

# Symposium on the Third Way: Introduction

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**T**he Third Way seeks a valid way in economic and social policy making that avoids the short-comings of both the traditional platform of labour (socialism) and of conservative (Neo- Liberalism) politics. It holds that there is an agenda that can chart its way between the policy failures of social democratic governments in the last 30 years (of low economic growth, rising unemployment and a burgeoning state) and the currently foundering neo-liberalism (with rising full-time unemployment, increasing exploitation and exclusion, falling social investment and an erosion of democracy). The adoption of a 'Third Way' policy platform in Britain and the USA has led to Labour and Democrat leaders committed to it being elected, having borrowed many of the ideas pioneered by Labor in government in New Zealand and Australia, as the papers included here reveal (See also Laffin & Thomas, 1997). This platform is not the exclusive domain of Labour and Democrat as many of the ideas embodied in it are also claimed by those to the right in politics, which poses the question what is the Third Way really about?

There is a long history of the search for a 'Third Way', particularly among politicians seeking the support of a majority of voters in the electorate. This has become increasingly important in an environment where electors are cynical about the values and objectives of ideologue politicians and are seeking to support new solutions. The Fabians in the late 19<sup>th</sup> Century Britain were an early example of the response to this need, as they re-packaged socialism as social policy to meet perceived needs of voters empowered by the extension of the franchise. In the process they abandoned

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many of the critical ideas of their Marxian predecessors about Capitalism (Schumpeter, 1976: 320ff). In the contemporary case the advocates of the Third Way, such as their intellectual mentor Anthony Giddens (Giddens, 1999) follow the same path. Firstly, they accept the discipline of the global market, the limits of the state and the primacy of the individual in the economy and society, but recognise the distribution of the benefits of the system are uneven and suggest the primary role of policy is to address this problem. The Third Way attempts to balance the role of the market and community and the achievement of prosperity and inclusion. The Third Way meets this challenge, as Waring et al's paper shows, with a mixture of the carrot and the stick through 'contracts' policies that deliver benefits to individuals in exchange for responsibilities (obligations). Australian Liberals like Tony Abbott already claim to have secured this goal with the 'work for the dole' scheme and other programs as the Waring et al paper reveals.

In taking this approach, the advocates of the Third Way suggest that the imperatives of the global market are too strong for the nation state to manage at a global level. Thus, for the Third Way the solutions to the squeeze on state resources, as corporations facing international competition call for reduced taxes, must be met at the individual and community level. However, critics argue that advocates of the Third Way have not challenged the fundamental source of the problems being addressed by modern societies or their complexity. The criticism of the Third Way approach with respect to industrial relations is summarised in the Waring et al paper. Its argument is that the Third Way approach is neither comprehensive nor prescriptive enough and this argument can be applied more generally. Others suggest the Third Way has yet to address the growing inequality in more detail (Saunders, 2001) and pay more attention to preserving the environment. The Third Way confines the management of the latter at present to the management of 'risks' (see Giddens, 1999: 63).

In summary, in a balancing act between principle and pragmatism it can be said that the Third Way is inclined to the latter. This may mean that the adoption of a Third Way strategy may improve the immediate political prospects of its advocates in the short run, but it is problematic whether it has the ideas or policies to address the underlying problems of either the economy or society in the medium term. As the initiator of many of the original policies of the Third Way it is instructive to look at the experience of New Zealand, and test, as Dalziel does, in the second paper in this symposium, whether the economic dimensions of the policies have worked or a whether further rethinking of the Third Way is required.

## References

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