

# Finding the Third Way

## Directions for a "post-ideological" world

By David Dyssegaard Kallick

Last month, President Bill Clinton and British Prime Minister Tony Blair met at New York University to talk about the politics of a "third way." Few journalists covered this unusual occasion and those who did mostly feigned incomprehension. Was there anything here other than muddy centrism?

As a matter of fact, yes. But asking Clinton and Blair to define the new politics is like asking surfers to explain why the ocean swells. They're not the major thinkers behind the movement—they're just along for the ride.

The "third way" is a political philosophy that poses an alternative to capitalism and communism. In recent years, it also has come to mean a politics beyond the narrow confines of liberalism and conservatism. Clinton and Blair are right to say we need to abandon the tired dichotomy of the two-dimensional political spectrum. But they're wrong when they imply the third way is just "post-ideological" problem-solving, or a bland triangulation to the middle. Americans should not confuse Clinton and Blair's compromising centrism with a real third way.

A genuine third way draws from far wider traditions than the current liberal-vs.-conservative context. While liberals stress the role of government (weakly echoing communism's vision of a state-dominated society) and conservatives stress the role of "free" markets (loudly trumpeting capitalism's vision of a market-dominated society), the third way seeks a balance between the public sector, the private sector and a strongly developed civil society. Instead of posing an alternative between "the state" and "the individual," the third way values both of these realms, but adds the in-between realm of community.

As we approach the end of the century, a third way seems more politically viable than ever. During the Cold War, capitalism and communism were hotly defended systems of belief, and proposing an alternative was seen as heresy or pie-in-the-sky posturing. Today, however, the American public is just waiting for the right suitor to come along—party loyalty is at an all-time low, and the public seems tired of the narrowing political options it is offered. It has been 30 years since the last time a serious alternative to liberalism commanded the attention of the Democratic Party. Ideas have evolved. It's time for a new attempt to dislodge liberalism

and replace it with a third way.

The idea is not altogether new. Successive waves of optimism about a third way have landed on American shores in the course of this century. The '20s saw smart socialists oppose communist ideals of state centralization. The '60s New Left favored questioning government and looking to leadership from other social actors, arguments that were co-opted by the '80s New Right. In the '70s, market socialists quietly proposed decentralized democratic control of business, while, in Germany, the Greens broadcast the slogan "neither left nor right but forward." Indeed, Scandinavian social democracy might be considered an actually existing third way.



"There's nothing new in the world," many will say, and it's true that today's third way draws on many first, second and third way ideas of the past. But, whether or not you call it a third way, the thinking it represents is a breath of fresh air in today's stale political climate.

Perhaps it is premature to talk of a single third way. No leader has emerged who can draw a coherent picture from the best of grass-roots politics and theoretical writing. Yet elements of a viable alternative are not hard to locate, especially if you look below the radar of the mainstream media. Strands of third way thinking are found in the writing of comparatively well-known authors such as Anthony Giddens, Joel Rogers or Benjamin Barber, and in the work of authors who ought to be known better such as Hilary Wainwright, Sam Smith and Stuart Hall. Other strands come from a myriad of local publications, or from the pages of those few national magazines that regularly cover them.

The major media don't see this new politics because their

reporters are looking in the wrong direction. Instead of looking "up"—to politicians like Clinton and Blair—they should be looking "down" to a new generation of leadership and "out" to a considerable body of nongovernmental experience acquired and understood at the grass roots.

Today's most compelling third way politics entails:

- \* Supporting market solutions without falling prey to the false promise of "free-market" power; enthusiastically promoting fair democratic ground rules to guide markets toward social aims (living-wage jobs, environmentally efficient production or long-term management goals).
- Rejecting bureaucracy and paternalism while implementing government services that are neither.
- Expecting solutions to social problems to come from not one but three sectors—government, business and civil society.
- Engaging the enormous untapped resources of poor people and disempowered communities, rather than instructing professionals or social workers to "take care of" people.
- Viewing systems as a whole (housing/economic development/childcare/welfare/safety or drugs/crime/jobs/school/community) rather than designing a separate program for every problem.

approaches to economic development. Each is connected with dozens of community groups that understand the difference between 6 and 9 percent interest rates on loans, the importance of overcoming the barrier of down payments in low-income communities, and strategies for incubating local small businesses.

A good number of environmental groups are looking beyond one-size-fits-all regulations to decision-making committees made up of local residents, workers and corporate managers. The process is called a "stakeholder" agreement, after the notion that all stakeholders, not just stockholders, should have a say in decisions that will affect them. Environmentalists turned to stakeholder agreements as a way to confront corporations directly when regulatory agencies such as the EPA were unresponsive or even hostile to their concerns. In the process, environmentalists developed and honed some useful models that might replace centralized regulation if—a big if—noncorporate players had sufficient resources and power in decision making. Sanford Lewis of the Good Neighbor Project in Waverly, Mass., has developed an impressive series of publications compiling examples and analysis of the stakeholder efforts ([www.envirolink.org/orgs/gnp](http://www.envirolink.org/orgs/gnp)).



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- Seeking ways for ordinary people to participate fully in democratic life (including the development and articulation of third way thinking) rather than hoping for elitist new solutions from "the best and the brightest."

◦ Embracing, simultaneously, Walt Whitman-style, individualist self-expression, anti-authoritarianism and a community orientation (e.g., an eclectic community garden in New York's East Village, a group of skinheads organized against racism, participants in an unmoderated internet listserv).

**W**here is third way politics being implemented in practice?

Nowhere all at once, perhaps. But a significant measure of third way thinking can be found in a thick network of economic development groups pioneering new approaches to housing and neighborhood development. *City Limits* magazine in New York, the Woodstock Institute in Chicago and the Center for Community Change in Washington, D.C., are all hubs of information and activity about third way

expertise. For example, when patients who had problems that doctors did not believe were medical conditions insisted on pursuing their diagnoses together, they played an important role in identifying Lyme disease, carpal tunnel syndrome, toxin-related illnesses and black and brown lung disease.

Community organizers have opposed a "nanny state" as far back as the days when Saul Alinsky angrily accused welfare administrators of a "zookeeper mentality." This legacy continues in groups such as the Industrial Areas Foundation and ACORN, a national network of community organizations, which is organizing participants in New York City's welfare-to-work program to demand respect, decent pay and real job opportunities.

**T**he new politics is still very fragmentary. Clever ideas abound here and there, system-challenging models emerge and disappear, a good program is put into place in one small location but not spread to others. There has not yet been a sustained attempt to turn all this into a political philosophy.

Part of the problem is power. Even the best political model can't be fully developed without opportunities to forge ideas in public debate or to test them at the level of national policy. An obvious start would be for third way activists to flesh out what government can do to help the kinds of projects described above. In the arena of economic development, there is an anticipatory buzz about Angela Blackwell's multimillion dollar effort, PolicyLink, a center designed to find ways policymakers can support this view of local economic development. Or, for instance, government could give teeth to environmental stakeholder agreements by providing resources to citizen groups and mechanisms to bring corporations to the bargaining table (such as a regulatory agency that would step in if no acceptable agreement was reached). In each policy area, government has a role that needs to be reconceived.

Revamping government services—or at least developing a blueprint for how to do it—is another piece of the puzzle. Welfare programs, to take the most highly charged example, are seen by the public as ineffective and even counterproductive. Life on welfare in the United States means life in poverty, and current programs (including almost all “welfare-to-work” initiatives) are doing little to help recipients. A third way approach would disentangle the politics of race from discussions of how to aid people who are out of work. It would dignify recipients by establishing decent minimum payments for welfare and by making sure there are varied opportunities for job training. People who want to work are often kept from jobs by problems with child care, transportation, family crisis or other factors to which holistically oriented welfare workers could attend—especially if they help mobilize resources in the community rather than simply relying on government services. In turn, by raising incomes, welfare can be used as an opportunity to create an upward pressure on wages and jobs throughout the economy.

Third way politics would also allow us to deal more honestly with problems of personal behavior and social norms such as racial divisiveness, sexual harassment or domestic violence. Without minimizing the legal victories of the civil rights movement or the important ways police protocols have begun to change around domestic violence, it is clear

that no legislation can achieve our goals in this area without corresponding social change. The public has long understood that these are not problems that can be solved in Washington—they must also be addressed in our communities and families.

Consciously changing community behavior requires informal networks to build personal relationships and institutions that people trust. These are the hallmarks of civil society. Whether the issue is battling domestic violence or fostering active parent involvement in schools, no amount of government exhortation is likely to coax people into a more active stance. Government can act in many ways to support civic organizations—it can even help fund them. Corporations also may be able to help—or be required to help—by allowing employees time off for participation in civic organizations. But neither government nor corporations can act in the way a group of local citizens can. Without the active participation of organized groups within civil society, we just won't make much headway.

Bringing a third way politics into full flower is ambitious. It requires even more than winning the presidency. It would mean building (or rebuilding) a vital political party with real grass roots, one that has close organizational and philosophical ties to the nongovernmental realm of civil society. A new political movement would involve individuals with aspirations in the private sector as well as government and nonprofit arenas, people with the entrepreneurial vision to create companies that can earn both a profit and maintain ethical social standards.

Some of this is already in place. Ellen Chesler of the Open Society Institute has pointed out that there is an extensive infrastructure of civil society organizations in virtually every community that did not exist 30 years ago. There is a tremendous backlog of experience and policy ideas built up in these organizations that is overripe for the picking. But there are not enough people or institutions whose job it is to synthesize the lessons learned, hone them in vigorous debate and translate them into national policy proposals.

Nor is there an effective mechanism for developing and running third way candidates for office. I gladly support the New Party, the Green Party and New York's Working Families Party—all of which aim to do this work. But none of these parties is nearly big enough to make the kind of changes described above. Third way politics badly needs an electoral identity, and supporters should get serious either about a concerted effort to take over the Democratic Party (locally if not nationally) or about putting enough energy behind one of the existing third parties to allow it to develop third way ideas and present them on the national scene.

Third way politics has substantial organizational strengths and weaknesses. But it also has a tremendous historical opportunity. Liberalism and conservatism are limping into the 21st century with less and less of a constituency. A new wave of “third way” thinking could provide a fresh and coherent approach to politics that is desperately needed. Maybe it's also what the public is seeking. ■

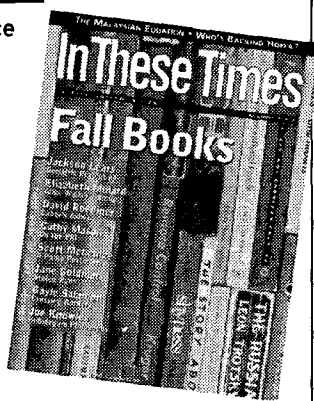
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# GLOBAL REMEDIES



**To avoid a world economic crisis,  
we need more government  
... not less.**

**By David Moberg**

**C**onventional elite wisdom insists that nations and their governments are relics of the past, soon to be swept aside by the refreshing winds of global markets and replaced by efficiently benign competition among transnational corporations. Political leaders who stubbornly resist will be punished painfully in the financial marketplace. When markets finally rule and governments shrink, reason and prosperity will prevail.

As the Asian economic crisis turns more global and grim, this charming tale becomes a bit less credible. It's true that largely unregulated worldwide financial markets have weakened governments, but governments also have surrendered power unnecessarily and unwisely. Markets need governments more than the apologists of raw capitalism admit—and not just for arranging bail-outs of Japanese banks or American hedge funds. Capitalism doesn't work well without a strong, effective, democratic government. Global markets also need international governance, but for the foreseeable future that will rely on cooperation among governments that have a substantial ability to regulate their national economies in ways that are accountable to their citizens.

As the World Bank and International Monetary Fund (IMF) met this fall, their program—smaller government, less regulation, privatization, tight fiscal and monetary policies and free trade and capital flows—faced a steadily mounting backlash. There is growing recognition, for example, in the value of controlling capital flows out of countries to discourage short-term speculative investment, which harms developing countries like Thailand—where the Asian crisis began—by exposing them to unregulated global financial markets.

Despite evidence that unregulated floods of money are destabilizing the world's economy, the rich countries—the Organization for Economic Cooperation and Development (OECD)—have continued to pursue the Multilateral Agreement on Investment (MAI), which would deregulate international investment and strengthen the hand of transnational investors at the expense of governments. But France

withdrew from the talks in October, and the United States, reflecting pressures at home, said that the current draft agreement failed to protect labor rights and the environment. While the MAI talks at the OECD have stalled, the drive to deregulate global capital will continue at the World Trade Organization (WTO) and other international institutions. (For example, there were efforts in Congress to make MAI-style deregulation a condition of future IMF assistance.)

The Asian crisis—which led to the Russian default—spooked financial markets. There has been a steady withdrawal of investments from the newly submerging markets, a retreat from overpriced stocks and a great increase in financial volatility, which contributed to the unfolding hedge fund crisis and a nervous search for security, first in bonds, then in cash.

For nearly three decades, the policies and institutions—such as the World Bank and the IMF—drafted at the close of World War II in the Bretton Woods conference helped create a relatively stable and rapidly growing world economy. In the quarter century since the Bretton Woods agreement effectively collapsed, after President Nixon ended the convertibility of dollars into gold in 1973, financial volatility has increased as short-term financial speculation has soared to \$1.3 trillion in currency traded daily. Such volatility and high risk has led investors to make decisions with more of a short-range perspective and for central banks to be even more biased toward tight money policies, according to economist John Eatwell. It also has led to a proliferation of complicated “risk management” arrangements that give investors the illusion of safety but never remove underlying risk.

The bailouts of countries in financial difficulty engineered by the IMF have helped the big banks and other international investors far more than the countries and their people. Governments feel pressured to bail out large financial institutions, not only because of coziness between political and economic elites, but out of fear of a collapse of the whole system. But if governments are expected to stabilize the