more accessible, then -- to be honest -- get over it. Al cannot please all of the people all of the time. But he is who he is: the most qualified, most visionary, most skilled, most caring person who has a reasonable chance to be president of the United States in this election.

To pass on that for any reason and to entrust the presidency instead to someone who has never given any indication of awareness of Mr. Nader's agenda -- much less any sympathy or sensitivity to it -- and who would disappoint in the extreme every one of Mr. Nader's followers, would not be a blunder, but a tragedy.

## On Post-Fascism: How Citizenship Is Becoming An Exclusive Privilege

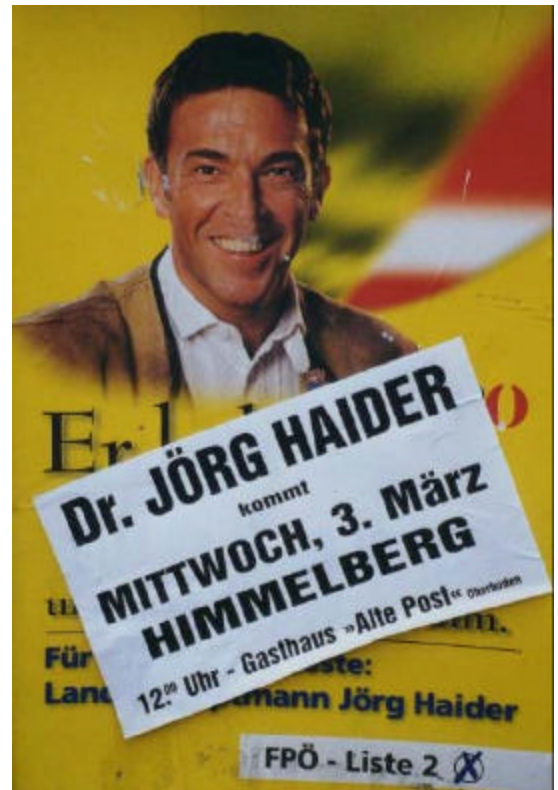
By G. M. Tams

*Excerpted from Boston Review*

I have an interest to declare. The government of my country, Hungary, is--along with the Bavarian provincial government (provincial in more senses than one)--the strongest foreign supporter of Jorg Haider's Austria. The right-wing cabinet in Budapest, besides other misdeeds, is attempting to suppress parliamentary governance, penalizing local authorities of a different political hue than itself, and busily creating and imposing a novel state ideology, with the help of a number of lumpen intellectuals of the extreme right, including some overt Neo-Nazis. It is in cahoots with an openly and viciously anti-Semitic fascist party that is, alas, represented in parliament. People working for the prime minister's office are engaging in more or less cautious Holocaust revisionism. The government-controlled state television gives vent to raw anti-Gypsy racism. The fans of the most popular soccer club in the country, whose chairman is a cabinet minister and a party leader, are chanting in unison about the train that is bound to leave any moment for Auschwitz.

On the ground floor of the Central European University in Budapest you can visit an exhibition concerning the years of turmoil a decade or so ago. There you can watch a video recorded illegally in 1988, and you can see the current Hungarian prime minister defending and protecting me with his own body from the truncheons of communist riot police. Ten years later, this same person appointed a communist police general as his home secretary, the second or third most important person in the cabinet. Political conflicts between former friends and allies are usually acrimonious. This is no exception. I am an active participant in an incipient anti-fascist movement in Hungary, a speaker at rallies and demonstrations. Our opponents--in personal terms--are too close for comfort. Thus, I cannot consider myself a neutral observer.

The phenomenon that I shall call post-fascism is not unique to Central Europe. Far from it. To be sure, Germany, Austria, and Hungary are important, for historical reasons obvious to all; familiar phrases repeated here have different echoes. I recently saw that the old brick factory in Budapest's third district is being demolished; I am told that they will build a gated community of suburban villas in its place. The brick factory is where the Budapest Jews waited their turn to be transported to the concentration camps. You could as well build holiday cottages in Treblinka. Our vigilance in this part of the world is perhaps more needed than anywhere else, since innocence, in historical terms, cannot be presumed.<sup>1</sup> Still, post-fascism is a cluster of policies, practices, routines, and ideologies that can be observed everywhere in the contemporary world; that have little or nothing to do, except in Central Europe, with the legacy of Nazism; that are not totalitarian; that are not at all revolutionary; and that are not based on violent mass movements and irrationalist, voluntaristic philosophies, nor are they toying, even in jest, with anti-capitalism.



## Why call this cluster of phenomena fascism, however post-?

Post-fascism finds its niche easily in the new world of global capitalism without upsetting the dominant political forms of electoral democracy and representative government. It does what I consider to be central to all varieties of fascism, including the post-totalitarian version. Sans Fuhrer, sans one-party rule, sans SA or SS, post-fascism reverses the Enlightenment tendency to assimilate citizenship to the human condition.

This hostility to universal citizenship is, I submit, the main characteristic of fascism. And the rejection of even a tempered universalism is what we now see repeated under democratic circumstances (I do not even say under democratic disguise). Post-totalitarian fascism is thriving under the capacious carapace of global capitalism, and we should tell it like it is.

The perilous differentiation between citizen and non-citizen is not, of course, a fascist invention. As Michael Mann points out in a path breaking study <sup>3\*</sup>, the classical expression "We The People" did not include Black slaves and "red Indians" (Native Americans), and the ethnic, regional, class, and denominational definitions of "the people" have led to genocide both "out there" (in settler colonies) and within nation states (see the Armenian massacre perpetrated by modernizing Turkish nationalists) under democratic, semi-democratic, or authoritarian (but not "totalitarian") governments. If sovereignty is vested in the people, the territorial or demographic definition of what and who the people are becomes decisive.

Moreover, the withdrawal of legitimacy from state socialist (communist) and revolutionary nationalist ("Third World") regimes with their mock-Enlightenment definitions of nationhood left only racial, ethnic, and confessional (or denominational) bases for a legitimate claim or title for "state-formation" (as in Yugoslavia, Czecho-Slovakia, the ex-Soviet Union, Ethiopia-Eritrea, Sudan, etc.)

Everywhere, then, from Lithuania to California, immigrant and even autochthonous minorities have become the enemy and are expected to put up with the diminution and suspension of their civic and human rights. The propensity of the European Union to weaken the nation-state and strengthen regionalism (which, by extension, might prop up the power of the center at Brussels and Strasbourg) manages to ethnicize rivalry and territorial inequality (see Northern vs. Southern Italy, Catalonia vs. Andalusia, English South East vs. Scotland, Fleming vs. Walloon Belgium, Brittany vs. Normandy). Class conflict, too, is being ethnicized and racialized, between the established and secure working class and lower middle class of the metropolis and the new immigrant of the periphery, also construed as a problem of security and crime.<sup>4\*</sup> Hungarian and Serbian ethnicists pretend that the nation is wherever persons of Hungarian or Serbian origin happen to live, regardless of their citizenship, with the corollary that citizens of their nation-state who are ethnically, racially, denominationally, or culturally "alien" do not really belong to the nation.

The growing de-politicization of the concept of a nation (the shift to a cultural definition) leads to the acceptance of discrimination as "natural." This is the discourse the right intones quite openly in the parliaments and street rallies in eastern and Central Europe, in Asia, and, increasingly, in "the West." It cannot be denied that attacks against egalitarian welfare systems and affirmative action techniques everywhere have a dark racial undertone, accompanied by racist police brutality and vigilantism in many places. The link, once regarded as necessary and logical, between citizenship, equality, and territory may disappear in what the theorist of the Third Way, the formerly *Marxissant* sociologist Anthony Giddens, calls a society of responsible risk-takers.

## Decline of Critical Culture

After the 1989 collapse of the Soviet bloc, contemporary society underwent fundamental change. Bourgeois society, liberal democracy, democratic capitalism--name it what you will--has always been a controversial affair; unlike previous regimes, it developed an adversary culture, and was permanently confronted by strong competitors on the right (the alliance of the throne and the altar) and the left (revolutionary socialism). Both have become obsolete, and this has created a serious crisis within the culture of late modernism.<sup>1</sup> The mere idea of radical change (utopia and critique) has been dropped from the rhetorical vocabulary, and the political horizon is now filled by what is there, by what is given, which is capitalism. In the prevalent social imagination, the whole human cosmos is a "homogeneous society"--a society of useful, wealth-producing, procreating, stable, irreligious, but at the same time *jouissant*, free individuals. Citizenship is increasingly defined, apolitically, in terms of interests that are not contrasted with the common good, but united within it through understanding, interpretation, communication, and voluntary accord based on shared presumptions.

In this picture, obligation and coercion, the differentia *specifica* of politics (and in permanent need of moral justification), are conspicuously absent. "Civil society"--a nebula of voluntary groupings where coercion and domination, by necessity, do not play any important role--is said to have cannibalized politics and the state. A dangerous result of this conception might be that the continued underpinning of law by coercion and domination, while criticized in toto, is not watched carefully enough--since, if it cannot be justified at all, no justification, thus no moral control, will be sought. The myth, according to which the core of late-modern capitalism is "civil society," blurs the conceptual boundaries of citizenship, which is seen more and more as a matter of policy, not politics.

Before 1989, you could take it for granted that the political culture of liberal-democratic-constitutional capitalism was a critical culture, more often than not in conflict with the system that, sometimes with bad grace and reluctantly, sustained it. Apologetic culture was for ancient empires and anti-liberal dictatorships. Highbrow despair is now rampant. But without a sometimes only implicit utopia as a prop, despair does not seem to work. What is the point of theoretical anti-capitalism, if political anti-capitalism cannot be taken seriously?

Also, there is an unexpected consequence of this absence of a critical culture tied to an oppositional politics. As one of the greatest and most level-headed masters of twentieth-century political sociology, Seymour Martin Lipset, has noted, fascism is the extremism of the center. Fascism had very little to do with *passiste* feudal, aristocratic, monarchist ideas, was on the whole anti-clerical, opposed communism and socialist revolution, and--like the liberals whose electorate it had inherited--hated big business, trade unions, and the social welfare state. Lipset had classically shown that extremisms of the left and right were by no means exclusive: some petty bourgeois attitudes suspecting big business and big government could be, and were, prolonged into an extremism that proved lethal. Right-wing and center extremisms were combined in Hungarian, Austrian, Croatian, Slovak para-fascism (I have borrowed this term from Roger Griffin) of a pseudo-Christian, clericalist, royalist coloring, but extremism of the center does and did exist, proved by Lipset also through continuities in electoral geography.

Today there is nothing of any importance on the political horizon but the bourgeois center; therefore its extremism is the most likely to reappear. (Jorg Haider and his Freedom Party are the best example of this. Parts of his discourse are libertarian/neoliberal, his ideal is the propertied little man, he strongly favors a shareholding and home-owning petty bourgeois "democracy," and he is quite free of

romantic-reactionary nationalism as distinct from parochial selfishness and racism.) What is now considered "right-wing" in the United States would have been considered insurrectionary and suppressed by armed force in any traditional regime of the right as individualistic, decentralizing, and opposed to the monopoly of coercive power by the government, the foundation of each and every conservative creed. Conservatives are *le parti de l'ordre*, and loathe militias and plebian cults.

## Decaying States

The end of colonial empires in the 1960s and the end of Stalinist ("state socialist," "state capitalist," "bureaucratic collectivist") systems in the 1990s has triggered a process never encountered since the Mongolian invasions in the thirteenth century: a comprehensive and apparently irreversible collapse of established statehood as such. While the *bien-pensant* Western press daily bemoans perceived threats of dictatorship in far-away places, it usually ignores the reality behind the tough talk of powerless leaders, namely that nobody is prepared to obey them. The old, creaking, and unpopular nation-state--the only institution to date that had been able to grant civil rights, a modicum of social assistance, and some protection from the exactions of privateer gangs and rapacious, irresponsible business elites--ceased to exist or never even emerged in the majority of the poorest areas of the world. In most parts of sub-Saharan Africa and of the former Soviet Union not only the refugees, but the whole population could be considered stateless. The way back, after decades of demented industrialization (see the horrific story of the hydroelectric plants everywhere in the Third World and the former Eastern bloc), to a subsistence economy and "natural" barter exchanges in the midst of environmental devastation, where banditry seems to have become the only efficient method of social organization, leads exactly nowhere. People in Africa and ex-Soviet Eurasia are dying not by a surfeit of the state, but by the absence of it.

Traditionally, liberation struggles of any sort have been directed against entrenched privilege. Equality came at the expense of ruling groups: secularism reduced the power of the Princes of the Church, social legislation dented the profits of the "moneyed interest," universal franchise abolished the traditional political class of landed aristocracy and the noblesse de robe, the triumph of commercial pop culture smashed the ideological prerogatives of the progressive intelligentsia, horizontal mobility and suburban sprawl ended the rule of party politics on the local level, contraception and consumerist hedonism dissolved patriarchal rule in the family--something lost, something gained. Every step toward greater freedom curtailed somebody's privileges (quite apart from the pain of change). It was conceivable to imagine the liberation of outlawed and downtrodden lower classes through economic, political, and moral crusades: there was, crudely speaking, somebody to take ill-gotten gains from. And those gains could be redistributed to more meritorious sections of the population, offering in exchange greater social concord, political tranquility, and safety to unpopular, privileged elites, thereby reducing class animosity. But let us not forget though that the social-democratic bargain has been struck as a result of centuries of conflict and painful renunciations by the traditional ruling strata. Such a liberation struggle, violent or peaceful, is not possible for the new wretched of the earth.

Nobody exploits them. There is no extra profit and surplus value to be appropriated. There is no social power to be monopolized. There is no culture to be dominated. The poor people of the new stateless societies--from the "homogeneous" viewpoint--are totally superfluous. They are not exploited, but neglected. There is no overtaxation, since there are no revenues. Privileges cannot be redistributed toward a greater equality since there are no privileges, except the temporary ones to be had, occasionally, at gunpoint.

Famished populations have no way out from their barely human condition but to leave. The so-called center, far from exploiting this periphery of the periphery, is merely trying to keep out the foreign and usually colored destitutes (the phenomenon is euphemistically called "demographic pressure") and set up awesome barriers at the frontiers of rich countries, while our international financial bureaucracy counsels further deregulation, liberalization, less state and less government to nations that do not have any, and are perishing in consequence. "Humanitarian wars" are fought in order to prevent masses of refugees from flowing in and cluttering up the Western welfare systems that are in decomposition anyway.

Citizenship in a functional nation-state is the one safe meal ticket in the contemporary world. But such citizenship is now a privilege of the very few. The Enlightenment assimilation of citizenship to the necessary and "natural" political condition of all human beings has been reversed. Citizenship was once upon a time a privilege within nations. It is now a privilege to most persons in some nations. Citizenship is today the very exceptional privilege of the inhabitants of flourishing capitalist nation-states, while the majority of the world's population cannot even begin to aspire to the civic condition, and has also lost the relative security of pre-state (tribe, kinship) protection.

The scission of citizenship and sub-political humanity is now complete, the work of Enlightenment irretrievably lost. Post-fascism does not need to put non-citizens into freight trains to take them into death; instead, it need only prevent the new non-citizens from boarding any trains that might take them into the happy world of overflowing rubbish bins that could feed them. Post-fascist movements everywhere, but especially in Europe, are anti-immigration movements, grounded in the "homogeneous" world-view of productive usefulness. They are not simply protecting racial and class privileges within the nation-state (although they are doing that, too) but protecting universal citizenship within the rich nation-state against the virtual-universal citizenship of all human beings, regardless of geography, language, race, denomination, and habits. The current notion of "human rights" might defend people from the lawlessness of tyrants, but it is no defense against the lawlessness of no rule.

### **Varieties of Post-Fascism**

It is frequently forgotten that contemporary global capitalism is a second edition. In the pre-1914 capitalism of no currency controls (the gold standard, etc.) and free trade, a world without visas and work permits, when companies were supplying military stuff to the armies of the enemy in wartime without as much as a squeak from governments or the press, the free circulation of capital and labor was more or less assured (it was, perhaps, a less equal, but a freer world). In comparison, the thing called "globalization" is a rather modest undertaking, a gradual and timorous destruction of *estatiste* and *dirigiste*, welfarist nation-states built on the egalitarian bargain of old-style social democracy whose constituency (construed as the backbone of modern nations), the rust-belt working class, is disintegrating. Globalization has liberated capital flows. Speculative capital goes wherever investments appear as "rational," usually places where wages are low and where there are no militant trade unions or ecological movements. But unlike in the nineteenth century, labor is not granted the same freedoms. *Spiritus flat ubi vult*, capital flies wherever it wants, but the free circulation of labor is impeded by ever more rigid national regulations. The flow is all one-way; capital can improve its position, but labor--especially low-quality, low-intensity labor in the poor countries of the periphery--cannot. Deregulation for capital, stringent regulation for labor.



If the workforce is stuck at the periphery, it will have to put up with sweatshops. Attempts to fight for higher salaries and better working conditions are met not with violence, strikebreakers, or military coups, but by quiet capital flight and disapproval from international finance and its international or national bureaucracies, which will have the ability to decide who is deserving of aid or debt relief. To quote Albert O. Hirschman, voice (that is, protest) is impossible, nay, pointless. Only exit, exodus, remains, and it is the job of post-fascism to prevent that.

Under these conditions, it is only logical that the New New Left has re-appropriated the language of human rights instead of class struggle. If you glance at *Die Tageszeitung*, *Il Manifesto*, *Rouge*, or *Socialist Worker*, you will see that they are mostly talking about asylum-seekers, immigrants (legal or illegal, *les sans-papiers*), squatters, the homeless, Gypsies, and the like. It is a tactic forced upon them by the disintegration of universal citizenship, by unimpeded global capital flows by the impact of new technologies on workers and consumers, and by the slow death of the global sub-proletariat. Also, they have to face the revival of class politics in a new guise by the proponents of "the third way" a la Tony Blair. The neo-neoliberal state has rescinded its obligations to "heterogeneous," non-productive populations and groups. Neo-Victorian, pedagogic ideas of "workfare," which declare unemployment implicitly sinful, the equation of welfare claimants with "enemies of the people," the replacement of social assistance with tax credits whereby people beneath the category of taxpayers are not deemed worthy of aid, income support made conditional on family and housing practices believed proper by "competent authorities," the increasing racialization, ethnicization, and sexualization of the underclass, the replacement of social solidarity with ethnic or racial solidarity, the overt acknowledgment of second-class citizenship, the tacit recognition of the role of police as a racial defense force, the replacement of the idea of emancipation with the idea of privileges (like the membership in the European Union, the OECD, or the WTO) arbitrarily dispensed to the deserving poor, and the transformation of rational arguments against EU enlargement into racist/ethnicist rabble-rousing--all this is part of the post-fascist strategy of the scission of the civic-cum-human community, of a renewed granting or denial of citizenship along race, class, denominational, cultural, ethnic lines.

The re-duplication of the underclass--a global underclass abroad and the "heterogeneous," wild ne'er-do-wells at home, with the interests of one set of underclass ("domestic") presented as inimical to the other ("foreign")--gives post-fascism its missing populist dimension. There is no harsher enemy of the immigrant--"guest worker" or asylum-seeker--than the obsolescent lumpen-proletariat, publicly represented by the hard-core, right-wing extremist soccer hooligan. "Lager louts" may not know that lager does not only mean a kind of cheap continental beer, but also a concentration camp. But the unconscious pun is, if not symbolic, metaphorical.

We are, then, faced with a new kind of extremism of the center. This new extremism, which I call post-fascism, does not threaten, unlike its predecessor, liberal and democratic rule within the core constituency of "homogeneous society." Within the community cut in two, freedom, security, prosperity are on the whole undisturbed, at least within the productive and procreative majority that in some rich countries encompasses nearly all white citizens. "Heterogeneous," usually racially alien, minorities are not persecuted, only neglected and marginalized, forced to live a life wholly foreign to the way of life of the majority (which, of course, can sometimes be qualitatively better than the flat workaholicism, consumerism, and health obsessions of the majority). Drugs, once supposed to widen and raise consciousness, are now uneasily pacifying the enforced idleness of that society is unwilling to help and to recognize as fellow humans. The "Dionysiac" subculture of the sub-proletariat further exaggerates the bifurcation of society. Political participation of the have-nots is out of the question, without any need for the restriction of franchise. Apart from the incipient and feeble ("new new")

left-wing radicalism, as isolated as anarcho-syndicalism was in the second half of the nineteenth century, nobody seeks to represent them. The conceptual tools once offered by democratic and libertarian socialism are missing; and libertarians are nowadays militant bourgeois extremists of the center, ultra-capitalist cyberpunks hostile to any idea of solidarity beyond the fluxus of the global marketplace.

Post-fascism does not need storm troopers and dictators. It is perfectly compatible with an anti-Enlightenment liberal democracy that rehabilitates citizenship as a grant from the sovereign instead of a universal human right. I confess I am giving it a rude name here to attract attention to its glaring injustice. Post-fascism is historically continuous with its horrific predecessor only in patches. Certainly, Central and East European anti-Semitism has not changed much, but it is hardly central. Since post-fascism is only rarely a movement, rather simply a state of affairs, managed as often as not by so-called center-left governments, it is hard to identify intuitively. Post-fascists do not speak usually of total obedience and racial purity, but of the information superhighway.

Everybody knows the instinctive fury people experience when faced with a closed door. Now tens of millions of hungry human beings are rattling the doorknob. The rich countries are thinking up more sophisticated padlocks, while their anger at the invaders outside is growing, too. Some of the anger leads to the revival of the Nazi and fascist *Gedankengut* ("treasure-trove of ideas"), and this will trigger righteous revulsion. But post-fascism is not confined to the former Axis powers and their willing ex-clients, however revolting and horrifying this specific sub-variant may be. East European Gypsies (Roma and Sintj, to give their politically correct names) are persecuted both by the constabulary and by the populace, and are trying to flee to the "free West." The Western reaction is to introduce visa restrictions against the countries in question in order to prevent massive refugee influx, and solemn summons to East European countries to respect human rights. Domestic racism is supplanted by global liberalism, both grounded on a political power that is rapidly becoming racialized.

Multiculturalist responses are desperate avowals of impotence: an acceptance of the ethnicization of the civic sphere, but with a humanistic and benevolent twist. These avowals are concessions of defeat, attempts to humanize the inhuman. The field had been chosen by post-fascism, and liberals are trying to fight it on its own favorite terrain, ethnicity.

This is an enormously disadvantageous position. Without new ways of addressing the problem of global capitalism, the battle will surely be lost.

But the new Dual State is alive and well. A Normative State for the core populations of the capitalist center, and a Prerogative State of arbitrary decrees concerning non-citizens for the rest. Unlike in classical, totalitarian fascism, the Prerogative State is only dimly visible for the subjects of the Normative State: the essential human and civic community with those kept out and kept down is morally invisible. The radical critique pretending that liberty within the Normative State is an illusion is erroneous, though understandable. The denial of citizenship based not on exploitation, oppression, and straightforward discrimination among the denizens of "homogeneous society," but on mere exclusion and distance, is difficult to grasp, because the mental habits of liberation struggle for a more just redistribution of goods and power are not applicable. The problem is not that the Normative State is becoming more authoritarian. The problem is that it belongs only to a few.

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# Information Technology & The Transnational Ruling Class

By Jerry Harris

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Information technology (IT) has laid the foundation for global capitalism. This revolution in the means of production has created a new technological economic sector, evolved industrial manufacturing, and transformed financial markets. It is the electronic skeleton through which globalization works, connecting every performing part of the world economy. The power and reach of every transnational depends on products from IT companies, and IT corporate leaders have become a key sector within the global capitalist class. (1)



*Diego Rivera Mural in Detroit*

Information capitalism has built the structure of the new economy through two revolutionary methods in the production of information and knowledge. The convergence of telecommunications and computers has made possible a global command and control structure for transnationals, building a global assembly line for manufacturing. Secondly, the same information systems have established 24-hour global financial markets that function in real-time, leading to world capital integration. In addition, information technologies are thoroughly imbedded in the tools and productive processes of the traditional industrial sector, as well as consumer products, services, media and entertainment.

The most important part of the IT sector are those corporations which manufacture the products that are building the global structure of information processing and enable organizational changes in finance and industry. Those corporations that either produce these goods, or have most thoroughly integrated them into their productive processes tend to be the core of the new transnational power base. Therefore IT has built new structures and tools (such as the Internet, computer hardware and software); these tools in turn have caused old structures to adopt and change (such as services and industrial production); have made possible the creation of new products and economic activity (such as wireless phones and e-commerce); and have evolved the structure of non-physical commodities with high information content (such as finance and entertainment). (2)

Globalization has become the defining economic and political process of our present era. A new analysis of the capitalist class is necessary to better understand this developing world system and its contradictions. The attempt here is to trace the emergence of a new dominant capitalist sector, define its characteristics and analyze its economic impact.

## Four Categories Of IT

IT breaks down into four basic categories. The first to develop were hardware corporations, many starting in the 1960s and 1970s. These companies produce things like chips, boards, boxes, servers, switches, and routers that build the basic architecture and infrastructure of the new systems. Some of

the most important corporations are Intel, Cisco, Hewlett Packard, Sun Microsystems, Compaq and Dell.

The next wave of corporations began by writing software applications for everything from games to business systems; they also developed networks and operating systems. Corporate giants such as Intuit, Microsoft, Oracle and Novell dominate this category. Although their stock prices may go up and down, these corporations are firmly rooted in producing value and profits. For example, a copy of Microsoft Office 2000 retails for \$349, but only cost about \$20 to manufacture. With an overall profit rate of 39% on \$20 billion in sales Microsoft is the envy of the corporate world. Those profits are the reality behind its stock price. (3)

Most recently Internet and dot-com companies have appeared. These companies have attracted a lot of attention and capital, helping to fuel speculation on technology stocks. Certainly this category will undergo consolidation, but such innovators as AOL, Amazon, E-Bay and Yahoo have developed widely used and expanding services. An important group of actors are also venture capitalists who have specialized in IT start-ups.

Fourth are the corporations offering Internet services, cable and broadband connections, satellite hook-ups, wireless communication and phone lines. Although emerging out of the industrial age the telecommunications industry is now technologically and financially linked to IT. Perhaps the best indication of this convergence was the 1997 Telecommunications Act that created a new regulatory structure that sanctioned and recognized the rapidly merging telecommunications, computer and cable industries. Among these corporations are both old and new names such as A.T.T., Global Crossings, National Fiber Network, Teledesic, Cable and Wireless, Alcatel, Deutsche Telekom and Nippon T&T.

Lastly, electronic corporations have a substantial investment in IT manufacturing. While these companies usually have their origins in the industrial era and a wide array of commodities, a significant number now produce a majority of their products in the above four IT categories. These include semi-conductors, fiber optics, software, wireless phones and numerous other products that serve the computer and telecommunications industry. Some of these transnationals are Motorola, Qualcomm, Nokia, Lucent, Samsung, Royal Philips, and Toshiba.

### **IT And Global Corporations**

In 1999 among the largest Fortune 500 transnationals, 37% were based in the U.S., 34% were from Europe, and 20% from Japan. Among third world countries South Korea lists 9 corporations, China 6, Brazil 3, Taiwan 2, and one each for India, Malaysia, Mexico, and India. Among these transnationals, the IT sector is the most profitable. The following chart groups together the largest global economic sectors judged by revenues and profits to show the relative weight of information technology. The chart shows sector, (under which are the industrial groups listed by Fortune), the number of transnationals in each sector, followed by revenues and profits. (4) Neither the Labor Department, Fortune nor other economic observers have established an overarching category to analyze IT's expansive influence. The following two charts attempt to establish such a criteria.

<b>Major Transnationals</b>	<b>Size</b>	<b>Revenues (in Millions)</b>	<b>Profits (in Millions)</b>
IT Sector: Services and Software Office Equipment Electronics Telecommunications	47 Corporations US – 23 Euro –12 Japan – 9 Other – 3	\$1,339,671	\$89,885
Finance Sector: Banks Diversified Financials	70 Corporations: US - 16 Euro - 34 Japan – 9 Other – 11	\$1,436,230	\$64,215
Transportation Sector: Aerospace Airlines Motor Vehicles & Part Railroad Rubber	53 Corporations: US – 21 Euro- 18 Japan-14	\$1,560,252	\$60,985
Insurance Sector: Life and Health (Mutuals) Life and Health (Stocks) Property and Casualty (Mutuals) Property and Casualty (Stocks)	54 Corporations: US – 17 Euro –19 Japan-12 Other- 6	\$1,292,977	\$43,774
Energy Sector: Energy Mining, Crude-Oil Production Petroleum Refining Utilities	54 Corporations: US- 23 Euro-12 Japan-8 Other-11	\$1,249,113	\$42,752

Fortune's 500 listing of the largest U.S. corporations gives a more finely tuned arrangement of industrial groups than its list of the Global 500. In the U.S. finance ranked number one in profits, while the IT sector was second in profits but number one in revenues. By examining IT's strength globally and in the U.S., its' clear this sector has emerged as a key power in world capitalism. (7)

<b>Major US Firms</b>	<b>Size</b>	<b>Revenue (in Millions)</b>	<b>Profits (in Millions)</b>
<b>Finance Sector:</b>  Banks Diversified Financials Securities Saving Institutions	78 Corporations	\$838,637	\$111,892
<b>IT Sector:</b>  Office Equipment Data Services Software Computer Peripherals Electronics (8) Networks Telecommunications Semiconductors	94 Corporations	\$891,884	\$86,105
<b>Energy Sector:</b>  Energy Mining Crude-Oil Production Petroleum Refining Pipelines Gas and Electric	104 Corporations	\$829,025	\$38,638
<b>Transportation Sector:</b>  Aerospace Airlines Auto Retailing and Services Motor Vehicles Railroads Transportation Equipment Trucking	74 Corporations	\$881,837	\$36,681

## Capital Investments In IT Stocks

There tends to be two economic sectors in the globalized economy best represented by the “new economy:” corporations listed on the Nasdaq and the “old economy” industries of the DOW. In Europe IT stocks are mainly listed on the Euro.NM, (New Markets), an alliance that brings together France’s Nouveau Marche, Germany’s Neuer Markt, Italy’s Nuovo Mercato, Euro.NM Belgium, and Euro.NM Amsterdam. This is not a perfect division between old and new industries and overlaps exist, but it does help to analyze sectors of growing distinction within capitalism. This is a different viewpoint than the division usually drawn between finance and manufacturing, and is not meant to displace or challenge the validity of that analysis. Rather the attempt here is to draw attention to the growing influence of digital/electronic technology as the key economic sector in the new era of information capitalism, and its distinct role in the development of a transnational capitalist class.

The IT revolution has had a huge impact on capital investments and stock markets fueling the great global speculative boom. The world’s three leading industrial groups in stock performance are semiconductors, wireless communications, and communication technologies. (9) In the U.S. venture capital investments for start-ups (most of which are in IT) was at \$19.3 billion in 1998, grew to \$50.72 billion in 1999, and hit \$21 billion in the first quarter of 2000. (10) The market value of Nasdaq grew 1,900% in the decade of the 1990s. Its value of \$5.85 trillion is a third of total U.S. stock market value, up from only 10% in 1990. (11) Overall, nine of the best ten performing stocks in the U.S. (3-99 to 3-00) were from the IT industry. (12) Canada has experienced a similar boom. Technology and communications stocks account for 51% of the total value of the Toronto Stock Exchange, compared to just 15% for all of Canada’s energy, mining and forest product companies. (13)

A similar investment boom hit Germany’s New Market, whose top ten listings had an average return of 592% (2-99 to 2-00). The top ten old economy corporations listed on the DAX recorded a return of 95% over the same period. Of these DAX performers if we eliminated the IT overlaps of Deutsche Telekom and SAP (which produces software), the remaining top eight companies averaged only 66%. Like the DOW, DAX still has a larger total capitalization than the New Market, \$1.01 trillion euros compared to \$224 billion for the New Market. But since 1997 DAX has grown by 84%, while the New Market has grown a remarkable 6,818%. (14)

Throughout Europe the impact of the new technology stocks are a spectacular success. Money is leaving the old industrial sector in a rush to high technology. On average Euro.NM stocks have gone up 516% over the past three years. The New Markets now list close to 500 companies, with the 180 new listings of 1999 attracting \$8.5 billion in investment capital. (15) From March 1999 to March 2000 technology hardware stocks grew by 153.4%, telecom services by 47.1% and software/computer services by 54.2%. In comparison old line industrial stocks were down: transportation by -27.3%, auto -26.3%, construction -8.6% and oil and gas by -7.5%. (16) Of the seven best stock performers in Europe six were IT stocks. (17)

Nasdaq has now formed a joint venture with the London Stock Exchange and Deutsche Boerse to build an exchange for growth stocks that will eventually include the Italian, German and Spanish New Markets. This transnational merger will link the most important IT industries into one global market. Japan has also entered the field with the creation of Nasdaq Japan, under the leadership of former I.B.M. Japan executive Tatsuyuki Saeki. Overall, telecommunications, media and computer technology is one-third of Europe and Asia’s capitalization of equities. (18) Of the ten best performing stocks in Asia (not including Japan) seven were from the IT sector. (19) By 1999 foreign

direct investments in Asia had past its pre-crisis mark, much of the new growth driven by technology and telecommunications.

Information technology is also expanding as a key to foreign direct investments, as well as foreign fund stock holdings around the world. In Japan technology stocks held by foreign funds rose from 4% in 1997 to 22.4% at the beginning of 2000. Figures for the Pacific and Asians markets show foreign held technology stocks up from 2.5% in 1995 to 16.5% in 2000. Growth in Europe was slower, but foreign held IT stocks rose from 2.8% to 10.4% in the same period. (20)

This tremendous growth in wealth throughout the world has added new clout to info-tech corporations as it puts them in a position to acquire other corporations. The best example was AOL's buyout of Time Warner despite the fact that it's revenue was only 20% of Time Warner's and it's workforce 85% smaller. After the merger Gerhard Cromme, chief executive of Germany's biggest steel company Thyssen Krupp, sounded an alarm for the old industrial giants. As he warned: "This can happen to everybody – even those of us with big market capitalizations. Internet companies can buy up whatever they want in the world, and it's something we have to think about." (21)

The volatility of Nasdaq in the Spring of 2000 represented a shake-out of unsound and unprofitable companies typical in capitalist economic cycles of developing technologies. Early electrical technology went through similar shake-outs from 1880 to 1890, resulting in the consolidation of industrial monopolies General Electric and Westinghouse from a field of 21 mergers. (22) The new technology economy is now entering a period of greater centralization and consolidation reflecting competition in its monopoly stage. For example, between August 1999 and May 2000 Cisco acquired six companies spending a total of \$17,399 billion. (23) This process will increase the relative influence and power of info-tech capitalists within the transnational class as major corporations consolidate and emerge as clear winners and leaders of the new economy.

## **IT Mergers**

According to Fortune, "The boom in mergers and acquisitions (is) one of the defining trends of the past decade." (24) In 1998 all-time records were set in the US with 12,500 deals totaling over \$1.6 trillion. (25) Of these, \$201 billion were for cross-border mergers, up from \$23 billion in 1991. In turn, foreign investments in the US in 1999 totaled \$240 billion in corporations and corporate bonds. (26) Globally two sectors were particularly effected, telecommunications and finance, both effected by deregulation under the World Trade Organization. Other important mergers occurred in high technology, media, and basic manufacturing. Globally the pace of mergers roared ahead in 1999 with 23,576 deals worth \$2.3 trillion. (27)

One of the most significant changes in the pattern of mergers was their transnational character. As noted by Jeffery Applegate, chief investment strategist at Lehman Brothers; "M&A, which used to take place only within a nation-state, is increasingly intraregional and increasingly global." (28) This differs from the merger wave in the early twentieth century that resulted in the control of domestic markets by a handful of corporations. The transnational merger trend today is directed at establishing production facilities in other industrialized nations and cross-border buyouts in what John Bellamy Foster calls the "greatest merger wave in capitalist history." (29) This massive move to consolidation is driven by global competition as transnationals move to protect themselves and control production.

The struggle to dominate the IT field has set the stage for some of the biggest transnational mergers, particularly the battle for Internet and telecommunications corporations. In the U.S. AT&T acquired



cable giant Telecommunications Inc. followed by MediaOne group. This gives AT&T control of more than a third of the nation's cable network for television, high-speed Internet access and online telephone services. (30) Other recent deals include Ameritech's acquisition by SBC, Qwest's move to buy US West, and MCI WorldCOM's planned takeover of Sprint.

This same trend has hit Latin America and Asia. In Hong Kong the Internet access company Pacific Century Cyber Works was recently acquired for \$38 billion by Cable and Wireless HKT, Hong Kong's dominant phone company. Meanwhile Spain's recently privatized Telefonica SA has bought telecommunication and Internet companies throughout South America, including the biggest markets in Brazil, Argentina, and Chile. The top ten telecommunications firms now control 86% of the world market. (31)

Japanese corporations have also entered into alliances and made important acquisitions. Matsushita Electric entered Europe with three major Internet deals, while Nippon Telegraph and Telephone made a \$5 billion deal for Colorado based Verio, the largest U.S. operator of business web sites. (32) In a huge move Japan's largest Internet group, Softbank, plans to become Europe's biggest Internet investor by establishing two funds with a combined worth of \$1 billion. One fund devoted to the UK is worth \$450 million and is in alliance with News Corporation, which invested \$150 million. The other fund worth \$550 million is partnered with Vivendinet in France. (33)

Softbank has already invested in 300 Internet companies around the globe but the fit in Europe is particularly good. Both Europe and Japan are exploding in Internet wireless connections. In Japan DoCoMo, a subsidiary of Nippon T&T, has bypassed computers to spawn an e-mail craze with wireless phones. With six million subscribers and about 25,000 people signing up daily DoCoMo's market value tripled in 15 months to \$370 billion. (34) In Europe free Internet connections via wireless phones is also widespread and is soon expected to overtake PC users. Says Eric Hippeau, president of Softbank International Ventures, "We're particularly interested in wireless technology because Europe seems to be ahead of the US in this field. We can introduce technologies from Europe to the rest of the world." (35) DoCoMo has now allied with Hong Kong conglomerate Hutchinson Whampoa and the Dutch mobile phone operator Royal KPN to buy-up the license rights for the next generation of mobile communication services in Britain, Germany, France and Belgium.

Not to be left behind Microsoft has jumped into the Asian market hoping to become the dominant power in broadband. Microsoft wants to put Windows into TV set-top boxes and mobile phones in a region where broadband is more widespread than the US. Gates has allied with Legend and Haier in China to develop television set-top boxes, and with DoCoMo in Japan. In Taiwan, Microsoft is working with Gigamedia of the Koos Group to bring Internet services to TV, mobile phones, and PCs. In Europe they have joined with Palm's biggest competitor, UK's Psion, and Sweden's Ericsson, major players in the mobile phone market. (36)

A good illustration of the fierce competition among transnationals was the most expensive buy-out in history (\$185 billion) that took place in Europe when Britain's Vodafone/Airtouch took over Germany's Mannesmann. The acquisition created the largest wireless telephone corporation in the world. Not only will the new company control the biggest Euro markets in Britain, Germany and Italy, it will have holdings in more than 30 countries including the U.S. and Japan. Europe shares a common wireless transmission standard, so mobile phone use is much more widespread than in the U.S. The Vodafone/Mannesmann merger also has huge implications for Internet users, because throughout Europe personal computer access to the net is limited and expensive. In achieving a

monopoly over wireless communication Vodafone is now in the position to be the largest Internet portal in Europe.

The takeover of Mannesmann was a protracted battle in which both corporations tried to gain advantage by moving directly into the other's market. In January '99 Vodafone acquired Airtouch in the U.S., an important minority partner of Mannesmann. Mannesmann fought back by entering the British market when it bought out the large mobil phone network Orange for \$33 billion in October '99. When Vodafone stoled away another Mannesmann partner, this time in an Internet deal with Vivendi in France, they had finally maneuvered into a dominant competitive position.

Although both corporations had strong domestic identities their respective governments steered clear of being drawn into a nationalist brawl. Even as Mannesmann was threatened by a hostile foreign takeover, Chancellor Gerhard Schroder judged government interference could jeopardize future mergers in which German corporations would continue their global integration. The acquisition of Chrysler by Damiler Benz has marked the true road forward for German transnationals.

To think of the English, Germans, or any national group as winners in these mergers is to miss their essential character as transnational deals engineered by de-nationalized elites. Global markets are transforming national capitalists into a transnational class with common goals and interests. Mannesmann's CEO, Klau Esser, a member of the new global class declined to use nationalist political rhetoric as a strategy to defend his corporation. Tens of thousands union workers protested the proposed merger, as did most German investors. Yet Esser ignored his domestic audience and appealed to his global shareholders to hold out for a higher share price. When Vodafone upped their offer the majority of shareholders bought the deal. Esser understood that the question over which partner would dominate the deal was a secondary consideration to building a new transnational giant and allowed the process to unfold.

Mannesmann may have had a German face, but in reality it was already a thoroughly transnationalized corporation with many institutional investors in the U.S. and Britain. Mannesmann also had important global holdings such as Italy's second-largest phone company Infostrade, and major U.S. interests in phone, publishing, and music. If you swoon to Whitney Houston or groove to Santana you've been listening to a Mannesmann CD.

After Vodafone's acquisition of Mannesmann, Orange was unloaded to France's Telecom for \$37 billion. This adds six million customers to Telecom, which also has operations in Austria, Belgium, Denmark, Italy, the Netherlands, and Switzerland. (37)

The Vodafone/Mannesmann merger illustrates the elevation of international stock prices over domestic concerns and underscores how national markets and politics are becoming secondary factors in a globalized economy. In fact, about 40% of all stocks traded in Frankfurt on the DAX are held by foreigners. The newly merged Vodafone now joins a rapidly growing group that includes BP and Amoco; Credit Suisse and First Boston; Bertelsmann and Random House and many others. These are corporations whose national identities fade away as they shape the world economy and compete under the new rules of globalization.

## **IT And New Private Wealth**

As IT production expanded it developed into powerful new corporations, creating a new stock market, new wealth, and new capitalists. This new bourgeoisie is a key group within the rising

transnational capitalist class and is developing its own characteristics and at times its own politics. Recently *Money* and *Business* conducted an analysis of chief executive's pay comparing 100 of America's largest non-technology companies to 60 of the leading new economy Nasdaq corporations. The average pay of old economy chief executives was \$7.1 million, compared to \$27.5 million for the new economy leaders. The info-tech executives on average have also accumulated \$720 million more in equity, almost ten times the holdings of old economy bosses. (38) This wealth is based in the market valuation of stocks that are used much more widely by the new economy corporations as part of executive compensation. This is also true in Europe, where info-tech corporations on the hunt for top talent have begun the same practices as U.S. corporations. While this wealth will fluctuate with the market, it's an innovative use of tying the best talent into ownership.

This has not only made Bill Gates the richest man in the world with \$71 billion in wealth, but created 10 other chief executives with ownership stakes over a billion dollars among the top 60 info-tech firms. Even after the post Spring 2000 Nasdaq crash these executives were worth a billion or more: Jeffrey Bezos of Amazon, \$8.9 billion; Lawrence Ellison of Oracle, \$8.4 billion; Henry Nicholas III of Broadcom, a producer of communication chips, \$4.8 billion; Timothy Koogle of Yahoo, \$2.4 billion; Jo Mei Chang of Vitria Technology, a maker of e-commerce software, \$2.3 billion; David Wetherall of CMGI, \$1.8 billion; Stephen Case of AOL, \$ 1.7 billion; Irwin Jacobs at QualComm, \$1.2 billion; and Scott Kriens of Juniper Networks, a maker of Internet routers, \$1.1 billion. (39)

Among the 100 top DOW chief executives only two had ownership stakes over a billion: Patrick Ryan of Aon with \$1.2 billion and Frederick Smith at Fed Ex with \$1.1 billion. (40)

These figures report on chief executives, but the Forbes 400 lists the greatest personal fortunes in the United States. As Forbes points out: "Heavy industrial fortunes would have dominated our list decades ago." (41) But no longer, information technology capitalists are this era's stars. To appear on the list you need a minimum of \$625 million. Overall about two-thirds are billionaires. Of the five richest men three come from Microsoft and one from Dell. Of the total 400, 89 have wealth tied to the IT sector. IT capitalists also tend to be younger, 48 being under 50 years old. Of the Forbes 400 only a total of 77 fit that age category. (42)

Of the 350,000 wealthiest households in America (worth \$10 million or more), 5% are headed by someone 35 years old or younger. That's 17,500 households, most of who represent new economy wealth. In 1983 only 0.79% of the richest households were headed by someone 35 or younger. (43)

Over the past decade there has been an outburst of magazines dedicated to watching and promoting the IT sector. *Wired* is perhaps the most widely read dedicating 400 pages every month to trumpet the successes of the new economy. In June they print their own annual index of 40 IT companies that are "driving the future" complete with CEO profiles and investment advice. *Computer Resellers News* is even more self-conscious focusing on individual leaders of the IT super-rich. Every November they choose 25 top IT corporate leaders complete with personal profiles and a parallel reader's poll. They also have established an "Industry Hall of Fame" with annual inductees. There are currently 37 members and you can go online to read articles, see photographs and video clips and hear recorded interviews on each member of this IT Valhalla. The magazine also sponsors an inductee gala event, which in 1999 took place in the Hard Rock Hotel in Las Vegas with 1,000 in attendance. These magazines and events illustrate that IT capitalists are fully self-aware and see themselves as a separate sector within their class.

The development of the IT grouping has interesting historic parallels to the rise of the industrial bourgeoisie in Great Britain. The industrial technology revolution that began in England around 1760 produced a whole host of new industries, new means of production and new wealth that brought about capitalism's modern era. The industrial revolution created value much more rapidly than the old agricultural economy, and the wealth and political influence of the new rich soon outstripped that of the old money. But the industrial bourgeoisie also merged with the landed gentry through common investments, financial mergers, and marriage. Also land management modernized to produce the first factory farms, transforming feudal estates with new farming equipment and methods of production. In this manner important sectors of the old agricultural economy became part of industrial capitalism.

The same process can be seen today as old industrial families invest in new technology, and industrial corporations adopt information technologies to transform themselves and step into the new economy. As the New York Times notes, "From Taiwan to Thailand, the region's most powerful families have started a blizzard of online ventures. Whether their core businesses are in property, telecommunications or banking, Asia's tycoons are seizing on the Internet in hopes of expanding their reach." (44) This strategy is not isolated to Asian capitalism, but is a global trend.

Even in China the IT sector is at the core of a newly developing non-statist capitalist class. The amount of foreign money flowing to private entrepreneurs is without precedent since the 1949 revolution. Already three of China's dot coms are listed on the Nasdaq. As the New York Times observes, "as China's old Marxists know, capital is power and if the country's young Internet entrepreneurs can hang onto their assets and make them grow, they could emerge as a potent force shaping the country's economic – and political – future." (45)

### **The IT Political Agenda**

Competition can be fierce within the IT stratum as the government's anti-monopoly suit against Microsoft revealed. But there are also commonly shared political, social and economic goals. Some of these are a no tax policy for e-commerce; support for government social spending to expand the use of computers and internet access; an open immigration policy for IT professionals; support for regulatory legislation that has allowed the merger of telephony, television and computer technology; limiting lawsuits from Year 2000 computer failures; ending overtime pay after an eight-hour workday; enforcing US copyright laws to protect intellectual capital; and support for China's entry into the WTO.

The political involvement of info-tech capitalists is growing rapidly in the nation's capital. Microsoft has spent about \$16 million in donations to candidates and lobbying efforts since the government's antitrust suit in 1997. Other Internet companies have more than doubled their political contributions in 1999 to \$4.5 million, while telecommunications and phone companies added another \$7.61 million. As with many industries this money is more or less evenly split between both parties. Info-tech corporations have dramatically increased their lobbying efforts in Washington, and politicians are falling over each other to help pro-industry legislation through Congress. Often bills favored by high-tech corporations get support from a mix of New Democrats and Republicans. " 'You have to work hard to make technology issues Democrat or Republican, liberal or conservative,' said Representative Edward J. Markey, Democrat of Massachusetts. ' It's not the contras versus the Sandinistas' ." (46)

New Democrats meet with Silicon Valley executives regularly. Says Wade Rantlett co-founder of TechNet and executive at Red Gorilla “I think they are trying to create a mini high-tech party in a way. It’s a smart political approach.” (47) Republican Representative of Louisiana, W.J. Tauzin calls the info-tech executives “stars,” while Virginia Democratic Representative James Moran notes “People want to know them, touch them.” (48) As the info-tech industry grows its political wish list becomes larger and hundreds of bills that effect the industry are now in Congress. Says Democratic leader Senator Tom Daschle, “The level of interest is as high or higher than any other set of issues I’m aware of. It’s a new paradigm.” (49)

The IT industry has also sought to taylor social policies by establishing large grant foundations. The Bill and Melinda Gates Foundation is now the largest private foundation with an endowment of \$17 billion, followed by the Lilly Endowment at \$15 billion. Hewlett-Packard recently nudged aside the Ford Foundation for the third spot with an endowment of \$10 billion. (50)

### **IT And Industrial Capital**

The drive towards a world capitalist system is rooted in its competitive struggle for accumulation. But the mode by which the nationally based industrial sector is transformed into transnational corporations is defined by IT. Its’ not just a change in the way competition unfolds or where capital is invested, but the way in which information technology has changed industrial technology. This has a direct impact on how globalization is structured, its capabilities and mode of operation. Abby Joseph Cohen, chief strategist at Goldman Sachs notes; “In many ways it’s artificial to draw a distinction between the so-called old economy and new economy, because the real magic of the U.S. economy has been the enormous application of technology.” (51) Adds Fortune, “the companies of the 500 that get the NET – even if they’re smokestack industries – are way ahead of their less Netsavvy rivals.” (52)

One effect of IT is shifts in the make-up of the labor force, with layoffs and hiring at the same time in the same company. The Tribune reports “In a recent survey, the American management Association found that 36% of approximately 2,000 companies contacted created new jobs at the same time that they cut existing jobs.” (53) For example, AT&T is eliminating accountants, marketing managers, telephone operators and repair people, but adding jobs in software developers, Internet specialists, and sales agents. Although many of the newer jobs have higher salaries, AT&T plans to layoff 40,000 workers while only adding 10,000. These shifts in the labor force help explain the current nature of class divisions and the growing divide in incomes.

Auto is perhaps the best example of the marriage of the old and new economies. It is the auto that best represents the industrial economy in the twentieth century. Its development pushed the expansion of the rubber, steel, glass and oil industries, it caused the development of our highway system, changed the urban landscape into limitless suburbs, helped build a national economy, and impacted our culture in many faceted ways. Yet today this old industry is thoroughly linked to the tools and organization of the new economy much in the manner that feudal farming was transformed by the industrial revolution.

This transformation has taken place in every phase of auto manufacturing and can be divided into five categories: organization; research and design; means of production; product; and marketing and supplies.

**Organization:** The global assembly line constructed by the auto industry was made possible by the new command and control system built by information technology. The coordination of production, the transnational flow of parts, the sharing and speed of data, accounting and finances are all done through the instant connectivity of computer networks and software that organizes and channels the necessary information. This level of coordination and the speed needed to operate the system would be physically impossible with the simple phone lines of the 1950s and 60s. GM, Ford and Daimler-Chrysler now plan to create a business to business web site that would coordinate transactions for everything automakers and their suppliers buy. This global parts exchange would handle about \$750 billion in e-commerce transactions. This would also speed engineering changes because innovations would be sent instantaneously up and down the line resulting in a smoother coordination of supplies and products.

**Research and Design:** All modeling is done with computers and software created for this specific work. The research for developing new parts, the use of new materials, as well as the design of each model is accomplished with information technologies. Beyond the manner in which vehicles are designed have been the engineering efforts to integrate microprocessors into the operation of cars and trucks. Also the coordination of these projects and their global work teams operate through real time connections carried out via the integration of computer and telecommunications.

**Means of Production:** Robot painters, welders and assemblers are the most obvious changes in the means of production, but the changes are deeper and more imbedded. Many tools like lathes, drill presses and milling machines are run by numerical control technology. Also the coordination of work and its pace inside the factory is carried out through the use of IT. These changes have led to huge productivity gains in the auto industry and a drop in employment. At the Ford factory in Chihuahua, Mexico, 16 workers produce 1,200 cylinder blocks per shift. (54) Recently Chrysler built a plant with an operating plan of only five-years, based on the expected life span of the software that manages production. Since IT is now seen as the source of added value the factory is organized on its lifecycle, not industrial assets such as heavy machinery. (55)

**Product:** Cars are imbedded with microprocessors at virtual every level of function. The engine, the flow of gas, traction control, diagnostics and entertainment systems all run on software and microprocessors. The Economist reports that, "The typical car today has more computer-processing power than the first lunar landing-craft had in 1969." (56)

**Marketing:** Every medium that advertises and markets cars has been changed by the technological revolution. The message of ads may not have changed, but the technology that delivers it has. E-commerce and web site marketing are changing the way vehicles are sold. The ultimate hope of the auto industry is to link customers to the car before it leaves the assembly line via Internet ordering. Although the build-to-order system is not in the near future it remains a major goal and one that would eliminate car dealerships.

These multiple changes have created the global assembly line that in turn has produced growing centralization in the auto industry. As competition became more global and less national it spawned a spectacular rise in world mergers. In auto there are now five transnational players who own or control 20 formerly independent manufactures.

The General Motors' empire includes: Fiat, Subaru, Isuzu, Saab, and Suzuki. Ford controls Jaguar, Aston Martin, Land Rover, Mazda, and Volvo. Volkswagon has acquired Audi, Bentley, Birgatti, Lamborghini, Seat and Skoda. The three other major world corporations are Daimler Benz which

own Chrysler and have major stock in Mitsubishi. Renault, which controls Nissan and acquired Samsung, and Toyota, which recently took over Daihatsu. Furthermore Daewoo is expected to be bought in the near future by either G.M or Ford. This leaves only Honda, BMW, and Hyundai as important independents. (57)

What is true for the auto industry also applies to other major industrial groups. Not only does ownership cross borders, but production, design, supplies and marketing are also global. This whole system is run and made possible by IT. The old industrial economy is thoroughly saturated at every level with the new means of production. Says Thomas Kwok of the Hong Kong business empire Sun Hung Kai, "One good thing about old-economy companies is that they have profits and cash flow, but old-economy companies need new-economy ideas to survive." (58) That's what makes info-tech capitalism so key to the creation of a global economy and the transnational capitalist class. The fabulous wealth of the new economy goes far deeper than dot com stock speculation. In actuality the dot com craze is only an outward manifestation of a much more firmly rooted creation of new value.

## **IT And Finance**

Finance has been revolutionized by the new means of information production. In fact, globalization is largely defined by the huge and rapid transfer of money. This ability has spawned a new era of speculation and investments that have transformed national economies the world over. Although many analysts worry about the instability of global capital markets that's exactly where profits are to be made. Says Jack Bouroudjian, senior vice president of Commerz Futures, "Traders love market volatility – they live by it." (59) Adds the Tribune "dramatic swings in stock prices ...have largely been welcome – more volatility means more volume." (60)

In order to navigate and profit from this volatile environment traders rely on accurate data. Information is key to the operation of financial markets, and it's speed, coordination and accuracy are core elements. All of these have been immensely enhanced by a wired world, which in-turn creates a rapidly changing environment that pushes demands for faster and better information. The ability to move huge amounts of money electronically, the knowledge of where to move it, and how long to leave it has lead to trillions of dollars bouncing around world markets operating on daily or even hourly margins. The money market alone trades \$1.7 trillion a day, equaling the GNP of the US in one week. This incredible flood of financial transactions are accomplished by a computer known as CHIPS, or the Clearing House Interbank Payment System. CHIPS handles about \$2 billion in transfers every minute. Housed in New Jersey, it has a sister in Belgium called SWIFT, or the Society of Worldwide Financial Telecommunications. The New York Times dubbed CHIPS "the computer system that is the heart of global capitalism." In fact, more than 90% of all money circulating between countries is in speculative activities. (61)

For the first time in history the world's stock market capitalization has passed the world's economic output in goods and services. From \$16 trillion a decade ago stock market capitalization has hit \$35 trillion. This compares to \$30.1 trillion in global goods and services. (62) Hundreds of new financial instruments have been created to increase this flow in what the New York Times refers to as a "torrid growth in the world's Capital markets." (63) This growth would have been impossible without the information systems that operate it. These markets now dominate world financial movements, a lesson brought home by the 1997 lighting quick crash in Asia. IT has built an integrated global financial system that ties together all national currencies in a web of dependency. This network is managed by the IMF which demands full financial access for transnational banks and speculators into every national market.

Just as mergers in industry are driven by global competition and the organizational abilities of IT, so too are mergers sweeping the banking and finance industry. Major transnational mergers saw Suisse Credit's buying the Bank of Boston, Deutsche Bank's acquisition of Bankers Trust, and Societe Generale acquisition of Yamaichi International Capital Management. The biggest move inside the US was Travelers' acquisition of Salomon Smith Barney, followed by their buy-out of Citibank for \$73 billion. This created Citigroup with total assets of \$720 billion and operations in over 90 countries. Citigroup recently moved into the Japanese market by becoming the biggest shareholder of Nikko, Tokyo's third largest brokerage firm. In Japan pending mergers will create two banks with assets of more than \$1 trillion apiece. Another trillion dollar bank, UBS of Switzerland, recently acquired Paine Webber which holds \$423 billion in assets. The same trends are present in Germany, where there has been a scrambling of Deutsche Bank (Germany's largest with \$800 billion) Commerzbank, Hypovereinsbank and Dresdner Bank to merge or recreate themselves for global competition.

While New York has the DOW and Nasdaq, Saskia Sassen points out that "London is the preeminent city for global finance...It leads the world in institutional equity management, holding over \$1.8 trillion in assets...it is arguably the world's biggest net exporter of financial services, with a surplus of \$8.1 billion...leads in international bank lending, consulting on cross-border mergers and acquisitions, and trading and issuing international bonds. Finally, London is the leading global foreign exchange center, with a 40% market share, far ahead of New York." (64) In fact, U.S. banks account for only 15% all of cross-border lending. (65)

Information technology is also the main target of new venture capital. In the first six months of 2000 a total of \$49.3 billion was invested in 3,322 new companies. Northern California was the center for venture capital receiving 36% of the total, while 20% went to east coast start-ups. Nationally almost 86% of these investment funds went to Internet related companies. Of those companies attracting large investments of \$50 million or more, 36 of 39 were tied to the Internet. (66)

Most investments come from wealthy families, many of whom became rich in the IT industry like Paul Allen of Microsoft. IT corporations like Intel and Cisco are also putting billions into new companies. Just a few years ago venture capital was mainly a local affair with angel investors mentoring start-ups and sitting on boards. But as pointed out by Jean Yaremchuk; "The spirit of global cooperation has rubbed off on venture capital investors, with European powerhouses investing in Silicon Valley and a slew of U.S. based venture capitalists moving into Europe." (67) Just in the second quarter of 2000 U.S. venture capital firms had 183 investments in Europe, Asia, and Latin America.

## **Conclusion**

The tendency of capitalism to expand and become a world system has been present from its start. But the ability to integrate beyond its national borders and emerge as a transnational system is closely linked to the new abilities of information technology. The interconnectivity and speed necessary to link world finance and build a transnational economy only became possible with a networked world. Earlier international trade based in national industrial capitalist formations was built by slower flows of information, coordination, exchange, transaction, and travel. The technological revolution of the industrial era built new markets and manufacturing methods bound by its own capabilities, just as today's technology allows capitalism to reconfigure itself along new lines of global organization.



In the industrial revolution speed and connectivity was represented by the expansion of the rail system that tied together markets and commodities. Railroad construction exploded to meet the demands of a youthful capitalist market. For example, in 1850 in Europe there existed only 19.5 thousand kilometers of rail, but by 1870 this had grown to 61.5 thousand kilometers. (68) These rail systems primarily helped to consolidate national markets and capital. In the 20th century the communications revolution increased trade and tied world markets closer together.

Today the Internet is what carries products to markets and it is experiencing phenomenal growth to meet the demands of information capitalism. In 1990 U.S. fiber networks totaled 2.8 million miles. A decade later 17.4 million miles of fiber existed with a total of 26.7 million miles planned by 2002. In Europe since 1995 long-haul fiber networks have grown by 700 percent. (69) These systems have the ability for almost unlimited connectivity all taking place in real-time. Compare this to the 1950s when long distance phone lines could only handle a few hundred calls between Europe and the U.S. at any given time.

Today's means of communication, marketing and production are in sharp contradiction with the old industrial nationally based system. The struggle between the two is played out in the transformation of government and supranational bodies. The growth of the WTO, IMF, and World Bank reflect a fundamental process to create a new legal and economic superstructure to accommodate, expand and protect the new social relations of globalized capitalism.

When we examine political expressions from this emerging system they clearly reflect changes that spring forth from the organization and abilities of the new means of production. The rise of neo-liberalism with its demands for open markets and financial structures worldwide came about when capital became capable of exploiting such a global system. These structural policies never developed in the era of international industrial capital. That world system did not have the physical ability, the speed, nor connectivity to build or conceive of such an integrated economic system. In fact, the world industrial trading system was based on national production and exchange, and the monopolization of international markets by individual nation states. The nation state with nationally based corporations were defining characteristics of imperialism. Today's transnationalization of production and finance is a different type of global exploitation and a new type of imperialism.

Even after the Asian crash and the subsequent failures in Russia and Brazil, transnational capitalists did not retreat into nationalistic or protectionist remedies. Rather they pushed the process of globalization even further, demanding full financial transparency and common financial standards for all countries. These demands reflect the organizational and structural abilities of the new means of production. The political and superstructural changes sought by the WTO and IMF are aligning modern transnational markets with changes at the economic base. These in turn create new political terrain. Whether it's globalization at the top, or the grassroots movement from below, both are born out of the changed conditions brought about by the era of information capitalism.

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## Strategies for Survival: Who Will Connect To Whom?

### An Interview with Alvin Toffler In Government Technology Magazine

<http://www.govtech.net/>



*Alvin Toffler is one of the world's best-known futurists and social thinkers. His books, such as *Future Shock*, *The Third Wave* and *Powershift*, continue to be read in more than 50 countries. They have drawn comment from and have affected the strategic thinking of leaders from around the world and have significantly influenced contemporary thought about the information revolution, social transformation and the speed of change. Toffler works in close intellectual partnership with his spouse, Heidi Toffler, who has co-authored many of his works. This Interview was conducted by Blake Harris & Bryan M. Gold*

**Q:** You have written extensively about the breakup of the industrial system, which you define not just as an economic and political system, but also as the entire culture -- a whole set of institutions and our integrated way of life. As we enter the new millennium, during the tremendous changes and turbulent times that lie ahead, are there lessons from the past that humanity must not lose sight of? What must we try to hang on to?

**A:** An acceleration of change has consequences that are not necessarily a result of whether the change is good or bad, but just acceleration itself creates consequences and some difficulties for us. While I recognize that, nevertheless, I believe that we need to let go. There are many things that we need to let go. Rather than focus on hanging on, we need to focus on inventing.

As an American, I want to hang on to my Bill of Rights, for example. I don't think the current Bill of Rights necessarily answers all the questions that we need to answer about the 21st century -- the kind of rights that we may need guarantees for. For example, rights having to do with genetic engineering or having to do with privacy or having to do with a variety of other issues raised by the kinds of changes that are taking place today. What I would like to do is hold on to the rights that we have, but expand them to take account of the new ones. So there are certain things I want to hang on to. I certainly want us to hang on to whatever personal relationships that we weave in the course of our lives, our family relationships and companionship and so on. But I believe that the main message that ought to be sent to the readers of any magazine that goes to government is not what to hang on to, but what it is going to have to change.

Institutions change at different rates. Businesses change rapidly because they are under enormous competitive pressures and for a variety of reasons. Business corporations, as an institution, for good or for ill, change quickly. School systems change extremely slowly. Political systems are even more rigidly resistant to change when it comes to the structure of government, and so on. So what you have are enormous forces that are converging on the society -- technological, social, economic and a whole variety of forces -- making the current set of institutions inappropriate for where we are going, including the kind of governments that we now have. So while there are certain things, obviously, we want to keep, rather than saying what we should hold on to, we have to be talking about what do we have to change. And how we do that peacefully, because change implies conflict and brings conflict with it.

Conflict is the other side of change, and conflict can be creative. It can be positive up to a point. But beyond that point, it can be destructive and deadly. So the question is how do we prepare ourselves, whether we are a state or county or city, or for that matter, a national government? How do we prepare ourselves to make the fundamental kinds of changes that I think are going to be necessary to cope with this wave of transformation?

**Q:** In the years since you wrote *Future Shock* and *The Third Wave*, most of our society has become far more conscious, in part because of the tremendous impact and insight of your books, of the fact that we are moving into a new age where many things will be very different. Since then, we've seen the rise of the Internet and how digitalization is changing business and organizations of all descriptions. What do you think is particularly important for state and local government to realize about this transformation?

**A:** My wife and I have been studying change around the world for decades. And I believe that today's tremendous changes in technology, society, culture and politics are going to shift the balance between centralized and decentralized organization, profoundly change systems of taxation and revolutionize the economy. All of these are likely to have a direct impact on the functions and authority of states, counties and cities in the future. But even these changes are only part of an even larger set of forces converging on us today.

Most people are now aware that knowledge plays a new role in the creation of wealth -- that we are moving toward what has been called a "knowledge-based economy" or "a third-wave economy." What is perhaps less widely understood is the transformation we are living through goes far beyond business, far beyond markets, far beyond economics, far beyond technology and far beyond government as we know it today.

What we are seeing is an emergence of a completely new way of life. Or, put differently, a new civilization. We talk about connectivity. We are busy connecting everybody to everybody. We talk about how every business and every person is now connected, or soon will be. That's what today's titanic struggle in the telecommunications, television, Internet and the e-commerce industries is all about -- who will connect who to whom.

But there is another, largely overlooked level of connectivity. And that, I think, is really important. Today's changes in technology and the economy are increasingly connected to other kinds of changes in society. We are connecting technology to politics, politics to culture, culture to science, science to family life, family life to religion, religion to ecology and so on. All the different spheres of social existence are also being wired together more tightly than they were -- which means that a decision in any one of those ramifies through the entire system and creates changes on down the line.

You can't change something in the ecology without it having an effect on social life. You can't change something in the social system without it having an effect, indirectly or directly, on business or on technology or on politics. So I believe that all these different aspects of life, all of which are being changed and which form a larger social system or civilization, are now more densely interconnected. Therefore, the connectivity that most people talk about -- digitalization, wired up or wireless connections and so forth -- is only a small piece of a much deeper form of connectivity that will alter the way we think and the way we live. And, indeed, will alter the relationships of cities to counties, counties to states, states to Washington, Washington to Tokyo, Tokyo to Brussels.

All of these subsystems of the society, if you want to think of it that way, or these spheres of social life, were always interconnected to some degree. But today, the feedback processes between them are so rapid and complex that nobody understands them very well. In turn, as digitalization effects each of these parts of society, everything from consumer wants or needs to law, values, finance and the way we run our governments must and will be transformed.

**Q:** How do you see digital democracy developing in the future?

**A:** Well, my wife and I wrote many years ago in our book *The Third Wave* that one does not have to counterpoise direct democracy and representational democracy. There are many, many ways to fuse these two together. The Internet is going to have an enormous impact on both of those forms. The Internet means that you can organize a constituency almost instantaneously behind any proposition that somebody wants to put forward. Some of those will be constructive and some of those will be hateful. We see that already. But the fact that you can have instantly organizable, temporary constituencies means that underneath the formal operations of our governmental systems -- with the machinery of elections and the formal processes by which we convert candidates into 'representatives' -- underneath that something is going on that is much deeper.

Virtually nobody in America believes in government. And that is true not just for Washington, it is true for city hall, it is true for wherever. I believe, moreover, that almost nobody considers themselves 'represented,' even though we have a system we call representative government and, that in some respects, it is pseudo-representation. But in other respects, even at best, people who have given sweat equity to political activity, or who have contributed money, even some of the people who have contributed huge sums of money, all feel unrepresented.

I can cite individual cases of people -- leave aside the poor, leave aside minorities, leave aside people who have classically felt unrepresented. I can tell you there are giant campaign contributors who feel totally alienated from both parties and feel that they are unrepresented by the present system. When you stop and look at what is happening to the system -- well, I'll quote a senator, a friend of mine. When we wrote the book *Powershift*, which came out in 1990, he called. "I just want to have an intellectual conversation," he said. "I can't do that here in Washington. I never have more than two-and-a-half minutes of unbroken attention." And then, on another occasion when we had dinner with him, he said, "Two-thirds of my time is spent on public relations and fund-raising. Then I'm on this committee, this subcommittee, this task force, this joint committee, this other group. Do you think I can possibly know everything I need to know to make intelligent decisions?" He honestly said, "I can't. Therefore, my staff makes the decisions, or many of them." And my question to him was, "Who exactly elected your staff?"

So there is a fundamental disjuncture -- a break between the way the system is designed to work and the way the system actually works. It is dysfunction. And that means that we are going to face profound constitutional questions in the decade or two ahead. And we are kidding ourselves if we think we can escape that.

**Q:** Looking more broadly at the question of "powershifts" -- your book on this subject made an excellent case to the effect that "the substitution of information and knowledge for labor has brought us to the edge of the deepest powershift in human history." How, in your view, is the relationship



between governments and their citizens changing? In what ways is government going to have to deal with citizens differently?

A: Well, as access to information and misinformation becomes more widespread, all kinds of authority is coming into question. It is not just that we question the authority of our governments -- and frequently with justification. But we question the authority of the doctor, because when my wife or my daughter goes to our doctor, she knows more about the disease than that doctor who has to deal with 60 different diseases. We are looking at one. We have access to medical literature. We have access on the Net. We prep ourselves before we go in there. And, therefore, there is a change within the power relationship between the doctor and the patient.

The same thing is true across the board. Many, many other power relationships in this society, and all relationships have an element of power in them -- the shift of the availability of information changes things. In business, for example, it has already changed the relative power of the manufacturing sector to the retailing sector. And now you hear throughout industry, whoever owns the customer has the power, as distinct from the manufacturer or the supplier. The availability of information -- in the case of retail, it is the information they are getting out of their optical scanners and other kinds of information that they have -- prepares them better to fend off the pressures from competitors and/or, in the case of the big supermarket, the big food companies, the manufacturers. So what you see, as information becomes available, it shifts power relationships.

And I believe that we are, moreover, moving into a pretty dangerous period. The dark side of the new technologies, with deep political implications, is what we call the end of truth. First, when you download something from the Internet, you can't always be sure what you are reading is what was input by whoever it says did it. So there is a great deal of insecurity about the information that is available on the Net. Second, you have technologies now that make deception cheap, easy and available. And these are not just by interfering with Internet-based information.

Look at the movies. The special effects began a few years ago with a movie called *In the Line of Fire*. In that movie, producer Jeff Apple digitized an actor, Clint Eastwood, into existing film of the Kennedy motorcade in Dallas. And when you saw that movie, you could not tell that Clint Eastwood had not been a Secret Service man there to protect Kennedy. Subsequently, you've got movies like *Forest Gump*, where Tom Hanks meets Nixon and chats with him. *Scientific American* did an article on how digitization can be used photographically for deception. It showed a picture of President Bush walking in what seemed like the Rose Garden, followed about six feet behind by Margaret Thatcher. In the next photograph, they are walking side by side. In the next photograph, they are practically holding hands and whispering in each other's ear -- and all of that is easily manipulated.

So there are now tremendous new technologies of deception and, as yet, not very many technologies for verification. Then you add to that one further feature, and that is not technological but intellectual and philosophical -- the rise of a whole school of philosophy called post-modernism which, in fact, challenges the very conception of truth. You put all those together, and you are moving into a period, I think, which will feed the political cynicism of the population. It means that seeing is not believing. Reading is not believing. Hearing is not believing. And that means you are going to have a lot of very, very cynical people, even more so than today.

The flip side of this is the danger that you will also have a fractional population that will believe only one thing and believe that thing fanatically -- the danger of a split between the cynics and the fanatics. And that could have enormous political consequences.

**Q:** In terms of the new emerging dark side of the technology, do you feel this is inevitable? Are there things that can be done to help deal with this?

**A:** I think what is happening, for good or for ill, people are becoming much more media savvy. They are becoming skeptical. They need to be skeptical and, to a point, it is justified. I think it has a lot to do with political campaigning, the kind of messages, the fractionalization of audiences into different constituencies, the pressure of sound bites. And some very serious thought needs to be devoted to how governments and how politics in general, and political people in it, communicate, and through what channels they can communicate. All of that is going to change.

It is not that everything is going to be reduced to a push-button vote, I don't believe that's true, and I think that's a simplistic model. My wife and I frequently were accused of favoring push-button democracy. That is by people who have not read what we have written. So I don't think that's what is going to happen. But I think you also have lots of people who have been displaced by this revolution.

On the other hand, I believe the positive consequences of digitalization, electronic commerce and new technology are, in fact, to make possible the substantial alleviation of poverty. Whereas most people worry about the division between the info-rich and the info-poor, something that we talked about decades ago, I have grown less pessimistic and more optimistic as the price of computers and broadband communication go down. I spoke, for example, to thousands of teachers in Mexico and they raised this question. "We are poor, we are a poor country, a poor region. Aren't we going to be left out?"

I asked one question. "Please raise your hand if you have a television set." They all raised their hands. In a few years, that's what a computer is going to look like. That is going to be the computer. And now we have companies giving computers away free. So the fact is that we are moving toward extremely cheap computing power, extremely cheap broadband communication, and the consequences of those are going to be a billion people networked together around the world.

**Q:** Given what you said earlier about letting go, should we be fearful of what's to come, or joyful for what is happening? And given that, what should governments be doing to better prepare for the transformation ahead?

**A:** We should not blindly embrace, but we should certainly not blindly resist or blindly try to hang on. My wife and I have what I call a bittersweet approach. The world that we are creating -- it's not just coming toward us, we are creating this new world, some of us. In fact, most of us, one way or another, are contributing to the creation of this. The world is going to be different: That doesn't mean it is going to be utopia, that doesn't mean it is going to be a dystopia. There is still going to be sickness, there is still going to be age, there is still going to be problems with kids, and family life and love and interpersonal relationships and the stuff that people feel emotionally very close to. We are going to have political problems. And we are undoubtedly going to have wars, and so on.

So the idea that we are going through a transformation does not mean that the other side of that is going to be all black or all white. We are going to have a very different way of life. Different is the key term. And it will create its own set of new problems. Enormous moral problems arise, for example, out of biotechnology and genetics. The Europeans are going crazy about genetically altered food right now. Their panic may be overdone and may be stoked for economic and trade reasons,

rather than for the ostensible reason. But, be that as it may, we are going to face profound issues of what do we mean by being human. What is the definition of human? How will that change as we begin to affect our own evolution? We have the tools to do that now.

I believe that will create enormous political strains, enormous religious movements, good or bad, that will play a role in all of this -- a greater role than they do at present. And it is going to be just a very, very, very different world. And to say, "Let's hang on," is like saying to the peasant family in medieval France or Germany, "There's an Industrial Revolution coming at you, but you don't have to change. You stay in your village and maintain village ethics, and village morality, and the ignorance that went with living in a village, and the lack of democracy that went with living in a village, and so on." I'm not in favor of hanging on. I'm in favor of trying to make sense of the changes that are occurring, attempting to develop some strategies, personal and organizationally, that anticipate what is coming.

We coined a phrase in Future Shock. We said if we want to have a democracy, it needs to be anticipatory democracy, not just participatory -- anticipatory -- because the changes come so rapidly that you can easily have your democracy swept away. And what we now have is a mass democracy that is appropriate for mass production, mass distribution, mass consumption, mass media, all the rest of that. And it is the political expression that is built on those and those systems that are falling apart.

Economically, it used to be that the aim of production was to make a million identical objects that were absolutely interchangeable. Now you hear about mass customization. It becomes cheap and possible to customize products, personalize products, turn out one-of-a-kind. A woman can go get a pair of jeans measured by computer, cut to her shape, not just size 10 or size 12 or whatever the case may be. We are customizing production and moving toward a system that makes it possible to "demassify" mass production. The same thing is true of markets. We used to talk about mass marketing. Now we talk about niche markets. We talk about micromarkets. We talk about markets of one, person-to-person marketing, one-to-one marketing. These have all kinds of social and other parallels.

For example, we see it in the media. In our system, you create a product and you have a market over there, and it is the media that created the knowledge among the consumers that there was a product to buy. But, the fact is, we grew up when there were three television networks and three jokes the following morning. Now, we've got not only a multiplicity of cable and satellite channels, but the Internet -- which is, in effect, an infinite stream of channels coming into the home. And what that does is provide precision targeting for the manufacturer or the seller to reach the customer on a one-to-one basis. The mass society, and the consumers in a mass society, may have accepted identical, one-size-fits-all products. But more and more people today not only yearn to do "my own thing" but to "buy my own thing, to be my own thing, to learn my own thing." And they demand that they be treated as individuals, not part of the mass, if you stop and look at the social consequences of this.

In the same way, I believe that racial and ethnic identifications are also demassifying in parallel to what is happening in the economy and the media today. Yes, a Million Man March can be organized. It can materialize and that is a mass event, for sure. But if we look more closely at the way things are going, we find race relations in the United States are not just a minority/majority issue. It is not just black and white any more. The key identifications people are making inside their heads, and in their groups, are often subethnic. So categories like Hispanic, or Black, or African American, or Asian -- categories that lump many different cultures together -- are increasingly inadequate to explain how people identify themselves. Americans of Mexican origin are keenly aware of how different they are

from Americans from Guatemala, or El Salvador, let alone Puerto Rico or Cuba. Often there are tensions, as between Cubans and Mexicans -- the way they recently had a big fight, for example, over the control of the Spanish-speaking media in the country.

Women, as a category, are increasingly aware of narrower and narrower sub-identifications. At one level, we still see the mass media spreading in the world. But underneath that, we are all identifying ourselves much more precisely within narrower and narrower groups. And, thus, we see greater and greater diversity, not just in products and services, or in the music we listen to, but things like resurgent regional cuisine. At every level, I believe, you are seeing this.

At the same time, there is a growing sense of complexity. Boundaries are blurring, relations grow more temporary, decision-making more pressurized and the speed of change continues to accelerate. And that is what political and administrative leaders, and business leaders, are up against today -- all decision-makers. When you put all that together, you get an impact that is not just additive, but cumulative.

Politically, there are more different interests to satisfy. It becomes harder to create consensus. Pressures for decentralization grow. And even decentralized units face demands for autonomy by subunits. Cities want autonomy. The Valley wants to secede from Los Angeles. And all this will be intensified by the coming hurricane of changes yet to come and these are going to hit, for example, the tax system.

The third wave brings with it an upheaval in taxation. E-commerce -- I do not believe that e-commerce should be slowed. I believe that e-commerce is in a stage of chaotic, explosive development, that it should be allowed to go untaxed for at least a period of time until it takes shape. And I know this represents a real threat to the financial underpinnings of many communities. But, nevertheless, e-commerce should not be slowed or stopped in my judgment.

I think we will see a shift from sales taxes to other kinds of taxes, to other kinds of fees. I think we are going to be looking for all kinds of alternative sources of taxation. Faced with all of these challenges, American governments at all levels need to take a deep look at their future, and to find strategies for success and survival.

What new functions will justify the existence of a political entity that lies between the federal government and the municipality? Businesses everywhere are flattening their hierarchies. They are eliminating layers of management. They are disintermediating unnecessary go-betweens between levels of management. What does that portend for the county or the state? What's your strategy for confronting those changes? Do you have a coherent strategy based on a realistic image of the future? There is a growing pattern amongst leaders in business, government and politics to throw up their hands and say that things are changing so fast that strategy is obsolete; you can't have a strategy -- things are too unpredictable. And that all you need to do is to be quick off the mark, agile, [and have] the ability to respond rapidly and quickly to circumstance.

I would argue that is not adequate. Without a strategy, you become part of somebody else's strategy. So I believe that in order to rethink, reconceptualize, the role of government, you have to start asking profound, fundamental questions and also begin to develop a strategy for dealing with this hurricane of change that I've described -- strategies that may be switchable, quickly changeable, with backward contingency plans. But, nevertheless, strategy -- not just ad hoc, shoot-from-the-hip responses.

# Technology in Sci-Fi: The Future We Love To Hate

By Jerry Harris Chicago  
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Science fiction is the most common vehicle in literature and film to explore our love and fear of technology. Cloning may seem new, but the first bioengineer was Dr. Frankenstein. The good doctor was a villain for committing the sin of playing God, creating life and breaking the laws of nature. In fact, it's for those very same reasons that many people today mistrust and condemn bioengineering. It's not Dolly the Sheep we fear, but those mad scientists in the backroom lab splitting genes and God knows what else.



*Harrison Ford & Clone in Blade Runner*

People have always feared being slaves to technology--that some day machines will control our lives, takeover our humanity, and define our reality. Marx situated technology within the context of social relations. For him the key question was who controlled the machine. Capitalists would naturally use technology for their own benefit and as a means to control workers. But if workers had control, technology could help liberate humans from want and misery. Just think of Charlie Chaplin in his classic film *Modern Times*, attached to the assembly line as if a human robot and swallowed into the very gears of the machine. On the other hand communist artist Diego Rivera painted Henry Ford's River Rouge with religious fervor, turning the halls of the Detroit Museum into a virtual chapel to technological worship and working class power. Images of master or slave seem to permeate our views of technology.

## Clones And The Sin Of Creation

After Frankenstein, his bride, and their unfortunate fates, *Blade Runner* is our next great bioengineering film. This one gets more real as time goes by. Update the mad scientist to the Tyrell Corporation and it's slimy CEO, the villain now has turned into an unethical businessman with a Phd in science. The clones are manufactured to do particular jobs in outer space and designed with a five-year expiration date. They escape back to earth in search of their maker and with a question we all hold, "How long do I have?" As in Frankenstein, our new monsters, the rampaging misunderstood clones looking for their humanity actually gain our sympathy. For that matter, they win over Harrison Ford even as he hunts them down. Decker, (Ford's character) falls in love with one of the clones and flees into an unknown future with her at the end of the film. How better to express our attraction to technology than to sleep with it! On the other hand Decker goes around killing the other clones, the ones we fear, the ones out of control and questioning the very division between technology and humanity.

What is it to be human was one of Philip K. Dick's favorite themes, he wrote *Do Androids Dream of Electric Sheep*, the book *Blade Runner* was based on. His questions are becoming ever more relevant as technology puts electrodes into hearts to make them pump, silicon chips into eyes to make them see, and pig's livers into our bodies so we can continue to live. The inter-facing of science in our bodies and our genes is only just beginning. Designing humans (at the very minimum for health reasons) is on our doorstep.

Arnold Schwarzenegger's new film, *Sixth Day*, presents us with a world just around the corner, perhaps no more than five or six years. But rather than *Blade Runner's* dark distopia where police hunt down clones through neon lit rainy streets, *Sixth Day* presents a familiar world of bright clean suburbs where clones hunt humans and each other. This is the world we live in today, just slightly altered by a wonderfully layered use of technologies currently on the cusp of development. Smart refrigerators that remind us we're out of milk, self-driven cars with push button map locators and virtual sex for lonely guys at home. Chase scenes speed past suburban streets where all the houses look the same, reflecting a cloned culture where people already look, think and act alike.

The movie has a lot to say about the moral, legal and economic problems that cloning could create. Cloning in the *Sixth Day*, as in *Blade Runner*, creates memories and personal histories. In *Blade Runner* false memories made the clones more human, while in *Sixth Day* the real memories of the original person are reproduced creating a second or third you. In both movies out-of-control clones are the danger, technology gone wrong. Both movies also give us a dose of religious caution, *Sixth Day* even beginning with a quote from Genesis. And both movies wrap science and technology in its distorted relationship with market and commodity production. In fact, our *Sixth Day* bad guy is an info-tech capitalist dressed in New York black with a Regan era attitude.

The idea of human clones used as technological commodities was more starkly presented in *Blade Runner*, because in *Sixth Day* they have achieved a level of success and power. Nevertheless the deep contradictions and daily compromises between science and capitalism are important elements that make *Sixth Day* work. Robert Duvall plays the scientist (we know because he always walks around in a white smock), and he is clearly manipulated by the corporation's CEO. Although motivated by his research and desire to extend his sick wife's life, his work is used in a political plot to change the laws prohibiting the cloning of humans. Particularly the law that makes it illegal for clones to inherit the wealth of their former self. Something only the really rich would find necessary to kill over. To carry out the scheme people are murdered and cloned, but engineered with diseases that are fatal within a few years. This arrangement helps to enforce contracts as well as company loyalty. Duvall's wife has already been cloned several times and pleads with her husband to let her die. It's a Kovorkian scene arguing for a dignified death over the technological extension of life.

The film also presents some other nicely framed observations about technology and market relations. A star quarterback is badly injured, murdered in the ambulance, and then cloned so he can rejoin the team and fulfill his multimillion-dollar contract. Clones are also employed as an in-house gang working for the corporation. No longer hunted down as violent runaways as in *Blade Runner*, these clones are the hunters and recreated every time they're killed. When they fail to do their job their boss barks out, "You cost \$1.2 million each, show me you're worth it!"

*Sixth Day* is also good at showing us the arguments and marketing that entices society to accept dangerous technology. The scientist just wants to keep his wife alive and the CEO talks eloquently about reproducing people like Albert Einstein and Dr. Martin Luther King, all high moral arguments that cloak the power and greed behind the reasoning. There is also an active legal business of cloning dead pets and here we are already facing reality. Recently the founder of Phoenix University paid Texas A&M \$2.3 million dollars to try and clone his pet dog Missy. Notice the price tag. That point is brought out during the climax of *Sixth Day*, when the hero "Adam" poses the question "who decides." That, after all, is the key: in a market driven society, who decides is the one with the most money. We may see a world divided between the gene rich and gene poor. Or as Marx would put it, class determines use.

Unfortunately *Sixth Day* betrays itself in the end, much like the studio cut of *Blade Runner*. In that film Decker literally flies off into the sunset with his clone lover as the voiceover tells us that she is special and has no expiration date. Director Ridley Scott's version has them on the run, an elevator slamming shut like a jail door and nothing about Rachel being "special." *Sixth Day* spends two hours telling us about the dangers of cloning, even giving it religious overtones by calling the clones "evil" and "abominations." But in the end Adam's cloned self has a fond farewell with his family, gets into a flyer and takes off over the Golden Gate Bridge into a future of adventure and self-discovery. Here the hero doesn't fall for a clone lover, he falls in love with himself. There is even a mention that his DNA has been checked out and cleared, he has no engineered disease. The film leaves us thinking the only danger with cloning is if we clone bad people. On the other hand, if we clone good people, (like ourselves) it's okay.

### **Technology As Terror**

For a world that technology almost destroyed, we need to visit *Terminator I* and II. Arnold Schwarzenegger is the robotic killing machine and his square body fits the part perfectly. When *Terminator I* came out, robotics were replacing thousands of workers in auto and other industrial jobs. How better to express our fear than a robot that destroys our future. The machine is relentless as your boss on an efficiency drive; he just keeps coming after you no matter how hard you work to avoid your fate.;

*Terminator II* takes us to the next phase of technology, the digital threat. This *Terminator* is no longer a one-note robot, but a flexible, adaptable, ever-changing threat. The film's effects, produced by digital technology, presents the new killer as information based and computerized. He can mimic any voice, assume any identity, and reprogram himself to deal with changing situations. Robert Patrick (now on X files) as the new Terminator even looks like a well-groomed, thirty-something professional. But under that nice exterior a killer lurks. This Terminator represents the new third wave economy, not only attacking humans, but also replacing the old Terminator model. Finding himself in the technological garbage dump alongside humans, *Terminator I* now switches sides to help defend humanity.

In both films the climactic ending takes place in an old second wave industrial factory. *Terminator I* ends when he is crushed in a machine shop, our human heroine making use of the old familiar technology that we know, control, and feel comfortable with. This is repeated in *Terminator II* where the final battle takes place in a steel mill, the molten metal consuming both *Terminator I* and II. Our jobs are safe, the future technology has been destroyed, and we're left with our industrial base intact.

*Total Recall*, another Schwarzenegger film, is a virtual Marxist tale on the use of technology. There is a lot of excitement and fun around concepts of dual identity. The hero is torn between joining the revolution or working for a nasty corporation which is running Mars. This conflict of political consciousness is wrapped inside an advanced virtual reality technology game where Schwarzenegger plays out his moral dilemma. Eventually his virtual persona becomes his real self, just as we all wish to be better and braver in our virtual mental playgrounds. To defeat a rebellion of poor outcasts the corporate CEO on Mars (played by Ronny Cox) orders all air cut-off to the underground sections of the city where the rebels have taken over. Air is the prime commodity on Mars, and the corporation that produces and controls it runs the city. Marx couldn't have put it better. Capitalism turns everything into a commodity, even the air we breathe.

This Martian scenario was virtually carried out by Lawrence Summers when he was chief economist at the World Bank. In a memo that could have been part of *Total Recall's* script Summers wrote: "I've always thought that under-populated countries in Africa are vastly under-polluted: their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City. Only the lamentable facts that so much pollution is generated by non-tradable industries...prevent world welfare enhancing trade in air pollution and waste." Now there is logic that they would have appreciated on Mars. Yes you read it correctly, clean air is inefficient and should provide a market in which poor countries sell their under-polluted oxygen as a sink for industrial waste. Meet your new boss, same as the old boss, and ready for his assignment on Mars.

This is uncomfortably close to the reality of globalization. Today everything seems to be for sale to transnational corporate ownership. There are no longer any socially owned resources, if its public it needs to be privatized. The latest buyouts have focused on national water resources. Recently in Bolivia, Bechtel "bought" major public water resources and increased prices by 300%. As on Mars, there was a massive rebellion of poor people and Bechtel was kicked out of Bolivia.

In *Total Recall* Schwarznegger remembers a hidden Martian technology that creates oxygen for the entire world. The plot revolves around his struggle to put this technology to use for the free consumption of air. Of course our hero is successful, undermining the corporation's monopoly and killing everyone on the executive board for good measure. Technology is both the oppressor and liberator, depending on its use and control. In this case the revolution wins out.

### **Consciousness, Real And Otherwise**

In many of these films computers reach artificial intelligence and act in their own class interests, or at least against human interests. It was a self aware defense computer which sets off nuclear war in *Terminator I*, and who can forget Hal in Stanley Kubrick's *2001: A Space Odyssey*. The computer that is built to serve us, suddenly turns in rebellion and with cold logical efficiency sets out on our destruction. No matter what we say, no matter what we input, it just won't obey our commands. How many times have we all complained about exactly that same problem as we sit in front of our PCs. In 1968 when I first saw *2001: A Space Odyssey* I was in a San Francisco theater filled with stoned hippies plastered to their seats as spaceships twirled to Strauss. Twenty years later as I sat stone sober at my desk facing my first PC; it seemed Hal was lurking somewhere deep in my subconscious warning me that if I hit the enter key this machine would destroy my life. Now whenever the computer seems to have a mind of its own and refuses all my commands I know Hal's ghost is somewhere in there just short of achieving full consciousness.

The movie that brings all this together is *The Matrix*. False consciousness, artificial intelligence and revolutionary consciousness fight for our hero's soul in a virtual world more real and appealing than reality. Once again computers gain self-consciousness and take control in a bitter battle that leaves the world in ruins and humans enslaved. To provide energy to run the machines humans are kept in cocoons and hooked-up as batteries while their minds are immersed in a virtual reality that looks like New York on its best day. It's hard not to give this a Marxist reading. Human batteries (wage slaves) mercilessly exploited to keep the machine (capitalism) running, all the while believing they are living in the best of all possible worlds. Virtual reality is nothing more than false consciousness. While you think everything is great in actuality the world is hungry, cold, and a prison of poverty.

The film carefully constructs sharply contrasting images of the real world and its computer stimulation. In virtual reality you eat and dress well, have a steady job, and the light shines like Los



Angeles in the 1940s. But our small crew of revolutionary cadre who have escaped false consciousness live in small confined metal spaces. The food is prison slop, the clothes dirty and old, and the only job is to organize the overthrow of the machine. Those with revolutionary consciousness must also be careful of people still trapped in virtual reality. Although the task is to liberate humanity, as long as people are fooled by false consciousness they can be inhabited by a computer program that turns them into agents of the system.

The computer's security programs look exactly like FBI agents. And these agents are nasty business. They use torture, implant bugs in your body to keep track of your whereabouts, express racial hatred of humanity, and carry themselves with a cold fascist attitude of superiority. In a nice turn the director uses a technologically influenced color palate to bathe the agents in a Qualcomm green light during night scenes to contrast with the surrealism of the day.

Matrix also makes use of myth to develop its characters. Laurence Fishburne is wonderful as teacher and prophet, there is an Oracle who lives in the projects as single Black women in an apartment filled with kids, and a Judas who craves to be part of the system again and so betrays his friends. Keanu Reeves as the hero, Neo spends most of the film in the act of becoming the hero and reaching awareness. A bit like his previous role as Siddhartha, but this hero doesn't transform into a peaceful Buddha, but a black clad revolutionary armed to the teeth. Neo breaks out of false consciousness when Fishburne offers him a red pill. You can almost hear Timothy Leary whispering, "turn on, tune in, and drop out." In the end two things save Neo: love wakes our hero to his full potential and saves him from death, and his liberated consciousness gives him the ability to think outside the rules of the system and so deconstructs the programmed security agents.

I suppose in the sequel Neo will go about reprogramming the machine to serve humanity once again. Or perhaps create a utopia without technological terror. Of one thing we can be certain: as long as new technology is created within the social confines of exploitation, science fiction will have plenty of stories to offer us. Our love and fear of technology is based on its potential for liberation or enslavement. Marx was right, it all depends on whose finger is on the button, whose hand holds the hammer, and the agenda in their mind.

## **Topic: CyberMarxism and Today's Politics**

### **Internet Radio Interview with Carl Davidson**

Managing editor of cy.rev,  
and **Jay Hughes**, Event Horizon Host.

30 minutes

The interview is available for  
listening in streaming MP3 from:

<http://www.changesurfer.com/eventhorizon/shows/2000.html>



*Carl Davidson*

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Dr. J. Hughes  
Changesurfer Radio  
<mailto:jhughes@changesurfer.com>

## Will Socialism Make a Comeback? Globalization Protests Show New Potential

By Francis Fukuyama  
*Time.com*



If socialism signifies a political and economic system in which the government controls a large part of the economy and redistributes wealth to produce social equality, then I think it is safe to say the likelihood of its making a comeback anytime in the next generation is close to zero. But the egalitarian political impulse to constrain the power of the wealthy in the interests of the weak and marginal remains strong and is already making a comeback. There are good reasons for thinking this impulse will not lead to new radical groups' achieving political power and implementing a coherent political agenda. Though, in the process of trying to influence the course of events, the global left may invent an entirely new form of governance that will act as a strong brake on multinational corporations and the governments that serve their interests.

Let's begin with the reasons why the economic system we called socialism back in the 20th century is unlikely ever to return. Today it's a cliché to say that socialism didn't work, that it produced a society in which, as the Soviets used to joke, they pretend to pay us and we pretend to work. In fact, socialism did work at one period in history: during the 1930s, and again in the '50s and '60s, socialist economies like that of the U.S.S.R. grew faster than their capitalist counterparts. But they stopped working sometime during the 1970s and '80s, just as Western capitalist societies were beginning to enter what we now call the information age.

There is one basic explanation for this. As the libertarian economist Friedrich von Hayek once pointed out, the bulk of information generated in any economy is local in nature. If this local information has to be processed through a centralized hierarchy—whether government ministry or even overly large corporate bureaucracy—it will inevitably be delayed, distorted and manipulated in ways that would not happen in a more decentralized economic-decision-making system. The U.S.S.R. used to have an office called the State Committee on Prices, where a few hundred bureaucrats would sit around setting every price in the Soviet economy. Imagine how well the U.S. economy would work if every price for every product had to be determined in Washington—in an economy in which a single Boeing 777 airliner can have as many as 3 million separate parts, each with its own price!

As an information economy becomes more complex, more technology intensive and demanding of ever higher levels of skill, it is no surprise that decentralized decision making—what we otherwise call a market economy—takes over from central planning. But there is another factor at work as well: globalization, along with the information-technology revolution that underpins it. A country that decides to opt for a heavy-handed, government-controlled economy will find itself falling further and further behind countries that are economically freer. Formerly, it was possible for socialist countries to close themselves off from the rest of the world, content that they had achieved social justice even if their economies appeared to be stagnating. But with more information, your citizens simply know too much about the living standards, culture and alternative approaches of other societies. Since the

world is not likely to get less complex and technological in the future, there is no reason to think that top-down, command-and-control methods are going to work any better than in the past.

But the impulse toward social equality has not disappeared. Those who may have been tempted to believe it has disappeared in our Everyman-is-a-stockholder age received a jolt at the Seattle meeting of the World Trade Organization late last year, and at the World Bank-IMF meetings in Washington in April. The left may have gone into momentary hibernation after the fall of the Berlin Wall, but it never disappeared, and it is now re-energized by an enemy called globalization.

There is plenty about our present globalized economic system that should trouble not just aging radicals but ordinary people as well. A financial panic starting in distant money centers can cause you, through no fault of your own, to lose your job, as happened to millions of people during the Asian financial crisis of 1997. Modern capitalists can move their money in and out of different countries around the world at the speed of a mouse click. Democratic countries find that their options for political choice—whether in the realm of social policy, economic regulation or culture—are curtailed by the increased mobility of financial capital and information. Do you want to extend your social safety net a bit further? The faceless bond market will zap your country's interest rates. Do you want to prevent your airwaves from being taken over by Howard Stern or Baywatch? Can't do it, because the world of information is inherently borderless. Do you want to pass a law to protect endangered species in your own country? A group of faceless bureaucrats in the WTO may declare it a barrier to trade. And all this is true in boom times like the present—think of how people will regard global capitalism during the next economic downturn!

So the sources of grievance against the capitalist world order are still there and increasingly powerful. The question is, what form will the backlash against globalization take?

It is clear that socialism cannot be rebuilt in a single country. Workers pushing too hard for higher wages in Michigan will simply see their jobs disappear to Guadalajara or Penang. Only if all workers around the world were unionized, pushing simultaneously for a global rise in wages, would companies be unable to play off one group of workers against another. Karl Marx's exhortation "Workers of the world, unite!" has never seemed more apt.

In theory, then, what the left needs today is a Fourth International uniting the poor and dispossessed around the world in an organization that would be as global as the multinational corporations and financial institutions they face. This Fourth International could push for powerful new institutions to constrain global capitalism. One analogy is the Progressive Era in the early 20th century, when labor unions began to mobilize and the U.S. government developed regulatory powers to catch up with the reach of such powerful corporations as Ford and Standard Oil.

The shortest route to quasi-world government based on socialist principles is for the left to take over the WTO and use it to promote labor rights and the environment rather than free trade. But the left in the developed world finds opposition to this project from poor countries themselves. The WTO is a rather weak organization as it is, dependent upon consensus among its members, and the effort to use it to promote political causes may mark its demise.

Beyond the WTO, it is hard to see how the left will agree on, much less create, new political institutions on a global scale, given the huge differences in interests and culture separating the various groups involved. The coalition represented in Seattle and Washington is very fragile and internally divided—the AFL-CIO will turn on dolphins or sea turtles the moment one of these

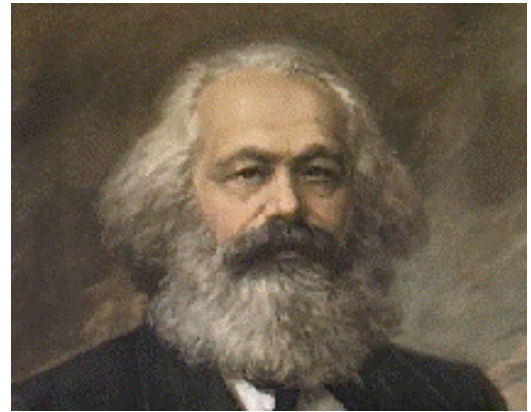
creatures threatens the job of a unionized worker. While American unions pay lip service to the interests of workers in China, they actually feel themselves in direct competition with the Chinese for the same low-skill jobs. The inability to organize at an international level leads an important part of the left down the road toward protectionism and the safeguarding of American wages and the environment through actions like opposition to the North American Free Trade Agreement and to China's entry into the WTO.

So where will the socialist impulse lead? Perhaps if it cannot create formal instruments of power, it may invent an entirely new form of governance that might be called government by NGO, or noNGOvernmental organization (contradictory as this may sound). In the recent past, the giant multinational Royal Dutch Shell was forced to back down from important projects in Nigeria and the North Sea as a result of pressure from environmental groups like Greenpeace. NGOs—which are loose affiliations of people based on special interests such as environmentalism—have shown that even if they cannot create institutions that anyone would label socialist, they do have the power to constrain companies and governments from taking actions that harm the interests of the poor and the environment. There is a huge variety and density of such third-sector groups in the world today, benefiting from the same inexpensive information technologies as global corporations.

Government-by-NGO is a long way from anything we recognize as socialism. But the world has changed, and the requirements for effective political action are different today than they were in the 20th century. So while classical socialism may never make a comeback, the impulse underlying it is in the process of leading the world to unfamiliar forms of interaction between left and right. In this respect, Seattle and Washington may be harbingers of things to come.

## Marx in the Mirror of Globalization

By Peter Hudis  
*Britannica.com*



One interesting—some would say surprising—aspect of the ongoing discussions and debates about globalization is the renewed interest being shown in the ideas of Karl Marx, which only recently seemed to have been consigned to the dustbin of history. In the journalistic and academic worlds alike, a number of reappraisals of Marx's work are appearing that identify the 19th-century thinker as "the prophet of globalization" because of his focus on capital's inherent drive for self-expansion and technological innovation on the one hand and its tendency to exacerbate social inequality and instability on the other. Even some of globalization's most fervent supporters note the importance of Marx's work for anticipating the imbalances and disturbances associated with the unfettered expansion of global capital. As John Micklethwait and Adrian Wooldridge, writers for the passionately pro-capitalist magazine *The Economist*, put it in their new book *A Future Perfect: The Challenge and Hidden Promise of Globalization*, "As a prophet of socialism, Marx may be kaput; but as a prophet of 'the universal interdependence of nations,' as he called globalization, he can still seem startlingly relevant...his description of globalization remains as sharp today as it was 150 years ago."

Some may find such talk of Marx a bit odd, given the abject failure of the communist regimes that claimed to rule in his name. Yet as Marx scholars have long pointed out, the communist regimes had little in common with Marx's actual ideas. Marx opposed centralized state control of the economy (he called those who advocated it "crude and unthinking communists"); he passionately defended freedom of the press (he made his debut as a radical journalist espousing it); and he ridiculed the notion that a small "vanguard" of revolutionaries could successfully restructure society without the democratic consent of its citizens. If anything, the collapse of communism seems to have spurred new interest in Marx, since it makes his predictions concerning the global reach of capitalism seem even timelier.

Micklethwait and Wooldridge contend that "one of the things that Marx would recognize immediately about this particular global era is a paradox that he spotted in the last one: The more successful globalization becomes, the more it seems to whip up its own backlash.... The undoing of globalization, in Marx's view, would come not just from losers resenting the success of the winners but also from the winners themselves losing their appetite for the battle." "There is even a suspicion," they go on, "that globalization's psychic energy—the uncertainty that it creates which forces companies, governments, and people to perform better—may have a natural stall point, a movement when people can take no more."

The tone of much of the current discussion of Marx on the part of both supporters and critics of globalization (for a forceful example of the latter, see William Greider's *One World, Ready or Not: The Manic Logic of Global Capitalism*) was established by John Cassidy's 1997 *New Yorker* article "The Return of Karl Marx," in which he called Marx "the next big thinker." Cassidy cited a high-placed Wall Street investment banker who told him, "The longer I spend time on Wall Street, and the more convinced I am that Marx was right."

What is it about Marx's work that produces such comments? First, though Marx was a severe critic of capitalism, few captured better its inherent drive for technological and social innovation. As Marx saw it, capitalism is not only about the production of material goods and services but also about the production of value. Labor, in Marx's view, is the source of value. And the magnitude of value, he argued, is determined by the amount of socially necessary labor time it takes to produce a given commodity. Marx held that there is a continual contradiction between these two purposes: producing for material wealth and producing for value. As productivity rises, more goods are produced in the same unit of time, so the value of each commodity falls. The increase in material wealth corresponds with a decline in the magnitude of value—that is, production costs fall and prices tend to fall as a result.

This presents the capitalist with a knotty problem: the relative decline in the value of each commodity risks leaving him short of the funds needed to maintain his level of productive output. He responds by trying to further boost productivity, since the greater the quantity of goods produced, the better the opportunity to realize the value of his initial investment. The best way to increase productivity is to invest in labor-saving devices. The resulting growth in productivity, however, reproduces the initial problem, since the increase in material wealth leads to a further decrease in the relative value of each commodity. Capitalism is thus based on a kind of treadmill effect, in which the system is constantly driven toward technological innovation regardless of its human or environmental cost. The restlessness and drive for innovation that characterize contemporary high-tech capitalism was long ago anticipated by Marx.

### **Second, Marx held that this process of constant innovation and productive expansion....**

Second, Marx held that this process of constant innovation and productive expansion ultimately proceeds with disregard of national borders. The logic of capital, he held, was to create a world market. National restrictions on the movement of capital would eventually have to be lifted, he argued, because capital must constantly find new markets to absorb its ever-growing productive output.

Third, Marx held that this process inevitably leads to a concentration and centralization of capital at one pole and a relative immiseration of the majority of the population at the other. Since capital is driven to increase productivity through labor-saving devices, "dead labor"—machines, technology—expands at a faster rate than the need for labor power. Since workers do not own capital, but only their labor power, social wealth gets increasingly concentrated in fewer and fewer hands. Many consider this confirmed by the growing inequities that follow from the globalization process, as indicated by the fact that 225 individuals now control more wealth than half of the world's population.

### **Marx the Man**

The importance of such issues is also addressed in Francis Wheen's *Karl Marx: A Life*, the first English-language Marx biography to appear in almost two decades. In Wheen's portrait Marx the man comes across as embodying in many respects the dialectic, a concept Marx drew from Hegel, that every unit contains its opposite within itself. Marx came from a family of renowned rabbis, yet showed not the slightest inclination toward religion. He was a loving husband and father whose daughters became important spokeswomen for socialism in their own right, yet he once sighed "blessed be he that hath no family." He preached the virtues of communalism and railed against egotism, yet he was such an individualist himself that when a friend said that she couldn't imagine

him living happily in an egalitarian society, he responded: "Neither can I. These times will come, but we must be away by then." He spent more time thinking over the origins, nature, and function of money than perhaps anyone, yet he was continuously unable to earn any himself.

What is most striking from Wheen's portrayal is Marx's gargantuan intellectual appetite. From his earliest writings there appears no subject that was not of interest to him—history, ancient and modern philosophy, economics, art, literature, geology, natural science, ethnology, and mathematics. This surely makes any effort to sum up his contribution far from easy. So formidable was Marx's output that although he published only a handful of books in his lifetime (including one volume of his planned multivolume magnum opus *Das Kapital*), his collected works come to more than 100 volumes, and the work of transcribing and publishing all his writings remains to be completed even today.

Wheen approaches his subject with considerable skepticism, especially concerning Marx's goal of a classless society. A columnist for *The Guardian*, Wheen has never considered himself sympathetic to Marxism. Yet, he writes, "The more I studied Marx, the more astoundingly topical he seemed to be. Today's pundits and politicians who fancy themselves as modern thinkers like to mention the buzzword 'globalization' at every opportunity—without realizing that Marx was already on the case in 1848." Two issues make Marx especially relevant in his view: one, Marx's notion that even in the most propitious economic conditions, the laborer under capitalism is compelled to endure overwork and "the reduction to a machine, the enslavement to capital"; and two, Marx's insistence that once capital becomes the predominant formation in any society, "what is truly human becomes congealed or crystallized into a material force, while dead objects acquire meaning, life and vigor."

None of these recent discussions of Marx can be considered wholesale appropriations of his legacy. The consensus on the part of most commentators is that while Marx may have been right about the nature of capitalism, he was less correct about the practicality of the alternative he envisioned. Yet in light of the way Marx is gaining increased attention from many who only a short time ago thought that history had pronounced his ideas dead, his work may continue to illuminate the quest to understand life under the "manic logic" of global capitalism. As Marx once put it, "We are firmly convinced that the real danger lies not in practical attempts, but in the theoretical elaboration of communist ideas, for practical attempts, even mass attempts, can be answered by cannon as soon as they become dangerous, whereas ideas, which have conquered our intellect and taken possession of our minds...are demons which human beings can vanquish only by submitting to them."

*Peter Hudis is a freelance writer living in Chicago.*



## Letters from Our Readers



### Skilled Work Strategies

I enjoyed the article "A Union Strategy for Skilled Work....". I think every paragraph hit home in some way. I work at Ford Tulsa Glass Plant, UAW Local 1895. Except we are now a Visteon Plant. Can I tell you some stories! Talk about "Lean Management" horror stories. They have purposely run this plant to ruin. I'm an Electrician that has been through the apprenticeship program. I started in production, on the line, 25 years ago come this March. I would have never believed that I would see this place intentionally lose production.

Regards, Rob Lyons, UAW Local 1895, Broken Arrow, OK.  
<mailto:rob74114@yahoo.com>

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### Transnational Capitalist Class

Thank you for the piece. I'm blown out by the cyrev site; its just the stuff I was looking for, I'll do what I can to circulate it.

Best Regards, Jeremy Dixon  
[medyews@hotmail.com](mailto:medyews@hotmail.com)

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I'm doing a project similar in area to this report on transnationals. It's a comparison between the old and new economies, specifically comparing gm,ge,intel and ibm to cisco, sun , oracle and emc. I am finding it difficult to get research on this area and was hoping the ye might be able to point be in the right direction.

Thanks, Martin Burke, University of Limerick, Ireland  
<mailto:9735968@student.ul.ie>

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### Promoting Polyarchy

Searching for materials on Polyarchy I have come across your site. If you don't mind, I would like to bring to your attention a Manifesto on Polyarchy at <http://www.polyarchy.org/>

Sincerely, Gian Piero de Bellis  
[gpdebellis@tiscalinet.it](mailto:gpdebellis@tiscalinet.it)

## **Media & Democracy**

I recently read one of your articles by Liane Casten, who wrote about Mass Media and the Corruption of Democracy. The articles was excellent and inciteful. I found her article while i was searching for material on research paper i'm writing, about the mass media mergers. I was very pleased with the articles material and upon further investigation, very pleased to read the other articles that your group has produced. It's a shame that your material doesn't get more mass media coverage. Because frankly most of the stuff i see and read either on TV or in Newspapers is just crap. I look forward to reading more of your works, reading them feels like a breath of fresh air.

Sincerely Yours, Paul Mourino, Class of 2001 @ Villanova University  
<mailto:supafly2468@yahoo.com>

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## **Technology & Black Churches**

I would like to say that looking at the movement of technology in a historical prospective was eye opening. My belief is that the new Information technology will allow the masses of Blacks to move across all barriers both political and economic and not rely on the middle class for leadership, for history have shown that they will desert the cause for personal gain. A simulation has always been the ideology of the black middle class if we truly look at our history in this country. Information Technology will not only allow us to change the way we think, but change the things that make us think that way. I wonder how can we cross the barrier of educating the masses and making computers accessible. Is the ideal of using one of the main social institutions for Blacks, the Black Church, as a vehicle?

Willie J. Lighton, Toledo OH  
<mailto:Nadirrayah@hotmail.com>

## Upcoming Events

### **Constructing Cyberculture(s): Performance, Pedagogy, and Politics in Online Spaces**

April 6-7, 2001  
University of Maryland

Co-Sponsored by The Chesapeake Chapter of  
the American Studies Association and the  
Consortium on Race, Gender and Ethnicity  
Coordinated by the Cyberculture Working Group



*Diego Rivera, Detroit*

The Cyberculture Working Group is a collection of University of Maryland and neighboring graduate students and faculty members from across the disciplines interested in exploring the intersections between the Internet, culture, and society. At our 1999 Conference, "Cultural Diversity in/and Cyberspace," an international and interdisciplinary group of scholars addressed such issues as what it means to play online "identity games," how scholars of the humanities and public policy can work together to affect the construction and maintenance of cyberspaces, and how we can use online technologies to teach and learn about cultural diversity.

This year's conference seeks to continue these and other discussions by focusing on how different groups and communities construct and use the virtual world. We are seeking scholars from around the world and across the disciplines to discuss the ways that complex, multi-layered identities are being created and performed in online spaces, present case studies of virtual communities, and examine how digital environments shape and are shaped by "real" and "virtual" political and cultural dynamics. We hope to discuss possible connections between the humanities, social sciences, and the emerging, contested field of "cyberculture studies." We also welcome papers that address the uses of online technologies in classrooms and communities.

Keynote Speakers will include Lisa Nakamura, author of "Race In/For Cyberspace: Identity Tourism and Racial Passing on the Internet," and co-editor of Race in Cyberspace and David Silver, founder of the Resource Center for Cyberculture Studies.

Contact Information:  
Cyberculture Working Group  
c/o Ed Martini  
Department of American Studies  
University of Maryland  
College Park, MD 20742  
(301) 405-7621  
<mailto:emartini@wam.umd.edu>

Subject: CyberSystems and Computer Science 2001 Conference  
Date: Fri, 24 Nov 2000 14:16:28 -0500  
From: aomgt@infi.net  
To: "envtecsoc@csf.colorado.edu" <envtecsoc@csf.colorado.edu>

## 2001 Cyber Systems and Computer Science Conference

March 21-24, 2001 at the St. Anthony Hotel, SanAntonio, Texas, USA.

Attention: Information Systems, Resource Management, Information Technology,  
Information Management and Computer Science Scholars and Practitioners  
Conference Invitation.

Cyber Systems and Computer Science: Conceptual Frameworks, Practices and Applications.

Please visit the Web at <http://www.e-academe.org/> for information,  
Questions arising from this invitation may be sent directly to me. My  
personal assistance will be provided.

Willem Arthur Hamel, Ph.D., CEO  
Association of Management (AoM)  
757-482-2273

## Call for Articles

SOCIALISM AND DEMOCRACY is an interdisciplinary journal of Marxist social and political analysis. We are interested in receiving essays for publication which deal with the global dimensions of contemporary capitalism. Articles can focus on specific countries, regions or the global system. Articles should present a new contribution to our understanding of contemporary social conditions, ecological crisis or specific political struggles. If you have an idea for an article or a finished article ready for submission, I can be reached at: George Snedeker <mailto:snedeker@concentric.net>

## CALL FOR PAPERS

The 29th Research Conference on Communication, Information and Internet Policy  
October 27-29, 2001 in Alexandria, Virginia  
<http://www.tprc.org/>

TPRC hosts this annual forum for dialogue among scholars and decision-makers from the public and private sectors engaged in communication and information policy. The purpose of the conference is to acquaint policymakers with the best of recent research and to familiarize researchers with the knowledge needs of policymakers and industry. The TPRC program is assembled from submitted and invited abstracts.

TPRC is now soliciting proposals for papers for presentation at its 2001 conference. Proposals should be based on current theoretical and/or empirical research relevant to the making of communication and information policy, and may be from any disciplinary perspective. TPRC

welcomes national, international, or comparative studies. Subject areas of particular interest include, but are not limited to the following. More information about these areas is available from the TPRC web site at <http://www.tprc.org/TPRC01/sessions01.htm> .

Abstracts should be certain to contain a clear statement of the central ideas and outcomes of the research, in addition to a description of the topic being addressed. All submissions must be submitted via the TPRC web site at <http://www.tprc.org/submit/>. The site contains a form that you can use to submit your contact information, a 500-word abstract, and a brief CV. In addition, if you have already written a full paper, you may post that online and submit the URL. Submissions are due by March 31, 2001. No submission will be accepted after this date. Inquiries may be made to the members of the Program Committee (contact info available from <http://www.tprc.org/TPRC01/program01.htm>):

Lorrie Faith Cranor - Chair, AT&T Labs-Research

<mailto:lorrie@research.att.com>

Andrew Blau, Flanerie Works

Jean Camp, Harvard University

Robert Cannon, Federal Communications Commission

Rob Frieden, Pennsylvania State University

Neil Gandal, Tel Aviv University and University of California - Berkeley

Hudson Janisch, University of Toronto

Mark Lemley, University of California - Berkeley

Lee McKnight, Tufts University

Michael Niebel, European Commission

Sharon Strover, University of Texas

Theresa Swinehart, WorldCom