Giddens's way with words

'When *I* use a word,' Humpty Dumpty said in rather a scornful tone, 'it means just what I choose it to mean – neither more nor less'.

'The question is,' said Alice, 'whether you *can* make words mean so many different things.'

'The question is,' said Humpty Dumpty, 'which is to be master – that's all.'
(Lewis Carroll, *Through the Looking Glass*)

Introduction

If little remained that was revolutionary in the spirit or content of post-war social democracy, it still appealed to values that stood in direct or partial opposition to the logic of capitalist accumulation and exploitation. Principal among these were the ideals of emancipation and social justice. If social democracy increasingly came in practice to represent an accommodation with capitalism rather than an actual or potential alternative, it still evoked the possibility of an alternative and could advance independent values against which the limitations of capitalism might be exposed. These values informed social democracy's political agenda, as it looked to an active state to block or moderate the dynamics of capitalist reproduction. Even at its most reformist, then, social democracy represented a distinctly uneasy accommodation with capitalism, and a refusal to capitulate to values derived exclusively from the logic of capitalist accumulation and exploitation. In contrast, neo-liberalism looks to an active state first to restore and then to maintain and extend the conditions within which the logic of capitalist reproduction can work to the full. In this context, an essential component of its project – reflected in the claim that 'there is no alternative' – is the effort to re-align and redefine key social values in such a way that they confirm rather than challenge the logic of capitalism.

Anthony Giddens's *The Third Way* (published in 1998, and followed two years later by *The Third Way and its Critics*) was advertised and widely understood as presenting a new politics of the 'Centre-Left', adapted to the circumstances of

globalisation – a ‘Renewal of social democracy’, as its sub-title proclaimed. Close examination of the text reveals something different – a process in which the vocabulary and values of social democracy are systematically redefined in order to bring them into alignment with an unabashedly pro-capitalist agenda. Giddens strongly resists the label ‘neo-liberal’, claiming to be steering a path between classical social democracy on the one hand and Thatcherite neo-liberalism on the other. He is able to do this, however, only because he equates neo-liberalism with an exclusive reliance on unregulated market forces – in other words with *laissez-faire* liberalism. However, if social democracy, as suggested above, is seen as looking to an active state to block or moderate the dynamics of capitalist reproduction, while neo-liberalism looks to such a state to restore and maintain the conditions within which the logic of capitalist reproduction can work to the full, his position is unambiguously neo-liberal. On issue after issue, he seeks to make the behaviour of individuals, corporations, ‘third-sector’ organisations and the State consistent with and supportive of a social system thoroughly permeated and ruled by capital. In other words, he is an active neo-liberal rather than a *laissez-faire* liberal. *The Third Way* reads not as an innocent manifesto for a resurgent Centre-Left, but as a systematic appropriation of the vocabulary and values of social democracy to legitimise and consolidate a new politics of the Centre-Right. In the Third Way vision, the State seeks to regulate capitalism not in order to soften its impact, but in order to bring its logic to bear on all aspects of existence. Acknowledging the continuing appeal of the core values of social democracy and of socialism, and invoking them in support of a diametrically opposed agenda, Giddens caricatures, subverts and neutralises those values, and promotes the hegemony of the neo-liberal project.

Viewed in the same perspective, New Labour’s ‘Third Way’ rhetoric masks a shift within a neo-liberal project from an initial shock phase that unsettles ‘anti-market’ forces to a longer term second phase that builds positively ‘pro-market’ or (in World Bank-speak) ‘market-friendly’ institutions. The ‘capitalistic communitarianism’ identified by David Morrison (chapter 9, this volume) as informing Blair’s understanding of citizenship provides this programme with ideological support. If that is so, to describe such elements of the programme as the New Deal as fitting with ‘a progressive social democratic agenda on welfare reform’, as Driver does (chapter 2, this volume), is to fall into the trap set by Giddens and others.

With that in mind, a detailed reading of Giddens’s *The Third Way* is offered here. First, I analyse the text’s rhetorical structure, showing how it caricatures and dismisses both socialism and social democracy. I then show how Giddens re-defines key terms in the social democratic lexicon – *solidarity, emancipation, security, community, redistribution, equality and welfare* – to suit the neo-liberal agenda. Finally, Giddens’s project, like New Labour’s, is shown to coincide with that of the IMF–World Bank, which is similarly presented as stepping away from the neo-liberalism of Reagan and Thatcher and towards a more socially inclusive agenda, yet seeks, nevertheless, to entrench the logic of capitalism. It is concluded

that *The Third Way* should be understood not as crude sociology (although it is that) but as a sophisticated political intervention in support of the argument that 'there is no alternative' to all-out capitalism.

The rhetorical structure of *The Third Way*

The overt argument of *The Third Way* is straightforward. Social, economic and technological change have rendered classical social democracy obsolete. Social democrats must therefore continue the thorough revision of its content that is already underway, steering a middle course between the classical doctrine on the one hand and neo-liberalism on the other – hence the 'Third Way'. The resulting doctrine will still retain the core values of classical social democracy: 'The term "centre-left" thus isn't an innocent label. A renewed social democracy has to be left of centre, because social justice and emancipatory politics remain at its core.'¹

Five 'dilemmas' are identified by Giddens: the transformation brought about by globalisation; the challenge posed by the new individualism; the weakening of the distinction between Left and Right; the question of the scope for political agency the parties and the State; and the need to respond to ecological issues. Against this background, Giddens sets out a new agenda for the Centre-Left, based on the twin principles: 'No rights without responsibilities'; and 'No authority without democracy'.² Proposals for social democratic policies modified to meet the needs of the age are then grouped in three chapters, addressing in turn the relationship between the State and civil society, and the role of the State in the domestic and global arenas.

On first appearances, then, *The Third Way* represents an honest effort to fashion a new social democratic agenda for the twenty-first century. But appearances are deceptive. Surrounding this expository framework is a rhetorical structure which subverts it. This structure, established in the opening lines and carried consistently through the text as a whole, trashes socialism and social democracy in turn, preparing the way for the redefinition of key entries in the social democratic lexicon in a way which assimilates them to the neo-liberal agenda. Far from being a 'Third Way', the doctrine proposed is a complete capitulation, all the more pernicious because it sows confusion and gets in the way of a genuinely social democratic alternative.

Giddens is quite explicit about his purpose at the outset. One might expect the text to begin with an exposition of the shortcomings of the neo-liberal project, as a prelude to setting out a renewed social democratic alternative. But it does not. Instead, it recalls Blair's ambition, announced after a seminar in Washington, in February 1998, to 'create an international consensus of the centre-left for the twenty-first century':

The new approach would develop a policy framework to respond to change in the global order. [Quoting Blair] 'The old left resisted that change. The new right did

not want to manage it. We have to manage that change to produce social solidarity and prosperity.' The task is a formidable one because, as these statements indicate, pre-existing political ideologies have lost their resonance.³

The problem, then, is to create an ideology to underpin the political agenda of New Labour, in circumstances where those of the old left (classical social democracy) and the new right (Thatcherism) have faltered. But this is not all. Giddens moves immediately to recall *The Communist Manifesto*, and the continuing appeal of overtly *socialist* values:

A hundred and fifty years ago Marx wrote that 'a spectre is haunting Europe' – the spectre of socialism or communism. This remains true, but for different reasons from those Marx had in mind. Socialism and communism have passed away, yet they remain to haunt us. We cannot just put aside the values and ideals that drove them, for some remain intrinsic to the good life that it is the point of social and economic development to create. The challenge is to make these values count where the economic programme of socialism has become discredited.⁴

These opening moves disclose a highly political agenda. It is not so much that 'a renewed social democracy has to be left of centre because social justice and emancipatory politics remain at its core';⁵ rather, a New Labour project which is resolved to turn its back on the past must *present itself* as renewing social democracy and advancing its emancipatory project, and must *position itself* at the 'left of centre'. In the idiom of the Gramscian analysis of hegemony, Giddens is proposing himself as the organic intellectual of Blair's regime. In the vernacular, he is saying: 'Look, Tony, you have a problem. You've got to dump socialism and social democracy, but the values with which they are associated still appeal to people. Never mind. Let me have a go at attaching those values to policies that will enable you to manage and extend the neo-liberal programme.' In other words, the rhetorical structure of the essay is as follows: socialism has failed; classical social democracy is obsolete; solidarity, emancipation, security, community, redistribution, equality, and welfare can still be watchwords, but only if they can be redefined to meet the needs of the age; appropriately redefined, they can be achieved by pursuing neo-liberal policies, not by abandoning them; neo-liberalism, therefore, can be presented as renewed social democracy. The proposal, in other words, is not to offer a social democratic alternative to neo-liberalism, but to legitimise neo-liberal policies by clothing them in the vocabulary of social democracy.

Trashing socialism

Giddens initially identifies three components to socialism – a critique of *individualism*, a critique of *capitalism* and an *economic programme* designed to humanise or overthrow capitalism. The third of these – the economic programme – is identified exclusively with the Soviet Union, and the failure of the Soviet Union is presented as the failure of socialism for all time:

Socialism seeks to confront the limitations of capitalism in order to humanize it or to overthrow it altogether. The economic theory of socialism depends upon the idea that, left to its own devices, capitalism is economically inefficient, socially divisive and unable to reproduce itself in the long term. The notion that capitalism can be humanized through socialist economic management gives socialism whatever hard edge it possesses, even if there have been many different accounts of how such a goal might be achieved. For Marx, socialism stood or fell by its capacity to deliver a society that would generate greater wealth than capitalism and spread that wealth in a more equitable fashion. If socialism is now dead, it is precisely because these claims have collapsed.⁶

The demise of the Soviet Union does a lot of work here. First of all, it is made to stand for *all* the 'many different accounts' of how socialist economic management might come about. Second, its failure curiously disposes of the idea that capitalism can be either humanised or overthrown. Third, reference to the Soviet Union temporarily allows Giddens to pass in silence over the notion that capitalism, 'left to its own devices', is economically inefficient, or socially divisive, or unable to reproduce itself in the long term (a view which he elsewhere endorses). In other words, the failure of socialism in the Soviet Union disposes of the shortcomings and the critique of capitalism. The trick is a simple one – to dispose of the *idea* of socialism by equating it entirely with the specific form of one historical example – much disputed, as Giddens is perfectly aware – and to insinuate that the Marxist critique of capitalism falls at the same time. The view of socialism as monolithic, unreflective, ineffective and obsolete then becomes a key theme of the text, with socialists caricatured as limited moral beings out of touch with the times, anxious to surrender their personal autonomy and unthinking about the consequences of the lifestyles they adopt. Through this device Giddens avoids the central issues: if capitalism continues to be economically inefficient, socially divisive and unable to reproduce itself in the long term, then the Marxist critique is as relevant as ever. If the project of 'humanizing capitalism by socialist economic management' (not Marx's project at all, of course) has failed, it is social democracy rather than socialism that is called into question. If Giddens believes that capitalism cannot be humanised, but must be given its head, there is nothing social democratic about his project.

Trashing social democracy

Giddens employs the same method to dispose of classical social democracy. Classical or 'old-style' – for which, read 'obsolete' – social democracy is first equated with the Keynesian welfare consensus, despite acknowledgement of liberal and even conservative inspiration and support for the latter; it is then condemned for its limited ability to accommodate ecological concerns, and its association with a bipolar world;⁷ before being equated with a social system in which the husband was the bread-winner and the wife the housewife and mother, and identified with such perversions as 'the social engineering which has left a legacy

of decaying, crime-ridden housing estates'.⁸ Social democracy, in short, is reduced to some highly selective features – not intrinsic to social democracy in itself – of the society in which it appeared. As with socialists, social democrats are caricatured throughout the text as being shy of taking responsibility for their own lives, passively dependent on the State and embracing collectivism as a safe refuge from responsibility and mutual obligation. Not to mince words, Giddens's argument rests upon a foundation of distortion, tendentious argument and vulgar abuse.

This underpinning rhetorical structure turns out to be essential to the case Giddens wishes to present. Against it, he makes a crucial move: 'Social democracy was always linked to socialism. What should its orientation be in a world where there are no alternatives to capitalism?'⁹ The question is rhetorical. The answer, 'capitalist, stupid', not spoken here, is stated later:

With the demise of socialism as a theory of economic management, one of the major division lines between left and right has disappeared, at least for the foreseeable future. The Marxist left wished to overthrow capitalism and replace it with a different system. Many social democrats also believed that capitalism could and should be progressively modified so that it would lose most of its defining characteristics. No one any longer has any alternatives to capitalism – the arguments that remain concern how far, and in what ways, capitalism should be governed and regulated.¹⁰

Here the difference between Marxist and social democratic projects is clearly marked in a way that it could not have been earlier. At the same time, however, the perception of capitalism as 'economically inefficient, socially divisive, and unable to secure its reproduction in the long term' has entirely vanished, as has the idea of 'humanising' it. Giddens has concluded that the 'new social democracy' must unreservedly embrace the logic of capitalism. This in turn throws up the problem which dictates the course of the rest of the essay. Because he wishes to identify this proposition as somehow 'left of centre', he must redefine the key values with which social democracy is identified. From this point on the text is a work of 'semantic engineering' – of making words mean what Giddens chooses them to mean.

New meanings for new values

With the mood set by the trashing of socialism and social democracy, socialists and social democrats, the crucial task of appropriating the vocabulary and values of social democracy in the cause of neo-liberalism takes up the greater part of the essay. Giddens's method is disarmingly simple: he continues to use the social democratic vocabulary of solidarity, emancipation, security, community, redistribution, equality and welfare, but he gives to each term a new meaning. These key points of reference for social democracy are taken up, one by one, and redefined in terms appropriate to the market-friendly individualism of neo-liberal doctrine.

The first step is to replace solidarity or collective responsibility with individualism, thereby shifting from a socialist to a liberal value framework. The second is to propose that in the contemporary world, emancipated individuals are those who assume responsibility for their own future. The third is to have 'security' incorporate 'insecurity', in the form of *risk*. With this new framework in place, further key reference-points of social democracy – community, redistribution, equality and welfare – can be redefined in ways compatible with the social, economic and political demands of contemporary capitalism.

Solidarity

Giddens contrasts solidarity, or collectivism, with the narrow 'me first' individualism sometimes associated with neo-liberalism. He then slips in two characteristic moves before offering a more sympathetic version of contemporary individualism. First he remarks, almost as an aside: 'The idea of the "autonomous individual", after all, was the very notion that socialism grew up in order to contest.'¹¹ Then he implies that socialists have lacked authentic moral autonomy by presenting the 'new generations', in apparent contrast, as autonomous moral beings:

The 'me' generation is a misleading description of the new individualism, which does not signal a process of moral decay. Rather to the contrary, surveys show that younger generations today are sensitized to a greater range of moral concerns than previous generations were. They do not, however, relate these values to tradition, or accept traditional forms of authority as legislating on questions of lifestyle.¹²

Socialists, one is led to infer, always have done. Worse, again by implication, socialists and social democrats alike have failed to live in an 'open and reflective manner':

Social cohesion cannot be guaranteed by the top-down action of the state or by appeal to tradition. We have to make our lives in a more active way than was true or previous generations, and we need more actively to accept responsibilities for the consequences of what we do and the lifestyle habits we adopt. The theme of responsibility, or mutual obligation, was there in old-style social democracy, but was largely dormant, since it was submerged within the concept of collective provision. We have to find a new balance between individual and collective responsibilities today ... All of us have to live in a more open and reflective manner than previous generations.¹³

Socialists, note, are not implicated directly in the retrospective commentary, which refers exclusively to 'old-style social democracy'. In any case, Giddens cannot deny that 'responsibility' was one of its themes. But the idea that hovers in the air is that socialists lacked authenticity, moral responsibility, commitment to a set of values and a lifestyle reflective of that commitment. They failed, in other words, to live in an 'open and reflective manner'. The implication, put plainly, is that past generations of socialists, across the world, have surrendered

active moral judgement in their mindless subjugation to state-imposed collectivism. There is no place here for conviction or commitment to principle, nor any recognition that the 'concept of collective provision', where it was advocated, was justified directly by appeal to the values of mutual obligation and responsibility. Giddens manages to find a way of presenting the 'me' generation as morally more authentic than committed socialists and social democrats, turning things on their head by depicting socialists as hedonistic and unthinking consumers of collective doctrine, and today's consumption-oriented generation as superior moral beings.

The best index of the sheer perversity of the argument is that the section opens with the acknowledgement that Marx envisaged a society in which 'the free development of each will be the condition of the free development of all',¹⁴ and ends with the claim that 'leftish critics' dismiss ideas of self-fulfilment and the fulfilment of potential as 'just forms of therapy-talk, or the self-indulgence of the affluent'.¹⁵ To be accurate, contemporary anti-Marxists have detached the idea of self-fulfilment from a context of political economy, interpreted it in purely individual, subjective and psychological terms, robbed it of its critical power and *converted* it into 'therapy-talk'. Of course, the association of contemporary individualism with 'me first' hedonism misses a great deal, as Giddens rightly notes. But he cannot also note, without destroying the false contrast on which his rhetorical structure depends, that those who are most 'sensitized to moral concerns' and most hostile to selfish consumerism, are also closest to 'traditional' socialist and social democratic values, and least committed to the all-out support for capitalism that he advocates. No matter. Giddens conjures up a new meaning for an old word: individualism, he contends, is the new solidarity.

Emancipation

What, then, of the emancipatory project of social democracy? How is the new individual to be 'emancipated'? Commenting on Bobbio's association of 'the Left' with the idea of equality, Giddens begins by detaching the notion of 'emancipation' from 'social justice':

Although it can be interpreted in quite different ways, the idea of equality or social justice is basic to the outlook of the left. It has been persistently attacked by those on the right. Bobbio's definition, however, needs some refining. Those on the left not only pursue social justice, but believe that government has to play a key role in furthering that aim. Rather than speaking of social justice as such, it is more accurate to say that to be on the left is to believe in a politics of emancipation.¹⁶

'Emancipation' is next associated with an entirely new set of issues. Immediately after declaring that there is no longer any alternative to capitalism (thereby ruling out a whole set of meanings 'emancipation' might have), Giddens claims:

To the emancipatory politics of the classical left we have to add what I have elsewhere called life politics. The term may or may not be a good one. What I mean by

it is that, whereas emancipatory politics concerns life chances, life politics concerns life decisions.¹⁷

In sum, he replaces emancipation from capitalist exploitation with respect for different lifestyle choices and adherence to a new politics of 'choice, identity and mutuality'.¹⁸ The direction in which the argument tends becomes clear later, when Giddens sets out the 'framework of emancipatory politics' that forms the core of the Third Way:

Third way politics should preserve a core concern with social justice, while accepting that the range of questions which escape the left/right divide is greater than before. ... Freedom to social democrats should mean autonomy of action, which in turn demands the involvement of the wider social community. Having abandoned collectivism, Third Way politics looks for a new relationship between the individual and the community, a redefinition of rights and obligations.

One might suggest as a prime motto for the new politics, *no rights without responsibilities*.¹⁹

In Giddens's land of wonders wild and new, then, emancipation comes not via deliverance from the social oppression inherent in the unequal structures of capitalism, but from the individual exercise of personal responsibility in a context where government is emphatically *not* responsible for furthering social justice. Responsibility, it turns out, is the new emancipation.

Security

The focus of Giddens's 'renewed social democracy', then, is on individuals taking responsibility for themselves. Underlying the shift to the 'new individualism', and acting as a unifying principle for the text as a whole, is the idea of 'risk' as a central and essential element of contemporary social life. The topic is introduced by way of a lengthy discussion of ecological risk and the BSE crisis, and the problem posed for the Government of managing the presentation of the risk posed for citizens. But at the end of the section entitled 'Ecological issues' Giddens leaps onto an entirely different terrain, moving beyond the narrow issue of 'ecological risk' to a broader framework within which the 'successful market economy' is taken as the ultimate point of reference. All of a sudden, and unannounced, the emphasis is on the structures and institutions needed to shape the 'risk environment' in which individuals are placed, in order to maximise the likelihood that they will play the roles required of them by the market economy:

Providing citizens with security has long been a concern of social democrats. The welfare state has been seen as the vehicle of such security. One of the main lessons to be drawn from ecological questions is that just as much attention needs to be given to risk. The new prominence of risk connects individual autonomy on the one hand with the sweeping influence of scientific and technological change on the other. Risk draws attention to the dangers we face – the most important of which we have created for ourselves – but also to the opportunities that go along with

them. Risk is not just a negative phenomenon – something to be avoided or minimized. It is at the same time the energizing principle of a society that has broken away from tradition and nature.²⁰

Passing over the preposterous implication that BSE should be embraced as an opportunity to take an energising risk, the same technique is to be observed here as was applied to ‘solidarity’ – where the link between mutual responsibility and collective provision was broken, allowing the two terms to be contrasted, and the values of social democracy were attached to the former in apparent *opposition* to the latter. Here, the proposition that the welfare state protects citizens from risk – the risk of illness, the risk of starvation, the risk of unemployment, the risk of homelessness – is turned around. The suggestion is allowed to slip in that the welfare state reflected a continuum with ‘tradition and nature’, rather than a principled attempt to protect citizens from risks ‘which we have created ourselves’. The issue of responsibility in this topsy-turvy account arises *after*, not before, the introduction of social provision through the welfare state.

At this point Giddens sidles up to his ultimate objective – the presentation of the risk involved in direct exposure to market forces as an integral and appropriate part of the ‘renewal of social democracy’:

Opportunity and innovation are the positive side of risk. No one can escape risk, of course, but there is a basic difference between the passive experience of risk and the active exploration of risk environments. A positive engagement with risk is a necessary component of social and economic mobilization. Some risks we wish to minimize as far as possible; others, such as those involved in investment decisions, are a positive and inevitable part of a successful market economy.²¹

As he elaborates later:

A high rate of business formation and dissolution is characteristic of a dynamic economy. This flux is not compatible with a society where taken-for-granted habits dominate, including those generated by welfare systems. Social democrats have to shift the relationship between *risk* and *security* involved in the welfare state, to develop a society of ‘responsible risk takers’ in the spheres of government, business enterprise and labour markets.²²

Giddens is of course quite at liberty to embrace the logic of New Right public choice theory, and propose the explicit redefinition of the role of the State and the rights of the individual in ways that make them entirely open to the logic of capital. He is entitled to adopt as his own the agenda of the World Bank – on which more below. But it is adding insult to injury to seek to legitimise the process in the language of social democracy. To recapitulate: in a section entitled ‘Ecological issues’, launched by a discussion of BSE, Giddens has found his way to the conclusion that a contemporary understanding of security must incorporate structured insecurity through exposure to the risk of market forces, and has claimed that this thought can sit comfortably within the tradition of social democracy. The John Selwyn Gummer of the risk society, Giddens would compel us to bite into the beefburger of market forces. Risk, it seems, is the new security.

Community

With the conceptual framework of individualism, responsibility and risk in place, and the connection made to the broad theme of furthering capitalist reproduction, Giddens makes short work of reinterpreting key social democratic watchwords in explicitly pro-market, neo-liberal, terms. To start with community: "Community" doesn't imply trying to recapture lost forms of local solidarity; it refers to practical means of furthering the social and material refurbishment of neighbourhoods, towns, and larger local areas.²³ The 'practical means' in question are to be activated by unleashing the spirit of entrepreneurialism: 'The renewal of deprived local communities presumes the encouragement of economic enterprise as a means of generating a broader civic recovery.'²⁴

So the heroes of renewed social democracy are 'young business leaders' and private corporations, and the preferred 'social democratic' policy options are the introduction of 'time-dollar' accounting systems to create financial assets from individual charitable activity and incentives for private corporations to make investments; 'tax breaks for corporations that participate in strategic planning and offer investment in designated areas'.²⁵ In other words, Giddens proposes the commodification of community activity, and its explicit placing under the sway of capital. Enterprise, it seems, is the new community.

Redistribution

With entrepreneurs established as the new heroes of social democracy, Giddens is now well on his way. Having explained earlier that where social democrats have wanted to expand the State and neo-liberals to shrink it, he suggests that, for the Third Way, 'what is necessary is to reconstruct it'.²⁶ This 'reconstruction' proceeds in ways that are entirely supportive of the market economy. Proposing that '[g]overnment has an essential role to play in investing in the human resources and infrastructure needed to develop an entrepreneurial culture', he declares that the 'new mixed economy' looks for 'a synergy between public and private sectors, utilizing the dynamism of markets but with the public interest in mind'.²⁷ This requires a radical reformulation of redistribution, in which the transfer of resources from the rich to the poor has little place:

For reasons I shall give below, redistribution must not disappear from the agenda of social democracy. But recent discussion among social democrats has quite rightly shifted the emphasis towards the 'redistribution of possibilities'. The cultivation of human potential should as far as possible replace 'after the event' redistribution.²⁸

Redistribution, then, is not actually redistribution as such, at all. On the contrary, opportunity is the new redistribution.

Equality

It is already clear that Giddens will have no truck with equality as generally understood in the social democratic tradition. Having first announced that '[e]quality and individual liberty can come into conflict, and it is no good pretending that equality, pluralism and economic dynamism are always compatible',²⁹ he offers the following thought, for once overtly signalling the process of the redefinition of key terms: 'What then should equality be taken to mean? The new politics defines equality as *inclusion* and inequality as *exclusion*, although these terms need some spelling out.'³⁰ 'Education and training' turn out to be the key: 'Governments need to emphasize *life-long education*, developing education programmes that start from an individual's early years and continue on even late in life.'³¹

There is, however, the neo-liberal proviso: 'Instead of relying on unconditional benefits, policies should be oriented to encourage saving, the use of educational resources and *other personal investment opportunities*.'³² Inclusion, optimally at one's own expense, is the new equality.

Welfare

What then of the central principle of social democracy: welfare? Adherents to the ideals of social democracy have, according to Giddens, unaccountably got this completely wrong:

When Beveridge wrote his *Report on Social Insurance and Allied Services*, in 1942, he famously declared war on Want, Disease, Ignorance, Squalor, and Idleness. In other words, his focus was almost entirely negative. We should speak today of *positive welfare*, to which individuals themselves and other agencies besides government contribute – and which is functional for wealth creation. Welfare is not in essence an economic concept, but a psychic one.³³

It follows, naturally, for example, that 'counselling ... might sometimes be more helpful than direct economic support'. This leads in turn to a straightforward 'New Right' stance on unemployment benefits:

Old-style social democracy ... was inclined to treat rights as unconditional claims. With expanding individualism should come an extension of individual obligations. Unemployment benefits, for example, should carry the obligation actively to look for work, and it is up to governments to ensure that welfare systems do not discourage active search.³⁴

Later, the circle back to *risk* (the new word for security) is completed in true New Right style: 'Benefit systems should be reformed where they induce moral hazard, and a more active risk-taking attitude encouraged, wherever possible through incentives, but where necessary by legal obligations.'³⁵

Such are the virtues of this 'progressive' stance – reflected in suggestions that pensions could be abolished and children obliged to care for elderly parents –

that, in its turn, it frees resources so that 'welfare' as traditionally understood can be directed to those who have most need of it. Once the poor learn to invest in their own education, to spare the State the expense and to keep themselves attractive to capitalists,

[g]overnment policy can provide direct support for entrepreneurship, through helping create venture capital, but also through restructuring welfare systems to give security when entrepreneurial ventures go wrong – for example, by giving people the option to be taxed on a two- or three-year cycle rather than only annually.³⁶

[...]The public sector can . . . provide resources that can help enterprises to flourish and without which joint projects may fail.³⁷

Giddens has squared the circle. The inner secret of social democracy is revealed: properly understood, it is functional for wealth creation. For capitalists, welfare is the redistribution of real resources. For the working class, on the other hand, self-help is the new welfare.

The politics of *The Third Way*

At the start of *The Third Way and its Critics*, Giddens endorses the 'new progressivism' of the US Democratic Party, praising the Clinton agenda of fiscal discipline, healthcare reform, investment in education and training, welfare-to-work schemes, urban renewal programmes, a hard line on crime and punishment and active interventionism on the international scene.³⁸ He then cites approvingly the Blair–Schöder argument that 'the essential function of markets must be complemented and improved by political action, not hampered by it'.³⁹

As the last sentence suggests, what is proposed is not an agenda of passive submission to market forces. Nor does it recommend that the State should be the instrument of the large corporations, or of industrial or financial capital. It is a call for the State to exercise a degree of autonomy, over capitalists and workers alike, in order to ensure as best it can that all act in ways compatible with the logic of capitalist accumulation. The State is to be reconstructed as a regulator and a support for markets, as, left to themselves, they breed crisis and instability. The claim that '[t]hird way politics is not a continuation of neoliberalism, but an alternative political philosophy to it' depends on the assertion that 'the neoliberal idea that markets should almost everywhere stand in place of public goods is ridiculous'.⁴⁰ But this is only half right – the idea is ridiculous, but it is *not* neo-liberal. To think that it is confuses neo-liberalism with *laissez-faire* liberalism, and overlooks the neo-liberal call for a strong State selectively engaged in a new set of active policies aiming to create a framework within which markets can flourish – exactly the position Giddens adopts. He goes on to argue, energetically and consistently, that governments today must work with the market, not against it:

The left has to get comfortable with markets, with the role of business in the creation of wealth, and the fact that private capital is essential for social investment.⁴¹

[... But] markets [cannot] nurture the human capital they themselves require – government, families and communities have to do so. Market economies generate externalities, whose social implications have to be dealt with by other means. Environmental damage, for instance, can't be dealt with purely by market mechanisms.⁴²

[...] Government must play a basic role in sustaining the social and civic frameworks upon which markets actually depend.⁴³

This perspective leads naturally to the already familiar contrast between the old politics and the new:

Old-style social democracy concentrated on industrial policy and Keynesian demand measures, while the neoliberals focused on deregulation and market liberalization. Third way economic policy needs to concern itself with different priorities – with education, incentives, entrepreneurial culture, flexibility, devolution and the cultivation of social capital. Third way thinking emphasizes that a strong economy presumes a strong society, but doesn't see this connection as coming from old-style interventionism. The aim of macroeconomic policy is to keep inflation low, limit government borrowing, and use active supply-side measures to foster growth and high levels of employment.⁴⁴

Following this, Giddens argues that 'the key force in human capital development obviously has to be education'; that 'product, capital and labour markets must all be flexible for an economy today to be competitive'; that 'third-sector groups can offer choice and responsiveness in the delivery of public services'; and that 'social democrats should continue to move away from heavy reliance on taxes that might inhibit effort or enterprise, including income and corporate taxes'.⁴⁵ He then calls at the global level for: 'the development of appropriate regulations providing for surveillance of financial transactions'; the extension of IMF functions in the short term pending the creation of a global central bank; a 'global war on poverty' subject to internal reform in poor countries and the adoption of 'domestically sound social and economic policies'; the enforcement of competition policies nationally and internationally and encouragement to 'corporations and unions to work together on economic restructuring in the face of technological change'.⁴⁶

This is precisely the agenda that has been promoted by the World Bank since 1990. The *World Development Report 1990: Poverty*, promoted 'investment in people', an improved climate for enterprise, the opening of economies to trade and investment and 'getting macroeconomic policy right'. It called for common action to preserve the world's environment and a war on poverty, accompanied by debt relief for middle- and low-income countries that would pursue recommended domestic reforms. The following year's *Report* set out with absolute clarity exactly the position adopted by Giddens:

A central issue in development, and the principal theme of this Report, is the interaction between governments and markets. This is not a question of intervention versus laissez-faire – a popular dichotomy, but a false one. Competitive markets are the best way yet found for efficiently organizing the production and distribution of

goods and services. Domestic and external competition provides the incentives that unleash entrepreneurship and technological progress. But markets cannot operate in a vacuum – they require a legal and regulatory framework that only governments can provide. And, at many other tasks, markets sometimes prove inadequate or fail altogether. That is why governments must, for example, invest in infrastructure and provide essential services to the poor. It is not a question of state or market: each has a large and irreplaceable role.⁴⁷

The antecedents of Giddens's *Third Way* are here rather than in the social democratic tradition. It reflects the 'second-phase' neo-liberal approach which moves on from initial short-term 'shock treatment', aimed at dismantling structures hostile to the operation of markets, to the construction for the longer term of enduring institutions which will sustain markets and capitalist disciplines into the future. It is not surprising, then, that the policies Giddens recommends can all be found in subsequent *World Development Reports* through to 2002, and in programmes developed by the World Bank jointly with the IMF since the late 1990s. These place the same emphases on the protection of the environment, the importance of education and the knowledge economy, the need to discipline capitalists and workers alike, and to develop civil society and the role of 'third-sector' actors in the provision of local services.⁴⁸ Giddens's original contribution to this agenda – taken up zealously by Tony Blair and Gordon Brown since New Labour came to power – has been to dress it up in the language of social democracy in an effort to broaden its appeal. As we have seen, *The Third Way* systematically redefines social democratic values in order to give them neo-liberal content. Casting himself in the role of Blair's Minister of Truth, Giddens offers New Labour a set of slogans tailored to the needs of the age: individualism is solidarity; responsibility is emancipation; risk is security; enterprise is community; opportunity is redistribution; inclusion is equality; self-help is welfare. It obviously won't do to pass this off as renewed social democracy.

Notes

- 1 Giddens 1998: 45.
- 2 *Ibid.*, pp. 65–6.
- 3 *Ibid.*, p. 1.
- 4 *Ibid.*, pp. 1–2.
- 5 *Ibid.*, p. 45.
- 6 *Ibid.*, pp. 3–4.
- 7 *Ibid.*, p. 11.
- 8 *Ibid.*, p. 16.
- 9 *Ibid.*, p. 24.
- 10 *Ibid.*, pp. 43–4.
- 11 *Ibid.*, p. 35.
- 12 *Ibid.*, pp. 35–6.
- 13 *Ibid.*, p. 37.

- 14 *Ibid.*, p. 34.
- 15 *Ibid.*, p. 37.
- 16 *Ibid.*, p. 41.
- 17 *Ibid.*, p. 44.
- 18 *Ibid.*
- 19 *Ibid.*, p. 65.
- 20 *Ibid.*, pp. 62–3.
- 21 *Ibid.*, pp. 63–4.
- 22 *Ibid.*, p. 100.
- 23 *Ibid.*, p. 79.
- 24 *Ibid.*, p. 82.
- 25 *Ibid.*, pp. 83, 88.
- 26 *Ibid.*, p. 70.
- 27 *Ibid.*, pp. 99, 100.
- 28 *Ibid.*, pp. 100–1.
- 29 *Ibid.*, p. 100.
- 30 *Ibid.*, p. 102.
- 31 *Ibid.*, p. 125.
- 32 *Ibid.* (emphasis added).
- 33 *Ibid.*, p. 117.
- 34 *Ibid.*, p. 65.
- 35 *Ibid.*, p. 122.
- 36 *Ibid.*, p. 124.
- 37 *Ibid.*, p. 125.
- 38 Giddens 2000: 3.
- 39 *Ibid.*, p. 6, quoting Blair and Schröder 1999.
- 40 Giddens 2000: 32.
- 41 *Ibid.*, p. 34.
- 42 *Ibid.*, p. 36.
- 43 *Ibid.*, p. 38.
- 44 *Ibid.*, p. 73.
- 45 *Ibid.*, pp. 73, 75, 81, and 100.
- 46 *Ibid.*, pp. 126, 127, 129, 131, 143, and 150.
- 47 World Bank 1991: 1.
- 48 See Cammack 2002.

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