

The Third Way at the Crossroads

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 centre-left approach to what they consider the inevitable new challenges of economic globalisation. 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.

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 aspects: firstly, 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 ownership 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 as a sequence of ever renewed steps towards actualised forms of syntheses between liberalism and socialism prompted either by changes in social, economic and political reality itself or the perception of them 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 seen 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 programmes. Since the beginning of the 20th century, in the eyes of mainstream revisionist socialists it was a truism that there is a substantial difference between the basic values of democratic socialism with its overall objectives and the actual 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 to 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.

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

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, 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 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 globalisation, 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, is which synthesis of social democracy and liberalism in the world of today will 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 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.

Third Ways

The term »Third Way« is evidently without a 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 made use of it between the wars in order to strengthen 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 forces like communism, fascism and big capital prevailed.

After World War 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 World War 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«. The term was used generally within the tradition of democratic socialism, however, with time, even extreme adversaries such as Franco fascism in Spain found 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. Those who are picking up the term and taking on this challenge spans from the think tanks associated with the Clinton administration in Washington, to those designing the intellectual message of Blair's politics to some politicians and intellectuals on the continent who have started to join the project, in Germany, the label *The New Middle – Die neue Mitte* – has been declared by some as the full equivalent to the Third Way.

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, utterly a resolution to be pragmatic in order to find appropriate means to implement them in the world of today. This is coupled with the 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 this new pragmatic mixture of means and instruments which constitute 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, however, is which synthesis best combines the basic values of social democracy with the functional requirements 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 proper distinction 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 span of time Blair has pushed through a three-layered revolution in the British Labour Party which until then had 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 the party programme is opened up to pragmatic ideas about the role of markets, private property and 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 current political arena.

Secondly, this breakthrough towards Godesberg was 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 parliamentary Labour group 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, 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 discipline 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 relationship 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 amounts to 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 neoliberalism has shaped the country during almost two decades, the courage, the resolution and maybe 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 discussion.

Given 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 organise 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 issues. It is therefore very pertinent to start, in a process of globalisation, a worldwide discourse on a Third Way for social democracy whatever the differences in the starting positions and the traditions of the various social democratic parties and groups might be. It is worthwhile to learn from each other in order to come to a new understanding of what social democracy means in the world today, to regain the offensive position in today's debates. Such an understanding could possibly provide the centre-left parties with com-

2. T. Blair: *The Third Way. New Politics for the New Century*. Fabian Pamphlet 588. London 1998.

mon ground for coordinated action in order to cope politically with the challenges of globalisation. This above all seems to be the opportunity and the promise of the Third Way discourse.

Basic Features of the Blair Project

The main feature of Blair's version of the Third Way is its foundation on basic values. 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 between 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 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 its direction. 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.

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 the Centre Left for the 21st century. At a more down to earth level, Blair

- ▶ declares the main meaning of equal worth as inclusion, i.e. an opportunity for each individual to participate in the economic and social system,
- ▶ favours partnership between government and business,

- ▶ makes a case for a strong and self-confident civil society enshrining rights and responsibilities with the government being its partner,
- ▶ stresses the necessity to accept economic globalisation and the rule of markets as a 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 neo-liberal approach to macroeconomics,
- ▶ supply side economic policies,
- ▶ unconditional acceptance of competition in goods and capital markets,
- ▶ welfare state reforms with the aim of maximising employability rather than guaranteeing employment or social security as citizens rights,
- ▶ a vague commitment to sustainable development.

In addition, Blair is devoted to the decentralisation of the UK's political system, to a reform of the country's educational system and to a more constructive participation of Britain in the European Union.⁴

For a broader discussion of the politics of the Third Way within 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. The radicalism with which Blair is ready to renew the traditional social democratic project is of course due to the thorough deregulation of the economy, including the labour market, which the Thatcher regime had brought about. The way in which the concept is designed and epitomised in Blair's own personal performances has much to do with the role of the mass media and the attitudinal propensities of the new middle classes in the UK. The welfare consensus which is still intact in most of the continental and Scandinavian countries had been destroyed by Margaret Thatcher to such an extent that it seems no longer a restriction for Blair's own endeavours.

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

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

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 of cultural revolution and related transformations of the welfare state which aim at better adjusting people 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 terms as partnership between government and business, and government and society, employability and opportunities for all. The target is 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. That the rest is up to individual fitness, and employability means the welfare state can help people to acquire new work qualifications but ultimately it is the responsibility of the people themselves to integrate into economic and social life.

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 dynamics of the market are at default. This is a substantial take-over of cultural positions of neoliberalism and imply the downsizing of governmental structures and responsibilities. The 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. Some of the issues implied are very controversial indeed.

Third Way Issues

Globalisation

The starting point for both Clinton's and Blair's version of Third Way renewal is the acceptance of economic globalisation 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 multi-dimensional 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 is widening increasingly to a global scale. The financial markets have become thoroughly globalised already. 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. There is not yet 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 transnationalised markets are rather regionalised than globalised. In the European Union for instance, more than 80% of the transnational trade of the member countries is taking place within its own limits.

The undifferentiated neoliberal use of the globalisation argument is to a high degree ideological, mainly designed to delegitimise labour 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 defined 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 for the entire economy completely obsolete. The second is that

much of the political influence which has been lost to globalisation can be regained and reestablished at a regional level, an argument which is particularly valid for the European Union. In addition, concepts to develop more comprehensive and effective transnational and even global regimes to regulate the global economy are no mere illusions. GATT and the like show that there is scope for political framework setting, which possibly is subject to further amplification if only there is the political will to do so.

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. There is scope for compensating the loss of political effectiveness at the national level by transnational cooperation.

Partnership of Government and Society

Rethinking or even »re-inventing« governance within the respective political roles of government and society is one of the central impulses of the Third Way. This concept has two dimensions. The first is 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 which is placed at the top of the pyramid of society and unable to oversee to a sufficient extent its performances, problems and functions. The idea has become prominent that modern governance requires new forms of cooperation between the political system and civil society, in other words a new division of labour between state and social actors. Increasingly government becomes a partner of societal agents, acting as a broker, facilitating, inspiring and monitoring. This devolution of power to a certain extent seems to be a functional necessity in today's complex post-industrial societies.

As long as the monitoring function of the political system remains intact and enables it to take up its 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 privatisation and fosters democratisation and societal autonomy. However, the opposite would be the

case, if a government in a neo-liberal spirit would simply shed more and more of its political responsibilities and leave it simply to the individuals to cope with the consequences of market dynamics. Simple privatisation of erstwhile political responsibilities risks re-establishing the 19th century situation where uncontrolled private powers dominated the lives and the opportunities of the large majority of the people, which ultimately caused massive political alienation and social unrest.

The second dimension of the transfer of 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 modern societies. This is the dimension stressed by communitarianism. A reinforcement of the individual's sense of obligation can regularly strengthen the citizens' propensity to see first whether they can themselves jointly solve problems which emerge in their daily life sphere by spontaneous cooperation, and only inasmuch as this is not possible, delegate it for effective resolution to the political system. In this dimension, a new division of labour between state and society is not in the first instance a question of simply discarding erstwhile state functions and leaving their fulfillment 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.

Even in a country like Germany, more than a quarter of the population has been engaged in social self-help initiatives for a long time. The challenge today is to extend the readiness for such engagements to new problem areas and to foster the related spirit of community by public strategies such as discourse, convincing examples, partnerships 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 re-privatisation of public responsibilities. The difference between the neoliberal concept of simple re-privatisation 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 will still have to rest with government responsibility. In order to cope with such new challenges governance needs imaginative refashioning.

Welfare state

There is no doubt that today social democrats face the necessity of restructuring some key parts of the welfare state. There are changes within the society which make appropriate changes in welfare state structures unavoidable. To mention just the most consequential ones:

- ▶ The level of medical technology is expanding constantly and so are, as an unavoidable consequence, the costs of health-care systems. A system which entitles each individual to the full scale of medical treatment as indicated by his diseases will constantly raise the portion of income spent for health, which seems unaffordable already in the not so long run.
- ▶ The ratio of working-age population to old-age population is constantly decreasing. This makes new formulas for a sustainable general pension system mandatory.
- ▶ In some welfare states unemployment insurance has created a particular unemployment trap by taxing 100 per cent or more of low-wage income away. New ways of relating the welfare system and the labour market are needed.

Even though the welfare state is badly in need of reform this should be done in such a manner as to preserve the basic objectives for which it has been invented and designed as a part of the social democratic project more than a century ago. The neoliberal remedy is straightforward: reduce the welfare state and resign vis-à-vis the power and the wisdom of the market. This will, so the neoliberals suggest, immediately ease the burden on public budgets and sooner or later adapt workers' expectations and attitudes to the hard facts of the labour market. As neoliberal thinking considers the market both an unparalleled mechanism of rational decision-making and a basic value, the social costs of such a strategy are neglected in theory and tolerated in practice.

Third Way thinking is definitely right in its basic assumption that it would be irresponsible and stupid to take refuge in merely defending the

traditional welfare state while attacking neoliberal irresponsibility. Re-engineering the old welfare state structures is inevitable, but only insofar as this helps to make it sustainable. This holds true for all the classical pillars of the welfare state. With respect to old age pension, more scope for choice is needed. The individual should decide how much of his income he would like to save now in order to be able to spend it later, but a bottom line which guarantees a dignified life after retirement should be maintained. Unemployment benefits should be conditioned on the acceptance of job offers. Besides, they should be faded out in such a way as to leave a reasonable increase in income for those who pick up low-wage jobs.

All this can and must be done and there are many ways to achieve it. Pragmatism, creativity and a spirit of innovation are required. The message of social democracy, however, must be a renewal of the idea that each citizen is entitled to a dignified standard of living when all his own efforts have failed. The guarantee of a decent life is not dependent on economic merit but a human right. It might be 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 market failures are not put on his shoulders alone, so that in addition to poverty and insecurity he would be stigmatised with failure, remorse and blame.

For all these reasons the Third Way will prove a meaningful concept for the renewal of social democracy only to the degree to which it offers meaningful welfare state reforms 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. Eventually social democratic parties would have to pay the political price for it. Two adversaries of social democracy would be the main winners: those neoliberals who are even more consequent than a half-way neoliberal social democracy and those right-wing forces which promise a more communitarian society and full acknowledgment for those who suffer social exclusion. Social democratic efforts to reshape the welfare state have to honour the fact that there are not only limits of economic globalisation to the welfare state but

also welfare state limits to globalisation.⁵ Once these are violated, increasing political opposition against free trade is to be expected.

Therefore, a renewed social democratic project must abide by a concept not just of opportunities for all, but of social justice which implies the guarantee of a minimum standard of material well-being. Of course, such a guarantee 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.

Flexible Man and Basic Security

One of the most disputed features in the Third Way project as it has been offered by Tony Blair is its concept of a general culture of entrepreneurship for all 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 overcoming the deeply rooted welfare consensus which is prevalent in most European societies. Some of the distinguished promoters of the Third Way project such as Blair, Giddens, and in Germany Bodo Hombach, have repeatedly declared that the individual independent of the degree of education, job qualification, or social position must start to consider him or herself as an entrepreneur, fully responsible for his own fate in the world of markets.⁶ Everybody should develop an awareness that the risks of the labour market are in the last instance one's 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 adopting a substantial portion of neoliberal culture would have serious consequences at two levels. At the structural level, it would reduce the welfare state subsidies to support for employability. At the socio-psychological level, the individuals at the lower strata of society would get the feeling, that beyond

this limited support 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. Individuals would have to accept almost unlimited degrees of economic and social flexibility.

Richard Sennett recently has depicted some aspects of such a transformation towards a new capitalist culture and made a case for social limits to flexibility lest modern capitalist economies generate a corrosion of character, generalized uncertainty, fear and social instability on a large scale.⁷ The social limits to flexibility concern both the higher and the lower strata of society. Both have to be aware that, for a variety of reasons, almost every job can come to a sudden end and they may have to accept ongoing degradation in job quality and payment. 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. Thus, their lives become more and more incalculable, longterm commitment in communities, with friends, neighbours and the like becomes an improbable feature of their lives.

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 deprivation, and being forced to accept any working or life condition which changing market fortunes have in store for him or her. Enforced flexibility of this sort creates frustration, instability, uncertainty and anxiety. 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

5. Cf. Rieger, E./Leibfried, S.: Welfare State Limits to Globalisation, 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.

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

be a guarantee of a decent living for each individual, irrespective of his or her economic fortunes, because the risks of the labour market are mainly created by the way markets function 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:

Firstly, 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, they all demand solidarity to ensure the dignity of all citizens independent of their economic performance. This is exactly what the classical term »social justice« means. 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 in interpreting this norm, there are also clear-cut limits to such flexibility.

Secondly, excessive demands for flexibility which induce a general feeling of insecurity and the loss of the individuals' command over their lives risks driving many people into the arms of rightwing extremists who pretend to offer 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 Neoliberalism 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 cum social security. The cultural renewal as necessitated by social modernisation and economic globalisation should aim at a new culture of responsibility, creating a new balance of the individual's rights and responsibilities, rather than at a generalised attitude of entrepreneurship.

Alternatives at the Crossroads

For the first time, the Third Way discourse opens up the opportunity for a world-wide political dialogue between the centre-left forces as, due to globalisation, they share more challenges, problems and options than ever before. Many of them are also 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 centre-left forces. Thus far three distinguishable paths on the Third Way have made their appearance. They range from a radical position which adopts 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 while most of the Continental European Social Democratic parties pursue the moderate path and New Labour occupies the middle lane.

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 but they also allow for some scope for remaining variations.⁸

The ideal-typical positions and their different approaches to the individual issues of the Third Way discourse can be seen from table 1.

Basic Values, Political Cultures and Human Needs

As outlined before, there are good reasons for a general reappraisal of the political projects of

8. Cf. The individual contributions, in: R. Cuperus/ J. Kandel: Transformation in Progress: Social Democratic Think Tanks Explore the Magical return of Social Democracy in a Liberal Era. Amsterdam 1998.

Table 1:
The Range of Third Way Positions

Concept	Moderate position	Radical position
Basic value	Justice	Opportunity for all
Policy culture	Flexibility plus basic security to be politically shaped	Spirit of entrepreneurship to be accepted
Economic globalisation	Macro-economic regulation, supply and demand side	Supply-side
Economic policy	Sovereign plus broker	Partner
Government vis-à-vis business	Accent on government responsibilities	Accent on society's duties
Government vis-à-vis society	Supplementary policy	Moral campaign
Communitarianism	Re-engineering for basic security (citizen rights)	Activating state for employability
Welfare state	Multi-dimensional concept (economic, cultural, social)	Economic rationalisation
Modernisation	Substantial economic role	Vague commitment
Ecology	Crucial for social discourse plus legitimisation	Nation first, marginalised party
Role of party	Structural changes, deliberative discourse	Cultural campaign, media-staged communication
Strategy		

Social Democratic politics in an era of globalisation. As earlier in history it may again be conceived 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 related political programme, a strong dose of neoliberal »medicine« would most probably bear three undesirable consequences:

- ▶ a loss of social democratic identity vis-à-vis neo-liberalism,
- ▶ increasing social disintegration and alienation,

- ▶ electoral losses in favour of liberal and right wing extremist parties.

These risks, evidently, delineate the outer limits for change.

It is most probable that in many of the highly developed capitalist democracies up to a quarter of the electorate, as exemplified in Austria and France, might consider the offers of rightwing populism and extremism as the only hope for an acceptable life in a world 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 sure how far a society like the American one could go in that direction. But history and present-day experience suggest that most of the European societies would soon fall prey to increasing influence of right-wing populism.

At the present stage of development of modern societies and their pressure towards unprecedented degrees of flexibility in all realms of social life, it seems to be worthwhile to recall the fact that in the last instance there are effective anthropological limits to cultural change, uncertainty and flexibility. Evidently, basic anthropological needs such

as communication or the need for security are to some extent culturally bound. But even cultural change cannot neglect the very substance of these basic needs. It can mould, shape, expand and reduce them, but it cannot bypass them altogether. Social democracy must maintain an acceptable bottom line of social security, however large the scope for new forms of flexibility may finally prove. ◀