What is the Third Way?

Tony Blair has committed his government to treading the Third Way. Both US President Bill Clinton and German Chancellor Gerhard Schröder espouse the same doctrine. But what does it really mean? BBC Social Affairs Editor Niall Dickson digs behind the rhetoric.

...In this age when the great ideological divide which characterised the post war era has evaporated we seem to feel the need to understand our politics as a single story rather than as a set of disjointed initiatives. A government, it seems, must have at least a Big Idea underpinning its policies - simply wanting to make the world a better place will not do.

Of course the Third Way to this extent is not new - ... there been the familiar tenets of neo liberalism, Christian and social democracy and democratic socialism, all of which can claim to have acted as tillers to various administrations... and more recently Thatcherism, which some have argued represented the first clear ideological underpinning the Conservative Party has ever had.

So what is this Third Way embraced by Blair and Clinton and now by a number of European leaders, most notably Gerhard Schröder in Germany? One observer described it as the Loch Ness Monster.... everyone's heard of it, there are occasional sightings but no-one is sure the beast really exists. Or as another remarked the third way is ethereally defined. One supporter writing to The Independent claimed it was a form of benevolent pragmatism - a philosophy that asked of each policy - is it good, does it work? For this reason he argued it was hated by the old left and the new right - the new right because they never did anything that was good and the old left because they never did anything that worked.

Put at its most basic the Third Way is something different and distinct from liberal capitalism with its unswerving belief in the merits of the free market and democratic socialism with its demand management and obsession with the state. The Third Way is in favour of growth, entrepreneurship, enterprise and wealth creation, but it is also in favour of greater social justice and it sees the state playing a major role in bringing this about. So in the words of one of its gurus, Anthony Giddens of the LSE, the Third Way rejects top down socialism as it rejects traditional neo-liberalism.

I would not want to disagree with that but there is certainly a tendency among some supporters of the Third Way to define it by parodying what has come before it - to suggest that Thatcherism was only concerned with the market or even that it prescribed free market solutions for all ills is surely an oversimplification - likewise to depict old Labour as if it were some form of Stalinist mantra which favoured snuffing out all forms of private enterprise is equally silly. To reduce alternative approaches to such banalities may throw the Third Way into sharp and flattering relief but it doesn't really illuminate it very
much. Indeed if the Third Way were just a compromise between hard economics and social justice it would not merit much discussion.

The other and related criticism of course is that the Third way is no more than a crude attempt (rather a successful one thus far) to construct a bogus coalition between the have and the have nots - bogus because it entices that haves by assuring them that the economy will be sound and their interests are not threatened, while promising the have-nots a world free from poverty and injustice. I don't accept this is entirely fair and I hope I can show it does amount to more than mere opportunism even if that its electoral success both here and in the United states has been dependent on winning over middle class voters to parties that have often been regarded with suspicion by the better off. Seventy-eight of Labour's gains [in 1997] were in suburbia.

...So if the Third Way is not any of those things or not those things alone, then what is it? Giddens in his analysis begins by pointing to a changing world and suggests that the Third Way is a response to that change - not merely electoral opportunism then but a rational response to a new political social and economic environment.

At the heart of these developments lie globalisation - such is the nature of world trade and the rapid movement of capital that modern governments are no longer in control of their national destinies - electronic money flies around the world and is 60 times the value of goods.

The capacity of government to influence events is thus diminished - Robert Reich Clinton's one time Labour secretary argued that after ensuring that there were the right conditions for maximising trade and encouraging investment governments were left with two crucial variables they could affect - first the skills of their population - making their workforce more competitive through higher levels of education and training and second, building an efficient infrastructure of transport links, utilities and I suppose in the British context hospitals and schools, the social infrastructure.

...More pertinent is another massive change without which the Third Way would not have been conceived and certainly would not have had success at the polls. A generation ago half this country was working class - 20% was middle class - today they are the other way round. Mrs Thatcher's property owning democracy is here. The left may lament the fact that Labour's core support is not turning out to vote - the truth is Labour's core support, in that traditional sense, barely exists at all.

It has evaporated along with so many of the certainties that characterised this turbulent century - traditional loyalties and communities have disappeared, along with the moral direction and authority once provided by church and trade unions, the simple division of roles between genders and the deference that characterised the British class system.

In its place a more uncertain world, where what is immoral today may be moral tomorrow and vice versa. A world in which family life and individual expectations have been transformed, where new fears and uncertainties have taken root - where so often nothing is forever - no job for life or home for life or marriage for life.

So it is this that the Third Way seeks to make sense of and, in Giddens' words, apply left of centre values to the new world. To recognise the need for a moral framework and to adjust public institutions to a very different and demanding environment.

**So What are the Values?**

According to Julian Le Grand also of the LSE it is possible to discern four key values which underpin the actions of this administration and which de facto make up the Third Way.
First a belief in the value of community. Unlike Mrs Thatcher who famously claimed there was no such thing as society only individuals proponents of the Third Way still believe there is or there should be more than the nuclear family at one end and the nation state at the other.....

Secondly there is a commitment to equality of opportunity - by no means a new rallying cry since both past Conservative and Labour administrations have claimed to have this at the centre of their policies - but there is something distinct here. Right wing governments have generally thought it sufficient to create a level playing field - for example by providing universal services such as health visiting or compulsory schooling but at the same time accepting as inevitable very different outcomes in terms of income, health or educational attainment. The left on the other hand has concluded that these different outcomes were simply the result of exploitation, or lack of funding or poverty - in short nothing or very little to do with the people in the affected communities who were viewed as passive victims. The left also had a degree of commitment not just to equality of opportunity but to equality itself. Or at least a commitment to reducing levels of inequality.

The Third Way differs from these analyses or rather it borrows from them all. First there is a stronger recognition that equality of opportunity is denied to many and that this requires positive discrimination in the form of additional funding or even sotto voce transfers of funds from one part of society to another ….What is less clear is how far the Third Way seeks greater equality per se. Le Grand sees evidence of ambitions of equality of opportunity but not much evidence of wanting to close the income gap - Anthony Giddens on the other hand talks of the Third Way contesting inequality and I think it is a mistake to underestimate this aspect. There is a strong element of redistribution in this government's fiscal policy.

Apart from a quiet but determined assault of remaining middle class tax benefits, the creation of the minimum wage, increases in child benefit and minimum guaranteed income for pensioners there is the working families tax credit - … raising the incomes of very large numbers of low income and low to middle income families.

What differentiates this from previous attempts at creating a more equal society is that it is based on work as the principal root out of poverty - work will be made worthwhile because work is seen as the source of dignity and worth - work for the young, for the long term unemployed, for lone parents, for the disabled. And while the state has a responsibility to help train and provide skills to enable people to acquire jobs, they have a duty take them.....

…The Third Way is nothing if not ambitious - it believes in the power and effectiveness of government and the capacity of the public sector to deliver social goals - it believes the public sector with the right alliances can not only deliver better services it can transform society reducing social exclusion, academic failure, family breakdown.

And among those at and around the top of this administration there is no doubt about the coherence or the righteousness of this strategy - they know perfectly well that they are not closet Conservatives but they are much less confident about their capacity, your capacity to deliver what they demand. ...

The most important foundation IS in place - social reform can only ever succeed on the back of a successful economy and the crystal apparition that is the third Way will melt into a messy blob without a thriving economy - it needs the tax revenue to fund revitalised services, it needs jobs for those going through its New Deal programmes. And jobs, for the exponents of the Third Way, are the way out of poverty. Were the economy to hit the buffers the entire social policy programme would fall apart.....

…And … perhaps… one of the main underlying weaknesses of the Third Way [is that] - it conjures up the prospect of cost free reform, where everyone is a winner…