

# Competitiveness, Social Justice, and the Third Way

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# Competitiveness, Social Justice, and the Third Way

'A left-of-centre party today must concern itself with competitiveness as well as social justice, and must indeed reconcile the two'

Anthony Giddens, 'Just carry on being new', *New Statesman*, 11 June 2001.

'Capitalism has to be made to work in the interests of consumers, and in the long-term interests of society'

Anthony Giddens, *Over to You, Mr Brown*, Polity Press, 2007: 210.

## Introduction

This paper addresses two questions. How are social justice and competitiveness reconciled in Giddens' Third Way? And what are the implications for the goal of making capitalism work in the interests of consumers and in the long-term interests of society?

The argument put forward is that the Third Way reconciles competitiveness and social justice by redefining social justice, and other key social democratic values such as emancipation, in terms of the logic of competitiveness itself. While this does not mean that there is no scope for reform in the Third Way, it does mean that that there is nothing 'left-of-centre' about it.<sup>1</sup> Social democracy, whatever its shortcomings, sought to set limits to the operation of capitalism in accordance with values derived from a normative framework independent of its logic. The Third Way, in contrast, not only accepts that logic, but seeks to perfect it by promoting individual enterprise and removing social, cultural and institutional impediments to competitiveness at every level. As he embraces and pursues so wholeheartedly the notion of a perfectible capitalism, what Giddens should say is: 'Capitalism has to be made to work. That is in the interests of consumers, and in the long-term interests of society.' *The Third Way* (Giddens, 1998) systematically subverts the core values of social democracy by re-interpreting them so that they fit with the logic of neoliberalism. *Over to You, Mr Brown* (Giddens, 2007) continues the same process, and as a consequence reveals the intellectual and practical limits of Third Way reformism.

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<sup>1</sup> 'Progressive' reform is not ruled out, but the reforms that are proposed (such as action against corruption, the incorporation of more women into the workforce, the further devolution of services to community level and even a wealth tax) are all incorporated into an agenda of competitiveness, and reflect its limits.

## The Rhetorical Structure of *The Third Way*

The overt argument of *The Third Way* is straightforward. Social, economic and technological change has rendered classical social democracy obsolete. Social democrats must therefore continue the thorough revision of its content that is already under way, steering a middle course between the classical doctrine on the one hand and neoliberalism 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” (ibid: 45). Five dilemmas are identified – 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 on the part of 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 of 'no rights without responsibilities' and 'no authority without democracy' (ibid: 65-66). 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 state and civil society, and the role of the state in the domestic and global arenas respectively. 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 that tells a very different story. 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 neoliberal 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.

### *The Third Way as an ideological project*

The first chapter of *The Third Way* is not called 'Social Democracy and After', or 'Neoliberalism and After', but 'Socialism and After'. It begins by recalling 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”, a new

approach that would “develop a policy framework to respond to change in the global order” (ibid: 1). It notes the absence of an ideology to underpin such a framework, and goes on immediately to pinpoint as the biggest problem the continuing appeal of socialist values deriving from classical Marxism:

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 (ibid: 1-2).

These opening moves disclose a highly political agenda. It is not after all that “a renewed social democracy has to be left of centre because social justice and emancipatory politics remain at its core”; rather, a New Labour project resolved to turn its back on the past has to *present itself* as renewing social democracy and advancing its emancipatory project, and therefore has to *position itself* to the left of centre. In Gramscian terms, Giddens proposes 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 neoliberal programme.” That is the essence of the Third Way. The proposal was never to offer a social democratic alternative to neoliberalism, but to legitimise neoliberal policies by clothing them in the vocabulary of social democracy. Its rhetorical structure 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 neoliberal policies, not by abandoning them; neoliberalism, therefore, can be presented as renewed social democracy. It is in accordance with this agenda that Giddens sets out to trash socialism and social democracy in turn, as a prelude to appropriating their core values for a new and uncompromisingly pro-capitalist agenda.

### *Trashing socialism*

Giddens identifies three components to socialism – a critique of *individualism*, a

critique of *capitalism*, and an *economic programme* designed to humanise or overthrow capitalism. 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 (ibid: 3-4).

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. And third, reference to it 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).

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 well 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, the Marxist critique is as relevant as ever; if the project of "humanizing capitalism through 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; and 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 (ibid: 11), before being equated with a social system where the husband was the breadwinner 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' (ibid: 16).

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

This underpinning rhetorical structure is not incidental. It turns out to be essential to the discursive move Giddens has to make: "Social democracy was always linked to socialism. What should its orientation be in a world where there are no alternatives to capitalism?" (ibid: 24). The answer not spoken here, 'capitalist, stupid', 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 (ibid: 43-44).

Here, notice, the difference between Marxist and social democratic projects is clearly marked in a way that could not be admitted earlier. At the same time 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 managed to reach the essential conclusion that the new social democracy must embrace and work with the logic of capitalism.

## New Meanings for Old Values

With the mood set by the trashing of socialism and social democracy, socialists and social democrats, Giddens can proceed to the crucial task of appropriating the vocabulary and values of social democracy for his own project. From this point on the text is a work of 'semantic engineering' – making words mean what Giddens chooses them to mean. One by one, key points of reference for social democracy – solidarity, emancipation, security, community, redistribution, equality, and welfare – are taken up and redefined in terms appropriate to the market-friendly individualism of neoliberal doctrine.

The first step is to replace solidarity or collective responsibility as the starting point with individualism, thereby shifting from a socialist to a liberal framework of values. The second is to propose that in the contemporary world the emancipated individual is the one who assumes responsibility for their own future. The third is to have 'security' incorporate insecurity, in the form of risk. With this framework in place, community, redistribution, equality, and welfare can be redefined in ways compatible with the social, economic and political demands of contemporary capitalism.

### *Individualism is Solidarity*

Giddens contrasts solidarity, or collectivism, with the narrow 'me-first' individualism sometimes associated with neoliberalism. He then slips in two characteristic moves. First he remarks, almost in passing, that "The idea of the 'autonomous individual', after all, was the very notion that socialism grew up in order to contest" (ibid: 35). 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' (ibid: 35-6).

Socialists do, one must conclude. 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 of 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 (ibid: 37).

Giddens shies away from implicating socialists directly, overtly directing his comment to old-style social democracy. But the idea left hanging in the air is that socialists lacked authenticity, moral responsibility, commitment to a set of values and a lifestyle that reflected it. The implication, put plainly, is that past generations of socialists, across the world, have surrendered active moral judgement in mindless subjection to state-imposed collectivism. Giddens manages to present the 'me' generation as more morally authentic than committed socialists and social democrats, by depicting socialists as hedonistic and unthinking consumers of collective doctrine and the consumption-oriented element of contemporary generations as superior moral beings. He can allow no place for conviction or commitment to principle, nor can he recognise that the 'concept of collective provision,' where it was advocated, was justified *directly* by appeal to the values of mutual obligation and responsibility.

This is perverse, not least because section opens with the acknowledgement (swiftly forgotten) that Marx envisaged a society in which "the free development of each will be the condition of the free development of all" (ibid: 34). It 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" (ibid: 37). The cap fits Giddens better – it is contemporary anti-Marxists of his sort who have detached the idea of self-fulfilment from any social or political context, 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 breaking the stick with which he wants to beat socialists, that those who are most sensitised to moral concerns and hostile to selfish consumerism are also closest to traditional socialist and social-democratic values, and least committed to the all-out support for capitalism he advocates. No matter. He conjures up a new meaning for an old word: individualism, he contends, is the new solidarity.

### *Responsibility is Emancipation*

What, then, of the emancipatory project of social democracy? How is the new individual to be emancipated? Giddens begins by detaching the idea of emancipation from social justice: "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" (ibid: 41). Emancipation is then associated with an entirely new set of issues. Immediately after declaring that there is no longer any alternative to capitalism (thereby ruling out a set of meanings emancipation once had), Giddens says: "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" (ibid: 44). 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" (ibid). The direction in which the argument tends becomes clear later, when Giddens sets out the framework of emancipatory politics that is the core content of the Third Way in a way that enables him to bring social justice back in:

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 (ibid: 65).

In Giddens' land of wonders wild and new, then, emancipation comes not from deliverance from the social oppression inherent in the unequal structures of capitalism, but from the individual exercise of personal responsibility, while the status of social justice is left unclear. Responsibility, it turns out, is the new emancipation.

### *Risk is Security*

The focus of Giddens' renewed social democracy, then, is on individuals taking responsibility for themselves. The idea of risk as a central and essential element of contemporary social life underpins the shift to the 'new individualism' and acts as a unifying principle for the text as a whole. 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 to citizens. But at the end of a section entitled 'Ecological Issues' Giddens leaps onto an entirely different terrain, moving from the issue of ecological risk to something completely different: the successful market economy. Suddenly the emphasis is on the structures and institutions needed to shape the risk environment in which individuals are placed in order to maximize the likelihood that they will play the roles the market economy requires of them:

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 (ibid: 62-63).

Passing over for now the preposterous implication that BSE should be embraced as an opportunity to take an energising risk, we observe the same technique 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 an 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. Again, such sleight of hand is not innocent. It enables Giddens to sneak up on 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 (ibid: 63-4).

And 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 (ibid: 100).

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 expose them to the logic of capital. But it is a bit much to dress the argument up in the language of social democracy.

To recapitulate: in a section entitled 'ecological issues,' launched with 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 social democratic tradition. The John Selwyn Gummer of the risk society, he would compel us all to bite fearlessly into the beefburger of market forces. Risk, it seems, is the new security.

### *Enterprise is Community*

With the conceptual framework of individualism, responsibility and risk in place, and the connection made to the broad theme of furthering the conditions for capitalist reproduction, Giddens can make short work of reinterpreting other key social democratic watchwords in explicitly pro-market, neoliberal 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" (ibid: 79). The practical means in question will 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" (ibid: 82). 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 (ibid: 83) and incentives for

private corporations to make investments: "tax breaks for corporations that participate in strategic planning and offer investment in designated areas" (ibid: 88).<sup>2</sup> Entrepreneurs are the new heroes of social democracy. Giddens proposes the commodification of community activity, and its explicit placing under the sway of capital. Enterprise, it seems, is the new community.

### *Opportunity is Redistribution*

Having explained earlier that where social democrats have wanted to expand the state and neoliberals to shrink it, the Third Way "argues that what is necessary is to reconstruct it" (ibid: 70), Giddens now proceeds to reconstruct it in ways that are entirely supportive of the market economy. Proposing first that government "has an essential role to play in investing in the human resources and infrastructure needed to develop an entrepreneurial culture" (ibid: 99), 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" (ibid: 100). 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 (ibid, pp. 100-101).

Redistribution cannot disappear from the agenda, of course, for the same reasons that emancipation and social justice cannot. The solution is by now familiar: redefine it in such a way that it is no longer actually redistribution as such. In Giddens' new dispensation, opportunity is the new redistribution.

### *Inclusion is Equality*

It is clear that Giddens will have no truck with equality as generally understood in the social democratic tradition. Having first announced that "Equality and individual liberty can come into conflict, and it is no good pretending that equality, pluralism and economic dynamism are always compatible" (ibid: 100), he offers the following thought, explicitly signalling for once the process of 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

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<sup>2</sup> As Giddens might have added: Charity was always linked to altruism. What should its orientation be in a world where there are no alternatives to self-interest?

terms need some spelling out" (ibid: 102). 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" (ibid: 125, emphasis in the original); with a neoliberal proviso, however: "Instead of relying on unconditional benefits, policies should be oriented to encourage saving, the use of educational resources and other personal investment opportunities" (ibid). Giddens is on a roll. Inclusion, optimally at one's own expense, is the new equality.

### *Self-Help is Welfare*

This brings him to the central principle of social democracy: welfare. Adherents to the ideals of social democracy have 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 (ibid: 117).

Well, who would have thought it? You learn something every day. It follows, naturally, that "counselling, for example, might sometimes be more helpful than direct economic support" (ibid). This leads in turn to a straightforward workfare 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 (ibid: 65).

Later, the circle back to risk (the new 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" (ibid: 122). Such are the virtues of this progressive stance – reflected in suggestions that pensions could be abolished, and children could be obliged to care for elderly parents – that it frees resources so that welfare as traditionally understood can be directed to where it is needed most. Once the poor learn to invest in their own education to spare the state the expense and to keep themselves attractive to capitalists,

Government 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. ...The public sector can in turn provide resources that can help enterprises to flourish and without which joint projects may fail (ibid, pp. 124-5).

For *capitalists*, welfare is the redistribution of real resources. But for *workers*, self-help is the new welfare.

## The Politics of the Third Way

In *The Third Way and Its Critics* (Giddens, 2000) Giddens offers a reprise of the Third Way, arguing that it is market-friendly but not neoliberal, endorsing the Blair-Schröder argument that “the essential function of markets must be complemented and improved by political action, not hampered by it” (ibid: 6). As this suggests, it is not an agenda of passive submission to market forces. Nor does it propose 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 support for markets, as, left to themselves, they breed crisis and instability.

In this context the claim that “Third way politics is not a continuation of neoliberalism, but an alternative political philosophy to it” depends upon the assertion that “the neoliberal idea that markets should almost everywhere stand in place of public goods is ridiculous” (ibid: 32). But this is only half right – the idea is ridiculous, but it is not neoliberal. To think so confuses neoliberalism with laissez-faire liberalism, and overlooks the neoliberal 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:

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. ... [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. ... Government must play a basic role in sustaining the social and civic frameworks upon which markets actually depend (ibid, pp. 34, 36, 58).

This is neither old-style social democracy nor neoliberalism because

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 (ibid: 73).

Giddens then goes on to spell out this agenda in detail. In the domestic environment “product, capital and labour markets must all be flexible for an economy today to be competitive” (ibid: 75); “third-sector groups can offer choice and responsiveness in the delivery of public services” (ibid: 81); and “social democrats should continue to move away from heavy reliance on taxes that might inhibit effort or enterprise, including income and corporate taxes” (ibid: 100). At global level there should be “the development of appropriate regulations providing for surveillance of financial transactions” (ibid: 126); the extension of IMF functions in the short term pending the creation of a global central bank (ibid: 127); a “global war on poverty,” subject to internal reform in poor countries, and the adoption of “domestically sound social and economic policies” (ibid: 129, 131); the enforcement of competition policies nationally and internationally (ibid: 143); and encouragement to “corporations and unions to work together on economic restructuring in the face of technological change” (ibid: 150).

Giddens may deny that this constitutes neoliberalism. But it is precisely the agenda promoted by the European Bank of Reconstruction and Development and the World Bank since 1990, and the IMF, the OECD and the UNDP in subsequent years (Cammack 2004, 2006). The antecedents of the Third Way are here, not in the social democratic tradition – in the 'second-phase' neoliberal approach which moves on from initial short-term shock treatment aimed at dismantling structures hostile to the operation of markets (deregulation and market liberalisation) to the construction for the longer term of enduring institutions which will sustain markets and capitalist disciplines into the future (a new and still neoliberal regulatory state). The policies Giddens recommends place exactly the same emphasis 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. His only contribution to this agenda – taken up zealously by Blair and 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.

In sum, *The Third Way* systematically redefines social democratic values in order to give them neoliberal content. Casting himself as 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. From which it follows, though he cannot say it, that neoliberalism is social democracy.

## Seven Steps to Heaven: Competitiveness is Social Justice

As the excerpt from the *New Statesman* at the head of this paper reflects, by 2001 Giddens was insistent on the need to reconcile the idea of social justice with the imperative of competitiveness. The manner in which he does so is best reflected in his contribution to the 2006 Policy Network pamphlet on the European Social Agenda (Giddens, 2006). Here Giddens takes as his starting point the Lisbon Agenda after its 2005 relaunch in the light of the Sapir and Kok Reports (Cammack 2007, pp. 3-6).

We must introduce the concept of social justice into the core of the debate about Lisbon. It is not enough to make airy statements about reducing social exclusion. The lack of a developed analysis of the changing forms of social justice is one of the main reasons the Lisbon Agenda has proved so hard to implement. Those who have opposed it on a national level have often done so on the grounds that it promotes markets at the expense of the less well-off. *We have actively to make the case – with evidence – that reform could promote social justice, not undermines (sic) it* (Giddens, 2006: 96; emphasis mine).

The intention to reconcile social justice with competitiveness by defining the former in terms of the latter is absolutely clear. First, the aims of the *Policy Network* project, led by Giddens himself, are "to consider the structural origins of the dilemmas faced by the EU countries today, as they try to reconcile competitiveness, social cohesion and inclusion; to identify best practice in the European states over the past ten to 15 years, and to study how far it can be generalised from one country to another; and to look in a radical way at the looming issues all the EU countries will have to face in the near future" (ibid: 98). Second, in pursuit of these aims, Giddens continues to brandish the same 'social democratic' values: "a belief in the importance of social solidarity, a sense in which everyone pulls together for the common good; in limiting social and economic inequality; in protecting the more vulnerable members of society; and

in cooperation between the social partners” (ibid: 99). Third, though, the need for reform stems directly from the challenge of global competitiveness:

The need for reform of the social model(s) is plainly driven in some part by economic globalisation – this was the prime theme of the Hampton Court Council. Social and economic change is accelerating in other parts of the world – as is evident in particular by the rise of India and China as economic competitors, both of them having more than one billion people. The rise of India and China, and more generally the other Asian tigers, gives the lie to the idea that globalisation is simply another name for the continuing world domination of the US, Europe and the West (ibid: 100).

Fourth, these external challenges are matched by the internal challenges of ageing populations, and the relatively low proportion of the population in work (ibid: 101-2). Fifth, although the recommendations of the Sapir Report should be endorsed in full, the Lisbon Agenda, the Sapir Report itself and the Kok Report “lack a systematic discussion of how the innovations they propose can be reconciled with *social justice and welfare*” (ibid: 103; emphasis in the original). Sixth, then, the idea of social justice needs to be pinned down in a way that is “down to earth, and easily operationalised”:

Such a formulation must be consistent with the dynamics and nature of the knowledge/service economy and the differentiated society that it has helped to bring into being. It must also be compatible with a society in which aspiration, ambition and entrepreneurialism necessarily have a central place” (ibid: 104).

Seventh, then, Giddens unveils, courtesy of Wolfgang Merkel, a “down-to-earth scheme that is both simple and luminous”. This calls for (1) the fight against poverty; (2) the highest possible standards of education, rooted in equal and fair access for all; (3) employment for those who are willing and able; (4) a welfare system that provides protection and dignity; and (5) “The limiting of inequalities of income and wealth *if they hinder the realisation of the first four goals or endanger the cohesion of society*” (ibid; emphasis mine). As Giddens remarks, “the devil is in the detail, especially in respect of point five”.

The logic, however, is clear. In a familiar story (Cammack, 2001), poverty is to be addressed by equipping individuals for employment, in an overall context in which the size of the employable workforce is to be maximised. The welfare system is to be reshaped so that it supports this goal. One side of the coin is that individuals should be enabled to compete for employment. The other is that the competition should be as intense as possible. Inequalities of income and wealth

should be addressed if and only if they threaten the underlying logic of competitiveness. As Giddens expresses it when he returns to the Lisbon Agenda later in the essay:

Defenders of social justice see themselves as having to block efforts to make some of the less well-performing states to become more competitive and generate more jobs. The argument needs to be made and sustained at European level that Lisbon-style reforms *promote* social justice and welfare rather than *undermine* them (ibid: 133).

In short, competitiveness is social justice.

### *Over To You, Mr Brown*

The same view is reflected in *Over To You, Mr Brown* (Giddens, 2007). In general, salvation is through work, in terms that echo exactly the Lisbon Agenda and the UK National Reform Programme of 2005. Labour should look for policies “that help reconcile economic growth and social justice” (ibid: 102); traditional redistributive mechanisms should be adjusted if they compromise job creation (ibid: 108); and the “ensuring” state should also be a “social investment state”, responsible for coordinating the variety of agencies needed to help pursue the twin objectives of economic dynamism and social justice (ibid: 125). However, the theme of competitiveness barely figures. It is absent from Giddens' introductory account of Labour's record, and he later identifies *security*, *identity* and *diversity* as the three terms that “capture the main goals (and dilemmas) of left-of-centre political reform today” (ibid: 59). For all that the book is presented as a contribution to policy debate its structure, like that of *The Third Way*, is essentially rhetorical. Now, though, the intellectual energy of *The Third Way* (perverse as it was) has given way to sloganeering and crude partisanship.

As we have seen, Giddens has come to an understanding of social democracy and social justice that is entirely shaped by the logic of global competitiveness – but he is unable to make this explicit without dispelling the illusion of the Third Way. So he shies away from addressing in any serious way the extent to which the goals of social justice and competitiveness can be made compatible at any level other than a rhetorical or discursive one.<sup>3</sup> Instead, he opts for calling for fresh thinking while repackaging old ideas. At a time when New Labour is persuaded – whether in the guise of Mr Blair or of Mr Brown – that the issue of

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<sup>3</sup> When Giddens eventually gets round to mentioning the rapid economic rise of India and China, for example, he can only remark that “How far their progress represents a threat to jobs in the industrial countries remains to be seen, but is now a matter of fierce debate” (ibid: 54).

global competitiveness is of central importance, this is a telling indication of the limited value of playing with words. For this and other reasons, the book does not merit extended consideration. But three brief examples will demonstrate the continuity with *The Third Way*, and bring me back to the issues announced at the outset: the diagnosis of Labour's failure, the treatment of David Cameron, and the inventive treatment of misfortune.

### *Word, Words, Words*

Giddens' review of Labour in power is remarkably benevolent on the issues of poverty and inequality, and, equally remarkably, virtually silent on the issues of productivity, competitiveness, and skills. He characteristically decides that its major weakness has been a "failure of ideology" (ibid: 28). It has failed to develop a "clear political vocabulary" to express concerns over the public services and poverty and inequality, and it has been "coy about its egalitarian aspirations", couching them in what Giddens describes, extraordinarily in view of his own identical usage (pp. 11-12 above), as "the vague language of social exclusion" (ibid). Here Giddens simultaneously underlines his own tendency to propose verbal solutions to real problems, and the bankruptcy of his efforts to do so – a point reinforced by his insistence (rather late in the day) that "we should work out more explicitly what kind of capitalism we want" (ibid: 29). If Giddens himself doesn't in fact rise to this challenge, it is because he betrays throughout – in his uncritical endorsement of the Single Market, the independence of the Bank of England, macro-economic discipline, workfare, and the logic of global competitiveness – that he knows already, but won't say. It is a measure of the impasse in which this leaves him that he can simultaneously insist that if Labour is to win again "new ideas must be the driving force", and that it must "stick to the key principles that have sustained it so far" (ibid: 61). And in fact the new agenda Giddens presents simply reproduces the old one, virtually point for point (ibid: 20-23, 60-65).<sup>4</sup>

### *Meet the New Boss, Nothing At All Like the Old Boss*

The key to the rhetorical structure of *Over To You, Mr Brown* is actually Giddens' determination that David Cameron should *not* become "the new boss". So he

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<sup>4</sup> As noted by David Miliband (*Observer*, Sunday 25 March, 2007). Miliband (as adept as Giddens himself at promoting the imposition of the disciplines of global capitalist competition as individual empowerment) is particularly scornful of Giddens' suggestion that Brown should campaign under the slogan 'Safer with Labour'. Miliband's, it seems, would be 'Power to the People'.

must be dismissed as a "political lightweight" (ibid: 44). The problem here, as Giddens' summary of Cameron's views indicates, is that they are virtually identical to those of New Labour and indeed, on this account (ibid: 38-42), to Giddens' own. So a double standard is applied. It is fine for responsibility to be a key theme of the Third Way, but when Cameron talks about social responsibility Giddens dismisses the idea as "an intrinsically vulnerable one" (ibid: 45); and when he spells out why, he pulls the rug out from under his own feet:

Responsibilities have to accompany rights; and third sector groups should play a part in delivery of welfare measures, especially at community level. However, it is surely plain that such groups must be in some way regulated by the state and that the state has to continue to play the main role in welfare delivery. Voluntary groups by their very nature tend to be unstable, since they have no regular funding and depend upon a continuing moral commitment from their members. Moreover, the activities of such groups, by being clustered more in some areas than in others, might reinforce existing inequalities if government does not have a role (ibid).

These are founding principles of the Third Way, and up to this point Giddens has found them perfectly satisfactory. But no matter. Opponents must be trashed, regardless of the consequences for the internal coherence of the overt argument. Here, Giddens outdoes even Cronus, devouring his own offspring without even acknowledging paternity. Surprisingly, he asserts that the "New Tories" "lack the core element that has put Labour in a strong position over the past ten years – an analysis of the key trends in the contemporary world and how best to respond to them" (ibid: 45-6). But a glance at the official web-page of the Conservative Party shows otherwise. The first of six key challenges Cameron identifies is competitiveness, coincidentally Giddens' and New Labour's key idea too. The others are reform of the public services, social justice, quality of life, security, and globalisation and global poverty (<http://www.conservatives.com>, accessed 30 April 2007). Giddens could hardly have a more eager apprentice. The question for him is: if Cameron's Conservatives can endorse the Third Way so completely, how progressive can it be?

### *In Conclusion: Giddens' Trilemma*

We saw in the analysis of *The Third Way* that Giddens tends to take a sunny view of the energising impact of risk. Here the same impulse is followed to startling lengths. He is uncompromising in endorsing the logic of global competitiveness, recasting social justice in terms of its logic, and urging upon government the

task of shaping the attitudes and behaviour of citizens accordingly. The logic is that you can't have competitiveness, social justice, *and* old-fashioned social democratic values. Values have to be reshaped in all areas of life in order to complete the alignment of social justice and competitiveness:

There is a further conceptual step to take, .. especially if labour market policy is to be integrated with positive welfare or well-being. The relationship between work and non-work has grown much more complex than it used to be: it has become much more open and malleable. *Being able to take advantage of transitions – losing one's job, falling into poverty, getting divorced or becoming disabled – rather than being brought down by them, becomes extremely important* (ibid: 113; emphasis mine).

Startling though this is at first sight, this *is* the authentic logic of the Third Way. Despite the incoherence arising from extreme partisanship and the determination to attach new meaning to the old and still resonant values of social democracy, Giddens is coherent at a deeper level. He is committed to the transformation not only of ideas of social justice but of all our ideas of society and of ourselves. The uncompromising logic at the core is that everything should be bent to the goal of making capitalism work. For this to happen, a commitment to competitiveness has to be part of the *general disposition* of every citizen.

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