

# **The Promise and Peril of the Third Wave: Socialism and Democracy for the 21st Century**

By Carl Davidson, Ivan Handler and Jerry Harris  
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The collapse of Soviet socialism is being celebrated by the defenders of imperialism throughout the capitalist world as the definitive victory in a struggle that has been waged for some 150 years.

It doesn't matter in these circles that the Soviet system was a deformed, or distorted, or corrupted, or phony version of any socialism that Marx or Lenin would have recognized as their own. Nor does it matter that there are still a few pockets of resistance holding out, whether on a small scale in Cuba or on a large scale in China.

What does matter to them is that the only socialism that claimed to be an existing alternative for advanced industrial society is no longer a competing force.

The left now generally acknowledges the crisis. Some stalwarts were in deep denial until the very end. But despite this major defeat, the left, for the most part, still hopes to keep the red flag flying. For better or worse, most of the left groups and trends still want to defend their own brand of socialism, or at least defend a given set of socialist goals or ideals, if not socialism itself.

As for the collapse or stagnation of existing varieties of socialism that held state power, the left generally tries to explain these failures as stemming from a internal lack of democracy or a surplus of bureaucracy, or as a byproduct of external imperialist aggression or military competition, or some combination of all these factors.

We want to argue for a different approach. In our view, the crisis is deeper than a fundamental flaw in the theory or practice of socialism. We believe the causes of the failure of socialism lay in its historical roots in an industrial society, which is itself in crisis. We see the current chaotic situation around the world as the advent of an all-sided and deep structural crisis that is sweeping not only through the socialist countries, but the capitalist countries as well. Rather than witnessing simply the end of socialism, we believe we are witnessing the start of a new radical upheaval in industrial society generally, in both the capitalist West and the socialist East.

This perspective is not original with us. Much of the analysis that follows is taken from the work of Alvin and Heidi Toffler, co-authors of three widely read books: Future Shock, The Third Wave and Powershift. We believe the socialist movement has a great deal to learn from both the questions they pose and the answers they supply.

In its limited analysis of the crisis so far, we believe the left has downplayed what the existing capitalist and socialist economies of the West have in common in real life. In industrialized society, labor and machinery are organized along similar lines in both capitalist and socialist countries--the primary means of generating wealth is the mass production of the factory-based assembly line.

While each economy has its own particularities, the main patterns of socialized mass production are reflected and reproduced in all arenas of human endeavor. Moreover, these systems of mass production are linked together in country after country, as a dynamic and expanding market develops national industrial societies into a global system. For industrial mass production, the main dominant patterns of social organization are the forms of presumed rationality: concentration, centralization, standardization, specialization, maximization and synchronization.

But despite its claim of rationality, industrial society is not a sustainable form of civilization, especially as it expands on a world scale. Its energy sources, whether capitalist or socialist, are primarily nonrenewable hydrocarbons--oil, natural gas or coal--or toxic radioactive materials. Not only are these energy sources irrationally, unevenly and unfairly distributed; their full and complete use is also irrational. The steady, ongoing overuse of carbon-based systems would transform all of the solid and liquid forms of the element now underground and pump them into the atmosphere in the form of carbon dioxide. The end result is the "greenhouse effect"--a complex web of environmental disasters wreaking ecological havoc and rendering the biosphere unfit for human habitation.

This feature of industrial society is not a problem of the distant future. It is the "dirty little secret" of today's world standing behind the rising conflict between North and South. The truth is that we cannot have economic equality among nations based on today's levels and standards. If every country in the world were organized on just the same level and just the same types of production and consumption that are "enjoyed" in either the U.S., or Europe, or Japan, or even the former Soviet Union, the resulting polluted biosphere would render the globe uninhabitable for humans.

But industrial mass production is expansionist. It strives for universality, transforming industrial society into a mass society. It features mass urban centers, mass markets, mass media, mass culture, mass education, mass consumption, and mass political parties. While advanced capitalism roots itself in the mass market and mass consumption, Marxism too has reduced complex and diverse populations to oversimplified conceptions of "the masses."

Today's technological revolution has pushed industrial mass production to new heights in the capitalist world. New and upgraded factories continue to produce an ever-wider variety of commodities of improved quality at lower prices with less labor. Telecommunications has integrated capital markets into a 24-hour, on-line global system of exchange. The full consequences of these developments are only beginning to take shape, although change takes place at an increasingly rapid pace.

The main reason for today's ongoing revolution in the productive forces was the invention of the microchip. This revolution began in the 1950s with the merging of transistors, themselves the first major practical application of quantum mechanics, with the mass replication of miniaturized integrated circuits. The result was a device that vastly expanded the ability of the machinery of mass production to process information rapidly. In fact, the speed of the microprocessor has enabled information to be used within a time frame and on a scale of complexity hitherto unimaginable. Information itself has become an increasingly valuable commodity of a new type.

The microchip's impact is changing everything about our world and the way we live. Civilization is undergoing a quantum leap on the order of the agricultural revolution launched 6000 years ago and the industrial revolution launched 200 years ago. We have now entered a third period of

human history. We prefer to call it the information era; others refer to the same phenomena "post-industrial" or "postmodern" civilization to differentiate the present from the agricultural or industrial past.

Neither of these two earlier revolutions or waves of change--the agricultural and the industrial--is fully completed. Both are still having an impact today. As for the first wave, in some remote corners of the globe, hunter-gatherer societies continue to be drawn into settled agricultural modes of production. The persistence of the second wave is much more apparent. It continues to surge in the new industrial revolution now spreading in the formerly agricultural regions of Asia, Africa and Latin America.

But the third wave of change, rooted in the impact of the microchip, is spreading even more rapidly. It has been underway for less than 40 years, mainly in the industrial societies of Europe, North America and Japan. It is the main feature of the shift from industrial to post-industrial society; and its promise and peril will soon be projected into every corner of the globe.

A society becomes "third wave" when a majority of its labor force becomes mainly and irreversibly engaged in processing information and providing services, rather than directly producing "hard" commodities or farm products. In the U.S., this point was reached by 1960.

This does not mean that a third wave society stops producing the traditional goods of basic industry. It is an even greater industrial powerhouse than before; but now it manages to produce these goods with a relatively smaller and smaller proportion of the labor force.

A good analogy is U.S. agriculture. Less than 100 years ago, a majority of the American labor force worked on farms for a living. Today U.S. farms are the most productive in the world, supplying not only the domestic market but the world market as well. But now less than 3% of the labor force works on farms. Mechanization and relatively large amounts of fertile land are only part of the reason for this. U.S. farmers are also many times more productive than earlier farmers because of information--whether in the design of equipment, fertilizers or hybrid seeds, or in advance knowledge of weather patterns transmitted by modern communications.

### **Surplus value as knowledge**

Information is not a new component of production, even though its relative importance has grown with the progress of society. In fact, the creation of value, whether use-value or exchange-value, is best understood as the result of expanding the information content of the productive process. An average laborer in industrial society can produce much more value than he or she needs to survive comfortably. A similar worker on a pre-industrial farm will produce far less wealth using a far greater expenditure of labor-time. The difference here is not the worker but the tools and organization of work.

The machines of the industrial era were created by the combined efforts of inventive workers, scientists and engineers of past and current generations. They designed machinery to amplify a worker's abilities. For example a stamping machine amplifies a worker's strength; a conveyor belt amplifies a worker's ability to move and access materials. In addition to machinery, new methods of organizing production also amplified each worker's effectiveness. Industrial production thus has a much higher knowledge component than pre-industrial agriculture or even

the craftsmanship of early manufacturing. There the individual worker had much knowledge, but the productive process had comparatively primitive tools.

In the information age, the knowledge content of production has become even higher. In third wave production only a few workers are needed to produce goods of much greater quality and sophistication. This is due to the embedding of microcomputer technology right into the tools of production. By organizing work so most of the manual tasks can be done by technology, the number of workers needed to carry out the task gets reduced dramatically, while the productivity of the individual worker soars in inverse proportion.

This change is also causing another important reversal. On one hand, the workforce responsible for production is becoming more educated (in certain sectors) as its productivity increases. On the other hand, the workforce in many service areas (such as marketing) is becoming increasingly comprised of large numbers of very low skilled workers. This is especially true for specific data gathering tasks -- data entry, feeding paper into Optical Character Recognition readers, scanning barcodes, etc. This may be a temporary phenomenon until new techniques are discovered to reduce the amount of labor needed to carry out many of these tasks. For example, the phone companies are continually adding new automated voice services for its customers, which is increasing efficiency and reducing the number of telephone operators. In any case, the less educated sectors of the labor force are forced to compete for a dwindling number of better-paying jobs or forced out of employment altogether.

The result is a deep structural crisis. The advent of the third wave is by no means a twinkling, painless shift into a utopian wonderland. It is more like a hurricane, leaving disorder and destruction in its wake. The third wave guts entire workforces and industries to the point of collapse. It sabotages old markets and renders national borders meaningless. It makes possible a glut of highly quality and relatively inexpensive goods, while also producing a radical and uneven restructuring of the working class itself.

Generally speaking, three main groupings of workers emerge in third wave society. The first group is a dynamic and growing force of skilled analysts, designers and technicians filling the new jobs created by the new technology, whether in the private or public sectors. The second group is a stagnant or shrinking force of both skilled and unskilled "blue collar" occupations. Their ranks are being depleted by automation or by the export of their jobs to the huge pools of far cheaper but now "globalized" labor in the newly industrializing regions of the third world.

The third group is a growing deskilled pool of unemployed and even unemployable workers. From the capitalist perspective, these workers have a negative net value--even if they were employed, their skill level would result in the production of less value than the cost of sustaining them. This is the so-called "permanent underclass"--people with inadequate incomes for the necessities of survival, let alone to buy the higher quality goods of third wave production.

The third wave thus contains both promise and peril. On one hand, it fuels the unemployment and social chaos that breeds the danger of war and genocide. On the other, it creates entire new industries in biotechnology, aquaculture and alternative energies. In this sense, the third wave contains the potential for sustainable advanced "green" technologies that can serve societies of abundance, decency and human rights for all.

But what is worse than the dangers posed by the third wave is the attempt to ignore or stifle the information technologies fueling it. This was a deep flaw in the structure of the "command economies" of the Soviet bloc, which based their politics on the centralized control and restriction of information. The growth of the new technology requires open, accessible and decentralized sources and outlets for the flow of information. But this was hardly possible in societies that stationed soldiers to guard photocopy and fax machines. Far from creating political security, these measures were only effective in insuring the economic backwardness of the societies practicing them. Relative to information-rich production methods and products in the West, the socialist factories were thus inefficient, wasteful and, with few exceptions, produced outmoded or shabby goods.

To be fair, the feudal and capitalist worlds initiated these practices of attempting to control politics by controlling information. It was Hitler's propaganda machine that gave birth to the term "totalitarian." The use of the state to control and restrict the market in information, moreover, was simply an extension of state intervention in the traditional economy. Capitalist industries in the West have always tried to use the state to "protect" favored industries from competition with more productive, better-organized factories in other countries. Trade unions have also tried to "protect" obsolete jobs with featherbedding work rules. In the U.S. auto industry, for example, both management and labor believed that planned obsolescence was acceptable as a way to guarantee future demand, growth and job security. Instead they guaranteed stagnation and backwardness. The result was a huge opening for Japan to take a larger market share with a better product.

A left that fails to base itself fundamentally on an accurate assessment of the nature and direction of these developments in the productive forces does not deserve to be called Marxist. At best, its critique of capitalism and industrial society generally will be limited to moralisms and will become irrelevant to practical politics. At worst, it will propose bankrupt solutions to the crises that will evoke a reactionary nostalgia for the fetters of the old order.

It does no good, for instance, to call for a re-industrialization of the economy along the lines of the blue-collar industries of the past. While some industries can be retained and some jobs can be restored--mainly those that were lost due to the business cycle, mismanagement, or unrestricted runaways--most of those jobs or industries eliminated by advances in technology and industrial organization cannot be restored.

Marxists especially should not be calling for a retreat to less advanced, more inefficient, more wasteful, and less skilled forms of production that turn out poorer goods at higher prices. In fact, it has always been part of our strategic critique of the bourgeoisie that its interests and methods placed fetters on the productive forces of society and produced a moribund, wasteful and decadent system.

### **Taking A New Look at the Lessons of History**

Seen from this perspective, the failure of industrial "second wave" socialism is part and parcel of the collapse and transformation of second wave industrialism worldwide. In particular, its earlier uncritical and dogmatic embrace of industrial patterns as "scientific" or "progressive" regardless of limitations or conditions hastened the socialist crisis.

Second wave industrialism concentrated huge productive forces of machinery, labor, and capital. Working class communities surrounded giant factories, where communist "concentrations" were to be built as part of the newly massified neighborhoods. Socialist political structure was to reflect the skeleton of industrial organization and life. The whole working class, for instance, was to be concentrated into one mass party with a single strategy. Advocacy of diversified, multi-party systems or strategies was frequently denounced as "liberal" or "bourgeois."

This industrial principle of concentration was carried forward into Soviet economic and social planning. Whole new cities were built around giant factories. As Lenin put it, maximization was the "highest level of development." Bureaucracy was the inevitable and natural organizational form when all production and planning was to be concentrated under the state. A diversified market was not only politically incorrect, but supposedly went against the industrial principal of efficiency through concentration.

The communist party was to be built along the same centralized lines as factory management; rank-and-file "Jimmy Higgins" workers, mid-management full-time cadre, and the elite board of trustees, or central committee. Just as industrial management reflected hierarchical relations of power, socialist political relations contained the same design.

The "democratic centralism" that developed within this pattern was one where democracy was always a secondary aspect to a centralized and hierarchical leadership responsible for decisions and control of information. This pattern of centralized power was as true for capitalist monopolies, as it was for socialist bureaucracies responsible for production. Within the ruling party itself, Stalinism took this principle to its zenith in its centralization of international political authority

Specialization was also part of the second wave industrial code. The efficiency of a labor task was seen in its specialization, which also gave rise to the professionalization of work. For Lenin this meant the professionalization of the cadre into a full-time revolutionary, and later for Stalin as the "red expert". Eventually this resulted in the separation and domination of political and technical work from democratic input and oversight.

Lastly, mass production also produced standardization. Everything from time, weights, and products, to culture and ideas was standardized. For socialism, the impact was a dogmatic standardization of Marxism, the political line set by the one accepted center, the Soviet Communist Party. Differences were not only suppressed inside the USSR, but also even worldwide. Bolshevik organizational structure became the standard for acceptance into the Third International. And perhaps even more destructive, was the idea that there existed only one economic model on which socialism could be built.

A one-sided emphasis on all the above elements was the product of industrial society, and forms a fresh basis of criticism for a lack of socialist democracy. Socialism, understandably, could only function within the world to which it was born. When socialism embraced the proletariat as the primary agency of progressive change, it also tended to romanticize industrial society. Socialism thus consciously or unconsciously integrated second wave industrialism's intern designs and limitations into its own theory and practice.

Was there any alternative? Could socialism build a democratic, open and participatory society based on industrial principals? Although both the Soviets and Chinese experimented at different times with worker-controlled factory committees, worker congresses and collective management, the authoritarian patterns of managerial hierarchy always reasserted themselves; they were imbedded in the organization of work on the factory floor. Thus these relations could not be permanently transformed while trapped inside the second-wave industrial economic base. The very design of large scale production enforced its own organizational logic.

Second-wave industrialism not only engendered mass society, but also had encoded on its structure forms of mass domination. The centralization of information necessary to run huge firms was best done with a concentration of authority in the hands of a specialized hierarchy. In both East and West, this was touted as the most efficient and scientific form of production, although not necessarily the most democratic.

Within this context, it became extremely difficult to permanently build a democratic socialism, although the tension between democracy and centralization existed for a long time. Under Lenin, the Bolsheviks certainly had relatively open and free wheeling political debates, rather than a standardization of thought. And Lenin became more acutely aware of the dangers of bureaucracy as they emerged towards the end of his life. After Lenin's death, the theoretical and programmatic effort to launch an alternative to the abuses of industrial socialism was best defined by Bukharin, who, along with Lenin, was the main theoretician of the Third International on a world scale and of the New Economic Program (NEP) in the Soviet Union itself.

In fact, the most vital debate from the late 1920s through the 1930s was not between Stalin and Trotsky, but between Bukharin and Stalin.

For Bukharin the NEP was more than a temporary adjustment or retreat. Instead it was a strategic plan to build socialism through a balance between rural and urban economies. Bukharin defined this as "dynamic economic equilibrium" in which the growth of industry was geared to the growth of agriculture, instead of its one-sided exploitation. This view reserved an important role for the market, and saw class struggle mainly as managed, peaceful competition between larger state enterprises and the smaller private sector.

For the Stalinists, rapid concentration, centralization, and forced growth at gunpoint were the means that would win the class struggle for their variety of socialism. Class differences were to be forcibly eliminated, rather than peacefully managed. This path was certainly not inevitable, but the global and historic context of the industrial era was an important factor in developing, supporting, and rationalizing the Stalinist economic plan.

We believe revolutionaries who are genuinely progressive and democratic must reconstruct society with the people, tools and materials bequeathed to them by history. We oppose the forced march of armed utopias and their attendant gulags. But we also believe the old state and industrial patterns and methods of command cannot simply be taken over and put to good use by new elites.

The capitalists launched the industrial revolution and became the new global masters because they dominated and developed the new industrial economic base of manufacturing. They did not base their revolutions primarily on a seizure of the feudal manors and landed estates of the old

agricultural societies. The socialists of the second wave, however, have been ambivalent. On one hand, they based themselves on the advanced, rising class, the proletariat. The working class was the most advanced, not because of what it thought at any given time, but because it was part of the most advanced productive forces and thus had the ability to remake society. On the other hand, they attempted to build a new world mainly by expanding the old unsustainable, second wave industrial base, rather than by nurturing a new historic economic order out of the most advanced achievements of the second wave.

In this way, Marxism spawned two visions of the future classless society. In one, all classes were to be abolished except the proletariat; all society was to be industrialized and proletarianized under the hegemony of the working class. The proletarian ideological line is dominant over all forms of science, art and politics. In the other, all classes, including the working class, were to wither away through the gradual but steady abolition of toil brought about by the revolutionary advance of the productive forces. All ideology and politics is subordinate to freedom of scientific inquiry, tolerance of diversity and the expansion of universal human rights.

We affirm the latter view. We also believe it is more in keeping with Marx's early conception of the proletariat as the class bound with radical chains, so that by freeing and abolishing itself, it also liberated all humanity from all forms of oppression. What is needed to accomplish this is political power in the hands of the masses plus the technology of the third wave. Third wave production is automated and cybernated, making it possible to revolutionize hierarchy and democratize access to information. It rests on a sustainable technology, which diversifies production and accelerates the generation of knowledge. In effect, it is a new economic base, which develops its own principles of society and culture making a sustainable and democratic socialism workable. In fact, post-industrial, third wave socialism may be the only socialism truly possible.

## **Our Vision**

Our vision for making this transition is first of all centered on a vision of the renewal of democracy. We see democracy not only as a political and ethical value. It is deeply connected to the development of a progressive and scientific economics as well.

Any economic program worthy of being called popular and democratic, let alone socialist, must meet the standards of ecological sustainability. Any economic program that attempts to serve the present through the unrestricted looting of the resources of future generations can only be called reactionary and dooms us to strategic failure. It also opposes the basic principles espoused by Marx and Engels in the Communist Manifesto, where they insisted that communists distinguish themselves by taking care of the future within the movement of the present and by affirming the unity of the workers and democratic forces of all countries above any particular national or sectoral interest. In this sense, the founders of scientific socialism were the forerunners of the "Think Globally, Act Locally" slogan embraced by today's Greens.

But sustainable economics in today's world requires ongoing advances in science and technology. Science in turn both embodies and requires free and open inquiry, a democratic civil society affirming tolerance and respect for diversity. Under theocratic domination--whether of the medieval, fascist or secular Stalinist- Maoist varieties--scientific progress is stifled.



## **Democracy, Education and Science: The Key To The Politics of the Third Wave**

Without democracy, there is no science. Without science, there will be no sustainable technology and economic life. And without sustainable economics, there is no socialism worthy of the name. Scientific inquiry is inherently democratic. It is the open investigation into life and its environment in which knowledge is true or false not because of the declarations of powerful authorities, but because statements can be validated or invalidated as fact by anyone.

Of course, there are powerful scientific elites, which protect the interest of the ruling class. But they are not only anti-democratic they are anti-scientific as well. Their willingness to support the aims of the highest bidder compels them to restrict challenges to established views. It thus impedes the growth of objectivity, and represses democratic debate and investigation. Because of the information revolution, third wave society will undergo a decentralization of mass industrial patterns. The only path in which the new productive forces can be fully used is one where information is shared through universal education and open scientific discussion. Capitalism's tendency, however, is to own and restrict information, thus increasing the stratification of society and corrupting the liberating potential of the post- industrial world.

Third wave socialist democracy requires a radical restructuring of educational and cultural life. Every citizen needs access to the growing wealth of knowledge in order to pursue their own interests and to enrich the common good. To flourish, such a democracy must affirm opportunities for diversity, since expanded access to knowledge rests upon the empowerment of all races, nationalities and social strata. Multiculturalism is thus a natural component of the third wave, but it can develop best within a socialist and democratic framework.

"Life Long Learning"--the provision of ongoing, affordable, high quality educational resources for people of all ages--is essential to third wave democracy. In a society in which information-rich processes are the key mode of production, access to knowledge is the key to equality. Moreover, the full creative force of society can only be realized through education. The revolutionary use of information in all spheres of life; the expansion of art, science and leisure; the discovery of new knowledge and the saving of the ecosphere--all these challenges of the future require democratic access to knowledge. Lifelong learning, in and out of the classroom, is a condition of survival in the short run and liberation in the long run.

In a third wave socialism, all of society would be involved in scientific debate. Many scientific issues--such as pollution, reproductive rights, or the effect of drugs or chemicals on people--affect everyone in their daily life. By organizing a continuous platform for open investigation and debate, the institutions of science will become stronger, as will the institutions of democracy.

Of course not all issues concern all people equally. But the radical restructuring of education will provide the channels of access for all people to participate in the public discussions that concern or interest them, including scientific discussion. This will strengthen their democratic impulse to participate effectively and fully in societal decision- making. By respecting and drawing on practical life experience coupled with scientific education, all of our institutions can become more open and democratic.

We favor the form of democracy where sovereignty resides in the people themselves. This means no class, party or state institution or social grouping has an unrestricted or unlimited power that can stand over and against the will of the people. Given the vast inequalities of wealth, power and privilege, democracy in this sense is still mainly a goal to be won and established, even in the countries calling themselves democracies.

We agree with the theory that the state throughout history has never been a neutral institution, but an instrument of the dominant classes. The over centralized state power of second wave industrialism especially must be broken up and radically reconstructed if a new popular government is to serve the needs of empowering a new coalition of those previously excluded from government. A participatory democracy of this type, we believe, draws upon the best of the Marxist tradition with American radical tradition of John Dewey and W.E.B. DuBois.

But under a socialist democracy of the third wave, centralization is scaled downward while communications are vastly enhanced. Participation becomes more practical; more power will be decentralized and directly elected officials will run more institutions. Institutions relating to the administration of justice, the care of the environment, the maintenance of universal health care, the upkeep of the educational infrastructure and the control of the police--all these processes can come under the greater supervision of the citizenry.

A healthy and sustainable democracy is therefore one where the people have the power and ability to participate in the decisions that affect their lives. To be practical, socialist democracy thus must not only recognize each individual's democratic rights, but also the rights of groups of individuals that have been excluded from participation and singled out for oppression over the years--oppressed nationalities, racial and religious minorities, women, gays and lesbians, and others. For the oppressed nationalities, this means political power and self-determination in their areas of concentration.

In this way, socialist democracy means that the legacy of oppression, both past and present, can be worked out explicitly through social policies and grass-roots empowerment, rather than resolved as a mystical or automatic outcome of formal or legal equality. Socialist democracy thus values not only each individual, but takes into account each individual's social identity as well.

### **Economic Features of Third Wave Socialism:**

#### ***The Democratic Alienation of Control from Ownership***

A sustainable and dynamic socialist economy will depend on two key features: first, the separation of ownership of capital from the control of capital and second, and the guided use of markets for the distribution of capital, goods and services.

We acknowledge that this is not an orthodox statement. Marx defined capitalism as the economic system that was driven by the alienation of labor from capital. In other words, the people that created wealth did not own the means of creating it. Previous socialists held that the solution was to unite labor and capital under the control of labor. We believe this view has failed.

We want to argue for a new viewpoint. We see socialism as the economic system that alienates the ownership of capital from its control. Capital is a social pattern of value. Since it is collectively produced and depends on the organization of society for its effective use, it is reasonable to limit what individual, private owners can do with capital. This is not a necessarily a new idea; both eminent domain and product liability laws are based on this notion.

The common view of ownership is that it is an institution of power. If I own something, I have decisive power over that object. I should be able to do with it what I want. This can cause problems, since many of the things that can be owned can also be used in ways that society must restrict. One example is product liability law. If I produce and market a product, which is later shown to be harmful to my customers, I can be held responsible for the damages and forced to compensate the victims.

In bourgeois society, individual liberty and the private ownership of property are the fundamental values. Prior to the bourgeois revolution, most power and wealth belonged to the church and the throne. Individual privacy, to the extent that it could be defined at all, was wholly subordinate to autocracy and theocracy. The rising bourgeoisie had to assert the primacy of private property into order secure the wealth it was amassing through the slave trade, manufacture and the looting of the new world. It wanted to multiply this wealth by recycling it as capital and thus liberating the productive forces from the restrictions of medieval or despotic society. Private property in this sense was a revolutionary force undermining the old order.

While this view of private property has some historical justification, the concept of a formal private ownership that takes precedence over social obligation does not. The latter is based on the myth that society has little or nothing to do with the production of wealth, i.e. all millionaires are supposedly "self-made men" who got their wealth "the old-fashioned way, by earning it."

But no one is self-made. It is our social being that makes our private selves possible. All of us benefit from and contribute to society and its institutions. The large variations in wealth among individuals are not due to inherent differences between individuals. At best, the differences are rooted in the various ways individuals are able to access and use society's resources. At worse, the differences are wholly arbitrary; they are accidents of birth, or war, or theft.

In our view of socialism, we affirm the entrepreneurial spirit, the motivating energy of the market and the right of individuals to become wealthy through the private ownership of the capital they have helped to create. At the same time, we fundamentally reorder priorities in how both property and capital is defined. While both personal property and capital may still be owned by individuals, we no longer see ownership as an absolute power. Property, especially productive property in the form of capital, is to be seen primarily as a social power relation that can be guided and regulated, just as other power relations are regulated for the common good of society. Incomes are also subject to progressive taxation.

From this perspective, when a person dies, his or her socially productive wealth returns to the social commonwealth. The inheritance rights of one's offspring would be confined to a set limit, say, \$1 million per child. Of course, contrary to any right-wing hysterics, we are not talking about family homes, or heirlooms, or personal belongings, or any situation where persons would not even own the shirt on their backs.

As we see socialism, the social control of capital takes precedence over the rights of ownership of capital. In doing so, distinctions will be made first of all between individual property and capital. Individual property is owned by an individual for his or her own benefit (or family or friends), not as a direct agent for the production of wealth by employing others. Property becomes capital when it is used for the production of wealth by exploiting labor power.

Individual property needs to be reasonably protected. But capital needs to be invested profitably in those areas that benefit society and sustain the ecosphere. Laws and regulations are among the tools that a government of radical reconstruction can use to achieve these goals without "nationalizing" or "statizing" the ownership of capital itself. In particular, tax laws can be created to punish capital invested in unproductive speculation, or in production processes that pollute the environment, or in factories that prevent unionization. At the same time, other enterprises that offer or create societal benefits--such as new environmentally beneficial technologies--may not be taxed at all for a set period. Finally, some forms of capital investment--such as schools, research centers and infrastructure--will be publicly owned.

Our goal here is sustainable economics that is both dynamic and innovative. Under third wave socialism, the laws governing economic transactions first of all will be geared to sustain and improve the health of society and the environment. Power relations that are in harmony with this direction will be reinforced. Power relations that go against this direction will be retarded.

In this context, market forces, in particular the drive for innovation and new profits, will be the major devices used to carry out economic restructuring. It should be clear by now that the market is necessary for the practical functioning of any economy. We will go further: we don't think there are or will be stable economies without markets, except for small tribal hunter-gatherer societies or religious communities like the Amish. Wherever a "command" economy was established on a larger scale, an unofficial "black" market quickly asserted itself as the only efficient way of getting things done.

But we also believe there is no such thing as a "free" market--all markets operate in uneven fields of power that have an impact on transactions between buyer and seller. Nor is a "free" market necessarily desirable, since unrestrained market forces can be tremendously destructive to both social and biological values.

Markets where the fields of power are guided by intelligence, however, can be a dynamic and creative force. But using market laws to direct the economy toward sustainability will never be easy. This is why political democracy is so critical. When new problems arise, laws must be changed or created to reflect new circumstances. These laws need to be crafted democratically so that everyone can have an impact on the direction of the market, rather than just a narrow elite that directs the market for its own exclusive benefit.

### **Considerations for a New Strategy and Tactics**

Where do we go from here? The road forward is not in the direction of old ideas about social and political equality but toward new ones based on the realities of the third wave. This in turn requires fresh answers to the fundamental question of strategy and tactics: Who are our friends, who are our enemies?

We believe these questions must be answered anew from the perspective of the third wave's impact. We offer only a bare outline of the factors to consider.

The third wave has caused splits both in the labor movement and in the ruling classes. Among the capitalists, those trying to create the new information based economy are often in conflict with those that are trying to keep the old industrial beast alive. Among the workers, the situation is more complex. Some high-tech workers have great hope for the third wave but are dubious that those in power now will ever allow for change that is democratic or ecologically sound. Some blue-collar workers fear for the future and fight to retain old ways, regardless of the consequences to society or the environment. Finally some under skilled or untrained workers have been driven from their jobs or excluded from employment altogether: Their efforts to keep hope alive are often overwhelmed by despair.

Socialists must find new ways for uniting the many to oppose the few. While seeking the unity of the entire working class, we think two sectors are crucial: first, the main victims of the transition to third wave, those excluded from production or at risk of exclusion; second, those engaged in third wave production. The starting point to rally the forces for change to a new society is to take a stand among those with the least stake in the old order.

This means we place the survival problems of the urban poor, people of color and displaced workers at the top of our list of priorities. But we also take up the social priorities and concerns of the progressive wing of the third wave workers. These include ecology, disarmament, peace and human rights issues, and expanded access to information and education.

This is not always the perspective of organized labor. Crucial sectors of its leadership have always been hamstrung by the prevalence of undemocratic, racist and shortsighted environmental views. The racism in white labor and white society generally also continues to do its damage. As long as racism goes unchallenged in any sector, it will continue to keep workers ineffective in the pursuit of their own self-interests, as well as blocking all attempts to unite all progressive democratic forces for change.

Finally, we do not see this way of making distinctions among the people--their relation to the third wave--as replacing or liquidating earlier conclusions drawn by our movement on the centrality of the national question, racism or sexism. Nor do we believe that third wave workers are "the vanguard" while all others are secondary and subordinate. These rigid schematics are part of the old thinking that we want to challenge.

But we are arguing for genuine strategic thinking, an analysis that proceeds from a global perspective and takes the whole of society into account. The main battleground in this sense is the North-South conflict, i.e., the growing and desperate inequality among the world's nations, countries and peoples. This can no longer be a side issue for the workers movement or other social movements of the West. We think it is ludicrous that the multinational corporations are the internationalists, while organized labor and the left remain trapped in nationalist conceptions.

The globalization of the market is daily driving home the lesson that this question must be placed at the top of labor's agenda. Runaway shops can only be fought strategically by raising the living standards, wages and level of organization among the peoples of the impoverished areas of the world. In the past, trade unions at best dealt with this issue superficially--a resolution was passed, a sympathetic article was written in the labor press. At worst, the top union leadership for

decades collaborated with the CIA in destroying progressive labor organizations in the third world. Now the chickens are coming home to roost. A complete reversal of these policies is required for the very survival of the American trade union movement itself.

As for the divisions within the ruling class, high technology entrepreneurs are looking to break away from the old military industrial complex. They hope to make more profits by exploiting the application of environmental and computer technology in the global marketplace, rather than by remaining addicted to the inflated contracts of old, slow-moving, nationally-dominated (and nationally limited) military establishments. They need a vast expansion of education, research and development resources, as well as new infrastructure.

These entrepreneurs may side, temporarily, with reform movements and progressives. This is the meaning of Al Gore's staking out a leading analysis on ecology, as well as John Scully of Apple Computer's sitting next to Hillary at Clinton's inaugural address. But we must not allow these factors to cover over the basic class conflict between third wave capitalists and third wave workers. For all their unique and progressive stands on certain issues, the Silicon Valley bigwigs are still notorious union busters and social reactionaries, especially when it comes to their treatment of the lower-skilled, female and nonwhite sectors of their labor force.

## **Conclusion**

The advent of the third wave does not mean the end of class struggle. But it does mean that the terrain on which class battles are waged has dramatically shifted. We are in a new environment and on the threshold of a new age. The outcome is not predestined; we can face a grim future of "Bladerunner" societies in the North and Somalia-type disasters in the South. Or we can emancipate our thinking and mobilize our forces to reconstruct society into an ecotopia with liberatory features still beyond our imaginations. The choices are ours, but the time is shorter than we think.

*The Chicago Third Wave Study Group was initiated by the three authors--Carl Davidson, Ivan Handler and Jerry Harris--to produce this document for the discussion on goals and principles taking place in the Committees of Correspondence.*

*The CoC debate is leading up to a founding convention of a new organization of the American left in the summer of 1994. The Authors invite comments and criticisms. People in agreement with the perspective in the paper are also invited to join the study group. E-Mail can be sent to Carl Davidson ([democracynet@worldnet.att.net](mailto:democracynet@worldnet.att.net)). Second-wave communicators can write to Carl Davidson, Networking for Democracy, 3411 W Diversey, Suite 1, Chicago IL 60647. Fax: 312-384-3904.*