

ANTHONY  
GIDDENS

The  
Third Way  
and its Critics

'An important contribution to the debate'

Tony Blair

THE SEQUEL TO THE  
GLOBAL BESTSELLER  
THE THIRD WAY



# The Third Way and its Critics



Anthony Giddens

The Third Way  
and its Critics

Polity

Copyright © Anthony Giddens 2000.

The right of Anthony Giddens to be identified as author of this work has been asserted in accordance with the Copyright, Designs and Patents Act 1988.

First published in 2000 by Polity Press  
in association with Blackwell Publishers Ltd.

Reprinted 2001 twice, 2004, 2006, 2008, 2010 twice

Polity Press  
65 Bridge Street  
Cambridge CB2 1UR, UK  
[www.politybooks.com](http://www.politybooks.com)

Polity Press  
350 Main Street  
Malden, MA 02148, USA

All rights reserved. Except for the quotation of short passages for the purposes of criticism and review, no part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher.

Except in the United States of America, this book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form of binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

ISBN 10: 0-7456-2449-9  
ISBN 10: 0-7456-2450-2 (pbk)  
ISBN 13: 978-0-7456-2449-5  
ISBN 13: 978-0-7456-2450-1 (pbk)

A catalogue record for this book is available from the British Library and has been applied for from the Library of Congress.

Typeset in 11 on 14 pt Sabon  
by Ace Filmsetting Ltd, Frome, Somerset  
Printed in Great Britain by TJI Digital, Padstow, Cornwall

This book is printed on acid-free paper.

# Contents

<i>Preface</i>	vi
<i>Acknowledgements</i>	viii
1 The Third Way and its Critics	1
2 Social Democracy and the Third Way	27
3 Government, the State and Economic Strategy	55
4 The Question of Inequality	85
5 Taking Globalization Seriously	122
<i>Conclusion</i>	163
<i>Third Way Bibliography</i>	169
<i>Index</i>	181

# Preface

This work is written as a sequel to my book *The Third Way*, first published in the autumn of 1998. The work attracted a great deal of interest and quite a bit of criticism too. In this current volume, I expand upon some of the themes outlined in the earlier study and discuss the criticisms commonly made of the idea of the third way. Not wishing to write a review of reviews, I haven't responded to critiques of my book as such. Instead, I have concentrated upon criticisms made more generally of third way politics.

*The Third Way* appeared shortly after the high-point of the Asian crisis. In the wake of that crisis the hold of rightist thinking over politics has diminished. Almost everywhere, at least for the moment, conservatism is in retreat. The rise of third way politics is partly a reaction to this situation, but has also to some extent helped bring it about. The energies of many on the political left have long been preoccupied with resisting neoliberal claims, or with a defensive reworking of leftist thought in the



## Preface

face of them. Those energies can now be channelled in a more positive direction. Third way politics, I try to show, isn't an ephemeral set of ideas. It will continue to have its dissenters and critics. But it will be at the core of political dialogues in the years to come, much as neo-liberalism was until recently and old-style social democracy was before that. Third way politics will be the point of view with which others will have to engage.

# Acknowledgements

I should like to thank the many people who have helped in the preparation of this book. David Held read and commented on successive drafts of the manuscript. I owe a great deal to him. I also owe a debt of thanks to Will Hutton, with whom I have had numerous political discussions over the past few months. I have learned a lot from our dialogues. Will made valuable comments on an early draft of the book. David Miliband and Sidney Blumenthal provided very useful further observations and reactions. Alena Ledeneva provided support, help and inspiration throughout.

Miriam Clarke worked tirelessly on the manuscript and I am extremely grateful to her for her diligence and good humour in so doing. Boris Holzer worked as my research assistant while I was writing the book and was a great source of help. My thanks are due also to the following: Alison Cheevers, Anne de Sayrah and Amanda Goodall.

A.G.

November 1999

# 1

## The Third Way and its Critics

The idea of finding a third way in politics has become a focus of controversy across the world. The term ‘third way’, of course, is far from new, having been employed by groups of diverse political persuasions in the past, including some from the extreme right. Social democrats, however, have made use of it most often. During the Cold War period, many saw social democracy itself as a third way, distinct from American market liberalism on the one side and Soviet communism on the other. The term largely dropped out of sight for some while, before being resurrected in political dialogues of the past few years.

Curiously, the current popularity of the concept of the third way comes from its introduction into contexts in which it had never appeared before – the United States and Britain. Its revival, and subsequent wide diffusion, owes much to its adoption in those countries – by the Democrats and the Labour Party. Each party reshaped its political outlook, as well as its more concrete approaches to getting elected. Terminologically they resem-

## The Third Way and its Critics

bled one another: the relabelling of the American party as the New Democrats was rapidly followed by the creation of New Labour in the UK.

The third way was originally described by the American Democrats as a 'new progressivism'. *The New Progressive Declaration*, published by the Democratic Leadership Council in 1996, argued that a fresh beginning in politics was called for to cope with a world in fundamental change.<sup>1</sup> In the first progressive era, in the early part of the twentieth century, American left-of-centre politics was radically reshaped in response to rapid industrialization and urbanism. The New Deal was based on collaboration between the state, the labour unions and big business.

Today, however, the 'big institutions', the New Democrats argued, can no longer deliver on the social contract as they did before. The advent of new global markets, and the knowledge economy, coupled with the ending of the Cold War, have affected the capability of national governments to manage economic life and provide an ever-expanding range of social benefits. We need to introduce a different framework, one that avoids both the bureaucratic, top-down government favoured by the old left and the aspiration of the right to dismantle government altogether.

The cornerstones of the new progressivism are said to be equal opportunity, personal responsibility and the mobilizing of citizens and communities. With rights come responsibilities. We have to find ways of taking care of ourselves,

<sup>1</sup> Democratic Leadership Council–Progressive Policy Institute, *The New Progressive Declaration*. Washington, DC: DLC–PPI, 1996.

## The Third Way and its Critics

because we can't now rely on the big institutions to do so. Public policy has to shift from concentrating on the redistribution of wealth to promoting wealth creation. Rather than offering subsidies to business, government should foster conditions that lead firms to innovate and workers to become more efficient in the global economy.

The New Democrats also referred to the new progressivism as the third way, a term that eventually came to have preference over the former one. These ideas helped drive the policies that the successive Clinton administrations introduced, or aimed to introduce – among them fiscal discipline, health care reform, investment in education and training, welfare-to-work schemes, urban renewal programmes, and taking a hard line on crime and punishment. To them they added notions of active interventionism on the international scene.

Partly borrowing from the New Democrats, and partly following its own line of political evolution, the Labour Party in Britain converged on similar ideas. Under Tony Blair's leadership, the party broke with its own 'old progressivism' – Clause 4 of the Labour Party constitution. Blair started to refer to New Labour as developing a third way, eventually putting his name to a pamphlet of the same title.<sup>2</sup>

Over the past half-century, the document says, two forms of politics have dominated thinking and policy-making in most Western countries: 'a highly statist brand of social democracy' and right-wing, free-market philosophy (neoliberalism). Britain has experienced both of these in

<sup>2</sup> Tony Blair, *The Third Way*. London: Fabian Society, 1998.

## The Third Way and its Critics

full-blooded form, which is why the third way has special relevance there. Some neoliberal reforms were ‘necessary acts of modernization’. Yet the neoliberals simply ignored the social problems produced by deregulated markets, which have created serious threats to social cohesion.

The New Democrats and New Labour have given particular attention to family life, crime, and the decay of community – a conscious attempt to relate policies of the left to what are seen as prime concerns of ordinary citizens. We need a third way approach to the family, distinct from those who simply ignore the issue on the one hand and those, on the other, who want to turn the clock back to a time before women went out to work. Changes in the family are related to antisocial behaviour and crime. Responding to anxieties about crime is seen as vital to third way policies: hence Tony Blair’s celebrated statement that the left should be ‘tough on crime and tough on the causes of crime’.

When New Labour first came into government, there was intense interest among social democratic parties in Continental Europe. Since that time, however, responses to the claim that the Labour Party is developing a new form of left-of-centre politics have been mixed. Some Continental social democratic leaders, having investigated what was on offer, found it distinctly underwhelming. Others have been more receptive. In April 1999, at the height of the Kosovo conflict, a public dialogue on third way politics was held in Washington.<sup>3</sup> Bill Clinton, Tony

<sup>3</sup> The White House, ‘The third way: progressive governance for the 21st century’ (25 April 1999).

## The Third Way and its Critics

Blair, Gerhard Schröder, Wim Kok – at that time prime minister of the Netherlands – and Massimo D’Alema, the Italian prime minister, attended.

There was considerable agreement among the Anglo-Saxon leaders and their Continental counterparts. Kok admitted that he liked the third way approach ‘very much’, but also felt that Dutch social democrats had already come to similar ideas and policies independently. Together with the Scandinavian countries, Holland is a country having one of the highest levels of social benefits. Yet in the current era, he agreed, it is not enough that people should be protected by government: they ‘must also feel the urgency of responsibility’, for ‘you have rights, but also responsibilities’. In a world marked by rapid social and technological change, government must be empowering rather than heavy-handed.

D’Alema expressed similar sentiments. The European countries have developed strong systems of solidarity and protection. But these have become bureaucratic, and hence have ‘slowed down development and limited the possibility of attaining success’. The third way suggests that it is possible to combine social solidarity with a dynamic economy, and this is a goal contemporary social democrats should strive for. To pursue it, we will need ‘less national government, less central government, but greater governance over local processes’, as well as opening out in the direction of the global community. Economic development will require lifelong learning and adaptation to new knowledge. ‘Culture is the most important form of social inclusion, and I think we should invest in culture.’ Such an approach, D’Alema concluded,

## The Third Way and its Critics

has to break away from the old forms of welfare and social protection.

A short while after this meeting, Tony Blair and Gerhard Schröder published a joint paper entitled *Europe: The Third Way – die Neue Mitte*.<sup>4</sup> The paper seeks to provide a general framework for left-of-centre parties in Europe. ‘The essential function of markets’, the two leaders argue, ‘must be complemented and improved by political action, not hampered by it.’

Blair and Schröder distance themselves decisively from what they define as the traditional social democratic outlook. The pursuit of social justice was often identified with a pre-eminent stress upon equality of outcome. As a consequence, effort and responsibility were ignored. Social democracy became associated with a dull conformity, rather than with creativity, diversity and achievement. Social justice was identified with ever higher levels of public spending almost regardless of what was actually achieved, or of the impact of taxation on competitiveness and job creation. Social benefits too often subdued enterprise as well as community spirit. Rights were elevated above responsibilities, resulting in a decline in mutual obligation and support.

Social democrats need a different approach to government, in which ‘the state should not row, but steer: not so much control, as challenge’. The quality of public services must be improved and the performance of government monitored. A positive climate for entrepreneurial

<sup>4</sup> Tony Blair and Gerhard Schröder, *Europe: The Third Way – die Neue Mitte*. London: Labour Party and SPD, 1999.



## The Third Way and its Critics

independence and initiative has to be nurtured. Flexible markets are essential to respond effectively to technological change. Companies should not be inhibited from expanding by the existence of too many rules and restrictions. Modernizing social democrats, it is stressed, are not believers in *laissez-faire*. There has to be a newly defined role for an active state, which must continue to pursue social programmes. Employment and growth, however, cannot any longer be promoted by deficit spending. Levels of government borrowing should decrease rather than increase.

### Critical reactions

Given its prominence in sources like these, and in shaping government policies in the US, UK and elsewhere, it is hardly surprising that the third way has sparked a variety of critical responses. Many, of course, come from conservative circles. Most right-wing critics see third way politics as either a mishmash of already familiar ideas and policies, or as lacking any distinguishable content at all. An article in *The Economist*, for instance, speaks of the third way's 'fundamental hollowness'. Trying to give an exact meaning to this political philosophy is 'like wrestling with an inflatable man. If you get a grip on one limb, all the hot air rushes to another.'<sup>5</sup>

I shall be more concerned with critical reactions com-

<sup>5</sup> 'Goldilocks politics.' *The Economist* (19 December 1998): 49 and 47.

## The Third Way and its Critics

ing from within the left. Many leftists agree with their conservative counterparts that the content of third way doctrines is elusive. They also stress the indebtedness of the third way programme to its supposed opponents, the free marketeers. The third way is seen as presenting an essentially right-wing philosophy in a somewhat more attractive light – Mrs Thatcher without a handbag.

### *The Anglo-Saxon critics*

Jeff Faux, writing in an American context about the Democrats, is one of those who holds that the third way is ‘an intellectually amorphous substance’; it has ‘become so wide that it is more like a political parking lot than a highway to anywhere in particular’.<sup>6</sup> So much so, he continues, that the term has been applied to virtually every prominent political leader one can think of – not just Bill Clinton and Tony Blair, but ‘Chrétien of Canada, Prodi of Italy, Jospin of France, Salinas and Zedillo of Mexico, Schröder of Germany, Cardoso of Brazil, Menem of Argentina – even Boris Yeltsin!’.

Faux distinguishes three claims in terms of which the third way should be judged: that it has a coherent analysis of the declining relevance of the ‘old left’; that it provides an effective basis for rebuilding the fortunes of social democratic parties; and that it has a plausible strategy for dealing with issues of the post-Cold War age.

<sup>6</sup> Jeff Faux, ‘Lost on the third way’. *Dissent* 46/2 (Spring 1999): 67–76, 75.

## The Third Way and its Critics

He accepts that what he calls the ‘mainstream left’ has to adapt to a world in rapid change. However, on each of the three issues just mentioned the third way has proved less than adequate. In the manner in which it developed in the US, at least, it was not originally constructed as a coherent political philosophy. The third way is not in fact a systematic approach at all, but developed as a tactical response to Democratic failures in the presidential elections of 1980 and 1984. The Clintonite Democrats claimed that because of its New Deal mentality the party was no longer in touch with the anxieties and aspirations of ordinary Americans. To become successful again in elections, the party had to respond to their concerns, and give priority to ‘conservative’ issues, such as law and order, rather than to questions of economic security. In particular, the New Democrats believed they had to break with a ‘tax and spend’ approach.

Faux disputes much of the historical ground on which these interpretations are based. Democratic presidents have cut taxes as often as they have raised them. Some Republican presidents, such as Ronald Reagan, have been more fiscally irresponsible than Democratic leaders – they wanted to spend on big government for purposes of defence, not, as the Democrats wanted, for social programmes. Moreover, in practice, the main proposals the New Democrats came up with were actually those which the ‘mainstream left’ had been advocating for a long while, such as more spending on education and child care.

It wasn’t a new programme, Faux asserts, which lay behind the successful presidential campaigns of 1992 or 1996. The campaigns were fought mainly on the basis of