

INFORMATION TO USERS

This manuscript has been reproduced from the microfilm master. UMI films the text directly from the original or copy submitted. Thus, some thesis and dissertation copies are in typewriter face, while others may be from any type of computer printer.

The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleedthrough, substandard margins, and improper alignment can adversely affect reproduction.

In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.

Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps.

ProQuest Information and Learning
300 North Zeeb Road, Ann Arbor, MI 48106-1346 USA
800-521-0600

UMI[®]

IN DEFENCE OF THE THIRD WAY

Arthur Kazakian

A Thesis

in

The Department

of

Political Science

**Presented in Partial Fulfilment
of the Requirements
for the Degree of Master of Arts
(Public Policy and Public Administration)
at Concordia University
Montréal, Québec, Canada**

April 2003

© Arthur Kazakian, 2003



**National Library
of Canada**

**Acquisitions and
Bibliographic Services**

**395 Wellington Street
Ottawa ON K1A 0N4
Canada**

**Bibliothèque nationale
du Canada**

**Acquisitions et
services bibliographiques**

**395, rue Wellington
Ottawa ON K1A 0N4
Canada**

Your file Votre référence

Our file Notre référence

The author has granted a non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of this thesis in microform, paper or electronic formats.

The author retains ownership of the copyright in this thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without the author's permission.

L'auteur a accordé une licence non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de cette thèse sous la forme de microfiche/film, de reproduction sur papier ou sur format électronique.

L'auteur conserve la propriété du droit d'auteur qui protège cette thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

0-612-77935-1

Canada

ABSTRACT

IN DEFENCE OF THE THIRD WAY

Arthur Kazakian

The Third Way aims to work in the interests of people at large. Among other topics, the emphasis will be placed on the inclusive nature of the Third Way and how it can play a decisive role in reviving economies, protecting long-cherished social programs, responding to the challenges of globalization and the rigours of technology. Although I don't necessarily agree with all aspects or policy associated with either or both Democratic and Labour views on economic and political questions in general, I'll attempt to assess, comment on, analyze and try to shed some light on a political and economic trend which seems to have caught the imagination of leading politicians worldwide. It will be shown that the Third Way can be the right alternative, both in terms of theory and realism. We will look at how Third Way principles can work for a country, while keeping in mind that what's good for one state may not be so for another. As the Third Way is still in its infancy, this study will explore how the issues of consensus-building, globalization, development, science, technology and social questions, and how we react to them, can contribute to the overall effectiveness of a truly Third Way logic that transcends traditional party lines.

For my faith

ACKNOWLEDGEMENTS

I am grateful to the BBC for their wonderful programmes that have helped shape my perspective and rouse my thinking about economic matters. My opinion has been influenced in that I've learned to look at the whole picture of the economy, both nationally and internationally. One state is capable of affecting others, depending on its degree of political and economic power. The integration of the planet's economies will continue. As a result, it will be interesting to see how nations will align with one another and how one country will impact another intranationally and on a global scale, when the domestic context is so intricate and bearing in mind that it forms the basis for foreign relations. My inspiration came from such programmes as *Agenda*, *The World Today* and *World Business Report*. Very many thanks again to the BBC.

I am also grateful to Dr. Harold Chorney for his viewpoints and advice on political economy and for his dedication to the improvement of social and economic standards for society as a whole. His approach to globalization issues triggered an additional awareness in me, enabling me to research further and to couple globalization concerns with Sir Anthony Giddens' observations. In addition, I thank Dr. Csaba Nikolenyi who was able to spark my interest in economic matters, democracy and development and to help extend such a broad standpoint of states in the liberal democratic tradition to emerging democracies across the globe.

TABLE OF CONTENTS

Preface.....	vii
Introduction.....	1
Chapter	
I. The Third Way Milieu.....	9
Consensus Politics.....	10
The British Experience.....	16
Conclusion.....	26
II. Globalization and Development.....	28
Globalization.....	29
Development.....	49
Conclusion.....	60
III. Science and Technology.....	62
Conclusion.....	70
IV. The Socioeconomic Dimension.....	73
Economic Alternation.....	74
The Social Sphere.....	87
Conclusion.....	95
Conclusions.....	98
Notes.....	117
Bibliography.....	122

PREFACE

Was post-World War II prosperity a question of convergence? Was it to occur anyway? Or, did a combination of the right policies affect development so positively that a relatively long cycle set in, triggered by the U. S. engine? Post-war development was all the more remarkable in heavily war-devastated Europe and Japan. The Marshall Plan, along with other economic measures, coupled with a strong work ethic and a heavy reliance on trade, resulted in miracle economies sprouting up among the main participants of the war. It was a time, too, when public ownership lost its taboo status and social programs were put into practice to meet the calls of the Western public.

[...] In the twenty-five years from 1945 the application by Governments of Keynesian principles led to an unprecedented creation of wealth and a remarkable rise in living standards. We had never had it so good. The necessity for the complete displacement of Capitalism by public ownership having gone, Empirical Socialism could well embrace the mixed economy. That the embrace was electorally opportune must be admitted. That it was mere opportunism may be denied. [...] Yet Empirical Socialism did not have to wait for Keynes to propound the idea of demand-led growth as the solution to the recurrent crises in Capitalism. After all, Owen had proposed something of the sort a century before (Lawrence 91).

Meanwhile, capitalism evolved from being aggressive to being more human and caring; conversely, capitalism did embrace the mixed economy, as the incorporation of Keynesian ideas took root within the previously capitalist

economy. Demand-side economics may not have been totally academically new, but they would have to wait for decades for their implementation and for proof that concrete results can be obtained. In some post-war Western states, government intervened to prop up the economy when matters seemed shaky, and apparently as an earthly saviour of the situation. The post-war mixed economy worked because of a combination of moderatism, the political fulfilment of democratic aspirations and a fairer share of the economic pie for the needier in society. Demand was increased through government fine-tuning and participation in the economy as a major player. The fact remains that, in time, growth targets for many Western economies and others had to be revised upwards, while provisions were being made for greater long-term industrial expansion, internally and externally, financed by the U. S. and its allies.

In the post-modern industrial democracies, the structural landscape has changed, bringing with it mass culture, an over-fixated mentality for commerce and entrepreneurship, globalized societies, information technology giants (overwhelming volumes of information), large transnationals, and the ability to transcend national physical borders without the need to travel. Action and reaction can and do take place instantaneously, making our heritage more vulnerable. The Keynesianism of the past was extremely useful; but was it a one-off period in history, never to be repeated? It can help to shield us again during our current state of affairs, although in modified form. With the collapse of the Soviet Union and its allies, socialism has lost its appeal, and capitalism has

received new impetus from previously unexpected quarters – even China has joined the international bandwagon and march towards a market economy.

Convergence was not only coincidental, but also the appropriate remedy for its time. Policies were instituted that corrected many social ills and assisted those who were economically deprived. The next phase is one that takes the historical backdrop into account, but nevertheless retains the values that Keynesianism has promoted. The right balance between Keynesianism and outright capitalism, in the current worldwide context, has to be left to individual countries or larger groupings, given the national or international specificity in question. We must keep in mind the wealth-creating ability that accrues to Keynesian measures. We may not be able to duplicate the post-war rate of expansion in the Western world, but at the same time, if we attempt to completely cast off the Keynesian measures that literally saved lives in the past, we could face conflict and turmoil.

By keeping the equilibrium between the market and Keynesianism in steady mode, Western states can enhance the quality of life of their citizens, as they look across their invisible borders towards the threats and challenges that beset them. It is, therefore, in the interests of Western nations to customize their economies and their political, cultural and social orders in such a way so as to defend their long-cherished rights and protect their home turf from external forces. Achieving a harmonious balance is at once a difficult and a long process; the public has to be informed and educated about the stakes in question. Moreover, the public purse is limited in terms of largesse. It may become increasingly

necessary to gear up the economy with less resources, as defense issues and social programs call for more funds. The interconnectedness of all sectors of the economy must be underlined here, since it is all embracing and has ripple effects throughout the economy. The Third Way has been tried for a comparatively short length of time. Classical and Keynesian philosophies have been in existence and experimented with over longer periods. It may be that the skeptics among us would declare that a longer duration is due the Third Way, to fully assess its implications on the economies of the present and future.

The Appeal of the Third Way

This work is not an outright endorsement of the across-the-board policies within the Democratic or Labour parties, or of President Clinton or Prime Minister Blair. Consequently, it then becomes a question of how pragmatic certain alternatives appear, vis-à-vis their potential for being implemented in an acceptable manner, which would ultimately serve the interests of the state. Do we have to institute a new body or commission to determine not only the desirability but also the viability of certain as yet-to-be-conceived measures? Putting these policies into practice may occur and thus assist those who are already the fortunate ones - a question of the trickle down phenomenon turned on its head. Trickle up may ensue instead.

There are several factors that go hand-in-hand with the desirability of proposals of this nature: the economic and social benefits, environmental impact

and the need for stability in a state. The human dimension is interwoven with the political one in that the influence of a vibrant economy serves to prevent unrest, conflict and even turmoil, in the best of circumstances. Having been subjected to a century of experimentation, and by inference, trial and error, it has become rather urgent to take up a new model, an amalgamation of the old and new, and advance into this new millennium with a reasonable amount of confidence, destined to tackle the imperatives of a new era. However, the adoption of any jumble thereof is to be avoided.

Tony Blair and Bill Clinton inherited many assets and elements that enabled and facilitated the pursuit of Third Way economic policies which procured a protracted era of prosperity: low interest rates, high growth and the technology dynamic. The mid-90s were a time of shift; they embraced a mix of the old and the new, old institutions and a new culture, technologically driven, and globally promoted, spreading at lightning speed. With scientific breakthroughs arriving in quick succession, intelligent technological toys and workhorses, in the service of humankind, and defense industries with state-of-the-art machinery indicate the acceleration of our expertise and sound a note of danger.

Politics is conducted through political dialogue. Detached and dispassionate views may be fine, but emotion can enter to further otherwise rational causes. Instead of butting heads over policy, a common vision of life would suit our purposes more successfully. This is definitely a time to mend differences. How will we feed our children, educate ourselves or raise responsible

citizens in a relentless, merciless and competitive world wrought with the underpinnings of speed, plentifulness and improvement that constitute progress? Some of the old myths have to be debunked. A buffer must be instituted. A paradigm shift must occur; at this stage, the attenuation qualities of the Third Way have more appeal.

As we have already learned historically, the extremism of fascism and communism is to be discarded and replaced with a more humane method of conducting our affairs. Government and business can join forces to undertake the steps necessary in promoting the interests of their constituents and that of the "greater good." Business, through its contribution to charity, and government, through its collection of taxes meant for social causes, can devise new and imaginative programs aimed at providing relief, assistance and a greater equalizing effect on the disequilibrium present in the generally free marketplace. Working in concert, business and government can arrive at providing a cushioning impact to those in need. Incentives for renewal in society can also be provided, but a reassessment of priorities would also have to take place to concentrate on areas that have heretofore been neglected. The innovation and consensual undertaking of the Third Way may yet herald a time of more promise and progress and allow cynicism to be relegated to the past.

Montreal,
April 2003

Introduction

The Third Way is an amalgamation of two disparate philosophies. It's not necessary to ascribe only two particularly separate credos to the Third Way; we can speak of capitalism and socialism, monetarism and government intervention, or classical economics and Keynesianism, etc. Although the term "third way" can be applied to a number of theories combining elements from two different ones, the Third Way has become more visible lately, in that left-right politics, economics and social issues can be fused to construct a society that moves forward and is more workable than the old-style politics that preceded it. In a 1999 BBC interview, British social philosopher, Sir Anthony Giddens, the prime initiator and most ardent advocate of the Third Way, dispensing with the semantics of the terms of the definition, stated that,

We need something new. We need something that combines market and government in a new fashion. [...] It's an attempt to show how you can produce a society that is competitive within the world economy, on the one hand, but also respects values of integration, social justice and social inclusion at the same time. That's what the project is all about (BBC *Agenda*, 1999).

Its proponents would encourage that we support, maintain and enhance this Third Way, so as to continue its advance. At times it may be necessary to engender a healthy debate on the issues surrounding freewheeling capitalism and its not-so-common companion, government intervention. Alternatively, a defence of the

Third Way would be counterproductive, when our senses of fairness and justice are blatantly challenged. Our sense of the common good must override our narrowness, so that by further enhancements, the Third Way can continue to evolve in a positive manner. At its outset, the Third Way held out much promise at its prospect for implementation. At this stage, it may appear that the Third Way is working properly in several Western countries; more time and evidence are however required.

The Third Way can be both fitting and timely. It all depends on who is in the driver's seat. If the Third Way is an amalgamation of the two disparate Western economic philosophies, the way it is handled by governments should alert us to the realities and potential it may contain. If we are set to move forward on a grand scale, a moderation of views has to occur. Consensus politics appeared in Europe under the leadership of François Mitterand and Helmut Kohl and through different political stripes, before the ascendance of Tony Blair over the British political scene. The best of both worlds has to be incorporated in such a way so as to mitigate the harsh effects on the population of a given country and not to resort to expedient measures which unravel the painstaking work of decades'-long doing. It is essential to understand the importance underlying this concept, because we have certainly passed the crossroads and have entered the hyper-competitive field that globalization has now offered. The stakes are much higher now, both economically and politically. The daily background turbulence we experience in

the world is forcing us to detach ourselves from what Giddens would term the “two ailing political philosophies” (BBC Agenda, 1999). We have to travel much further ahead in adopting the Third Way, while safeguarding social democratic principles, both at home and abroad.

Instead of sharing the social experience, as viewed by the West, with the developing countries, we in the West are perceived as opponents of basic care services for the underprivileged world. It’s argued that development would progress unimpeded and with fewer jolts along the way, if Western interference didn’t occur. Others would say that by engaging with the West, underdeveloped countries could have a higher chance of improving their lot. In particular, it will be notably important to fully understand these circumstances, in light of events in post-war Iraq.

A coalition of economic philosophies based on the interests of the common good may be just what is necessary to reverse or eliminate the divisiveness in the present social, political and economic spheres of our world. This separateness wastes time, energy and resources, leaving the average elector short-changed. The road to constructive means would involve burying the hatchet between the neo-conservative and neo-Keynesians, or others who would call up the colours of the left-right divide. Is it realistic to assume that enough support can be rallied to achieve this end? It is already evident in the blurring (or should that be Blairing?) of economic approaches, indeed economic policy, across previously rigid party

lines. According to some economists, benefits are bound to accrue if the Third Way accelerates in its speed of adoption. It may result in a higher incidence of employment economically, as Keynesian-like measures are put to practice during downturns and countercyclical spending is used to create demand and generate sustainability. It may impart a greater local and regional stability politically and it may sensitize certain governments to the need for increased initiatives socially. Yet, a restoration of values in politics, free from corruption, not only in the West but also internationally, needs to be a priority.

If gaps have appeared in Keynesianism, or if it's incomplete, as some would say, the opportunity must be seized to tweak both monetarism and Keynesianism into a strong and cogent approach that will benefit humankind through the experience of hindsight gained from decades, if not centuries of rivalry. Although Keynesianism allows for more of a hands-on approach to the governance aspect of reality than does monetarism, both sets of economic theories have been defended, rebutted, and lately, incorporated and blended into something which resembles the Third Way, for the sake of flexibility, convenience and outright expediency. Nonetheless, the Third Way, in its innovation and accent on entrepreneurship, has moved ahead of its antecedents and may proceed to set a paradigm of its own.

Some politicians may argue with the use of the term "expedient," stating that the electorate would have wished them to institute measures conceived as desirable and therefore representative of the greater whole. Consensus-building and strategy

measures are needed at this juncture. It then becomes a question of whether we should reside among the rigidities of the stances adopted previously, versus the flexibility and healthy openness of an inclusive approach to both economic philosophies.

Differing opinions and even divergent positions can contribute to a very healthy discourse. Creativity and imaginative solutions can be brought forth in an attempt to deal with potentially intractable problems; it's not absolutely necessary to incite brainstorming to achieve similar results. Stumbling-blocks surrounding issues of contention can be removed more effectively with a view to contributing to the common good. Fortunately, we don't live in a world where dictatorship is admired; the governments of most countries have shaken off or are trying to dispose of the last vestiges of totalitarianism, or other forms of government alien to the human soul. Pockets of resistance still remain. The time factor enters at center stage. Certainly, a debate must ensue on issues of great economic importance. But decisions must be taken at certain levels, which when considered in their entirety, place the emphasis on the optimum benefit for the largest number of people. It may be necessary to delve into compromise solutions that may have to be reached. Some interest groups may be left displeased, but the intricacies of generating the maximum benefit for the greatest number of people are best left to philosophers, who are most capable of disentangling the conflictual paradoxes involved in such an arrangement. If liberal democracies have made progress over

the last one hundred years, at the very least and however slowly, this bears tribute, by itself, to the system of government. The significance of this progress is sometimes overlooked or even lost on some people, as time inevitably moves on. We are left wondering when the rewards of a better economy will emerge.

If some are offended or taken aback by the boldness of certain economic initiatives or programs, it must be remembered that the goal is almost always a healthy economy and a better sense of egalitarianism within a democratic context. We will get it right "by hook or by crook!" The earth has kept revolving around the sun for many millions of years. The impatience of many to see instant results to the woes besetting humankind have often led to disaster. It is essential to remain on the road to progress.

The label "Third Way" may be used indiscriminately by those wishing to confer onto their economic strategies an aura of acceptance and legitimacy. All things considered, the authentic version of the "Third Way," that combines the right ingredients for dissemination across cultures and economies, should be used sparingly. Its applicability should approximate universality.

The Third Way seeks to take advantage of this historic opportunity and allow a further coalescence of plans and ideas, which it is hoped, would be useful in the medium-to-long-run. It cannot be denied that a great deal has been accomplished by market forces. Meanwhile, social democracy has assisted in the development of the advanced economies of the world, but now needs to be reformed in order to

meet the current realities of the state and market. Looking briefly at the beginnings of social democracy and its progression,

[...] Kreisky developed the ideas of the Swedish socialist Tage Erlander who believed that social democracy was on the threshold of a great historical mission.¹ According to this theory, three main stages in the historical development of social democracy were identifiable. In the first, the proletariat had to develop an awareness of its position in society. This was connected with the struggle for political rights. The second stage followed when social democracy became recognized as an important political force and involved the construction of the welfare state. The third phase envisaged the implementation of social democracy or the democratization in all areas of society with the active participation of the state's citizens. Freedom, equality and fellowship were the main concepts which formed the guiding principles for the evolving social democratic society. This was for Kreisky the third way between conservative and communist political systems, and as such was of importance for the future development of world politics (Sully 201).¹

Chancellor Bruno Kreisky of Austria, a social democrat, was able to influence the development of social democracy in a way that enabled it to stride a middle course; other European countries were also capable of similar feats. The question for us now is the continued evolution of social democracy and the loyalty of its advocates to the values it holds dear: reform, social justice and redistribution, all within a competitive society that takes the realities of globalization and the imperatives of the market to heart. Governments may differ in the way they go about implementing reform at the three main levels: the local, national and international. Yet, this doesn't deter them because they believe that they are riding an

unstoppable wave and that people across the main advanced liberal democracies are craving for change. Governments' response to these demands is to often swerve more towards the right and to hope that their actions satisfy their electorates, especially when reelection is near.

The prosperity and high standards of living that are enjoyed by large populations across many advanced liberal democracies are attributable to the sociocultural traits and the level of resources present therein. The long-term historical progress made following World War II, the industriousness of the people and the continuity of one generation transmitting its knowledge and expertise to its descendants, for the latter to build upon, are other if not all the contributing factors.

A successful social democratic party will despise neither prosperity nor power. It will respect markets and businesses. It will admire innovation, hard work and education. It will fight for a sustainable economy, for equality and for solidarity, but it will understand that none of these can be achieved with an excess of partisanship. We must understand the priority of politics but also appreciate its limits (Russell 132).²

From my understanding, the Third Way can and does operate successfully. But with the addition of some notably singular attributes, such as compassionate initiatives in the social realm, a collaborative public-private partnership in science (as witnessed in Britain under Tony Blair) and a tempered approach to the public ownership of industry, it could very well excel.

CHAPTER I
THE THIRD WAY MILIEU

Consensus Politics

Consensus politics is capable of transcending political affiliation and embracing a wide spectrum of political and economic philosophies. Is the political right or left sufficiently relevant in the process? Or is it subdued to the degree that economics wins out, leaving political planks in the lurch? The last quarter century of the second millennium showed the preponderant significance of economics, even though the trend towards consensus politics seems to have emerged more forcefully in the mid-to-late nineties.

This phenomenon, although not consensus politics in the strict sense of the word, was also adopted by the Democrats in the U.S., who co-opted many Republican ideas on economic policies, whether by design or accident, to suit the economic juncture America had reached in the mid-1990s. Decidedly, the two main parties were somewhat reluctant. The result was a kind of consensus politics, which the population was cajoled into accepting, and which was based on the popularity of Republican-inspired economic notions. Having had the rug pulled from under their feet, the Republicans went on to a quasi-dismal performance in the 1996 mid-term Congressional election and a less-than-flattering resignation by House speaker Newt Gingrich. In this respect, the interposition of ideas and their implementation by the party in power became one way of usurping the all-important factor of the economy as an electoral issue. We will see if this continues in the aftermath of the Iraq war and under the presidency of George W. Bush.

Bush uses a strategy of intervention in the economy, even though this is not really enunciated as such, and a Third Way label is not ascribed to it. Bush is not a proponent of the Third Way, but pursues some policies which may be. The intervention is meant to lift the economy from its current doldrums and propel growth. Tax cuts, low interest rates, subsidies to industries and other measures, despite their controversy and uncertainty as to whether they will be applied, are still basically interventionist in nature and stem from government initiative rather than free-market rules. This is borne out of necessity and less out of choice. Overall, Republicanism is still more oriented to the right.

Lately in the U.S., the Republicans at times resemble the Democrats and vice versa. Although there is stridency on a number of issues, even extreme controversy, the historic centre is becoming more attractive to mainstream parties, as they hasten, struggle and jockey for position to please the voters. This is also the case in many other countries, where politicians see beyond narrow partisanship and wish to extend the benefits of consensus politics to a wider population. Some analysts would say that the the degree of indifference among Americans may account for the declining rate of participation in elections.

The homogeneous nature of a country is definitely a factor in consensus politics. Other numerous demographic reasons do enter the picture: among them are age, race, gender, income, education, cultural and historical attitudes, religious convictions, geographic setting, background, etc. Except for interest groups, which are concerned with the furtherance of their cause, the mainstay political

parties have planks that differ in style and, very often, minimally in substance. This situation changes from one country to another. However, vehement differences of opinion can frequently arise. Zones of compromise can be found and top-to-bottom changes need not necessarily be carried out. Policy conundrums are sometimes not the question, while credibility among the electorate is. While voters may switch their allegiance because of their fickleness, their docility inevitably leads to their electing uniform and composed political parties that have a concept of the *déjà vu* in the voters' minds. This presents a deep challenge to politicians. Nevertheless, civil society is probably not the beneficiary, considering that a healthy political discourse in society is one of its democratic aims.

In turning to the following illustration, let us look at the middle ground and the consensus attitude one may have in its attainment:

Allow me another digression: the 'included middle' is not the same as the 'inclusive middle.' The 'included middle' attempts to find its own space between two opposites, and although it inserts itself between them, it does not eliminate them, but draws them apart, prevents them from coming into contact and brawling, and dispenses with the stark choice between left and right by providing an alternative. The 'inclusive middle' tends to go beyond the two opposites, incorporating them in a higher synthesis, and therefore cancelling them out. In other words, left and right cease to be two mutually exclusive totalities like two sides of a coin which cannot both be seen at the same time; they become two parts of a whole, a dialectic totality (Bobbio 7).

Despite assertions to the contrary, compromise inevitably occurs in a Third Way setting, simply because disparate forces do join in to protect their interests. Sooner or later, their behaviour would seek to accommodate the other side or sides. It may be that agreement is ultimately reached out of compromise and a sense of resignation that the project or common purpose is being accomplished for the sake of social peace; unanimity may not there, but unity may be striven for and higher values are respected. By virtue of its transcendence, the 'inclusive middle' has the elements required for staying power. It may take some time before the Third Way is widely recognized as a bona fide philosophy with an identity of its own and a capability of acting on its own.

In hard-edged instances, the benefits of Third Way thinking can be apparent, as is clear from the positions taken by extremists:

The neo-Fascist Solinas wrote in the extreme right-wing magazine *Elementi*: 'Our tragedy today is moderatism. Moderates are our principal enemy. Obviously, the moderate is a democrat' (Bobbio 21).

Later, Bobbio goes on to say,

[...] (I have no hesitation in using the word 'eclecticism,' which means 'looking at a problem from all sides,' and it is an approach which is reflected at a practical level in my political 'moderation,' another word which I am not ashamed of using, as long as it is interpreted positively as the opposite of extremism and not negatively as the opposite of radicalism¹⁸); quite the opposite, I believe them to be mutually beneficial (Bobbio 93).¹

The preceding shows how extremists relegate themselves to a niche that a majority of moderates shun. Historically, liberal democracy has demonstrated its openness. It's during times of moderation that progress, tolerance (in the form of acceptance and understanding and not reluctant acquiescence), and prosperity are afforded the possibility of reigning over the land. Extremism comes to confront, and reacts to components that are lesser, equal or greater in magnitude, in a disproportionate way; the mechanisms that arouse the confrontation in the first place may have receded or been completely dissolved.

The meeting point of left- and right-wing extremes is disturbing in that it can wreak havoc not only in the method, but even in the outcome of affairs of state. Crisis, conflict, revolution and social strife can enter to break up the order of an otherwise peaceful state. Hence, the process of moderation as evidenced in most Western states, through its longevity and democratic credentials, has tremendous cultural appeal. Aspirant nations and those willing to be cajoled, peacefully or forcefully, are lining up to wear the mantle of democracy.

Politicians who are committed to a practical way of achieving results and who see benefits in the political processes that will assist in goal attainment, have to keep the democratic instincts of their electorate in mind.

Refusing to be intimidated by abstractions or to be overawed by ideology, the New Dealers responded by doing things. Walt Whitman once wrote, "To work for [d]emocracy is good, the exercise is good – strength it makes and lessons it teaches." The whole point of the New Deal lay in its faith in "the exercise of

[d]emocracy,” its belief in gradualness, its rejection of catastrophism, its denial of either-or, its indifference to ideology, its conviction that a managed and modified capitalist order achieved by piecemeal experiment could best combine personal freedom and economic growth. “In a world in which revolutions just now are coming easily,” said Adolf Berle, “the New Deal chose the more difficult course of moderation and rebuilding.” “It looks forward toward a more stable social order,” said Mongenthau, “but it is not doctrinaire, not a complete cut-and-dried program. It involves the courage to experiment.” “The course that the new administration did take,” wrote Ickes, “was the hardest course. It conformed to no theory, but it did fit into the American system – to meet concrete needs, a system of courageous recognition of change.” Tugwell, rejecting laissez-faire and [c]ommunism, spoke of the “third course.” *Hold fast the Middle Way* was the title of a book by John Dickinson (Kirkendall 66-67).²

It’s to the New Deal’s credit that it lifted the U.S. out of the Depression. Equally, it did not cling onto a specific ideology, but attempted to deal with the hard economic facts of the 1930s in an improvised manner. The U.S. had found itself in a situation that until then was unique. Having rescued the country, it can be said that the New Deal did establish a precedent, if not a distinct theory, in that government intervention in the economy and social sphere, whether through infrastructure projects or help to the needy, was a third-way style method that holds up many parallels with today’s world.

In turning to the recent past, it was decidedly remarkable that Tony Blair generated such excitement and wide support at the time of his election in 1997. If a leader is capable of swaying public opinion in his favour, does it not make sense

that even major questions related to the economy would somehow be accepted, whether reluctantly or not? The electoral public does not need much persuasion and does not always have a clear choice in such matters, with the line-up of parties vying for power.

The British Experience

Where did the Third Way originate? A third way can exist in the resolution of a given issue, but the Third Way came to be known in its present form as a response to the basic questions of political, socioeconomic and related concerns as they were perceived in the late 1990s, within the national and international context. Bresser-Pereira gives this keen understanding of the unfolding of events:

[...] The new social democrats have been able, through [...] ideas, to distinguish themselves from the old social democrats and from the conservative new right, to conquer the centre, and to win elections. The first country where this clearly happened was in Spain, in the early 1980s. It was, however, in Britain, with the third way, that the new left gained a more precise conceptual character (Giddens ed., *The Global Third Way Debate* 358).

Matters had reached such a point that direction was definitely needed in giving a forward thrust to the stolid image of social democracy and in replying efficiently and effectively to the predicaments facing centre and left-of-centre political parties in how they would deal with them. The old tussle with the right seemed to get muted as more people were won over by the appeal of the Third Way and its potential for answers.

The question now remaining is whether the Third Way will endure some of the post-Iraq effects.

In his perceptive book, *The State To Come*, Will Hutton raises the following argument (in the British example): There has been a marked decline in the quality of provision of services to clients, ranging from road repairs and construction to public transport and water utilities. These privatized industries have only the bottom line to consider - that is, the creation of profits. All else is secondary; the client is at the mercy of the laws of the market, since that is the central focus and the determinant of the interaction between public and private industry. At this point, I would suggest the re-injection of a certain set of values to mitigate the effects of freewheeling market forces that presently aggravate the stresses of everyday life and prevent the market from functioning smoothly.

Will social unease breed a new kind of instability? That is definitely hard to predict. What is clear, though, is the high state of expectations prevalent in Britain and in other Western liberal democracies. If these aspirations are snuffed out, a simmering disenchantment may gain further momentum.

But it is dangerous, too. For the current position is unstable. Unless an ascendant body of ideas can be assembled, underpinned by a political philosophy that incorporates a different worldview and policy direction, Labour will find in office that it governs in essence as a nicer group of Conservatives. This will legitimize the right and so encourage it to move further to the right, even as Labour's own political position becomes more threadbare. Worse, given the scale and nature of Britain's economic and social problems, the risks of failure are high (Hutton 17).

Although there rests much hope with the Labour government and its ability to effect change, the above warning serves as a reminder for both Labour and the Conservatives to refrain from becoming too complacent, either in or outside of office. The tenuousness of the current situation is thus made evident when one delves into the problems characterizing British society and a number of other countries, which find themselves in similar circumstances. Despite the devolution process for Wales and Scotland, reform of the life peers House of Lords institution and the relative absence of the kind of scandals that beleaguered the government of John Major, the British public and those of many other European states are still hungry for an improvement of their lot and a more secure future.

Some of the social and economic ills that afflict contemporary British society include the inconsistencies of the National Health Service across Britain, job insecurity and semi-employment. Unemployment and inactivity and the lack of skills preparation for persons in these categories, substandard housing, criminalization, the increased carrying of guns and drug abuse as well as the general imbalances of income associated with these phenomena form a few of the other issues. A similar state of affairs can be said to exist across a spectrum of other developed nations, with a strong but varying degree of intensity inherent to these problems. These are reviewed by Hutton in relation to the entire economic picture. It is contended that there are many vagaries in the whole interrelationship between private companies, the system of taxation, the liquid assets held by

markets and the functioning of company law. Although people attempt to act rationally, the results leave much to be desired, in terms of economic growth potential and investment. The author is of the view that we should distance ourselves from relying on short-termism and concentrate instead on the longer term by effecting changes that would be conducive to this shift, rendering, in consequence, durable economic results.

A sincere hope lies in the application of Third Way policies across Britain and other states that have achieved similar levels of development. At the time of the publication of the Hutton book, *The State to Come*, the Labour Party was poised to ascend to power. Many people had placed their trust not only in Party leader Tony Blair, but also in the vision that a new era would commence, if Labour won the elections, in the aftermath of the Thatcher-Major era. Although Tony Blair has achieved progress on a number of issues, as mentioned previously, the Third Way has not been fully implemented. It does need more years to work its way through the system and a conscious effort on the part of officials in how the Third Way is tackled and put to practice. Backtracking, for instance, may not be an option and a continued sense of keeping in tune with the electorate is another. (His tremendous sense of communicating with the average British elector and his ability to address difficult issues with agility and astuteness have been some of Tony Blair's most accomplished talents and have so far won him two consecutive elections; this was, of course, at a time when the world seemed a safer place to live

in.) In the end, Tony Blair opted for Giddens' version and not Hutton's. It remains to be seen whether fulfillment of Third Way promises will be carried out to the satisfaction of the general population.

Will Hutton speaks of a uniformity of culture being spread by the increasing pace of globalization, including the use of the English language and the practice of customs and trends closely aligned to Western cultural values. Conversely, this mindset is intimately interwoven with regional or national preoccupations and an attachment to national identities, which it is deemed, require promotion and protection. In this environment, the Third Way can serve as an arbiter of the methods that can eventually be employed in safeguarding national interests, while at the same time, being receptive to the events unfolding worldwide. The flexibility and adaptability associated with the Third Way would render it extremely useful in practical application.

Globally speaking, can the Third Way having sprouted in Britain, somehow salvage the pieces from the shattered social and economic windowpane - one that has been battered by the consecutive and alternating succession of governments, which have best believed that their way was the best way forward? This question warrants careful consideration and an implementation process free from dated and unworkable solutions, often tried in the past, while permitting the Third Way to remain adaptable and realistic in its outlook.

The policies that the new left is adopting [...] go ahead with [...] necessary market-oriented reforms (for

instance, trade liberalization, privatization of competitive industries, introduction of managerial public administration). The new left believes more in the market than the state as a coordinating agent of the economy but it is not dogmatically pro-market as is the new right. And it still attributes to the state a major role. The state exists not to replace markets and entrepreneurs, but to regulate markets and protect property rights, maintain macroeconomic stability, create an appropriate climate for investment and growth, promote science and technology, foster national competitiveness, guarantee a minimum income, provide basic education, health and culture for all and protect the environmental and cultural inheritance of the country. Yet, these roles will be differently performed in a developed as compared with a developing country (Giddens ed., *The Global Third Way Debate* 366-67).³

The specificity of application would naturally have to be considered in the international context, in order to assure a measure of implementation that is suited to local conditions and requirements.

The adversarial edge of British politics was best exemplified by the bitter coal miners' strike of the 1980s that pitted left against right. It was a long and hard-fought campaign against mine closures. It was an event that divided families and the nation. The conclusion that could be drawn at the time was, namely, the decline of a certain brand of socialism in Britain. But the emotional tug-of-war between left and right on policy issues has waned. The respective party position in terms of the power structure has taken an increasingly higher profile.

A few short years later, the next phase in the evolution of politics saw the adoption of right-wing policies by the Labour Party in order to secure power. (It may be said that Labour co-opted elements of the electorate and vice versa. If Tony Blair were to declare a short time later that the class struggle was over, he may have jumped the gun. It's probably just continuing, but under a different guise. This may have been a premature testimonial to the social fluidity of the classes in present-day Britain.) That evolution did occur was evident in the Thatcherite policies of Britain's Conservative Party versus the Labour Party's tussle against and ultimate assumption of right-wing economic and political policy planks. This kind of turnaround would have been almost impossible to predict, but it may be a testament to the personal characteristics of Tony Blair. Who could have foretold his election victory in 1997 and his New Labour approach, so soon after a very divisive period and much soul-searching in the minds of the British electorate, who were quite used to squabbling and public wrangling? The Third Way agenda was beginning to near its goal of serving a commonality of interests.

Blairite economics have been accused of copying Conservative economic policies. Whatever the truth of the matter, one thing remains certain; the left-wing ideology so prevalent in the 1980s, had been transformed to meet the expectations of the 1990s. It's still marketed by the leaders of the Labour Party as being in tune with the New Britain, having since undergone a political and economic transformation. The evolution of party politics occurred because the ideology of

the times and the sheer weight of influence practised by the former Conservative Party government were too strong and pervasive. The British electorate had become accustomed to right-wing views and the election of Tony Blair, albeit a Labourite, was as a result almost assured.

The third distinctive feature of New Labour in office is that it has inherited a rapidly eroding welfare system and shows very little inclination to restore it. Defending what existed and reconstructing what was abandoned is not on New Labour's agenda. New Labour advocates claim that it is serving Labour's traditional values, but in a new and up-to-date way – the so-called “radicalism of the centre.” This is what Blair meant when he said on the day after the election, “We were elected as New Labour and we will govern as New Labour” (Leys 1998: 2).

If New Labour believes that the class struggle is over, and that Britons are more affluent and less concerned about class competition, it therefore follows that New Labour doesn't consider it urgent to greatly buttress the state's overall welfare system; instead, it is being reformed. It must be remembered that Tony Blair did attract votes from both Labour's traditional constituency and the more prosperous middle classes; at this stage of his tenure, he therefore enjoys broad support.

Moderatism still forms part of Labour's strategy and sees its personification in the democratic attributes of Tony Blair. He has to tread carefully on questions that arouse deep-seated feelings and decades'-old divisions. Taxation, which is in fact a responsibility and most useful in mending social ills, if applied efficiently, doesn't elicit instant approval from the middle classes, who already feel burdened.

The state's lack of readily available resources to tackle the welfare system issue does figure into this equation as well. If Britain has gone beyond competing or even antagonistic party politics, and if consensus building is now part of the "radicalism of the centre," these changes add new weight to the reasons why New Labour is now practising a less firebrand-like style of politics, at least on the core issues of the left. Its predecessor is now unrecognizable, while New Labour enjoys mass appeal and popularity. (Naturally, Tony Blair would defend this viewpoint by claiming that he is a legitimate inheritor of the former Labour Party and that he possesses a strong mandate to govern. The evolution of the Labour Party had to occur sometime, and it found a new leader capable of extricating Labour out of the wilderness and placing it under the spotlight, where it could be of use.) There is a clear background logic underlying the thinking and the actions of the foreground. In gaining office, New Labour has demonstrated that by relegating to the past the divisiveness that previously existed, it can influence the historical development of Britain. It's another step, albeit a slow one at this early stage, towards that goal.

As one of the leading proponents of the Third Way philosophy, Tony Blair is well placed to act and influence events both at home and abroad. On another, more controversial topic, Tony Blair finds it suitable to have two different concepts operating within the same economy:

Our approach is competition where possible, regulation where necessary (Blair 10).⁴

This presents the authorities with considerable room for discernment and the equally daunting task of arriving at a judicious decision when choosing areas of human endeavour to be promoted and bolstered by government. At the same time, traditional realms of government assistance – education and social services – can be re-examined in light of current realities and their relationship to government.

Boosting the science base is a key government priority to keep Britain internationally competitive. In a path-breaking public-private partnership, the government has linked a big increase in public funding for the Research Councils to a massive three-year investment by the Wellcome Trust. [...] The result is a £1.1bn investment to transform the science base, announced as part of the Comprehensive Spending Review in July (Blair 10).

If such ventures prove to be popular with the public, this represents at least one certain measure of success. Mileage can be gained from them, and other similar future endeavours can be ascribed to the workability of the Third Way in meeting the needs of the new millennium.

It is perhaps to Tony Blair's credit that he perceives domestic politics through the *Realpolitik* lens, and therefore acts accordingly. If his country is to move forward, he has to reconcile and unite various sectors of the population, even if his mandate is a tenuous one underneath the surface.

This, in turn, dictated an electoral strategy pursued with great singlemindedness and skill for eighteen months prior to the 1997 election, based entirely on concentrating on 70 – ultimately 100 – key marginal constituencies and, within these constituencies, on the

so-called floating voters who had voted for other parties in 1992: the comfortable, but anxious, so-called middle-England, middle classes (Leys 1998: 1).

The divisions of the left-right spectrum do remain, but they are sublimated by Tony Blair's realism and personality. For the time being, Blair's personal conviction and persuasiveness seem to be key in directing the affairs of state. Despite the criticism, they are also a tribute to his ability in having performed a service to his nation, especially when the polarization of the past is considered, since it wasted valuable state time, energy and resources. The task ahead involves the prevention of future social rifts.

Conclusion

In effect, it's not a purely consensus politics road on which we are travelling. The two main rivals for the public's attention, the classical or monetarist position and the Keynesian stance, are sometimes too diametrically opposed and even discordantly so. Monetarism is largely neo-conservative; Keynesianism is mostly social democratic, Red Tory or left-liberal. In spite of the divisions, we do witness members of one party being coopted by another and issues being hijacked for political expediency. The adoption of certain ideas or policies by one party that previously shunned such notions and the working within the system mindset are frequent occurrences too. The issue of malleability then enters the arena with the

concept of personality and its derivations, namely popular appeal and herd instinct, following close behind.

Hard economic facts are likely to emerge in the aftermath of election euphoria. During the election campaign, positions on the economy are usually couched or moderated, with hardly a rustling from the mainstream parties, who do not want to seem to appear too radical or create a climate of uncertainty. A toning down of the economic rhetoric thereby takes place. Tony Blair had the distinct advantage in that the British economy was in a growth phase, with employment having increased considerably during the expansion. By contrast and all too frequently in the past, the electorate had to choose between incumbent office holders, who had wrought economic mischief on the country, and so-called economic saviours, who had promised an economic wonderland.

Ideas that have been spawned in Britain can take root in neighbouring states, and internationally, albeit with additions and modifications, keeping in mind the local character and the specificity of the country or region. The British experience also shows that strides can be made if a more consensual attitude exists in a nation, shattering divisiveness and forging ahead. Maintaining social peace is one other central by-product. Britain's example and practice with the Third Way can be used to shed more light on other national economies.

CHAPTER II
GLOBALIZATION AND DEVELOPMENT

Globalization

The distinctions between day and night, work and home life, indeed sleep and wakefulness, are fast becoming blurred. Some people now practice tying a string to their toe that awakens them from sleep, when their fax machine receives a document.¹ The world is making the transition to a twenty-four hour society. We are told that we cannot turn back the clock. This is another step in a process that started before or after Alexander the Great. Whereas the Macedonian king was limited by regional considerations, today's attitude is one of, "The sky's the limit!" Physical boundaries no longer pose an obstacle; upwards and skywards are no longer elements of the abstract. The global village has now become a mini-neighbourhood, sensitive to the whims and desires of global players. Some would even argue that everything is local, where international events are subordinated to the local level. This precisely brings unease, unrest and ultimately conflict, because it stirs turmoil in peoples' minds.

Giddens has constructed a most appropriate definition of globalization, as follows:

Globalization refers essentially to that stretching process, in so far as the modes of connection between different social contexts or regions become networked across the earth's surface as a whole. [...] Globalization can thus be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa (*The Consequences of Modernity* 64).

Many are frightened by the prospect that their acquired rights will be absconded, regional power will disintegrate and ethnic or community interests will no longer signify distinctiveness of character. “Where do we go from here?” The uniformization of standards across political, economic, cultural and social lines represents, in the minds of the besieged, a real foe to be reckoned with.

Globalization and its offshoots have even spawned a new phenomenon: Space English. Along with World English, Space English may be so transformed that future time travelers, who may develop different forms of English while in space during a 400- to 500-year span, would probably not be understood, if their progeny ever returned to their home planet.

In the cultural and socioeconomic spheres, the onslaught of modernization is changing the rules that we were historically taught. These no longer apply as fully as they did, to the dismay of some and the joy of others. When they are pertinent, their effect is ephemeral, thereby injecting a new element of risk and increasing the level of strain in society. In some advanced liberal democracies, tradition has been severely bruised; some wish to dispense with it and others are left grasping at new belief systems and reaching for alternative lifestyles. Incongruously, cyberhavens and free-trade zones seem to be on the upswing. China and India are said to be benefiting from an increase in world trade and proponents of globalization point to them as examples for other Third World nations to emulate. Tradition is changing its status, as we move along.

Passive resistance certainly occurs, but it may take the form of active protest against government policies. This latter route is not favoured, but government is the most visible and continuous object of the frustrations felt by those opposed to the increasing pace of everyday life; an acceleration, incidentally, that is bound to speed up when examined from its historical perspective and from its thrust. In addition, the promises made by technology point to that direction and are frequently proclaimed by its prophets.

The question then becomes one of coping, for better or for worse, or finding refuge among the islands of utopia, away from the sheer velocity and overwhelming nature of individual and community circumstances. The self is being identified as coming under a deluge of demands from all sides of society, near and far, and of being incapable of meeting them all. The traditional concept of the self and how it promotes itself seems to be inadequate for those who would wish to see a halt or a reversal of the globalization process. The whole model of the maximization theory, one that has mustered a good deal of acceptance, is being viewed askance. The question is: How can self-promotion be pursued successfully in the face of globalization restrictions? The answer becomes linked to the way government handles the globalization issue and the policies it undertakes in creating the right environment for autarky, or state self-sufficiency. This national objective may be set, while government can continue along the road by emphasizing the stakeholder aspect that every citizen enjoys in civil society and

the benefits that accrue to the individual, and hence the state. Interestingly enough, it is evident from the following excerpt that wealth- or utility-maximization, in the person of the state, has its equal reflection in the individual:

[...] [T]he state becomes the field on which the battle for control of its decision-making power is fought. All sides wish to be able to redistribute wealth and income in the interest of their own group (North 22).

The economic equation is not the only one in the league. The mentality of the state - both in the form of the individual and government hierarchy - has to be one of cooperation and exchange between the two. This entails that the government provide services, defence and recourse (justice, education, police and emergency protection, social services, etc.) and a willingness to respond to the changing challenges posed by globalization. The precondition dictates that the mindset has to be favourable or consensual to the whole endeavour. The individual citizen cannot handle the effects of globalization in isolation. For this reason, there has to be a recognition of and a plan for assistance towards an eventual target for autarky.

Once a greater degree of autarky is achieved, in a national stand-alone or regional group setting, some of the negative aspects of globalization, such as the helplessness and the economic insecurity, would subside and the positive ones, such increased trade, consumer choice, social, scientific, cultural and intellectual exchange, would be interpreted less inimically than they presently are. Personal initiative would still be present along with opportunity and a sense of entrepreneurship. These traits are deeply ingrained in the mind of the individual,

at least in most Western economies. In the resolution of the issue of globalization, the preceding proposal is a suggestion of one of the possibilities open for adoption.

Globalization is riding the crest of a wave that is being propelled, in part, by the Internet which in itself may be extended even on an inter-planetary basis. The world seems to have embarked on a commercial binge, where boundaries no longer matter. The psychology behind this thrust is perhaps rooted in the past, with the ancient Greeks and Romans. It is a carryover from those times when expansionist notions were gaining hold and empires were being constructed. These ideas have been handed down by succeeding generations. However, the phalanx is now pointing to commercial markets, with most states, especially the heavyweights, competing to ever-increase those portions of the world economic pie in which they don't already have a discernable presence.

Individual self-sufficiency may not be enough. Government guidance in the health, education and cultural areas can unleash the creative power within a person and lead to further development of the individual within an economy. The degree of assistance and the objectives leading towards that level of progress and maturity are related to the means available to governments and the political will thereof.

There needs to be this contract between the state and the individual in order to promote the interests of both through this alternative. The Third Way can play a key role in tempering the hard stance taken by elements from both the left and right through a process of compromise and cooperation. With so many former

socialist states turning to the West for direction, the Third Way can propose a solution that can go considerably far in alleviating the harshness and rigidity of leftist and rightist politics.

It would not be impossible for political parties, citizens' groups and business organizations to moderate their platforms in favour of a higher national goal. The cross-fertilization of ideas that occurred in the post-World War II era came to a crescendo in the late 1980s, claiming rigid philosophies and economies as its targets. It had become untenable for the communist economies of Eastern Europe to exist in isolation. The realities from the East and West had dictated very harshly. If a social democratic party in Romania serves to mediate in the aftermath of the extreme circumstances of the 1989 revolution, and proceeds to subsequently gain office for a solid number of years (1989-1996), it is clear testimony to the workability of a third way-style resolution of conflict. (This pattern became apparent almost across the board in the former Eastern European communist republics. The results were not immediately palatable, but they were a starting point for further progress and reflected a widespread general mood. A good number of former communist parties changed their garb and became 'social democratic.' The circumstances could have been more dismal in nature; this is at times forgotten, since the magnitude of the events becomes the focal point of attention.)

When PDSR [Partidul Democrației Sociale Din
România (Romanian Social Democratic Party)]

discourse speaks of ‘social democracy’ it is important to look further into how this name is shorthand for a whole series of ideological constructions with resonances specific to the political culture in which the signifier is situated. In the Romanian case, [...] ‘social democracy’ embodies a whole set of ideological statements concerning the relationship between the economic, the political and the social spheres. The ideological formations of the PDSR follow patterns of mediation between the universal and the particular, which were established features of Romanian political discourse during the Ceaușescu years (Howarth 129).²

It may be said that extremeness serves as a catalyst for change; but an evolutionary process can effect reform and safeguard traditional values at the same time. The level of extremeness can be a factor in how the process will be carried out. Still, this must not detract from the basic aim of mediation. The collapse of communism as a legitimate form of government and its ensuing loss of credibility had much to do with the speed of events ushered in by globalizing influences that took their toll on repressive regimes and outdated systems of government and control.

In turning to some other phenomena associated with globalization, that are less political but more societal in their manifestation, social reflexivity may be considered a kind of self-consciousness in which the individual may be acting in the greater social whole, but not necessarily agreeing with its social propositions. A kind of “go-with-the-flow” mentality may thus emerge and adopt the mantle of acceptability, or “social normality.” The tenets and demands of survival have now placed a heavy burden on the individual in his or her quest to survive and fight the next battle.

Giddens believes it is the high-intensity global risks, such as nuclear war, which are the most menacing, the most serious threat to ontological security. Such a risk cannot be tested and it is difficult to think about it for any length of time, yet the repression of anxiety we must undertake in order not to think of it has its psychological costs. There are a variety of possible adaptations to the risks of modernity which are again, I think, self-explanatory: pragmatic acceptance, or 'surviving'; sustained optimism; cynical pessimism; and radical engagement. In a discussion headed 'A Phenomenology of Modernity,' he likens modernity to a juggernaut, certainly beyond control, but one which is full of tensions and contradictions – between displacement and re-embedding, intimacy and impersonality, expertise and re-appropriation, and privatism and engagement (Craib 105).³

Giddens does well to question the direction we are headed for with manufactured uncertainty. Of course, added to the insecurity is that real-time communications and the breach of the time-space dimension create instant mini-neighbourhoods, presenting opportunities and threats. Are we traveling on the right road, or towards radical politics and neo-revolutionary stances? How can we avoid being overwhelmed by all that modernity has wrought?

Hard-edged politics is not new, but in this age, the dice seem to be rolling more and more towards extremist views and reactions.

The growth of social reflexivity is a major factor introducing a dislocation between knowledge and control – a prime source of manufactured uncertainty (Giddens, *Beyond Left and Right: The Future of Radical Politics* 7).

Manufactured uncertainty yields the fruit of discontent and malcontents. If we are to avoid exacerbation of political views and restore a more humane side to politics, there needs to be a shift away from the strictly individualistic, and thus ungratifying position we see many people adopt, and towards a more sane and fulfilling attitude of mutual aid.

Uncertainty of any kind need not reign; or at least, to the extent that it does currently. It engenders frustration and brings the feeling of inability to effect change. In a passage echoing the theme of uncertainty as characterized by Giddens, we may relate to the following:

Publicity and opinion polls would be incapable, even if they wished and claimed to do so, of alienating the will or the opinion of anybody at all, for the reason that they do not act in the time-space of will and of representation where judgment is formed. For the same reason, though reversed, it is quite impossible for them to throw any light at all on public opinion or individual will, since they do not act in a public space, on the stage of a public space. They are strangers to it, and indeed they wish to dismantle it. [...] It is this lack of relationship between the two systems which today plunges us into a state of stupor. That is what I said: stupor. To be more objective, one would have to say: a radical uncertainty as to our own desire, our own choice, our own opinion, our own will. This is the clearest result of the whole media environment, of the information which makes demands on us from all sides and which is as good as blackmail (Giddens et al., *The Polity Reader in Cultural Theory* 113).⁴

If a semblance of concreteness is absent, it can be restored, through action at the primary, secondary and tertiary levels of society, all initiated by the single

individual and accompanied by society at large. Application of Third Way policies, elaborated in these and in previous pages, can be a starting point. Globalization has contributed to uncertainty since it continually ushers in change and a situation-ethics style response to it. People have to be constantly reinventing themselves to survive. This abstraction of ideas that are, at times, contradictory and even self-defeating, leads to further doubt, shades of meanings, self-consciousness, excessive political correctness, in short, uncertainty. The blending is all too rapid.

The proliferation of “alternative media,” which claims it reflects and propounds “alternative” lifestyles, is an issue that is more complex in that there are degrees of marginalism present in the alternative lifestyles options. The Third Way invites the needy neighbour in from the cold. Other political formations are too comforted by their own smugness to venture out and be more inclusive. Such categories of political parties are non-inclusive by definition. They find it almost impossible to reconcile their political beliefs with the social, economic and political lifestyle represented by those other kinds, or semblances of political formations or movements, that appeal to the more marginal in society. The cut-and-dryness of these divisions creates a polarization that takes generations to heal. From a historical vantage point, quality of life is gradually and painstakingly augmented despite the many colossal hindrances along the way; however, inclusiveness has often been illusory, even at the height of senseless revolutionary

struggle. The Third Way may not be an epoch-making phenomenon, but it may serve as a transitional phase in relations between the state and the people. Meanwhile, it can also act as a conduit towards that future, forming a delta, where other political formations can moor their ship.

Gaps between the haves and have-nots and expectations of modest, or even high standards, are fuelling the stances taken in various parts of the world by disparate elements. The danger of unruly forces resorting to extreme forms of violence, radicalism, fundamentalism and terrorist acts, borne out of frustration, desperation and a sense of victimization, are real and pressing concerns for politicians. Added to this brew would be political ideologies and cultural convictions, which would fanaticize potential as well as veteran members of terrorist forces. They are quickly becoming a preoccupation for many who are knowledgeable about the tension afflicting the world and are successively shaping the line taken by not only world public opinion but also by the politicians who lead, create and implement the domestic and foreign policies of their countries. It is a two-way street, dependent on each other for sustenance.

The developing world has much of its problems rooted in its cultural, historic and geographic baggage. There may be disagreement as to what constitutes this kind of baggage, but it is nevertheless a fact that there now seems to be competition between some states on the issue of outdoing each other in the flagrancy of their behaviour and the brazenness of their vocabulary. Development,

or the lack thereof, is at the centre of these divisions between the developed and developing world. Whether economic systems have been pilloried by mutual forces of opposition, civil war or rival classes of relative wealth and power, etc., the question of development is so crucial that it threatens the current world political and economic order in ways that were unimaginable a few short years ago. Degrees of progress, kindling hope and amassing a measure of support from the base of a population, are instrumental in how people view themselves and their relationship to the international community. But in the past and present realities of economic power and its associated ramifications,

The dean of historians, Britain's Arnold Toynbee, when interviewed by *Forbes Magazine*, pointed out that, as there is immense resistance to anything like a world government, international corporations are a necessity. "Sovereignty on a local scale is an illusion because you can't be economically independent locally." ("As I See It," *Forbes Magazine*, April 15, 1974, p. 68.) Each of the 150 so-called sovereign states is dependent upon the rest of the world for raw materials, and sometimes for food itself, in order to live [...] According to Toynbee, the world is going to have a period of tremendous difficulty, adversity and suffering because of the unwillingness of people to recognize the obvious need for a world society (Cecil 145).

At the time that Toynbee made that remark, the world economic order was set to embark on an almost 30-year span of unrelenting globalization. He may have foreseen the intense integration of national economies, through transnational corporations, but naturally, he could not foretell the stiff opposition to

globalization. At the same time, there are some developing countries that are clamouring to be part of the globalization phenomenon and increase their level of competitiveness. Whereas some see development as an answer, others see it as creating more dilemmas than it solves. Where is there an acceptable median to rest upon?

Have corporations actually replaced national governments, and do they really wield too much influence? This debate has a long history and no doubt will continue to confound those on either side of it. It may not be possible to exert local sovereignty, as we may have crossed the Rubicon internationally. Nevertheless, efforts at national self-sufficiency and cultural preservation are worthy in themselves and have to be tried, accompanied by the relevant use of vigilance. It becomes a question of continuing to preserve our heritage. Otherwise the economic, political and cultural impulses that emanate daily into our eventful lives from many sources may shape us in ways that contravene our linear historical progression.

Perhaps Toynbee was a Cassandra of his era and would today raise the anger of those who still heatedly oppose the “world society” he referred to, based on their vehement notions of power and nationalism. The “difficulty, adversity and suffering” have increased along with the population pressures; and Toynbee’s dream remains elusive for much of the same reasons he cited in his time. Efforts to create a world society have not really been tried, except at the regional setting,

but they cannot be ruled out, given the complexity and gravity of current geopolitical tensions. What kinds of checks and balances would be in place to act as counterweights to a “world society?” Would local government be displaced at all? If it is, then who would determine why and how that would come about? Who would prevent misuse and abuse of power? What kind of recourse would people have to file their disagreements or lodge their complaints? What sorts of rights and freedoms would exist and would they be universal? How would these be applied? People are legitimately concerned about their culture and are likely to resist a future uniformity of culture. Additionally, when development does not come their way, people’s feelings of insularity would probably exacerbate their perceptions of international power and their sense of justice. Some of the things we take for granted nowadays could be in serious jeopardy or even abolished.

The Third Way proposes solutions that would be more amenable to governments and to portions of the populations seeking greater security, protection and the guiding hand of their representatives in carving out an economic solution to deep-seated and centuries’-old developmental problems. By relying on the solid centre and by amassing the necessary support and consensus, mountains can be moved and the constructiveness of human activity can be appreciated.

If people understand their sense of helplessness either overtly or covertly, they may decide to take matters into their own hands and commit desperate acts of violence and even atrocities. We have witnessed violence on a mass scale and

previous crimes that stem from economic deprivation, political divergences, religious chasms, and social, cultural, geographic and historic differences that have led to levels of development that are now poles apart. In another poignant definition, Giddens states that:

Globalization is really about the transformation of space and time. I define it as *action at distance*, and relate its intensifying over recent years to the emergence of means of instantaneous global communication and mass transportation (*Beyond Left and Right: The Future of Radical Politics* 4).

In one of his other works, Giddens amplifies his position:

The point here is not that people are contingently aware of many events, from all over the world, of which previously they would have remained ignorant. It is that the global extension of the institutions of modernity would be impossible were it not for the pooling of knowledge which is represented by the “news.” This is perhaps less obvious on the level of general cultural awareness than in more specific contexts. For example, the global money markets of today involve direct and simultaneous access to pooled information on the part of individuals spatially widely separated from one another (*The Consequences of Modernity* 77-78).

Although globalization is at times seen as an enemy, threat or scourge, it has had the effect of awakening in the consciousness of the world, that control is somehow shifting to entities not directly involved in the everyday lives of Citizen W, or Citizen of the World. Whether rightly or wrongly, these may be considered to be governments, corporations, military establishments with inordinate power, or social and cultural movements viewed as alien to the homegrown variety. Other

forms of art or culture are thought to emphasize conservatism and strict adherence to certain values, with roots in the distant past. In the modern world, credibility is delved out to each of them. Nevertheless, a conflictual scenario is thus waiting in the wings.

Consequently, when the Third Way is called upon to act as mediator, more control is asserted and inserted within a state, having a set of social and economic objectives to reach. The politician's agenda would clearly be better served if a pooling of resources and ideology, through Third Way intervention, responded to questions of social and economic importance. The regaining of some control from the excesses of globalization would be exerted in more representative fashion, if "reasonably" democratically elected leaders and officials abided by and acted within the bounds and demands of state-labour-industry-sponsored goal-attainment programs. The stress here is one of degree.

If the objectives set forth by government, industry and labour are arrived at through consensus and a contingent measure of compromise, the results can be dramatic. Consultative bodies may be established to debate and ponder the prioritization of proposals on reaching ultimate aims. Goal-setting, in a liberal-democratic context, with no coercion and freedom of choice, has to remain primordial. The key must be cooperation.

There is little need to restrict the Third Way only to advanced liberal democracies. Such states are not the only players on the field. Degree of Third

Way-style implementation projects is a component for less-developed countries and emerging democracies, whose political and economic directions now seem as though they will be chosen by the ballot, or the threat of a bayonet. Real measurable progress can be made on both counts. If non-Western states are to achieve progress and make the giant developmental leaps required of them, leaner and nimbler institutions may be necessary, coupled with strides in the application of developments in science, education and technology, all within a democratic setting. The road is long, but the prospect is enticing only if it yields results in the process.

We have now reached the point of siege mentality. Globalization is widely seen as marching on. Even the furthestmost outposts and strongholds of the Anglo-American world are being shaped by it. One method of taming its phalanx-like thrust, wild swings and accompanying objection to it is the implementation of Third Way policies. Valuable inroads can be made by gaining the confidence of developing states through meaningful development programs and by customizing these programs according to the specificity of the developing nation, adapting them to create a better match. Third Way pursuits can be adopted on a national, intranational or international level. But, returning more control to Citizen W is more likely to occur at the national level, even if at times, the national level resembles a local one, typical of a neighbourhood. Logically speaking, reassuming

control would be more successful here, simply because the logistics for mounting such an effort would be far less daunting and would elicit far more support.

The Third Way stands for the preservation of culture, values and the stability of economic continuity, as opposed to the destructive forces which would be unleashed should revolution ensue:

Bringing such a society into existence will be an arduous task. It will mean a revolution – in other words, a systemic transformation of society, the replacement of one social logic with another. The idea of the Third Way is attractive to those who believe that such an upheaval is not feasible, and indeed is undesirable and unnecessary. But, as we have seen, the Third Way is but an ideological façade behind which capitalism continues on its brutal and destructive way (Callinicos 120).

If one social logic is replaced by another, and this is a sizeable assumption, world rebellion would erupt engulfing one state after another, since the majority of nations harbour capitalism as their economic form of governance. Thus, the replacement does not consist of a peaceful transition, but of an imposition of an as-yet untried system fraught with dangers and unpredictable anarchic-style consequences. Are we to rebuild from scratch? How coherent, tolerant and trustworthy are the alternatives élites who would replace the existing ones? (Naturally, they would replace the old ones, as is historically proven.) Is capitalism a vast monolith with little variation, which is interested only in capital accumulation? How has capitalism transformed and developed whole societies in the East and West, following the horrendous catastrophes of World War II? How

many millions of lives have been saved by it? How have miracle cures, technological achievements and inventions benefited the very undoers of a system they wish to see ended? Few other forms of government revere personal initiative and opportunity. This is not to excuse the faults of capitalism, but it becomes obvious that revolutionaries have lost all hope in the current system and are willing to risk immensely in order to bring about a change that seems nebulous at best and devastating at worst.

The displacement of one system by another is plausible, because the vacuum created would need to be filled.

What is needed is a break with the very logic of capital, and its replacement by a different one – one that, at the minimum, gives priority to human needs and subjects the allocation of resources to democratic control (Callinicos 120).

Massive obstacles would then be erected to confront civilization; culture shock, political volatility, economic disorder, trade disruption and social disintegration, that a system imposed from above would devise and fabricate, since much would be restructured in the form of improvisation. A spectacular kind of revolution would take place that even Hollywood would be incapable of reproducing. In fact, a multinational revolution in which one social logic replaces another to the degree envisaged by Callinicos is so overwhelming by design and authoritarian in execution that it begs the question of our globalized planet: Can the world

withstand its new as well as old stresses in order to move on? Under these circumstances, stagnation would seem like an alternative worthy of consideration.

Dispelling the notion that fate is somehow the ultimate arbiter of our earthly activities is indeed a difficult task. Giddens paraphrases and comments on Robert Jay Lifton and Richard Falk's explanation of the implications of fate from their book *Indefensible Weapons*, as follows:

Fate, a feeling that things will take their own course anyway, thus reappears at the core of a world which is supposedly taking rational control of its own affairs. Moreover, this surely exacts a price on the level of the unconscious, since it essentially presumes the repression of anxiety. The sense of dread, which is the antithesis of basic trust, is likely to infuse unconscious sentiments about the uncertainties faced by humanity as whole (*The Consequences of Modernity* 133).

In days of old, the catapult was a fearsome object; today, a jet may instill more angst and dread than the ancients could conceive. The veritable global magnitude is formidable, were it not for its eeriness. The mini-neighbourhood has its lot of dangers, seething beneath the surface. Mindful of the volatility and precariousness we now experience, governments have new, more plentiful and compelling reasons to garner support to their side, seeking to secure as much solidarity as possible.

Development

Development is widely regarded as essential to avert the gnawing away at, if not actual onslaught on human rights. Although this is a large issue, too lengthy to explore very deeply, development is at times seen in the context of steamrolling human rights onto other countries; historically, sooner or later, the economic benefits accrued by development do tend to translate into political demands and into a more politically democratic path that a state may wish to pursue. Human rights may evolve peacefully over time, but the developmental pace in some Third World states is leaving many stragglers behind.

Some developing countries are reeling from the effects of economic globalization. The crux of the matter has become moral globalization, and the imposition of “values” by the West or the rest. Even if there’s a fusion of cultural, economic and political rights for individuals, there’s a certain dilemma in terms of real-world applicability. How do we reconcile the various clashes, ironies and contradictions that arise from such a combination? Does technology bring us together, or does it create further barriers in its developmental quest? The geopolitical effects of globalization in a multi-polar world have been dismantling boundaries for years. Is there a limit or logical conclusion to the reduction of time, space and the exchange of cultural equipment? For some nations, development is the answer, coupled with actual observance by governments and institutions of peoples’ basic and inherent human rights. By bringing back the power of

government into the equation and drawing into its authority, enforcement of human rights can become more of a real phenomenon.

Most developing nations, according to their degree of economic development, can benefit from Third Way principles, when these very principles are studied, compared and contrasted to the situations existing in countries that have already experienced Third Way methods in governing their economies: states that are on the cusp of development, others that have tried development in the past with mixed results, or even still others with burgeoning economic sectors. The reasons for economic underdevelopment are too numerous to enter into; suffice it say that once resource-hungry, geographically restrained, historically bound, culturally different, despotically ruled, goal-oriented states decide to enter the development stage, they are often faced with choices not of their making. Even if an economic timeline is adhered to, both theoretically and physically, in the real economies of the states, the fact remains that the path is not always a smooth one. The embattled governments of the Asian economic crisis of 1997 saw themselves pitted against hard realities that are taking considerable time to lift. The rifts and divisions created by such a crisis demonstrate the need for careful state and regional planning, especially in under-regulated marketplaces.

The rough ride is common even at the best of times. No economy is totally obstacle-free. From countries on the fringes of development to those with a voracious appetite for technological change and turbo-charged industrial

development, the prescription is unique to the state in question, but its applicability is universal through the Third Way strategy. Instead of name-calling and point-scoring, governments ought to be more concerned with the welfare of their citizens. If an economy does need stimulation or has to be set on a course to sustainable development, national action is required. The upside and downside of each aspect should be considered so as to procure an economic advantage to the population. Similarly, if meltdowns are to be avoided, concerted action through a Third Way tactical approach could help to dissolve the hurdles that present themselves along the route.

Would other countries be willing to embrace the Third Way? The devices and procedures of each state would have to be put to the test, relegating short-term strategy to the back burner. The historical background of the nation would have to be considered; is there reticence, vacillation or enthusiasm in parting with the past, as in the case of the Baltic countries and some belonging to the Commonwealth of Independent States (C.I.S.)? The Third World too has its misgivings, in that it has already trodden through the direction proposed by development. In addition, the twin influences of globalization and neo-liberalism, reaching far and wide, are major sources of reflection for policy-makers.

The Asian experience with community-oriented enterprises, or at least the pre-eminence of the community versus the individual and the cooperative ventures of labour, management and government are local cultural traits which can exert a

lasting influence on the future of economic policy. These are now changing. On the other hand, South American efforts at greater development are making inroads in some countries, but economic difficulties or crises loom or are in progress. Latin America has been trying for decades to participate more fully in the world economy and exert some political clout as well. From a competitive level, states in the region hope to achieve more, by means of speedier development, or by exporting their way through slumps and downturns.

Attracting investment is key to growth: could Third World nations compete, other than by allowing market forces to intercede? We must remember that succumbing to all market forces would surely eliminate the human element and remove years of precious social progress made in efforts to mitigate the more radical facets of outrightly free market capitalism. Even rudimentary social protection systems deserve to be brought in from the storm. Some nations are more advanced than others. Chipping away at social systems would cause harm to the disadvantaged, risk greater social tension and perhaps even more radicalization than at present.

Huge transnationals are the workhorses of the world economy and tend to be at the forefront of the growth they produce. It may even be argued that they drive this very growth. At times of slowdown, they roll with the punches, downsizing and causing jitters in the markets. When the world economy is on the upswing, the

transnationals are more likely to merge, associate or enter into agreements with their fellow kin, creating an illusion of protracted or even everlasting prosperity.

The power of these transnationals should somehow be harnessed for the benefit of Third Way methods. As international leaders, they should set an example in the way they conduct their affairs and the approach they employ at home and in host countries. By yielding on certain social issues and by being more responsible as world citizens on other hard-core economic questions, they would do wonders for their image, and inevitably, their net sales.

The social issues would include better treatment of foreign workers, especially in developing states, and the dispensation of similar benefits to international workers, when compared with the ones that accrue to home-based workers. Such a policy would greatly assist not only the cause of development but also the opportunity afforded in averting radicalism where it is most likely to breed. Globally, it would be premature to presume a uniformity of benefits. However, minimum standards must be set and even exceeded in order to allow for a modicum of security to be administered.

The trend of globalization is more chillingly realistic for some than for others. Those who fear that they cannot cope are quickly becoming frantic at the prospect and hold globalization responsible for more ills than it's due, out of convenience and because of the bandwagon effect. The Third Way offers an

alternative to a world economic system under stress and strain, even if locally evolved and shaped, in countries as diverse as Thailand and Brazil.

Another reason why the Third Way could prove useful is that regional development can take place more broadly, with the participation of government. Working in concert, significant strides can be made aimed at reducing regional disparities that often afflict developed and newly emergent nations. Even the environment, a very extensive and explosive issue on its own, one only touched upon here, can be better overseen through a cooperative Third Way association between business and government.

The ecology of the economy (by which the functioning mechanism of the economy is referred to) and conversely, the economy of the ecology, require care if we are to husband the latter, and maintain a crucial balance between the two. Orthodoxy and rigidity can stem from both the left and right. Suppleness in the conduct of our affairs, however, can bring results. In this sense, the economic orthodoxy of the past should be reexamined and seen through the more resourceful frame of mind of the Third Way, stressing more care of the environment (former eastern bloc nations are still trying to recover from the neglect inflicted on their environment after decades of abuse). Giddens points to some critics of the Third Way who would assert:

In common with its two main rivals, [the third way] has no effective way of coping with ecological issues, save for giving token recognition to them. In accepting globalization, third way politics acquiesces in the

destructive consequences that world economic development has for the environment. [...] The only means of approaching such developments [scientific discoveries], many ecological authors say, is through a precautionary outlook. We should rein back scientific innovation until we are sure of its likely consequences (*The Third Way and its Critics* 25-26).

Giddens later proceeds to give examples and discuss steps that are being currently applied by major business firms in their quest to arrive at zero waste levels.

Waste is no longer waste, but a resource for industry and a driver of innovation. [...] Some have suggested that with the advent of the knowledge economy, it will be possible to produce twice as much, using half the material resources we do at the moment (*The Third Way and its Critics* 134-35).⁵

Technological advances are not always beneficial in themselves, but still carry risk. Simultaneously, the urgency of ministering to the basic needs of people in earning their livelihoods can be met. Through the supervision of government, steps may be able to be taken to clean up areas of pollution and establish guidelines, or more enforceable legislation, to prevent pollution from occurring. Business and government ought to have the best interests of the citizenry at heart, and by working within better lines of communication with the public, a greater democratizing exercise can be instituted.

Levels of effectiveness can be greatly enhanced when the cooperation of business is harnessed for the common objective of regional development. When the needs of the region and the community are defined and the necessary research

is conducted to determine the extent of investment, the ensuing financial and economic measures can carry more weight.

In countries where development is sorely required, an alleviation of regional disparity can come in the form of external aid, still low by many standards and still considered as institutionalized. This is where innovation needs to make a difference. External aid can build upon the historical ties with donor governments that maintain more of a special relationship with nations sharing a common past. Instead of shirking its responsibility, government can assist where business fears or is unwilling to tread. In these slim-down, if not lean, practical and bottom-line-oriented times we are experiencing, a collective effort between business and government to further the cause of development should not be seen as taboo. Innovation and new business methods in the international world markets allow for more opportunity to make progress in this field. The key beneficiaries of international development are both the donor and the recipient countries; the thwarting of international terrorism is a major theme in the maintenance of order and stability. Vigilance is required to ensure the civil liberties, right to recourse, social justice and social inclusion objectives of the Third Way.

The Third Way still has more hoops to jump through in order for it to fully resonate with the general population. Countries are playing hardball against each other; powerful market forces are being unleashed, leaving low-level skilled employees competing with high-level sophisticated ones. With some exceptions,

notably China where development is a national preoccupation, low wage-scale states are seeing little opportunity for significant short- or medium-term development. They must not be allowed to drift towards extremism; fanaticism would be regenerated in a cocktail of political ideology and cultural beliefs tied to poor living conditions. By shoring up and further integrating these nations within the larger international community, the present wall of worry can begin to crumble. Large sums of public money devoted to furthering development more judiciously can help attenuate the crucible of elements that have to be overcome before a confluence of ideas can hold sway over the collective thinking of a specific state. Money alone is not the summital answer, neither for the donor nation nor the recipient one. Collective thinking that runs parallel on both sides of the donor equation has to be in tune with the utmost goal of development. Peace and prosperity can be achieved in incremental steps originating from an informed and compassionate agenda. In the equation of international aid and development, the difficulties lie with education or lack thereof.

Developed nations can more easily inform and educate their populations on issues related to foreign development. All of us, as stakeholders on this planet, or Citizens W, can benefit from foreign direct investment and government assistance to underprivileged regions across the globe. Prosperity has provided more peace and even the benefits of opulence to parts of the globe, while at the same time maintaining an improved quality of life. This was accomplished through trade,

interaction and active engagement by most of the states belonging to the Western camp. A program of investment and large-scale assistance can help bottom-income groups to rise to better fortunes; the distracting pace of globalization can be diminished through improved social and labour standards in recipient nations – the hearts and minds of officials would have to be won over in order for the standards to have some teeth; and significantly, the degrees and harsh differences of gradation can be rendered more tractable. Time is of the essence in our attempt to restart resolving the gigantic challenge that awaits us!

Sobering economic forecasts in the West mean severe hardship for those countries with a heavy dependence on Western assistance for economic development. On the other hand, favourable data and economic boom periods seem somehow set to decline quite often - even if the interpretation of statistics may be relative and rather personal. As many people have painfully discovered, we must not lose track of the downside of a market cycle. The animal spirits of the wolf-pack mentality have to be tamed, if not domesticated. People must envision, recognize and realize their own specific stake in being Citizen W. If the West suffers from compassion fatigue, measures need to be taken to reassert the meaningful role of developmental aid, before impending dangers become reality. It is but one way of restoring reason, fairness and greater acceptability to an imperfect world economic order.

Will we be able to ride the wave of globalization? The answer is unclear, but more people are angry and anxious about its direction and consequences. A national effort aimed at wresting more control away from the flagrance of globalization can be conceivably instituted, under previously mentioned guidelines, with Third Way values at its core. The idea of a runaway world and the feeling of helplessness encountered, as a result of the effects of globalization, can be offset by such an accommodative response. People don't need to toil ceaselessly to achieve the fruit of their labour. Intemperance can sometimes lead to unrest and intolerance, highlighting the crucial nature of a positive counteraction to globalization.

As Luiz Bresser Pereira points out, the debate [about the Third Way between the old and new left] in the South has followed similar lines to that in the more developed parts of the world. In the developing as well as developed world, 'for the new right, globalization is an opportunity; for the old left, a threat; for the new left, a challenge' (Giddens, *The Third Way and its Critics* 167).⁶

Returning a measure of the helm back to the people, locally, regionally or nationally, in an effort to achieve substantial autarky, is a target worth pursuing; self-sufficiency can be arrived at without necessarily maintaining a closed or regimented society.

Conclusion

Citizen W is no longer on cruise control and cannot be tamed to submission; thinking individuals or those who would abscond their cause, whether rightly or wrongly, swaying public opinion or shaping policy in their wake, are acting decisively and all too often in extreme fanatical fashion.

Reconstruction on a grand scale, resembling the then-seismic proportions of the post-World War II Marshall Plan, may be a prescription to cure ills of equally daunting magnitude. It becomes a question of common sense prevailing over attitudes of appeasement. The lessons of the terror attacks on New York and Washington must be learned and acted upon to avoid an overwhelmed-by-the-events scenario of the future.

In this global mini-neighbourhood we all live in, we are heading for a state of world capitalism as the only game in town. To humanize the trend, the aforementioned and other Third Way precepts and proven methods would lend credence to alternative solutions in the development field. The sense of the extraordinary then becomes the sense of the feasible. The consequent question would be one that addresses the real and important social, political and economic issues; one that inspires and directly meets the aspirational needs of people. By wresting a sizeable portion of relentless confidence from the prevailing cynicism, a mutuality of interests between the people, governments and Third World states can be worked out in an advantageous manner. Instituting an actionable and workable

program such as the Third Way would facilitate the return of steady growth and stability to the economies of the world. This, in turn, would restore faith in the future and reduce the widespread anxiety. The pursuit of autarkic-style policies could assist in the course of action as well. By striking a more positive tone and by moving from confrontation to conversation, the resulting dialogue can act as a conduit for improvement, and help in the coalescence of a new *modus operandi*.

The Third Way has not really charted out a course of foreign policy, mainly because of its relative newness. Tony Blair was elected prime minister in 1997. The subject is, of course, an exhaustive one needing comprehensive analysis. Judging from a fragile and very preliminary vantage point, it seems as though the Third Way will map out a path along nation-state lines and special relationship considerations. Necessity may require adjustment of alignment, but national security interests will have to be served in similar terms, leaving some in the New Left wondering if left-of-centre politics is encompassing enough to bring others into the fold. External threats and war options are such that they divide public opinion, even as they unite in a common cause. In certain “urgent” situations, security concerns outweigh the fine lines of official policies.

CHAPTER III
SCIENCE AND TECHNOLOGY

Science and Technology

Scientific discoveries, especially in Britain and the United States, which are among the forerunners in the field of genetics and biotechnology, may propel the drive towards finding cures and treatment for disease. These, in turn, could pave the way for additional discoveries based on previous knowledge and research. The upshot could be increased economic growth, which may act as a catalyst for future economic expansion in scientific and related areas.

Scientific discoveries and advances, especially in health, high technology, engineering and agriculture, can be traced to the concepts of reason and enlightenment, both of which have a long tradition in Europe and the greater Western world. Yet, Europe was torn apart by what seemed to be never-ending wars in which millions lost their lives in the name of religion, nationalism and political dogma.

In the 1980s and 1990s, however, EC activity greatly expanded in 'high technology' sectors, and EC policy appears to mark a sharp break with traditional post-war national industrial policies (Kassim 178).

The fusing of the economies of Europe in policy making and actual fact, since the end of World War II, whether consciously or unconsciously, was meant to ensure that no repetition of past destruction would recur. Present-day Europeans tend to view encroachment in a specific national economy, by another equally European member, with less apprehension than in the past. Collaborative efforts take place

constantly, particularly in the defence, aerospace and motor vehicle industries, giant ventures as these are. It is infinitely easier for a French firm to establish itself in Britain and vice versa, although the weight of the tax burden in France may create a disincentive to those thinking of moving there. Speaking internationally too, the trend towards mergers is definitely strong, despite some failed attempts on occasion. The European Union single market, which became a reality in 1992, has facilitated a larger proportion of trade between EU members, who have introduced their single currency, the euro, to promote even greater integration of their economies and to secure a competitive edge on their rivals.

The creation of wealth, technological marvels and innovations and the export of technology are but some of the resulting products that science and its disciplines can provide. Companies of an initially modest size can be established within a university milieu, favouring this particular type of entrepreneurship, to help them blossom and thrive. Intelligent thinking can be applied to resolve problems of human and animal health, prevent disease and better understand the complex biological make-up of living organisms. Europe, Japan and North America are uniquely positioned for such undertakings because of their existing lead, diversity of minds and creative talent in these fields.

Cross-border cooperation is already taking place in the North American and greater international context as well. The international space station, grouping a number of countries either directly or indirectly, is another prime example of

synergy and joint action at work. Continued investment in science means that spin-off industries are likely to be initiated, resulting in an add-on effect to the larger economy. The growth impulse would be enhanced by the contributions of such enterprises, big and small, building upon past discoveries, working on given but contemporary challenges and projects and charting a course for the future. This is possible only if thorough understanding of science in its administration, application and practical use, can be made to offer to the economy at large.

It must be emphasized that such concerted action among sometimes former foes and opponents is exemplary, and augurs extremely well for coordinated efforts at the national level, between labour, industry and governments. Ironically, if colossal strides can be made across global frontiers, they can in turn, be brought home to Citizen W in a given country.

Britain, along with other countries, has seen its growth prospects enhanced through the burgeoning biotechnology and genetic engineering industries. These are areas of extreme contention, two spheres where a more regulated and ultimately more humane approach to scientific research and discoveries may yet lead some economies out of sluggish growth or economic stagnation. Caution must be taken, lest we forget that,

Any genetically engineered product that can reproduce poses potential dangers to natural ecosystems (Giddens, *The Third Way and its Critics* 136).

As a way of coping with and thus responding to the criticality of this type of technology, Giddens would say,

As in other areas, governments need to work with social movements and special interest groups, in an open dialogic fashion (*The Third Way and its Critics* 140).

This is another illustration of the democratizing influence that the Third Way can exert, under conditions whereby government, business and the greater public can assemble to hammer out agreements in line with the wishes that are expressed in such a forum.

Different governments may have to choose the sectors they would like to support, according to country-specific imperatives. Some states have reached such levels of development that they may be said to have matured. Beyond that, the Third Way alternative is meant to lift nations or economic groupings out of the plateauing effect that they would otherwise have achieved. Business cycles of short of long duration, that arrive on the heels of technological developments, can receive a spurt through such phenomena as biotechnology. The cooperation of government and private enterprise can give business cycles a further boost.

Technology has historically been at the forefront of most major events in Western civilization. Superior firepower, whether rightly or wrongly, along with military prowess, numbers, etc., have almost always been instrumental to conquest and the spread of culture. In the recent past, defence industries have grown affluent because of government support and largesse. These are vital industries to

the very security of states, but if used offensively, they can unleash destructive forces, harming that security itself. For these reasons, technology will most likely continue to be ahead of other domains in the growth prospects it can potentially deliver. Defence industries stand to benefit strongly, as more states rally round the cause of their own homeland defence, and thereby increase their expenditures to counteract real or perceived threats. Technology and its marvels are therefore prizes to be coveted.

The move away from smokestack and towards more high technology industries has been occurring over the last couple of decades. There is a heightened sense that we have recently gone a step further by embarking on more "new economy" industries, especially as these relate to the information explosion and the technology associated with it. Innovations emerging from technological hothouses, fast-moving developments in microelectronics, computer-related breakthroughs, etc. are all impacting employment opportunities, government policy towards job creation and the re-appropriation of resources to technology.

But the leading edge of the economy – biotech, software, communications, design – will be knowledge intensive, and more of what follows in its wake – banking, pharmaceuticals, engineering, products related to eco-modernization – will become increasingly knowledge intensive (Hargreaves et al. 17).¹

It is important to point out that the physical tangible assets of manufacturing companies are declining in value, while intangible assets (those that contain intangible value) are rising:

A recent Brookings Institution study of more than 2000 US manufacturing firms found that physical tangible assets accounted for just one-third of their stock market value in 1994. A decade earlier, book assets accounted for close to two-thirds of the value. This is not just a US phenomenon. Similar figures emerge from studies of other economies (Hargreaves et al. 15).²

The portion of the pie normally allotted to traditional sectors is thereby being diminished, whether the sources are private or public.

The speed of innovation and the tough revolutionary aspect of change - at this stage - may leave those incapable or unwilling to compete at a distinct disadvantage, while those who are left holding the reins of technology would proceed to prosper and make further gains. This would hold true for individuals and countries in general, since allocation of the necessary resources, both physical and intellectual, would have to take place prior to the reaping of any rewards. These rewards can surely be of a monumental magnitude considering the size of the information technology companies and those involved in this sector.

A cleavage of this kind, which would be an additional boon to the advantaged, would likely create social divisions, exacerbate others and lead to marginality, if not outright exclusion for many. It is very probable that efforts would then have to be undertaken to attenuate, if not reverse this trend, and narrow

the distance between the classes. Would those who favour government intervention feel compelled to intercede on behalf of those left by the wayside? Or would charitable and philanthropic causes have to deal with an ever-increasing number of people needing assistance to overcome the major hurdles they would face, as a consequence of technological modernization?

We're not labouring under a collective delusion when we think we're lowering the risk of our odds of economic instability by fine-tuning the economic architecture of our economies. Economic policy barons have had and will continue to have their day, even if they are not completely error-proof. Consultation and a communicative process are key. Past experience can be used as a gauge; history is clear proof. The mammoth Marshall Plan at the end of World War II heralded an age of relative prosperity in Europe, without which instability may have wreaked havoc across the continent.

Our societies are in such flux that we are dealing with the changing nature of change itself. The speed of change is also bewildering. Economic notions barnacled with historical hang-ups have to make way for new measures to offset the disruption, radicalism and revolutionary ideas that are springing forth. Planning creates the strategy that can be put into action. Economic leaders are very concerned with metrics and rewards within the economy. Organization is subordinate to the whole economy and the microeconomy; macroeconomic

components are in constant interplay. If these are balanced correctly, they can assist in meeting the needs and challenges of the post-industrial era.

The economic clock is marching to a tune specific to a given state, if all considerations are taken into account. There are many countries gripped by differing levels of stagnation. Countless are the examples of states, either in the East or West, that have been affected by time and the industrial or information technology factors. Some totalitarian states, such as North Korea, despite the distressing nuclear situation in that country, are still holding back on progress within their realm, venturing outside only a little, and because of pressing necessity. Others are on the vanguard of growth, such as China, while others are playing catch-up, such as the Eastern European states. Third Way applicability will depend on the political will, the financial resources and the realization of the positive potential and downside aspects that science and technology can provide.

Conclusion

Now, the weighing of assets and liabilities will demonstrate that the Third Way is a shrewd alternative to adopt; it marries social values, prevailing technology and clear business logic to interface with the realities of the modern world. However, many will simply not embrace it, out of adherence to theories and ideologies that may have had validity in the past, but which have to be replaced to meet the challenges of a vastly changed world. In moving forth, armed

with the strengths and resources procured from the Third Way and generations of experience, progress can be further enhanced.

The debate is set to rage on. Those who are pitted against each other are already taking up the gauntlet - as they have for some time. At this stage, the neo-Keynesians have already lost ground, while the neo-conservatives have gained it. The retreat of the Keynesian and Keynesian-style state may continue in the ever-present drive to cut expenses, reduce deficits and trim debts. Our fascination with the politics of economics and the economics of politics is bound to proceed with that kind of sharp controversy intrinsic to its nature. It clearly seems as though the entire planet has embarked on a massive commercial binge, propelled largely by technology and its by-products, which could singularly contribute to the accentuation of the dissension arising thereof.

The areas of biotechnology and genetic engineering do hold out the promise of further discoveries and could prove to be instrumental in driving growth. Other fields of science and technology are implicated within the greater economy. Third Way logic would work with these industry leaders to advance the cause of employment. At this point, it's too early to say if the more controversial aspects of bioresearch will be supported, if limited help will be granted or if more restrictions will be placed. Standard technology will make improvements in the long-run, sharpening its cutting-edge. The Third Way is more amenable in bringing both state and industry together, as witnessed by public-private partnerships instituted in Britain and in government support of certain industries in other countries. Yet, it does remain certain that

technology is a serious factor that most every government in the world will have to contend with.

CHAPTER IV
THE SOCIOECONOMIC DIMENSION

Economic Alternation

Sustainability is a key ingredient in preventing a loss of momentum within an economy. Buoyancy must be maintained, since a great deal depends upon the economic underpinnings, in moral, human and material terms. Business-friendly governments can seek out candidate companies or sectors, according to priority, in order to implement strategies aimed at sustainability.

I fully recognize that the private sector, not government, is at the forefront of wealth creation and employment generation. Yet government has a vital role in promoting competitive markets, encouraging long-term research and investment, and helping to equip citizens with the skills and aspirations they need to succeed in the modern economy. Dynamic markets and international competition are vital spurs to economic growth and innovation (Blair 10).

The synergy generated in the home market can be transposed internationally and have the hoped-for effects. Government and corporate assets may be used to further the goal of sustainability, even if a perfect cultural fit is hard to achieve; collaboration of this kind and geography would enhance such associations.

Most would agree that disorderly markets are an unwanted phenomenon, while stability and certainty are much coveted. Intervention designed to rescue or avert market ferment is an acceptable start in regulating the upside or downside of an economic cycle. The astuteness of business and government would be put to the test; both sectors can earmark resources during times of plenty, in a countercyclical fashion, to be eventually used in times of need. Such measures

would override a decline in public confidence, and more importantly, would forestall the markets from cratering in a nosedive. Markets seem to react so quickly and self-reflectively. They're accompanied by a degree of nervousness and a high feeling of stress, i.e. that the relatively comfortable levels that some equities would have reached would not be sustainable.

By restoring flexibility and a sense of responsibility, the public would feel more confident and reassured. Its expectations would regain much-needed vigour, and the element of risk would wane. Consumer confidence drives markets. This translates into the decisions taken by businesses in their view of capital spending and planning. Under ideal circumstances, projections are based on expected earnings and the general economic pulse or outlook, with a minimum of market tumult to frazzle the economy. Otherwise, the element of risk, however present, is perceived as danger. Perceptions count as much as reality. Deterrent actions of this nature by both principal pillars of the economy, can shape better forms of economic government and political governance. Sustainability offers hope; however, regeneration holds out the promise of prosperity.

Another method in the quest for equilibrium is by reducing interest rates and fiscal burdens, in anticipation of potential slowdowns in the economy. Rumbblings of discontent would be sidelined, while laissez-faire would be risky. When inflation is seen as the centerpiece of economic action, it often follows that some serious consequences may be in the offing. The higher the level of saliency, the

more difficult the implementation aspect becomes. If government is seen as leaning towards a particular policy of stabilization, the public is apt to feel more secure. This perception bolsters support for and increases the reelection prospects of an administration.

Instead of locking horns over economic philosophy, an aggregate within a more complementary type of fusion of ideology can be constructed, where the hard jagged edges are mitigated by a more humane Third Way vision. Democracy also stands to gain, as the representatives would participate in the drawing up of the agenda and the eventual action plan embracing lay people, business and government. Social responsibility would figure prominently in this respect. The challenge is to reengage all sectors of society in a common long-term end-purpose vis-à-vis the economy, in order to withstand, from a position of strength, all the monumental tasks facing a society in the years ahead.

State enterprises and institutions are being slated for decontrol in both the East/West and North/South. This has marked a shift in policy for structural adjustment for a good number of years. The rules, limits, regulations and even voluntary restraints are far from being uniform. The tide seems to shift in favour of privatization most of the time; governments are often keen to offer industries for sale, in order to collect much-needed cash for use in other fields. Even if governments are suffering from rock-bottom approval ratings, the trend seems

unstoppable, in that it's not only worldwide, but also extends to the zeal of its proponents.

The practicalities are surely there. Nevertheless, is a typical cash cow being sacrificed on the altar of expediency? By ramping up the rate of privatization and by offering generous terms, aren't we being too short-term in perspective? Granted, there are many instances where privatization is preferable, according to one's outlook; on the grounds that the business model had previously been tried and had worked, or because the culturally "worthier" or perhaps "superior" model lies elsewhere or that the whirlwind trend of privatization has now reached new levels in terms of adherents, to name but a few. Government need not be seen as the antagonist, but as the partner and facilitator in a common enterprise. If government can act decisively to protect its territory during times of war and rally people around the flag in a common concerted effort, it is capable of resolute thinking during times of peace. Danger of a different kind lurks in the background, when individuals are affected if government shirks its responsibility in fine-tuning an economy out of despondency. A government can surely muster sufficient support and firepower to wean an economy out of recession and into widespread or sector-led growth. The necessary remedies for a sputtering economy to return to viability definitely do exist.

For the most part, there also exists a tacit or explicit social contract in society that derives its legitimacy from decades or centuries of interaction between its

members and authority. Government participation in the economic affairs of a nation is a fundamental right, since government occupies the role of representative, and as such, would be behaving in the best interests of the country, under reasonable circumstances. Naturally, governments do not always follow a moral course of action and can exaggerate their rule and power to the detriment of a population. While government intervention is sometimes derided, a national effort aimed at restoring health to an economy would automatically call for government participation, because all members of the social contract unsurprisingly gravitate towards government as a refuge and for protection. The merits of a totally free market economy, with minimum participation, leave wounds behind for those who can't assume the responsibility of fending for themselves. The social contract embraces the public (government) realm, raising the question of degree of participation. Since it is better organized, a government in a modern industrial democracy would better cope with the turbulent times, if it decides to intervene. By comparison, minimal intervention would most likely distress a developing country, already in the throes of economic turmoil.

Governments, in their multifaceted roles, can achieve a better balance in their respective societies, through the application of Third Way principles. When domestic consumer confidence levels are low and growth projections seem dismal, capital injections on the part of government can intercede to reverse slumps or risky cool-downs. Sustainable levels of taxation and manageable rates of interest

are conducive to prolonged economic growth. Severe measures to rein in inflation have demonstrated that they weaken demand, reduce levels of consumption and investment, and can contribute to higher levels of unemployment, thus causing economic malaise. Government intervention becomes necessary to contribute in striking the right balance between the public and private spheres and civil society.

Certainty, as a psychological input, is partly derived from a gathering of factual information. If that information is then interpreted as sufficiently positive, it can warrant the privilege that such assurance can provide. The ensuing by-product is stability. In seeking certainty, its opposite may deeply distress the market. Uncertainty, or the perception of uncertainty, can be based on trivialities or on solidly macroeconomic facts. To the detriment of assurance seekers, uncertainty may disrupt an upward trend in stock markets by provoking declines and by posing other such stumbling-blocks that the ideal market would shun.

Thus decisions today are inextricably linked to what goes on in a web of interconnections extending onward forever. In practice, firms do not go through this complicated process of reasoning. Business managers base their decisions on hunches and guesses. The point of the theoretical argument is just this: Even under the best of conditions, with business managers engaging in the most rational analyses, in the absence of markets extending infinitely far into the future, there is no assurance that markets lead to efficient outcomes. Surely, if business managers short-circuit this by engaging in less-sophisticated calculations, our confidence in the efficiency of the market outcome should be even further weakened (Stiglitz 17-18).

The impact is reflected in the organizational aspect of a firm, however relevant the cause of uncertainty. Generally speaking, in recalling the reasons for market uncertainty, many people would be hard-pressed to single out the real obstacle beyond a previous three-to-five-year period. Frankly, in looking back, when an event the size of the savings-and-loan scandal of the late 1980s is conjured up, is it any wonder then that American stock markets roared back and broke past record levels, spurred on in part by herd instinct behaviour? Is it that the public has a short memory or an inherent sense of greed, casting caution to the wind and not learning from previous mistakes? This indicates that the decision-making process is not a purely rational one and that the outcomes arrived at may be skewed or very unfortunate.

The liberties and rewards of the overly free market are counterbalanced by painful and expensive lessons, if markets are not kept steady and if barriers don't exist to prevent a malfunctioning of the market.

I argued earlier that the appropriate way the question should be framed is not markets versus government, but the appropriate balance between the two. There is one vital role that the government must perform in any economy, and that is establishing the rules of the game – rules that will govern both the interactions among private parties and between these private parties and the government (Stiglitz 257).

The interconnectedness of sectors experienced by many economies is particularly synchronous at the national level; top-down and bottom-up co-exist with lateral and diagonal movements in the holistic economy. (Consequently, if uncertainty

and a lack of confidence have resulted in poor internal demand, it can be energized through the right mix to withstand shocks and proceed to interact with external demand in the global marketplace.) The much-acclaimed balance between the markets and the government, as outlined above by Stiglitz, is elusive enough to cause concern - it hasn't really been tried as a long-term systematic and pervasive approach - but can be attempted, albeit with signs of imperfection.

Market fickleness can be held at bay through government participation in the economy, allowing for a brighter public mood. The attitude adopted by people is decisive, not only in terms of private or public investment, but for the overall health of the economy. Politically unpopular measures, such as high interest rates, can be jettisoned, except in extreme circumstances. (Caution is highly recommended under such conditions.) The public can be made to understand that all groupings in society are working for a common endeavour. Success building on success should be a common theme. When volatility is dispensed with in a market, policies of price stability and relative equilibrium can return, given that the supporters in the economic game consist of the private and public sectors along with diverse groupings, originating in the greater population. One sector alone is not capable of controlling or running an entire economy; a silent or overt social contract does however exist. This, in turn, restores faith and confidence in peoples' minds and expectations, yielding additional stability and movement forward.

When an economy starts wobbling and we see the verge of a recession on the horizon, both economic theory and practice have to be adhered to; reconciling the twin tracks of fiscal hawks and monetary doves is quite a feat in itself. These two paths need to be harmonized in the context of the Third Way spirit, with particular circumstances most likely dictating which route to follow. Preventing a contracting economy from tipping into recession requires not only inveterate skill but also a healthy dose of learning from past experience. An early and severe tightening of credit, accompanied by stifling levels of taxation have to yield to more stimulatory means, aimed at restoring vibrancy to an economy. Attaining the happy medium of sustainable levels of taxation and manageable rates of interest is an end-purpose that unexpected shocks could upset. More explicitly, the balance required in guiding the integrated economies of the world could be dealt a blow. War, inflation and deflation, debt crises, unfairly voracious drives for increased share or control of export markets and consumer perceptions – confidence and animal spirits – militate singly or combine with other variables such as underdevelopment in undermining decades' worth of effort and experience in creating a more cohesive world economy. A recession of the mind has just about enough stamina to topple the applecart as do more concrete contributing factors.

It has been observed that enterprises meeting or exceeding their projections find that their stock price may decline, largely because the prevailing market sentiment is such that it drags down the price. This phenomenon frequently holds

true when results are posted well above the gain line and when shareholder value is augmented. The feeling “out there” is capable of influencing the price both negatively and positively. Therefore, the true value of a share price is not necessarily reflected realistically on the big boards of the world.

Confidence-building techniques on the part of governments to prevent recessions of the mind have to be coupled with financial measures to ensure that an economy would run smoothly. Critics would assert that this is tantamount to a government bankrolling a recovery. But, if a government does intervene in a consultative and deliberated fashion, having weighed the pros and cons, chances are that the interests of the state would be served more productively than had it abstained from any foray therein. The founding of some corporations does take place across a number of Western economies, even though this policy seems to be losing favour. It is only sensible that policies affecting the general population be geared towards the buttressing of the economy for the well-being of the people at large. Naturally, other factors do enter into the picture too. On the other hand, when social measures are called for, their initiation and furtherance would be part of the program leading to the goal of the overall long-term health and sustainability of the economy. A healthy citizenry makes for a healthy economy.

Monetarists would contend that a strict policy of price stability is central to economic governance. This policy has been given some leeway or discretion recently, varying in degree from one country to the next. A truly democratic

government would firstly try to assess the direction it would take after assessing the mood of the electorate by means of surveys, telephone or public opinion polls, etc. By taking the pulse, it would also gauge the effect that any potential bitter pill might have on the voters. Resistance may come in several forms, especially if a population is accustomed to continuing economic success and plenty. The harsh realities of severe measures to rein in inflation by introducing a tightening policy have demonstrated, at least in the past, that they weaken demand, reduce levels of consumption and investment, may contribute to higher levels of unemployment and cause an economic malaise which is difficult to discard.

Recent programs of low interest rates have borne fruit by keeping unemployment at relatively subdued levels, when compared to historic thresholds. The left of centre is quickly galloping to meet the right of centre at the fulcrum and vice versa. The cooptation of ideas from one party to another seems to be occurring quickly and without much regard for the strict rules and regimen normally assigned to party doctrine.

The Clinton era in the United States has clearly demonstrated the validity of a low interest-rate policy, which extends beyond that period. It is worth noting that short-termism was given a swift kick when an almost idyllic setting was created over a roughly eight-year time frame that brought together a low interest-rate environment, minimal inflation and high levels of employment. Excesses did occur mainly because it may be in the nature of the beast to exaggerate and attempt

to gobble up too much. It may be argued that the economic foundation of the first four-year span of the Clinton presidency laid the groundwork for and outweighs the transgressions of the second term – a mixed blessing indeed!

Even if a recovery from recession is mostly consumer- and business-driven, government contribution through fiscal measures for taxpayers and businesses is vital. The mere image of government as being willing to participate in the economy is sometimes enough to procure confidence and preclude an economy from taking a wrong turn. The wish on the part of Citizen W to prosper and reach a standard of living acceptable by most accounts is a very common phenomenon. Quality of life has become a much-sought-after commodity, with many states vying with each other for top spot in that rank. Once (relative) quality is reached, it must also be maintained – it more precisely presents states with the stringent difficulties involved in the race for economic advancement. Staying power can be extremely challenging and involves all sectors of society.

Governments must work in concert with business and labour in adopting a comprehensive plan that is mutually acceptable to all. Periodic monitoring by the relevant parties could take place to ensure that the plan is working in a beneficial manner and to resolve outstanding problems. For better representation, such a consultative process could be instituted through a tripartite commission comprised of citizens' groups as well.

Politicking aside, it has historically been proven that people do respond to the promptings of leaders. It would not be a climb-down for most concerned to recognize the importance of government in the endeavours of the average elector. Numerically speaking, coalition governments are more the exception than the rule. Still, common purpose derives from a coalition of the mind.

The good society is one that strikes a balance between governments, markets and the civil order. The protection and enhancement of the civil sphere is a key preoccupation of third way politics. It is a mistake just to counterpose the state to markets. Without a stable civil society, incorporating norms of trust and social decency, markets cannot flourish and democracy can be undermined (Giddens, *The Third Way and its Critics* 165).

He elaborates further by saying:

We need to reconnect these three spheres by means of a new social contract, appropriate to an age where globalization and individualism go hand in hand. [...] People should not only take from the wider community, but give back to it too. The precept, 'no rights without responsibilities' applies to all individuals and groups (*The Third Way and its Critics* 165).

For these reasons, a clear and constant communications flow between government and the electors, where mutual responsibility and accountability are linked and renewable, can sensitize the electors (as individuals) to the needs of the state and establish a pipeline of feedback for government that would deal with the democratic wishes of the people.

The Social Sphere

The European Union is at the forefront of social legislation aimed at the average citizen. Europe has held such legislation more to its heart than most other countries. The harmonization of certain policies has been designed to protect the rights and liberties of EU citizens. This brings us to the perennial debate surrounding the nature of European politics, which has been with us since the aftermath of World War II; it basically sets left against right and was definitely more strident in the past. Some European countries that have socialist or communist parties in their parliament can vouch for this statement.

Certainly the weakening of the left in some countries and a shift from the communist to the market-socialist left in others helped to make possible a debate about market solutions (including unified European markets) to Europe's dilemma (Nelsen 201).

There may occur frequent changes of governments in some countries, notably Italy, or coalition governments, where mutually beneficial. Spain's socialists under Gonzalez were able to tread on new territory after many years of extreme right-wing rule. France has a longer tradition of socialist participation in governmental affairs. However, the basic but pressing question arises, undaunted, of whether social programs are to be safeguarded as a national legacy or further diluted. This quandary has international dimensions and is as applicable to the advanced liberal democracies as it is to some developing states.

Are citizens of the nation-state, or the soon-to-be more uniform and gigantic Europe, responsible for the welfare of their fellow citizens, or should market forces and liberalism be encouraged to reign supreme?

[...] The European Union has pursued the most comprehensive agenda for political and social, as well as economic integration. This agenda now has a number of statutory underpinnings, including the Charter on Fundamental Social Rights for Workers and the Social Protocol of the Maastricht Treaty. However, the incorporation of a social dimension into the Union has not met the expectations of its advocates as the original objectives have been compromised considerably. Indeed, the European experience has highlighted the difficulties of tying social and labour issues into economic integration, at least in an interventionist fashion (Boyer 264).

We have currently been witnessing the effects of social sector cutbacks in many Western states. The hue and cry raised in some quarters varies in intensity and extent, the French case having been among the most prominent in its opposition.

[...] The Welfare State associated with post-war social democracy and based on 'national' norms is being replaced by the Competition State which has to operate within an ever-more interdependent world (Jones 290).

If the concept of the market continues to dominate, the "reforms" mostly launched after World War II, including universal health insurance, old age security, family allowances, welfare benefits, etc. could be further dismantled and result in hardship for many of the unheard.

Despite the relentless march of growth and economic activity, there remain sectors of society in true need of assistance. Governments have often been

befuddled as to what constitutes the best direct route in delivering service to its electors. This exercise is more suited to particular national, intranational, or at times international experts. Agencies, ministries or departments have all had, or are having, their turn at the wicket. Well-developed social welfare systems are the ones that provide quality service quickly and efficiently. These are largely being scaled back, even though government participation is indispensable. A balance has to be struck in our handling of social concerns, one that takes into account the pressing hardships of the needy, in a well-thought out and consistent manner, while at the same time accommodating the strong individualism that prevails in our society. Huge segments of the population, including a majority of politicians, religious leaders and prominent lay leaders, would agree that,

Social democratic governments in Western Europe have learned only too clearly that, despite the increasing significance of governmental intervention in economic matters, the maximization of profit remains the driving force of social reproduction (Giddens, *The Polity Reader in Cultural Theory* 141).¹

Government influence can be exerted for the sake of the “greater good.” Until suitable alternatives are found to government engagement or leadership in society, the present structures must be allowed to continue working. Societal debate may affect the outcome of systems that have taken generations to construct.

In hard economic and political terms, disagreements between left and right are plentiful. When an institution such as the Catholic Church is involved in

crucial issues of daily importance, differences of opinion can run high, especially when considering the long-held influence and belief of the separation of church and state. One such example,

Wojtyla is faced with a double task on the economic front. On the one hand, he elevates the notion of free will, an essential ingredient in the third way. Civil liberties ensure individual freedom and protect economic rights. On the other, he insists upon the communal responsibility of the removal of poverty, and this has been achieved largely through the formal institutional apparatus of governments. [...] Wojtyla and the top governing bodies of the Church can only issue abstract directives. This leaves the issues of interpretation open to critics like Novak who advocate the liberal economic side. 'I am skeptical [of Marxian socialism] because, as logic dictates and as my eyes can see, the effort to impose "human" and "organic" values upon the whole of society is inevitably authoritarian, and, when extended to the life of the spirit, totalitarian. It is so because individuals do not all share the same values or desire the same things' (Mott 137).²

The separation of the church and state may not seem too flagrant here. After all, laws and individual rights are instituted by members of governments who have been shaped by the values and belief systems inherent in society as a whole. The holistic approach is somehow overshadowed by the separateness that exists among people and not the linear evolution that permits the enactment of laws and rights, stemming from a common base. Free will is tempered by such legislation and it proceeds to build a civilized society that has degrees of autonomy among its ranks.

(The Third Way allows for the expression of free will and individual entrepreneurship within the larger context of the state.)

Taken to the extreme, “Marxian socialism” suppresses the individual who transgresses from the accepted norms, as imposed by the overriding state. Some of the Third Way’s achievements so far have originated from its popularity and relative youth. In practice, by permitting the possibility of breaking free from poverty, relying on the self to succeed and in resorting to the social security system in times of need, the Third Way demonstrates its holistic side during times when extremism is a tantalizing prospect for many people.

Reform that takes place through time, or gradual evolution in specific instances, can help restrain the unbridled free market. Unfortunately, laissez-faire capitalism can take a toll on the poor and helpless in society, as it did towards the end of the nineteenth century, when calls were being raised for the purpose of improving social conditions. The welfare systems within liberal democracies are testimony to the level of civilization we have reached. They alleviate the hardship endured by millions by acting as an asset rather than a liability. Welfare systems do not and cannot minister to the spiritual needs of their constituents. However, they deserve to be preserved because without them the civic bonds and duties existing between individuals are liable to disappear, further eroding our sense of solidarity. As institutions, they provide cohesion that can quickly be replaced instead by a vacuum or a state of desolation, if their dismantling continues.

Common responsibilities and the removal of poverty are high on the agenda. The Third Way offers a free will that is reconciled with social responsibilities. Thus, the Third Way reveals its encompassing side in the face of a completely laissez-faire attitude. It represents reform versus an unrestrained free market. Sometimes a Third Way government may not go far enough in boosting social programs, but as we see recently in Britain, the government is about to allocate billions of additional pounds to the health care system in an attempt to improve services, raising the number of nurses by an additional 80,000 and doctors by another 25,000. Cynics would say it would assure its reelection, three years down the road. The fact remains that these are real and workable measures that the public needs not only in human and demographic terms, but also in terms of a fulfilment of policy planks.

Most Western political and economic systems cannot afford an increase in their tax burdens. There are constant calls for reductions in the tax base. A government cannot subsidize sunset industries indefinitely. Governments have to go where the next and most promising industries will be. Bricks-and-mortar companies were fine, but the realities of the international market are such that they risk being uncompetitive.

In terms of social issues, a strengthening or improvement is called for, to maintain the link with the ideal, civilized and caring society, and reduce the risk of social tension and unrest. The values of social democracy remain present and

valid; they now must take into account the international quality of our predicament. If a social democratic state is wealthy enough to afford a generous social safety net, and still remain competitive, it can have the best of both worlds.

Canada's intention - along with Britain's - to improve its health care system is praiseworthy, but is it really on the vanguard of a sustainable trend? Governments are very sensitive to public pressure and public concerns. They would respond more easily during ordinary peacetime conditions. We've seen evidence of government susceptibility in Canada, in terms of the health care issue and pressure to strengthen it. Home care is another facet that many Canadians would like to see added to health care. Reelection of a government may very well depend on the question of a social program. Still, will steadfastness in the preservation of social democratic values be strong enough to withstand the more neo-liberal movements? That's the big and looming question. Maintaining a balance is crucial.

But does the world see beyond capitalism, as Third Way thinkers would advocate, or has capitalism become an end to itself?

John Maynard Keynes, the economic inspiration of the post-war welfare consensus, was not a socialist, yet he shared some of the emphases of Marx and socialism. Like Marx, Keynes regarded capitalism as having irrational qualities, but he believed these could be controlled to save capitalism from itself (Giddens, *The Third Way: The Renewal of Social Democracy* 9).

Demand can be dealt with at the governmental level thereby allowing the creation of more stability in the market, as Keynes had proposed. If capitalism is the kind of stalwart institution that exists everywhere across the world, capitalism can be coupled with democracy and representative institutions, according to different timelines and degrees of social democratic involvement, in order to raise living standards and protect inherited rights:

My own field of inquiry is theology and philosophy. From the perspective of these fields, I would not want it to be thought that any system is the Kingdom of God on Earth. Capitalism isn't. Democracy isn't. The two combined are not. The best that can be said for them (and it is quite enough) is that, in combination, capitalism, democracy and pluralism are more protective of the rights, opportunities and conscience of all citizens than any known alternative (Novak quoted in Mott 136).

From a religious perspective, panacea cannot therefore be attained here on Earth. An approximation, or a striving for a better earthly solution cannot also be ruled out. But in choosing, care must be taken. In fact, wholesale abandonment of essential government assistance and services, through intervention, is backward-looking and retrograde in effect, because it harms society's weakest members. Not all states are capable of emulating Switzerland in reaching acceptable levels of harmony and economic well being, at least among its main ethnic groups. Refugees seeking and obtaining asylum would certainly find the West a close alternative to paradise. Citizen W would probably view this assessment more critically, citing the ingredient of relativity.

Novak believes that capitalism is the only economic system that is necessary for the success of democracy, and it is because individual freedom is highly regarded and legally protected. He criticizes the Church and Wojtyla because they veer away from promoting individual freedom and rights, moving towards supporting communal solidarity (Mott 136-37).

Isn't it a characteristic of most major religions to stress the greater whole rather than the strict individual self?

Collectivism became one of the most prominent traits distinguishing social democracy from conservatism, which ideologically placed a much stronger emphasis upon the 'individual.' A collectivist attitude has also long been part of Christian democratic ideology in Continental countries (Giddens, *The Third Way: The Renewal of Social Democracy* 34).

Governments have not been able to supplant religion, but they have been able to intervene successfully in the past. If excesses have occurred, we must be reminded of the need to avoid them in the future.

Conclusion

The economic side of the equation is inextricably linked to politics. The similarity and impact of our common destiny in the aftermath of World War II beg the question: Are we headed towards a common destination, or is our separateness going to be a basis of enduring discord? The Third Way offers an opportunity to steer the world towards calmer waters, away from the argumentation of the past. As it poses challenges of considerable magnitude, it also reveals uniqueness in the

shaping of the solutions and responses to these challenges that are of a grand scale and equally daunting. Our reaction to the fundamental economic problems facing developed countries today must include components of the sensible pragmatic middle ground, or new centre in Third Way thinking, where convergence between classical economics and neo-Keynesian precepts take shape. The new centre is more in tune with the needs and aspirations of Citizen W. By connecting with the voters, politicians can gauge their mood and become more responsive to the wishes of the electorate, in the quest for communication and representation.

Some Third Way advocates would argue for the expansion of programs aimed at promoting the employability of individuals, rather than just schemes geared towards maintaining people's status quo. The Third Way invests in human capital, human ingenuity and human potential through education and not the traditional way of social welfare schemes, which are decried as dormant. It is when you get people involved in the greater whole that dynamism returns and makes for a healthier society. The employability of people yields results. In the U.S., there exist schemes between industry, government and lay voluntary organizations that promote the employability of people, especially away from sunset or declining industries, that have closed down because of technological change (BBC Agenda, 1999). These schemes are extremely successful and can be adapted to a Western setting.

By concentrating more on core issues such as the economy and social programs, (and less, in comparison, on those seemingly frivolous ones, such as politicians' peccadilloes), a government can achieve more in service to its constituents. However, by engineering a historically optimal balance between business and government, a more humane approach can redeem the free market. The legitimacy of the Third Way is furthered strengthened precisely because of its inherent conviction that governmental Good Samaritanism, at least in the social services sector, is essential and complements the actions of citizens, charities and private groups.

CONCLUSIONS

Conclusions

Who or what should be credited for the economic success enjoyed by Britain and North America during the nineties? The robust growth experienced in these regions in the late 90s and its sustainability may lead some to attribute this pattern to the policies introduced at the start or midway through the decade. Was there a decidedly conscious pursuit of the Third Way alternative or could it be that the economics were humming along satisfactorily in any event, because of a historical conjuncture which was reached at that stage?

The low interest-rate policy which Alan Greenspan had pursued, indeed preferred, had added to the favourable economic conditions, which had spawned the longest peacetime period of growth in U.S. history. This turn of events coincided with the baby boomers coming of age and their mindset, which generally speaking, included high levels of consumption. Another element of importance had been the decline in the rate of savings. When all the components are assembled, they indicate that the prudent measures of the earlier years had helped to fuel subsequent economic growth.

This long-term perspective, critics may conclude, may have been the result of policies taken previously under right-wing governments, namely by Margaret Thatcher, John Major and Ronald Reagan. Did they create the right conditions for economic expansion in Britain and the United States? Furthermore, their economic initiatives, it is argued, enhanced an economy that was already on the

mend and further contributed to the recovery experienced during the greater part of the decade.

The right amount of medicine at the right moment is not exactly detrimental to the objectives of a healthy economy. It is not a question of which came first, the chicken or the egg, but a decision-making process which seeks to pursue the appropriate measures, even though these are debatable and even resoundingly controversial. (It may even have been that we had arrived at that conjuncture as a result of the interplay of economic measures instituted over decades after World War II.) These prescribed plans can lift an advanced economy out of the doldrums and re-inject a vigorous dynamism to it. Luck, coincidence as well as good timing may have played important and decisive roles, but the fact remains that the bounce-back had been made possible through the happy coordination of these factors, alongside the specific steps initiated to combat economic sluggishness. Fulsome tribute also goes out to former President Clinton, Prime Minister Blair and to Sir Anthony Giddens who has headlined, explained the nature of and made the Third Way more visible to the public.

At the start of the new millennium, the United States and the world were shaken out of what seemed to be a short-lived sense of complacency with the events of September 11, 2001. The world economy was dealt a few blows, namely, declining stock markets first fuelled by the technology débacle, terrorist worries, deflation in Japan, debt crises in the developing world, rising competition

to Western goods as a result of globalization and an international mood that had swung from optimism to pessimism, especially concerning investment. Rises in commodity prices, dollar depreciation and corporate scandals and mismanagement have added to negative sentiment that some say is overdone. The planet's flashpoints are sporadically defused, but again come to seize our attention or contribute to the instability that prevails. The political and economic uncertainties show little sign of easing as war looms on the horizon. The exuberance of the past has been replaced by cynicism and misgivings, as unconstructive fear joins with manufactured uncertainty to raise the level of insecurity.

Globally speaking, economic barriers are being torn down swiftly and interdependence is on the increase. China's entry into the World Trade Organization is clear proof. As one of the prime leaders of the developing world, China and others see the liberalization trend as a way of opening up more possibilities and of integrating more fully into the international community. These movements affect the disadvantaged countries of the world to a significant degree. They may hinder progress that takes into account the multitude of facets related to the fulfilment of sound development. This includes the social, cultural and environmental aspects of a healthy economy in which human rights are respected.

As a case in point, traditional ties between once-imperial powers and their former colonies are fading. Caribbean banana producers had a more advantageous position in Europe for decades because of their colonial links to Britain. Recently,

however, tariff barriers were brought down, serving as an example that additional competition from other, notably American producers operating out of Central America, would come into play. The reason behind the new game was a World Trade Organization ruling on the sale of bananas to the European Union by Caribbean producers. Dwindling profits for Caribbean producers and an exacerbation of already poor social conditions are obviously hurting some of the very economies that need assistance to begin with.

On the other hand, there is much to be optimistic about. Science and technology are advancing at a heady pace, voter political sophistication is growing in some of the advanced liberal democracies through increased educational opportunities, or perhaps a sense of maturity, and economic downturns can be averted through a combination of government and private intervention. If the latter cannot be achieved outright, attempts can be made, barring unforeseen circumstances. Some of the excesses of globalization can also be tamed through a combination of trade, foreign aid, development and the transfer of technology to less privileged areas of the world.

Remarkably, in this day of clear description and instant analysis, there are no delineated Third Way absolutes. The movement counts more conscious, or interestingly, unconscious adherents to its shores than do other more staid, orthodox or traditional economic prescriptions. This lack of a distinct definition results in the Third Way's embracing more members - and politicians - if not

governments that would only be too willing to accept new recruits to the side of the Third Way. A root-and-branch approach that can be credited to the Third Way is still being worked out in several Anglo-Saxon countries.

The sheer nature of the Third Way implies inclusiveness. This is not to suggest a tug-of-war within political structures, but that we have to be mindful of remaining within the realm of logic in appeal and cooptation. The current position adopted in some advanced liberal-democratic societies in relation to the Third Way and the practice thereof indicates a period of transition, after its beginnings in Britain and the United States.

On the other hand, in the lead-up to its adoption by government, as a fully-fledged force, the New Deal had seen many people working extremely hard, as reformers, for years in the background. The New Deal did not appear suddenly; yet, it did evoke strong opposition from the right. This was a contest between right and left in American politics, but the outcome eventually led to U.S. prosperity and a reaping of substantial rewards.

While the New Deal never offered fully valid solutions to the economic problem of depression (as the persistence of mass unemployment attests), it did initiate measures that provided built-in stabilizers of substantial efficacy, and it did afford a larger measure of social justice and a more equitable distribution of income and social power than the previous generation had known. If progressivism, from which it drew its inspiration, was more hardheaded than many historians have recorded, the New Deal was laced more heavily with moral purpose than most critics believed. From progressivism and from reform movements in the post-

war decade it drew both its methods of analysis and its spiritual inspiration (Kirkendall 97).

The New Deal resembles the Third Way in that this seems to be a period of transition for the Third Way as well. A new philosophy might yet spring from the current form of the Third Way, as it gains more acceptance and as it's honed into more of a generally formal theory by its followers. A new paradigm may be the result.

The Third Way method needs to be tried and improved further, where necessary. As with other economic solutions, it is unlikely that overall agreement will be reached to please everyone. The Third Way will continue to win over the undecided, as well as those who perceive in it the possibility of self-enhancement and national consolidation or regional rebirth, in what seems to be the eternal combat between government intervention and the forces of the free market.

This is not to suggest that the Third Way should be a hodgepodge of ideas that is too mercurial to capture. It needs to be an amalgamation of the best and most durable, deriving its strengths from the incorporation of concepts emanating from various schools of political and economic thought. On the opposite flank,

[...] [T]he [Third Way] approach is not simply a renewal 'to adapt social democracy to a world which has fundamentally changed over the past two or three decades' (Giddens, 1998, p. 26) but an explicit rejection of many of the economic, political and philosophical ideas of social democracy, let alone democratic socialist ideas (Arestis 42-43).¹

The above-mentioned viewpoint does not really take into account the internal and external realities of the globalized marketplace and of the pressures emanating from voters themselves to reform social democracy in such a way so as to ensure its ability to survive. The Third Way does not advocate the overall abandonment of the values inherent in social democracy; the proof of that exists in the election of candidates who most closely represent the sentiment of the voters. In responding to the wishes of the electorate, politicians are seen as truly democratic in their drive and outlook. We must remember that right-wing régimes had or have dominated politics in many Western states over prolonged periods, and have left an imprint on the minds of the people. Upon coming to power, a social democratic government may consider it the true wish of voters to veer towards the right. But in accordance with the exercise, it may reflect a democratic aspiration on the part of the people. It would still be unwise to attribute a wholesale approval of all that government's strategies and its concomitant change of direction. After all, we cannot have a plebiscite on all issues!

In fact, one of the Third Way's attributes is its palatability and its talent in drawing divergent opinions onto a common platform. Third Way strength would lend more credibility to its ability in finding remedies to tough economic problems and in resolving disputes over opposing political stances. A number of social experiments have gone awry. Perhaps the present is a testing period for the Third Way to bridge the ideological divide, comprising the potential for the Third Way to

become a model in itself, based on a number of states where it has been tried and implemented, even if in moderation. By reining in the best of these theories, and relying on local applicability, the Third Way can thus retain its relevance and relative flexibility. It may not be a cure-all, but the most appropriate time-right solution for a world that needs its treatment.

Assumptions and calculations must evolve to match the new international realities; the world landscape is a varied one: emerging and existing economic and political powerhouses such as Fortress Europe, China and Japan will inevitably influence world events and redirect attention to their respective regions and spheres of interest. Members of ASEAN (the Association of South-East Asian Nations) will attempt closer integration while other regional groupings may evolve in Africa. If the trend remains the same, the developing world will continue its struggle to catch up with the advanced societies, while the Japanese and Asian economies try and consolidate in the face of recent crises and slumps. American leadership and assertion will reach out internationally as security issues abound. The ex-communist states and a leaner Russia will concentrate on integration with the West and on economic agendas and security matters. Except for certain pockets, Islamic resistance to Western ways may lead to less development. Africa and Latin America may have to deal with slower growth, if there isn't a massive concerted effort to lift these nations out of underdevelopment. The present state of affairs hinders economic drives forward because, for various legitimate reasons, it

isn't as inclusive as it ought to be. If continent-wide attempts are made, as with the post-war Marshall Plan, success may return. Development and reconstruction do have to be carried out on a grand scale with home and foreign assistance programs; otherwise, an exacerbation of existing problems could occur.

When we arrive at combining the elements described above, we realize that they certainly would do their part in contributing to the enrichment of Third Way principles, as they are cultivated internationally, for application or rebuff. Science, technology and the progress made in industrial innovation and expertise would spearhead the continuation of economic activity. To these would be added economic calibration, necessary to reduce the distress of figures gone off-centre.

Political accommodation, already witnessed in a number of advanced liberal democratic states, in the form of consensus politics, coalition governments, cross-fertilization of ideas and political philosophy, and a further narrowing of the great historical divide that has separated left-right politics would bear testimony to Third Way acceptance. People additionally recognize the prospect that the Third Way can offer satisfaction on a number of issues and can still return for the nth degree. Given the current state of affairs of the world economy, the Third Way represents a credible option for most Western governments, in their pursuit of better employment figures, investment possibilities, secure social measures, in short, a more stable economic environment within the framework of reinforced social democratic values.

Whether or not we agree, other historical and geographical shifts, notably in Europe and North America where single markets are the norm, clearly demonstrate how economic trends coupled with political will, will grow in the future. Acceleration in that field tends to be marked but steady, sheer survival being one of the major motives for this type of behaviour. Groupings that allow their members regional autonomy within the greater whole – a provincial kind of status being the effective outcome for constituent member states, indicate how reconciliation looms large over former bitter foes, rivals and contenders. Strength in numbers, providing defence and leverage possibilities, illustrates that the concept of compromise is quite evident and worth pursuing.

The Third Way proposes more latitude and less ideological fervour, preventing emotionalism from gaining control. It can win more people to its ranks, since it can comprehensively tackle state issues in a manner that is capable of bringing together large swathes of the new centre. The outer edges of the Third Way spectrum, this grey area beyond the centre, is still reeling from the multiple events following September 11, 2001 and the maelstrom effects of globalization (war, recession and the potential for terrorist attacks, to name but a few). Naturally, those belonging to the outer edges of the Third Way spectrum would dispute this. But, security and cohesiveness are at stake. Are we witnessing new divisions taking shape between Europe and the U.S. over the Middle East? Third Way activism may be able to bring a more conciliatory stance to the players

involved, if it is deemed essential to adhere to it. It is still too early to predict whether differences of opinion will be long or short lasting.

However, uncertainty and heightened competition combine to create high levels of insecurity. When the terror threat is factored in, fear and the anticipation of dramatic destruction compel some to cocoon and reassert their identity, while leading others to seek pleasure and live for the moment. Our sense of values is thus put into question. The astounding contradictions found amidst the grand centres of most liberal democracies are plentiful; they point to the different directions taken by Citizen W in the quest for survival and human satisfaction.

Globalization of this shrunken planet is currently racing to spur on the marginal states, or those mired in outmoded systems, to find compromises or mutually-arrived-at benefits through negotiation or new social contracts, for example in Eastern Europe. Other ingredients leading to a global Third Way solution, or at least an attempt at resolving social, political and economic issues of division, would include the intangibles such as human ingenuity and the fear factor. The precedents are definitely there. The former can be used effectively, and considerably less so, when subjects only try and muddle through in the face of immense odds. The fear factor can bring about agreement either willingly or by force, since confrontation implies dire consequences. Working in harmony, the two ingredients can help thrust us into the future, avoiding the use of force, where possible, and remaining committed to Third Way ideals.

We have seen agreements on a range of issues, such as trade, arms reductions, and on international defence treaties between diverse, and at times, divergent states. Non-intervention was key when Eastern Europe won its freedom. The stakes are exceedingly high; annihilation and utter devastation are totally undesirable alternatives fraught with unspeakable dangers and horrors. For the above-outlined reasons, straight-talking and thought-provoking debate, dissent and discussion centering round formal and informal mechanisms for implementation of Third Way principles would have to be carried out.

How does the preceding portend for the future? Casting oracles aside for a moment, non-implementation of the Third Way, would be a disservice to those committed to the criteria of cooperation and a coalition-style predisposition geared towards progress that stems from more humane instincts. Politicians and Citizen W alike can refine the Third Way so as to render it acceptably challengeable and pave the way for its fulfilment, now and in the future.

The personality ethos of a specific theory casts its won influence over projected courses of action to be pursued. For this reason, a blend of the best components can be incorporated into the Third Way, for optimum results. Cobbling together a patchwork may not suffice. The elements must be harmonious enough to avoid being in contradiction with each other and have a goal-oriented perspective. If the Third Way is viewed as a moving edge, it must evolve and constantly adapt to the needs arising from the changes originating in the economic

and sociocultural imperatives of society. Without consulting fanalysts and spin-doctors and having dispensed with divisiveness, the common good may be gleaned and acted upon by joining government policymakers, corporate executives, labour and community leaders in a common effort.

By its very nature, the Third Way is less confined only to the interests of the privileged. Having embraced the omnipotent idol-oracle that is the free market, Western economies and their willing and unwilling disciples, whether in the North or South, now need to diligently reassess the impact of a unidirectional drive towards the future. Worshipping the idol-oracle is one choice; re-evaluating the options in light of current realities, and consequently instituting the right kind of change, can act as another alternative. The lessons we have derived from free marketry should now enable us to proceed less hampered by the shackles of the past and more attuned to the vital consequences of socioeconomic action in the future. This is where the Third Way can play a decisive role.

World politics has reached a critical juncture. If we allow the traditional but rival philosophies time to grapple with a myriad of problems, it may be too late. International politics has moved so quickly and the gravity of our ills is so pressing that only a fusion of the best can respond to them effectively. Moreover, the globalization issue and all that it entails have forced us to react beyond the singular philosophy. Our chances of success are appreciably higher if the Third Way is

tried and applied locally, taking into account the specifics of the state or region; otherwise, the rigidity of the past can continue to unduly preoccupy us.

In the social sphere, the Third Way offers its timely advantage of experience that was gained through Keynesian application of policy. The Third Way does have to be well honed to suit the realities of the twenty-first century. Much has changed in the aftermath of World War II; however, the basic needs of people in terms of food and shelter, education, employment and health care remain invariable. By looking back, we can improve on the present and future. We can offset the harshness of globalization through locally inspired and applied measures, aimed at returning self-sufficiency to the worthy social programs that, after all, were painstakingly established and financed after years of effort by our predecessors. The Third Way has the ability of absorbing such aspirations and improving upon them, while stressing employment, and precisely because Keynesianism has had a historic timeline that has run parallel to post-World War II economic development. Keynesianism was applied in varying degrees across a spectrum of states.

Should cost-cutting measures and reductions in personnel be lauded or decried? The now long-forgotten facet of conscience is in short supply, when the familiar chant of budget cutbacks is heard. The effect on human lives is somehow sorted away, giving precedence to neo-liberal policies that take their cue from neo-classical trends. Balancing the needs of industry and development with the

demands expected of a caring society requires forward thinking and determined action. The Keynesian experiment has been so whittled down that it now seems to be indeed miraculous if vestiges of its tradition will be tenacious enough to survive well into the third millennium. If the nation-state or groupings were to make a concerted effort to retain elements of their wavering sovereignty, a compromise would have to be worked out. This is where the Third Way could prove to be useful and live up to its pledge.

It is not certain that social democratic forces can change quickly enough, modernize their thinking, and establish the convergence of their national projects so as to consolidate democracy and preserve it from the excesses of the market. If they do not, they will fail and disappear and our civilization will be poorer and more violent. If they do, and if they can organize around an alliance of progressive forces (unions, parties, NGOs) present in civil society, we could then promise again to our children a better society in the future (Russell 22).²

Given a realistic chance in the context of modern economic imperatives – a combination of shrewd economic solutions wedded to social responsibilities can separate a laissez-faire attitude from a civilized one.

At present, there exists no manifesto, holy writ or canon edged in gold as to the leeway or lack thereof in adopting certain policy directions with the Third Way. Therefore, personal, local and governmental interpretations arrive to give their own spin. Objectivity as to the pureness of the Third Way can suffer. The model of capitalism that tries the Third Way is crucial, because the theory may be

better suited to one or the other model, depending on the scope of economic development, and the extent to which the theory is implemented.

An entire revamping of present economic structures is not necessary. A fine-tuning though is required in some areas of the West, whereas more profound changes are to be undertaken elsewhere. In instituting the Third Way, a self-reliant and self-sufficient state, able to counter the excesses of the free market and of globalization and its inherent problems, can mean economic stability both to the developed and developing worlds.

Infallibility is indeed an elusive quality for most. A common economic policy, free from ideological entanglements, is a forceful reason to try the Third Way and so not miss an attractive opportunity. We must dare to envision a model of the Third Way that is both bold and realistic. A willingness to cooperate has to be there. Government educational programs and a sensitization process can create a readiness on the part of the public to combine forces and remain constant.

By holding discussions centering round formal and informal mechanisms for the implementation of Third Way strategies, a government can remain true to the values of social democracy and preserve social programs in a consensual manner. Furthermore, state-labour-industry-community goal-attainment agendas would work through a more democratic consultation process. Polls, referenda and surveys are actually listened to, but need not be overly extensive. Citizens' (interest) groups and consultative bodies can be set-up for the purpose of

translating the wishes of the electorate more concretely into action. The implication and involvement of government is vital in dislodging the widespread cynicism reigning among Citizen W and international leaders, who have seen their hopes dashed, especially in the realms of peace and prosperity. Assisting in a mutually constructive enterprise can be the next stage of where we set our concentration. This represents a shift in think-style.

In an attempt to boost sagging political fortunes, a government may see it appropriate to adopt Third Way strategies. In staying the course, throughout its mandate, a government may not only win the good will of its people, through social measures, but raise the nation's living standards at the same time. Progress is achieved more readily through cooperative means. The Third Way may yet lead to a confluence of phenomena that are the prescribed antidote to unemployment, inflationary and deflationary pressures, infrastructural needs, missed targeted growth and an inordinate passion for the idol-oracle. At the discretion of elected officials, additional economic stimuli may be viewed as suitable or required. It is too soon to conclude that the movement will accelerate or decelerate. As more development takes place and technological innovations abound, the rhythm of sophistication is likely to increase. This bodes well for advocates of the Third Way and the policies they are promulgating.

Instead of remaining in a time warp, ideas from both classical and Keynesian economic theories can be integrated into a strand that is palatable to the great

majority of voters. A fusion of the two would subsequently serve as a gateway to more ingenious thinking, unleashing a new spirit and philosophies more suitable to the rigorous demands of the very compelling technological era we have entered. As each generation builds on the accomplishments of the preceding one, so be it with the generation of the twenty-first century. The ultimate destination we are aiming for is, what may be termed, the greater democratization of life. This is how the Third Way is rendered most important and valuable.

NOTES

Introduction

¹ Dr. Bruno Kreisky was Austrian Chancellor during the 1970s, leaving a distinct imprint on the Social Democratic Party of Austria (SPOe). Most of the original capitalist structure within Austria was not changed under his chancellorship, perhaps because the government was keen not to be perceived as too radical.

In quoting her note on Kreisky, Sully indicates the following: “1. B. Kreisky, ‘Sozialdemokratische Perspektiven fuer die siebziger Jahre’, *Die Neu Gesellschaft*, 3, 1970, pp. 289-295. See also B. Kreisky, *Aspekte des demokratischen Sozialismus*, Paul List, Munich, 1974, p. 166.” Sully’s book is entitled Continuity and Change in Austrian Socialism: The Eternal Quest for the Third Way, p. 201.

The social democratic ideals of the SPOe were not completely translated into action at that time. Still, believers in the Third Way do maintain that such values are timeless and do have the possibility of being acted upon as part of a Third Way implementation framework.

² Former Premier of Ontario, Canada, Bob Rae, in this astute remark about social democracy, warns us of the realities and instructs us about the possible rewards that can be gained from a refurbished form of social democracy. His remarks are drawn from the conclusion of the collection of views entitled The Future of Social Democracy, p. 132.

CHAPTER I: THE THIRD WAY MILIEU

Consensus Politics

¹ This is how Bobbio explains the reasoning behind his stance in the following note from his book, Left and Right: The Significance of a Political Distinction, p. 120-21. “¹⁸ In Leone de Castris’s review of my book, ‘La sinistra secondo Bobbio. La sinistra secondo noi,’ which appeared in *Liberazione*, 2 (19-

25 March 1994), he perceived precisely my ‘moderatism’ as the reason for disagreement: ‘But the fact is that he [Bobbio] is anxious to demonstrate the prudent and beneficial ideas of gradual progress in the time-scale of moderatism.’”

² Arthur M. Schlesinger, Jr. is quoted in this passage from a set of contributions on the New Deal edited by Richard S. Kirkendall. The introductory note on Schlesinger reads as follows:

“Schlesinger also represented a new generation in New Deal historiography but he did not represent a “generation gap.” His interpretation of the New Deal was very close to his father’s, though much more fully developed and documented. Born in Columbus, Ohio, in 1917, he was closely associated with his father until the latter’s death. He was educated at Harvard while his father was a member of the faculty there; he joined his father as a member of Harvard’s history department, and shared his father’s liberalism and involvement in Democratic politics. [He is perhaps best known as having served as a political advisor to President John F. Kennedy and as a Pulitzer Prize winner.]

From The New Deal: The Historical Debate, A Successful Middle Way, p. 65.

The British Experience

³ Luiz Carlos Bresser-Pereira, Professor of Economics at the Getulio Vargas Foundation, São Paulo, Brazil, recounts a core description of some basic values adopted by Third Way supporters. It comes from a collection of works edited by Sir Anthony Giddens, called The Global Third Way Debate, p. 366-67, in an article called *The New Left Viewed from the South*.

⁴ Tony Blair quoted from the Fabian pamphlet he had had published in September 1998, entitled The Third Way: New Politics for the New Century, p. 10.

CHAPTER II: GLOBALIZATION AND DEVELOPMENT

Globalization

¹ Jennifer Hunter. *Are You Getting Enough Sleep?* *Maclean's* Apr. 17, 2000: 42. Ms. Hunter describes the phenomenon of sleep deprivation and its extent, including some of its causes and remedies. She cites that, "Family stresses, the frenetic pace of life and poor bedtime habits all contribute to an epidemic of sleeplessness. Among modern complications: the wired world."

² In note number 33, Kevin Adamson refers to Verdery, *National Ideology Under Socialism*, pp. 302-18. Adamson authored this article [The Construction of Romanian Social Democracy (1989-1996)], which appears in a set of works edited by Howarth et al. called Discourse Theory and Political Analysis: Identities, Hegemonies and Social Change, p. 129.

³ Comments by Ian Craib on Anthony Giddens in Craib's book by the same name. The remarks made by Craib demonstrate an alternative appraisal to some of Giddens' premises on the psychological outlook and reaction people adopt to cope with the anxiety produced by modernity, p. 105.

⁴ Jean Baudrillard gives his interpretation of some of the causes of uncertainty and their background in a compilation of works, The Polity Reader in Cultural Theory, edited in part by Sir Anthony Giddens. The Baudrillard article is called *The Masses: The Implosion of the Social in the Media*, p. 113.

Development

⁵ Giddens refers to "Ernst Ulrich von Weizsäcker, Amory B. Lovins and L. Hunter Lovins, *Factor Four*. London: Earthscan, 1997." (The Third Way and its Critics, p. 135).

⁶ Giddens quotes Pereira with the following note: "¹ Luiz Carlos Bresser Pereira, 'The New Left Viewed from the South.' Text presented at Third Way Seminar, Industrial Federation of Rio de Janeiro (11 November 1998): 13." (From the Giddens book, The Third Way and its Critics, p. 167.)

CHAPTER III: SCIENCE AND TECHNOLOGY

¹ In giving this and other similar examples, Charles Leadbeater in *Welcome to the Knowledge Economy*, describes how computer diskettes can enclose such knowledge and information, that they are “physical vehicles for intangible value.” Their repercussions for value are therefore immense. The extract is from the compilation Tomorrow’s Politics: The Third Way and Beyond, p. 17.

² Ibid. p. 15. The trend marks a reduction in what may be termed “hard assets” and the realization that if technological developments continue at breakneck pace, new structures and concepts of what constitutes value will have to be devised.

CHAPTER IV: THE SOCIOECONOMIC DIMENSION

The Social Sphere

¹ Peter Bürger, an academic, reflects a widespread opinion on the potent motive that underlies society’s machinery. This quote is excerpted from a book called *The Decline of Modernism*, included in The Polity Reader in Cultural Theory, edited in part by Sir Anthony Giddens, p. 141. Bürger is associated with the University of Bremen, as professor of French and Comparative Literature from 1971 onwards.

² Karol Wojtyla refers to His Holiness Pope John Paul II. Mott cites Michael Novak, a liberal, towards the end of this quotation. Mott’s note reads as follows: “⁴⁵ The Denigration of Capitalism: Six Points of View, edited by Michael Novak, 3.”

CONCLUSIONS

¹ Euclid Tsakalotos, of the Athens University of Economics and Business, Athens, Greece, gives his opinion on the alleged Third Way lack of incorporation of ideas whose base resides in social democracy. Extract taken from an anthology of articles, The Economics of the Third Way: Experiences from Around the

World, edited by Philip Arestis and Malcolm Sawyer, both of whom are professors of economics in the UK, pp. 42-43.

² Former French Prime Minister, Michel Rocard, states his views on the potential for change within social democracy and what this may hold out for the future, if action is applied. The quotation is taken from The Future of Social Democracy: Views of Leaders from Around the World, p. 22. (Among other contributors are Oscar Arias, Edward Broadbent and Neil Kinnock.)

BIBLIOGRAPHY

Arestis, Philip, et al., eds. The Economics of the Third Way: Experiences from Around the World. Cheltenham, UK: Edward Elgar, 2001.

Blair, Tony. The Third Way: New Politics for the New Century. London: The Fabian Society, 1998.

Bobbio, Norberto. Left and Right: The Significance of a Political Distinction. Chicago: The University of Chicago Press, 1996.

Boyer, Robert and Daniel Drache. States Against Markets: The Limits of Globalization. London: Routledge, 1996.

Callinicos, Alex. Against the Third Way: An Anti-Capitalist Critique. Cambridge, UK: Polity Press, 2001.

Cecil, Andrew R. The Third Way: Enlightened Capitalism and the Search for a New Social Order. Dallas: The University of Texas at Dallas, 1980.

Craib, Ian. Anthony Giddens. London: Routledge, 1992.

Giddens, Anthony. Beyond Left and Right: The Future of Radical Politics. Cambridge, UK: Polity Press, 1994.

----- The Consequences of Modernity. Stanford: Stanford University Press, 1990.

Giddens, Anthony, ed. The Global Third Way Debate. Cambridge, UK: Polity Press, 2001.

Giddens, Anthony, et al., eds. The Polity Reader in Cultural Theory. Cambridge, UK: Polity Press, 1994.

Giddens, Anthony. The Third Way and its Critics. Cambridge, UK: Polity Press, 2000.

----- The Third Way: The Renewal of Social Democracy. Cambridge, UK: Polity Press, 1998.

Hargreaves, Ian, et al., eds. Tomorrow's Politics: The Third Way and Beyond. London: Demos, 1998.

Howarth, David et al., eds. Discourse Theory and Political Analysis: Identities, Hegemonies and Social Change. Manchester: Manchester University Press, 2000.

Hunter, Jennifer. "Are You Getting Enough Sleep?" Maclean's 17 Apr. 2000: 42-48.

Hutton, Will. The State to Come. London: Vintage, 1997.

Interview with Sir Anthony Giddens. Agenda, BBC World Service. London, 1999.

Jones, Barry and Michael Keating. The European Union and the Regions. Oxford: Clarendon Press, 1995.

Kassim, Hussein and Menon, Anand. The European Union and National Industrial Policy. London and New York: Routledge, 1996.

Kirkendall, Richard S. The New Deal: The Historical Debate. New York: John Wiley and Sons, Inc., 1973.

Lawrence, Dennis. The Third Way: The Promise of Industrial Democracy. London: Routledge, 1988.

Leys, Colin. "*English Lessons: Britain's Blair government not so much 'new' as neo-liberal.*" Canadian Centre for Policy Alternatives. February 1998, www.policyalternatives.ca, January 13, 2003.

Mott, King W. Jr. The Third Way: Economic Justice According to John Paul II. Lanham, MD: University Press of America, Inc., 1999.

Nelsen, Brent F. and Alexander C.-G. Stubb. The European Union: Readings on the Theory and Practice of European Integration. Boulder: Lynne Rienner Publishers, 1994.

North, Douglass, C. Structure and Change in Economic History. New York: W. W. Norton and Company, Inc., 1981.

Russell, Peter, ed. The Future of Social Democracy: Views of Leaders from Around the World. Toronto: University of Toronto Press, 1999.

Stiglitz, Joseph E. Wither Socialism? Cambridge, Massachusetts: The MIT Press, 1994.

Sully, Melanie A. Continuity and Change in Austrian Socialism: The Eternal Quest for the Third Way. New York: East European Monographs, No. CXIV, Boulder, distributed by Columbia University Press, 1982.