

WORKING DOCUMENTS

Nr. 3

The Third way - some crossroads

by

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The term *Third Way in its most recent use* was coined in 1992 by a group of policy consultants to Bill Clinton and taken over by Tony Blair and his intellectual aids with new emphasis half a decade later in order to brand a new center left approach to what they consider the inevitable new challenges of economic globalization. It is by its authors understood as the opening move for a new wave of revisionism which aims at a new synthesis between traditional social democracy and liberalism in some of the key fields of social reform such as governance, welfare state, education, political culture and job creation in a new economy. The very brand-name and the new direction of political thinking for which it stands have proved highly controversial in the short time since they have entered the political arena.

1. A renewed synthesis between socialism and liberalism

When the first wave of revisionism in the history of socialism occurred a few years before the turn of the new century, Eduard Bernstein who had been its chief promoter declared it to be in essence a synthesis between the socialist heritage and liberalism. This interpretation was accurate in three different respects: first, the revisionist brand of socialism - later called democratic socialism or social democracy - advanced an unambiguous acceptance of *liberal democracy* as the political framework for each further step of social reform. Secondly, the liberal principle of *openness, pluralism, provisionality and tolerance* was applied to socialism itself; and thirdly, the liberal concepts of *free market and private property* of the means of production were reconsidered and to a certain extent -within a dense framework of social control and responsibility- adapted to the basic values and overall objectives of democratic socialism. It would be a meaningful and highly informative endeavour to renarrate the whole history of socialism ever since as a sequence of ever renewed steps towards actualized forms of syntheses between liberalism and socialism prompted either by changes in social, economic and political reality itself or their perception by the mainstream socialists - and the constant rejection of such a synthesis by dogmatic socialists and communists.

Revisionist socialism as contrary to the dogmatic version of marxism, from its very outset, always has understood itself as an open process of learning from reality, from the results of its own endeavours in the different fields of society, but abiding without compromise by the basic values of freedom, justice and solidarity as the unchangeable guidelines for its reform

programs. Since the beginning of the 20th century in the eyes of mainstream revisionist socialism it was a truism that there is substantial difference between the basic values of democratic socialism as its overall objectives and the means and tools of social change, which could bring society closer towards them. Even Karl Kautsky, a proponent of democratic marxism in German social democracy, as early as 1919 in an argument with Lenin and his idea of Communism put this most important difference in unambiguous terms. We are, he said, in favour of the socialisation of the means of production, because we are convinced that they are the best means that create a society of equal liberty. If someone were to convince us tomorrow that this is not the case, we would have to discard the idea of socialisation without reluctance if we want to stay firm with our genuine objectives and basic values ¹. In this sense the political philosophy of Social democracy had developed from dogmatism to *value guided pragmatism*.

The *Godesberg Program* of the SPD in 1959 makes this difference very clear. There are, however, some organisational and institutional means which are so directly and inseparably linked with the basic values that they can be considered as almost as basic and constant as the basic values themselves, such as democracy, pluralism, human rights, social security and workers participation. In the field of economy there has been constant strife within the socialist movement in almost every single Western nation concerning the social limits to private property and the forms of those limits, and the limits to market economy and its forms. It was, however, always clear that market and private property are *not basic values* in themselves but only, within a certain framework of participation and social responsibility, *appropriate means* which can serve the ends of social democracy in a better way than the old dogmatic of it: the socialisation of the means of production and central state planning.

It is thus neither a surprise nor a deviation from the traditions of revisionist mainstream socialism in Europe, when the key advocates of the Third way argue that in an era of globalization, it is time now for a new synthesis between social democracy and liberalism, or even neo-liberalism. With respect to the philosophy of revisionist social democracy there cannot be anything wrong with such an endeavour - the question, however, being *which* synthesis of social democracy and liberalism in the world of today would serve the ends of social democracy in the most appropriate manner. Social democracy could not survive in a highly complex and changing world if it rejected the ideas of *pragmatism* with respect to the

¹ Cf. K. Kautsky: *Die Diktatur des Proletariats*, Wien 1918. S. 4f.

means of its project and of *permanent revisionism* with respect to theories and hypotheses which guide its interpretation of the present world and its selection of the instruments and means of its policies.

2. *Third ways*

The term „Third way“ evidently is without well-defined meaning. Even in the history of socialism it was used in a variety of different situations for a variety of different purposes. The *Austro-Marxists* between the wars made use of it in order to designate the endeavours to find a way between Bolshevism and Socialism combining the best of both in order to develop a *realistic* strategy to gain the objectives of socialism in a world where very strong powers like communism, fascism and big capital prevailed.

After WW II, democratic socialism in Europe just declared itself to be a third way, the better way between the two extremes of untamed capitalism and dogmatic communism. In the years after WW II, the term was frequently made use of, meant to find an orientation between the two big emerging superpowers. In 1968, during the short Spring of Prague, Ota Sik and others developed the project of a market socialism beyond communist central planning and private property dominated market systems, and called it in their turn "third way". Besides the use of the term within the traditions of democratic socialism in time even extreme adversaries of it, such as Franco-Fascism in Spain found the the brand name suitable.

Most recently, *Tony Blair, following Clinton and his consultants*, forwarded the idea to reanimate the term *the third way* in order to designate endeavours to shape a *new synthesis between traditional social democracy and a neoliberalism* which for too long though not without a rationale has dominated the discussions and to a certain degree also the policies of most western countries during the last two decades. Strategically the term is meant to bring social democratic thinking back into the offensive by adopting some of the most attractive ideas of neoliberalism. The bridge of those who are picking up the term and taking on this challenge spans from the think tanks associated with the Clinton administration in Washington, those designing the intellectual message of Blair's politics to some politicians and intellectuals on the continent who have started to join the project, some of whom in Germany have declared

the label The New Middle (Die neue Mitte) as a full equivalent to the Third way . The discussion on the continent, however, is just about to commence.

Thus, it cannot be surprising that the project is yet rather vague and, as Tony Blair sees it, so far merely defined through some basic values, a resolution to be utmost pragmatic in order to find appropriate means to implement them in the world of today and a conviction that some of the ideals of neoliberalism concerning globalisation, the dominating roles of markets and the need for rethinking governance and renovating the welfare state will have to play a prominent role in the new pragmatic mixture of means and instruments apt to materialize the basic values in the world of today ². There can be no doubt that this effort in itself is legitimate and necessary, given the new economic, social and political problems which emerge in the wake of globalisation and the dissolution of the traditional socialist milieus in all democratic societies of today. The issue at stake, however, is *what synthesis* is needed which at the same time serves the *basic values* of social democracy in the best possible way and can meet with *success in the realities* of today.

In Europe the emerging discussion on the Third Way revolves around the Tony Blair success story and its foundations. Confusion has been created by a lack of thorough going discrimination between the *different layers and dimensions* in Blair's own genuine project which serves as a paradigm for what the new third way could or should be. In an amazingly short space of time Blair has pushed through a *three-layered revolution* in the British Labour Party which till then has been the embodiment of traditionalism amongst the various European social democratic parties.

The *first* layer of the Blair revolution was the arrival at a *Godesberg type* of social democracy in which traditional ideas of the socialisation of the means of production are replaced by commitment to basic values and opening up of the party program for pragmatic ideas about the role of markets, private property and the role of the state in the economic process. In the British context, this was a major achievement which paved the way for regaining majority acceptance and an innovative and offensive role for the Labour Party in the political arena of today.

This breakthrough towards Godesberg, however, was, *secondly*, accompanied by a very radical type of *Clintonisation* of the political communication on the part of the strategic apex of the Labour Party which subordinated everything else including the party discourse, the role of the party and even the role of the parliamentary party under the rule of the perceived necessities of successful media communication of the party leader's image and his symbolic project. The term 'designer socialism' as it has been coined by critics of this dimension of the Blair revolution may be an exaggeration in a certain sense, yet, it covers a good deal of this innovation. The image of the leader hero, the selection of the issues and the design of the way they are presented to the media, the disciplination of the party and all the actors beneath the strategic apex have not only created a new way to conduct politics but also a new type of relation between the social democratic party, its members, its leadership and its relation with society as a whole. Therefore, it cannot be seen as a change in marketing and communication only, it is rather a substantially new type of defining the role of the party in the process of formulating and implementing policies- it is basically nothing less but a *new type of media-democracy*.

The *third* layer of the Blair revolution is concerned with the closer issues of what is covered by the label "Third Way": the adoption of many substantial parts of *neo-liberalism* into the project of social democracy. In the particular situation of Great Britain, where a comparatively radical type of neo-liberalism has shaped the country during almost two decades, the courage, the resolution and may be even the electoral necessity to go unprecedentedly far in that direction seem to be unique. This is why the Blair revolution and its transferability to other countries needs and deserves thorough going discussion.

Taken the scope and the depth of the Blair revolution with respect to all three discernable layers, Blair's claim to having created "New Labour" with a new political identity clearly and demonstratively distinguished from „old Labour“ is fully justified.

Since the foundation of the *First Socialist International* in 1864, it has always been the hope of the democratic Left to organize a worldwide cooperation of the individual national forces which represented it and to create sufficient convergence at the programmatic level with respect to the key politics and policies of the related parties. It is therefore in all respects a fully

² T.Blair: The Third Way.New Politics for the New Century. Fabian

legitimized endeavour to start, in a situation of globalization, *a worldwide discourse on a Third way for social democracy* in transition to the 21st century whatever the remaining differences in the starting positions of the different countries and the particular traditions of the various social democratic parties and groups who join it might be. It is worthwhile and necessary to exchange experiences and ideas, to learn from each other in order to come to a new understanding of what social democracy means in the world of today, to regain an offensive position for it in the debates and in the power positions of today. Such an understanding could possibly provide the center left parties with common ground for coordinated action in order to cope politically with the challenges of globalization. This above all seems to be the opportunity and the promise of the Third Way discourse.

3.The Blair-Project- Basic Features

The main feature of Blair's version of the third way is its foundation on basic values, particularly *equal worth, opportunity for all, responsibility, and community* with all concrete policies being deliberately left to pragmatic experience and calculation..

Such values automatically entail certain structural and institutional commitments, such as democracy, human rights, pluralism and the like. With respect to the precise details of the social and economic order, and also with respect to the shape of economic, social and educational policies they are open for different options but the choice between various options always has to be made in the light of these basic values. The general approach of such a political concept is that of a *principled pragmatism*: unconditional validity of the basic values combined with conditional choice concerning possible policy alternatives. This is basically the Godesberg approach to social democratic thinking. It is a gross misunderstanding of the very concept itself when Tony Judt has asked: "The third way to what? We need some direction."³ It is clear that in such a concept the *basic values are the objective* towards which the process should be driven, and they constitute the intrinsic meaning and direction for the process itself. Such a concept is a meaningful orientation for action as long as the basic values themselves are defined precisely enough to deliver effective yardsticks for pragmatic progress.

Pamphlet 588. London 1998.

³ T.Judt: The Third Way to What? We Need Some Direction.

In the framework of these basic values, it is Blair's hope, that at the policy level traditional contradictions such as patriotism and internationalism, rights and responsibilities, the promotion of enterprise and the attack on poverty and discrimination will be overcome. There is nothing wrong with such an approach, and Blair himself frankly confesses that it will need a decade or more to fill this framework with sufficient details to make it a working project of Centre Left for the 21st century. It is also justified when Blair urges a revisionist re-appraisal of social democracy today which has to face a new synthesis between elements of neoliberalism and traditional social democracy. The controversial question is how Blair exactly conceives his Third way at the more operational levels, such as the *relation between economy and politics, objectives and structures of the welfare state, the exact meaning of equal worth of all individuals, relation between state and society with respect to the protection of the individual social rights.*

At a more down to earth level, Blair (a) declares the main meaning of equal worth as *inclusion*, i.e. an opportunity for each individual to participate in the economic and social system, (b) favours *partnership* between government and business, (c) makes a case for a strong and self-confident *civil society* enshrining rights and responsibilities with the government being its *partner*, (d) stresses the necessity to *accept economic globalisation* and the rule of markets as an hard fact of life to which value-based and effective policies have to adapt.

The policy guidelines for the project which represent steps *beyond* the Godesberg type of social democracy which has been prevailing in Europe during the last two or three decades seem to be (a) an *orthodox liberal* approach to makro-economy, (b) *supply side* economic policies, (c) *unconditional acceptance* of the rules of a competitive productive and capital market, (d) restructuring of the welfare state to make it deliver *employability* and not guaranteeing employment or social security as a citizens right, and (e) a vague commitment to *sustainable* development. In addition to that Blair is devoted to substantial reforms for the *decentralisation* of the political system in Great Britain, initiatives to make the *educational system* more effective and a more *constructive participation* of Great Britain in the European Union ⁴.

⁴ Cf. P. Robinson: Britain's Labour Government: a third way for social democracy? Paper: Institute for Public Policy Research, London 1998.

For a broader discussion of the politics of the Third way in a global perspective one has to distinguish between those features of the new concept which are obviously due to the particular British context and those which seem to be transferable to other societies, inasmuch as they share a common global context. The radicality with which Blair is ready to renew the traditional social democratic project is of course due to the high level deregulation of economy and the labour market which had been materialised by the Thatcher regime in the eighties. The way in which the concept is designed and epitomised in Blair's own personal performances as a symbol for it seems largely caused by the role of the mass media and the attitudinal propensities of the new middle classes in GB. The *welfare consensus* which is still intact in most of the continental and Scandinavian countries had been destroyed by Thatcherite policies already so that it seems not any longer a datum or a restriction for Blair's own endeavours. Much of the way in which Blair presents his issues but also the way in which he selects them and gives structure and meaning to them at the symbolic level seems to be influenced by his appraisal of the crucial role and the governing rules of *mass media communication* in present day societies.

The essence of the new concept seems to be a strategy which aims at bringing about inclusion, opportunities for all (not social justice!), and employment not by way of structural reforms and macro-economic policies but by way of *a new type of cultural revolution and related transformations of the welfare state* which aims at adjusting people better to economic and social structures as they are determined by the present stage of globalisation. This shift to predominantly cultural strategies is symbolised in such term as *partnership between government and business, and government and society, employability and opportunities for all*. They all target at substantial changes in attitudes and modes of action rather than remodelling structures. *Partnership* means, whatever can be achieved has to be done through negotiation instead of state sovereignty within the framework of the established structures. *Inclusion* means that everybody should be given an opportunity to get included in economic and social life in some way at whatever level and under whatever conditions, the rest being left to individual fitness, and *employability* means welfare state can help people to acquire new work qualifications but finally it is up to them to arrange with the markets.

Often Blair and other advocates of this particular version of Third way thinking employ the term of a *culture of entrepreneurship* which should become the attitude of each individual in

the emerging societies. The cultural revolution which is the objective of this strategy aims at a redefinition of the role of government and the responsibilities of the individual. The final risks of the labour markets are transferred to the individual with the state being only kind of an aide (welfare to work), whereas in the classical concept of social democracy the individual was entitled to social security as a citizen's right due to a social democratic assessment that the very structures of market economic are default. This is a substantial takeover of cultural positions of neoliberalism entailing intrinsically the reduction and downsizing of governmental structures and responsibilities. This change is highly consequential with respect to economic policies, welfare policies and the symbolic position of social democratic parties in the political arena of present day societies. Therefore, it implies some of the most controversial issues which have to be discussed for a meaningful filling of the Third way concept.

4. Third way issues

4.1. New Economy : Globalisation

The starting point for both Clinton's and Blair's version of Third Way renewal is the acceptance of economic globalization as a hard fact with all its consequences for economic growth in a highly competitive world market and the type of jobs which it is going to make available. Globalisation, however, is a highly ambiguous term. It is multidimensional in its scope and ambivalent in its meaning. Evidently, communication, the effects of ecological destruction, diseases, cultural encounters and to a certain degree migration are transgressing political frontiers whether the individual nations like it or not. This process of transnationalisation increasingly is widening to a global scale. The finance markets, due to state of the art of the means of electronic communication and the end of legal and political barriers, are globalising, too. This is however not the same thing as comprehensive economic globalisation. The markets for goods and services, and particularly for labour, are still very far from being global, they are rather selectively transnational, and in that in some of the most relevant parts of the world they are rather regionalized than truly globalized.. In the European Union for instance, more than 80 % of the trans-national trade of the member countries is materialised within its own limits with competition mainly being performed at the European level, and not globally. Though components of many goods and services are gathered at a very

large trans-national scale , and only put together in particular countries, goods production and services are not globalised in the way the publicly prevailing argument suggests, i.e. in one single worldwide marketplace in which all economic unities compete with each other. Large parts of the national economies, different from country to country, are not involved in transnational markets, and large parts of the transnationalized markets are rather regionalized that globalized. Therefore, differentiation is necessary.

This is why the undifferentiated neoliberal use of the globalisation argument to a high degree is an ideological one, mainly designed to delegitimise labor demands, macro-economics and the claim of all political responsibility for the outcome of the economy, rather than depicting the new reality accurately. Thus it is one of the crucial watersheds between neoliberal and social democratic politics how the term globalisation is filled and which consequences are derived from it. For a critical use of the argument which takes into consideration its conditions and limitations , two consequences are crucial. The first is that the real shape and amount of globalisation does not render macro-economic policies and political responsibility completely and for the entire economy obsolete, the second being that much of the political influence which has been lost to globalisation, insofar as it is materializing in real terms, can be regained and reestablished at a regional level, an argument which particularly is valid for the European Union. In addition, concepts to develop more comprehensive and effective transnational and even global regimes to regulate global economy in political ways are no mere illusions. GATT and the like show that there is still scope for political framework setting, which possibly is subject to further amplification if only the crucial political players really wish to do so.

Resignation, therefore, is not without alternative, economic globalization is not just a fact of life. Even taking into full account the new restrictions and opportunities brought about by transnational markets in many fields there is still substantial leeway for enlarging and filling meaningfully the scope for political framework setting instead of accepting the present situation of economic „globalization,, fatalistically . Even for a renewed social democratic project there is no need to discard the concepts of macro-economics, market regulation and political framework setting altogether. Despite all the necessities and good arguments for change there is also space for new concepts in order to compensate for the losses of political effectiveness at the national level by transnational cooperation.

4.2. *Partnership of government and society*

Rethinking or even „re-inventing,, governance, the respective *political* roles of government and society, with respect to the new economic and political problems of today, is one of the central impulses of Third way. This concept has *two* dimensions. The first being a *functional* one; it stems from the experience that in highly complex modern societies it is increasingly difficult and even dysfunctional to try to steer the development of societies from a strategic political apex being placed at the top of the pyramid of society, unable to oversee its performances, problems and functions to a sufficient extent. In this dimension, the idea has become prominent that modern governance requires new forms of cooperation between the actors from within the political system and actors from within civil society: the objective being new patterns of governance with a new division of labour between state and social actors in political problem resolution. New forms of societal politics have to be created, some of which are already underway. Government increasingly and with respect to many more political issues becomes a *partner* of societal agents or their *moderator and facilitator* on the basis of monitoring the development of society, sometimes inspiring actions in society, sometimes moderating processes of negotiation, sometimes striking contracts with social actors. This strategy of *power devolution* to a certain extent appears as a functional necessity in present day post-industrial societies prompted by unprecedented high and still increasing levels of social complexity.

As long as the monitoring function of the political system remains intact and enables it to take up its political responsibility for the society and its individuals along the lines of shared basic values wherever the networks of civil society fail, this approach to political power devolution is an alternative to privatization and fosters democratisation and societal autonomy. The opposite would, however, be the case, when a government in a neo-liberal spirit would simply chuck more and more of its political responsibilities and leave it simply to the individuals how to cope with the consequences of the logic of the markets. Simple privatisation of erstwhile political responsibilities can lead to a blunt recreation of the 19th century situation when uncontrolled private powers from within the society were dominating the lives and the opportunities of the large majority of the people, which ultimately created sustained political alienation and mass protest in Europe .

The *second* dimension of transferring political functions onto civil society is a *cultural* one, based on ongoing processes and declared needs to rebalance the individual's sense of rights and obligations in modernized societies. This is the dimension stressed by communitarianism. A reinforcement of the individual's sense of obligation can strengthen the citizens' propensity regularly to see first whether they can jointly solve political problems, which emerge in their daily life sphere, themselves by spontaneous cooperation, and only inasmuch as this is not possible, delegate it for effective resolution to the political system. In this dimension, restructuring the political division of labour between state and society is not in the first instance a question of simply discarding erstwhile state functions and leave their fulfilment to the discretion of private actors. It is rather about rendering a good deal of state intervention superfluous as the job is done in society itself on a voluntary basis by a variety of actions.

Even in a country like Germany, more than a quarter of the population has been engaged in such fields of social self help initiatives for a long time. The challenge today is to extend the readiness for such engagements to new fields of societal problems and activities and to foster the related spirit of community by public strategies such as discourse, convincing examples, cooperation, new forms of partnership and the like. The concept and the practice of communitarianism can well supplement social democratic philosophy and politics but only if it is not meant as a mere strategy of legitimising the reprivatisation of public responsibilities. The difference between the *neo-liberal* concept of simple *reprivatisation* of public policy obligations and the *social democratic* concept of *politicisation of civil society* in order to take on new responsibilities is a crucial one, and it must be made very clear not only on a theoretical level but in the concrete shape of practical projects and the very concepts of government responsibility. Those *political jobs* which are not done in society itself by voluntary actors still will have to rest with government responsibility. In order to be able to cope with such new challenges governance needs substantial reconsideration and imaginative refashioning.

4.3. *Welfare state*

No doubt, today socialdemocrats face the necessity of restructuring some of the key parts of the welfare state. There are structural changes within the society which make appropriate changes in welfare state structures unavoidable. To mention just the most consequential ones:

- (1) The health care systems, the levels of medical technology and the sophisticatedness of

medicine are expanding constantly and, as an unavoidable consequence, the costs of medicare. A social health care system which entitles each individual to the full scale of medical treatment as indicated by his diseases will constantly raise the portion of the gross national income and the individual income which has to be spent for the health care system, which is unaffordable in the medium-range. (2) The demographical change in our societies constantly is decreasing the working portion of the society and increasing the non-working part. The traditional schemes of relating pensions to incomes by way of financing the whole system through a work income related insurance systems likewise would constantly increase the proportion of income forcibly to be spent for the pension insurance system. New models for a sustainable general pension system are required. (3) The labour market in some of the welfare states has created a particular trap at its lower end due to systems of unemployment insurance. As long as every wage which is earned is fully reduced from the unemployment allowance, even if it is very low and gained on a part time basis, the motivation to tap the welfare system and to reject such poorly paid jobs will be very strong. This blockade creates both unnecessary inflexibilities in the lower strata of the labour market and severe budget problems in the system of unemployment insurance and welfare. New ways of relating the welfare system and the labour market are needed.

No doubt, the welfare state is badly in need of remedies which are able to adjust its structures, functions, and costs to the new situation. However, it is also evident that this should be done in such a manner as to preserve the basic objectives for which the welfare state has been invented and designed as a part of the social democratic project more than a century ago. The neoliberal remedy has been very simple and clear cut: dismantling the welfare state and resignation vis-à-vis the power, the logics and the wisdom of the markets. This will, so the neo-liberals suggest, immediately ease the burden of the public budgets and sooner or later adapt labour and the expectations and attitudes of the workers to the hard necessities of the labour market. As the market in neoliberal thinking is considered both to be an unparalleled mechanism of rational decision making and a basic value, the social and political costs of such a strategy are neglected in theory and tolerated in practice. Only for such a political approach the slogan of unconditioned flexibility and flexibilisation are a proper and sufficient landmark.

Third way thinking is definitely right in its basic assumption that it would be irresponsible and stupid to take refuge to mere defending the structures of the traditional welfare state in order to attack neoliberal irresponsibilities. Re-engineering the old welfare state structures is inevitable, but only insofar as this helps to make it sustainable, There are many proposals and attempts, varying from country to country, how to do in in the best way. This holds true for all the classical pillars of the welfare state. It is also true that with respect to old age pension and labor market, the role of the individual has to be changed, more responsibility and more scope for choices are needed; concerning old age pension for instance, it will be left more to the individual's choice to decide how much of his income he would like to save now in order to be able to spend it later - but above a bottom line of a guaranteed minimum pension which makes a dignified life in his old age possible. With respect to labour markets, welfare state means above all two things: First, job offers have forcibly to be accepted when they are acceptable and secondly each job engagement of the unemployed should entitle the individual to reasonable income increases above the welfare, particularly with respect to full time jobs.

All this can and must be done, and the ways to achieve it are many. Pragmatism, creativity and a spirit of innovation are required. The message of social democracy, however, must be a renewal of the generative idea of social democracy: *each citizen is entitled to a dignified standard of social security when all his own efforts have failed*. The guarantee of a decent life is not dependent on economic merit but a human right. Of course it is more necessary than before that the individual can prove that he has undertaken everything possible to earn his own living, but in case of failure, he has a right to social solidarity and he has a right that the blame for failing markets are not put on his shoulders alone, so that in addition to poverty and insecurity he would be stigmatized with failure, remorse and blame.

The Third way for all these reasons will prove to be a meaningful concept for the renewal of social democracy only to the degree to which it succeeds in inventing new structures of a welfare state without discarding the guarantee of social security. Otherwise it would not only damage the public identity of social democracy and deny its confession of basic values, but contribute to social disintegration and finally entail severe electoral problems. At the social level, increasing measures of social disintegration would be unavoidable which in their own turn will cause high costs to be coped with. At the political level, two adversaries of social democracy would be the main winners: those neo-liberals who are even more consequent than

a half-way neo-liberal social democracy and those right-wing ideologies and parties which promise a more communitarian society and full acknowledgement for those who suffer social exclusion. Social democratic efforts to reshape the welfare state have carefully to honor the fact that there are not only limits of economic globalization to the welfare state but also *welfare state limits to globalization*⁵. Once they are violated, in many countries increasing political opposition against free trade becomes most probable..

For all these normative and empirical reasons a renewed social democratic project must abide by a concept not just of opportunities for all, but of *social justice* which implies as a minimum standard the guarantee of *human dignity*, particularly so in situations where all individual efforts to arrange with the markets have failed. Such a guarantee, as a matter of course, implies the individual's obligation to seize every opportunity offered to him by the markets or the society to make his own living. Thus, employability, may be one of the useful objectives for welfare state reform, but not the sufficient condition for a renewed social democratic project as long as there are not enough jobs available for everybody.

4.4. *Flexible Man and Basic Security*

One of the most disputed features in the Third Way project as it is has been offered by Tony Blair is its concept of a *general culture of entrepreneurship* as a new economic and social culture for all the members of modern societies. It is meant to do away with the widespread attitude of entitlement, and, consequentially, allow for a major increase in labor market flexibility, welfare state reduction and a related increase in self-determined voluntary social activities. The main thrust of the concepts seems to be towards deep cultural changes to overcome the deeply rooted welfare consensus as it is prevalent in most European societies. What does the concept exactly mean? Some of the distinguished promoters of the Third Way project such as Blair, Giddens, and in Germany Bodo Hombach, have repeatedly declared that it means that the individual independent of the degree of education, job qualification, or social position must now start to consider himself as an entrepreneur, entirely fully responsible for his own fate in the world of markets.⁶ It seems to mean that everybody should develop an

⁵ Cf. Rieger,E./ Leibfried,S.: Welfare State Limits to Globalization, in: Politics & Society.Vol.26, N.3, Sept. 1998.

⁶ A.Giddens: The Third Way. The Renewal of Social Democracy. Cambridge 1998; B.Hombach: Aufbruch. Die Politik der Neuen Mitte. München 1998.

awareness that the risks of the labour market are in the last instance his own risks and not failures created by default structures of society which entitle the individual to strong social guarantees. Such a major cultural change, which amounts to taking in a substantial portion of neo-liberal culture into the social democratic approach, most probably would have serious consequences at two levels. The *first* is the minimisation of the welfare state and the reduction of its subsidies to limited aids for employability with the rest remaining left to the individual fortune; this is a *structural* effect. And the *second* level would be a *socio-psychological* (*socio-cultural*) one giving the individuals at the lower strata of society the feeling, that beyond the narrow limits of help for employability there is no reliable social security which they are entitled to, whatever the outcome of their efforts in the labour market in the last instance will be. Any job would have to be accepted whatever its qualities and payment might be, individuals would have to accept almost unlimited degrees of economic and social flexibility..

Richard Senett recently has depicted some aspects of such a transformation toward an new *capitalist culture* and made a case for *social limits to flexibility if not modern capitalist economies will be prone to create the corrosion of character, generalized uncertainty, fear and social instability on a large scale.*⁷ The social limits to flexibility concern both members of the middle and high level strata of society and of the lower strata. In the middle and higher strata of society, people in highly qualified jobs have to be aware that even if they can expect to manage a continuous work biography, they will have to be prepared for ten or twelve changes of their jobs and even their living places in a lifetime. They have to be aware that, for a variety of reasons, almost every job can come to a sudden end when internal rearrangements in their firm require it. Thus, their lives become more and more incalculable, longterm commitment in communities, with friends, neighbors and the like becomes an improbable feature of their lives. People in the lower strata of society continuously have to reckon with joblessness and if they are lucky in managing a continuous work biography they may be forced to accept ongoing degradation in job quality and payment.

The label 'flexibility' taken at its surface value has overall positive connotations. It makes, however, a very big difference if somebody is in a financially secure socio-economic position and takes *additional* risks in order to gain *additional* incomes or if flexibility at the lower end of the labour market is tantamount to the threat of being pushed into poverty, dependence and

⁷ R.Sennett: *The Corrosion of Character*. New York 1998.

deprivation, and being forced to accept any working or life condition which changing market fortunes have in store for him.. Enforced flexibility of this sort tends strongly to create frustration, instability, uncertainty, or even fear. Flexibility is, thus, a far cry away from meaning the same thing to the successful and to the unsuccessful.

The comprehensive message of classical social democracy always has been that there is and must be a guarantee to a decent living for each individual, irrespective of his economic fortunes, because the risks of the labour market are dominantly created by its way of functioning and not by individual failure. The concept of a generalised entrepreneurial culture, as it has been conceived thus far, seems to put an end to the very foundations of this social democratic philosophy. Inasmuch as this consequence is intentionally taken into account by the authors of the project, three arguments must be forwarded:

First, such a consequence would definitely run counter to the *basic values* of social democracy which even in the concept of the third way remain the undisputed basis for renewal and social change. However the basic values of social democracy might be defined in varying social and cultural contexts, the minimum standard which they imply in all of them demand solidarity to ensure equal dignity of all human beings independent of their economic performances and social merits, this is exactly what the classical term *social justice* is meaning. This standard has to mark the bottom line of social security as long as the social democratic basic values remain in force. There is of course a good deal of flexibility even in the interpretation of this norm, there are however also clearcut limits to them.

Secondly, overwhelming measures of flexibility which induce a general feeling of insecurity, alienation, being unsheltered and the loss of the individuals' command over their lives drive, at least in many European societies, large portions particularly from the lower strata of society into the arms of *rightwing extremists* who pretend to offer, as a last resort for the unsheltered, security, certainty of orientation and social protection.

Thirdly, such a strategy inevitably would blur the political demarcation lines between a however renewed Social Democracy and Neo-liberalism and consequentially worsen its electoral opportunities.

Thus, the political message both as a strategic policy guideline *and as* symbolic identity of a renewed Social Democracy has to be *flexibility and social security*. The cultural renewal as necessitated by social modernisation and economic globalization should, to sum up, rather aim at a *new culture of responsibility*, creating a new balance of the individual's rights and responsibilities, than at a generalized attitude of entrepreneurship which most probably would inflict tremendous damage not only to the moral substance and political efficacy but also to the electoral fortunes to the social democratic project.

5 . *Alternatives at the crossroad*

For the first time, the Third Way discourse opens up the opportunity for a world wide political dialogue between the center left forces as, due to globalization , they share more challenges problems and options than ever before. Many of them also are increasingly aware that new forms of transnational coordination of action will be one of the conditions for effective problem resolution in a global era. It is, however, not surprising that the exact shape of social democratic renewal varies from country to country according to the different socio-cultural traditions of the individual societies, the electoral competitors in the political arena and the relative strength of the center-left forces. Thus far *three distinguishable paths on the Third way* have made their appearance which all share some basic values, definitions of the new challenges and guidelines for policies which seem apt to meet them. But they also display considerable differences with respect to some of the main issues under discussion. The range of differences spans from a *radical position* with a propensity to take in substantial portions of present day liberalism to a *moderate position* with a much more careful attitude to reconsider the role of markets and individual responsibilities.

Ideal typically the *New Democrats* of the *US* represent the radical approach on the Third Way whilst most of the *Continental European Social Democratic* parties pursue the moderate path on the Third Way, with *Blair* and *New Labour* making headway on the middle lane between the two others. On the continent the new discourse has just started with the most probable prospect of a good amount of dispute and differentiation both with respect to problem perception and resolution. With respect to almost all of the key concepts which form the building blocks of a renewed social democratic project some consequential alternatives are surfacing, though within a shared framework of some basic commonalities. They require and

deserve a careful political discourse amongst those who want to promote a successful and sustainable renewal of social democracy at this juncture of its transition to a new century, but they as well allow for some scope for remaining variations. The ideal typical positions and their different approaches to the individual issues of the third way discourse can be seen from the following table:

| Concept | Moderate | Radical Position |
|----------------------------|-------------------------------------------------------------------|-----------------------------------------------------|
| Basic value: | Justice | opportunity for all |
| Policy culture: | Flexibility plus Basic security | Spirit of entrepreneurship |
| Economic: Globalization | to be politically shaped | To be accepted |
| Economic policy: | Macro-economic regulation Mixed: supply-demand side | supply-side |
| Government-: business | Sovereign plus moderator | Partner |
| Government-: Society | Accent on... government Responsibilities | ...societies duties |
| Communitarianism: | supplementary Policy | Moral campaign |
| Welfare state: | re-engineering for basic security (citizens right) | activating state for employability |
| Modernization: | Multi-dimensional economic plus cultural and social concept | Economic rationalization |
| Ecology: | integrated-substantial economic role | Vague commitment |
| Role of Party: | Crucial for social discourse plus legitimization | Nation first-marginalized party |
| Strategy: | Structural changes deliberative discourse | Cultural campaign media- staged Communication |

Even a glimpse on the most recent contributions to the beginning debate on the renewal of the social democratic project will show this range of different concepts and positions at the present moment⁸.

6. *Basic values and Political cultures -Conditions for a Third way*

As outlined before, there are good reasons for a general reappraisal of the political projects of Social Democratic politics in an era of globalization. As earlier in history it may be again conceived of in terms of a new synthesis between the original theories of Democratic Socialism and Liberalism. In such a new synthesis, whatever its shape in different countries will be, the basic values of Social democracy must remain visible and effective even though there might be substantial changes in the advocated policies. Amongst those basic values *social security as a citizen's right* where no acceptable jobs can be offered by the market is the most outstanding one which is by no means dispensable as long as the term *social democratic* in contrast to (neo-)liberal can rightfully claim to make any sense. Once this value is discarded the very idea of a social democratic project would in substance disappear from the political arena whatever labels would be offered. In those European countries which share a long tradition of welfare consensus and developed a strong related political program to strong neo-liberal dosis of „medicine“ would most probably bear three undesirable consequences: (1) a loss of social democratic identity vis a vis neo-liberalism, (2) increasing social disintegration and alienation, and (3) electoral losses in favour of liberal and right wing extremist parties. These risks, evidently, demarcate the outer limits for change.

The Third Way of a renewed social democracy in a globalizing world most probably will differ from country to country depending particularly on the different political cultures, more evidently so as soon as Asian parties and political currents join the project. Whatever the measures and the ways of flexibilization that appear necessary will be, in Western Europe -in the realm of the Rhineland type of Capitalismus - the political guideline both in symbolic and in real terms must be *flexibilization and social security as a citizens right on the basis of strong concept of social justice*.

⁸ Cf. The individual contributions in : R.Cuperus/ J.Kandel: Transformation in Progress: Social Democratic Think Tanks Explore

It is most probable that in many of the highly developed capitalist democracies up to a quarter of the electorate, as has been proved in Austria and France, might consider the offers of rightwing populism and extremism as the only hope for a life of almost unlimited flexibility to which social democracy, if it followed the radical lines of Third Way renewal, would have to offer no credible alternative. It is not yet sure how far a society like that of the United States can go in that direction, at least in the longer run, however, from history and present day experiences it seems to be evident, that most of the European societies could not go very far in that direction without falling prey to increasing influence of rightwing populism.

This is due to a political culture which has emerged in these societies in the course of the last one and a half centuries. Of course, cultures are malleable, but not to unlimited degrees. At the present stage of development of modern societies and their pressure on unprecedented degrees of flexibility in all realms of social life, it seems to be worthwhile to remember political strategists and theorists of the fact that in the last instance there are effective *anthropological limits to cultural change, uncertainty and flexibility*. Evidently, anthropological basic needs such as communication and acknowledgement in history appear invariably in a special cultural shape. The same holds true for the strong need for security. Cultural change, however, cannot neglect the very substance of these basic needs which they can mould, shape, expand and reduce, but not bypass altogether. A central symbolic message and a guideline for the related labour market and welfare policies of social democracy therefore must remain a culturally acceptable bottom line of social security, however large the scope for new forms of flexibility finally may prove.