

The Rise and Fall of the Third Way **Andrew Leigh***

AQ: Journal of Contemporary Analysis Vol 75, No 2, pp.10-15 (March-April 2003)

In 1998, a new term hit the political scene. According to two of the most powerful leaders in the developed world, US President Bill Clinton and British Prime Minister Tony Blair, the “Third Way” was the ideology of the future. Their declarations, and a series of subsequent Third Way summits, evoked strong responses from political parties in all parts of the ideological spectrum. For a while, momentum began to build behind the phrase. But five years on, the Third Way movement seems largely to have lapsed, at least as measured by media and academic interest in the past three years.

Why has the Third Way waned? Can the decline be blamed on electoral events, particular to the UK, US, and Australia? Or is there something about the Third Way itself which led it to collapse? This article charts its the decline, and then turns to examine the possible explanations.

Which way did the Third Way go?

The growth of the Third Way in the late-1990s was due in large part to two seminal works: Anthony Giddens’ *The Third Way: The Renewal of Social Democracy* and Tony Blair’s *The Third Way: New Politics for a New Century*. Both published in late-1998, they articulate a similar vision of what the Third Way is, and what it seeks to distinguish itself from. Subsequent writings – including Giddens’ *The Third Way and its Critics*, and *The Global Third Way Debate*, and in Australia, Botsman and Latham’s *The Enabling State: People Before Bureaucracy* have followed a similar typology.

From Giddens and Blair, it is possible to distil five ideas that encapsulate the core of Third Way thinking: transcending the distinction between left and right; advancing equality of opportunity; employing mutual responsibility; strengthening communities; and embracing globalisation. Both favour a renewal of liberalism, and are unabashedly modernist.¹

How influential has the Third Way been since 1998? Figure 1 shows one measure of influence – the number of times the phrase has been cited in five of the major newspapers in Britain, the United States, and Australia. The first point to note is the difference in magnitudes. Across this period, the third way was mentioned more than twice as often in UK papers than in Australian papers, and almost three times as often in UK papers as in US papers. However, the trends are relatively similar. Usage of the term “third way” in newspapers peaked in 1998 in both Britain and the United States, and in 1999-2000 in Australia.

Figure 2 shows the trend in discussing the Third Way in academic journals. Unsurprisingly, these numbers lag the newspaper figures somewhat – with overall

citations in English-language journals peaking in 1999, and in Australian journals in 2001. Nonetheless, the declining interest in the third way in academia is clearly evident.

[Figures 1 and 2 about here]

Admittedly, citations are an imperfect measure of the influence of an idea, since they measure only references to the phrase, and not to its underlying meaning. Moreover, there is certainly some “noise” in the data, since we cannot assume that every use of the term “third way” refers to the political philosophy.

Notwithstanding the drawbacks of using citation data as a measure of influence, it does help to provide some sense of the prominence of the Third Way in public and academic debates over this period. Moreover, the data in Figures 1 and 2 generally accords with the political history of the Third Way movement in Britain, the US, and Australia. The numbers of international Third Way summits, the first of which was held in 1998, have also followed a similar trajectory.

In Britain, Tony Blair – once the strongest political promoter of the Third Way, appears to have essentially ceased using the term since 2001. Likewise, other prominent politicians, and British thinktanks, have fallen silent on the topic in the last two years. And with the exception of Giddens and one or two others, the academic community appears to have done the same.

In the US, the main proponents of the Third Way in 1998-99 were Clinton and the centrist Democratic Leadership Council. Yet beyond this, the Third Way never came into the same prominence among American politicians, thinktanks and academics, as it did among their British and Continental European counterparts. One possible explanation is that US policymakers have traditionally exhibited less interest in political theory; tending to focus attention instead on the more practical challenges of public policy.

In Australia, the Third Way debate has taken a different tack again. In 1998-99, the prevailing view among social democrats was that the Third Way was simply a new label for policies pursued by the ALP in the 1980s and early 1990s.² The exception was Mark Latham, who after resigning from the front bench in October 1998 set about becoming a policy entrepreneur and media commentator *nonpareil*. In the process, Latham made his name synonymous with the Third Way³ to such an extent that, by the end of 1999, virtually no other politician (with the exception of Western Australian Premier Geoff Gallop⁴) was willing to use the term to describe their own political beliefs.⁵

In the international political arena, the Third Way received its most substantial boost from the “Third Way dialogue” that took place between a range of social democratic leaders during 1998 and 1999. The first such meeting, in September 1998, was a dialog between Blair, Clinton and Italian Prime Minister Romano Prodi in New York. This was followed by a larger meeting in April 1999, this time including Blair, Clinton, German Chancellor Gerhard Schroeder, Italian Prime Minister Massimo D’Alema and Dutch Prime Minister Wim Kok, convening in Washington, DC. The third such meeting took

place in November 1999, this time including Blair, Clinton, D'Alema and Schroeder, plus French Prime Minister Lionel Jospin and Brazilian President Fernando Henrique Cardoso, convening in Florence. Yet by the end of the year, the momentum appeared to have flagged. In June 2000, a group of twelve social democratic leaders again convened, this time in Berlin. But this time the phrase "Third Way" was notably absent from the communiqué. Since then, such large-scale meetings of social democratic heads of state appear to have been abandoned.

The death of the Third Way – murder or suicide?

In broad terms, two possible explanations account for the decline of the Third Way – that it was killed off by electoral factors, or that inherent features in the Third Way were responsible for its decline.

First, the electoral factors. In five of the major third way countries - the US, UK, Germany, Italy, and Australia, defendants of the Third Way can point to political shifts that hampered its progress.

- **United States:** The end of Clinton's Presidency effectively took out of play the only serious American champion of the Third Way. Even prior to the end of his presidency, the 2000 election campaign required Clinton to focus more attention on domestic issues, and less on broad theories of governance, while I cannot find any record of the Democratic Presidential nominee, Al Gore, having mentioned it during the election campaign. In the post-Clinton era, the Democratic Leadership Council is yet to find a new advocate for the Third Way, with none of the leading contenders for the Democratic nomination – Tom Daschle, John Edwards, John Kerry, and Joe Lieberman – having embraced the description. For now at least, the Third Way in America seems to languish.⁶
- **United Kingdom:** 1999 saw Blair's first slump in poll ratings, with Labour's lead over the Conservatives halved from 20% to 10% between January and November. In mid-1999, British Labour suffered an electoral shock when the Conservatives outpolled Labour by 33% to 28% in the European Parliament elections. Due in part to these setbacks, the Blair Government tended to focus less on ideological debates, and more on achieving its policy benchmarks in health, education, and policing.⁷ In the May 2001 election, expenditure on social services was a major political issue. In such an environment, it became more difficult for Labour to maintain that it was transcending the difference between left and right. Blair barely mentioned the Third Way during the 2001 election campaign, nor since.
- **Germany:** After issuing a joint declaration on *The Third Way/Die Neue Mitte* with Blair in June 1999, Chancellor Gerhard Schroeder subsequently found himself slumping in the opinion polls and under pressure from the left wing of his party. He has barely referred to the Third Way since, and conflict over Iraq has severely strained relationships between the British Labour Party and the German Social Democratic Party.

- **Italy:** Third Way President Massimo D'Alema resigned in April 2000, and his social democratic successor, Giuliano Amato, showed substantially less interest in the topic. In June 2001, conservative Silvio Berlusconi won the Presidency.
- **Australia:** During the 1998-2001 term, Kim Beazley focused his energies during the 1998-2001 electoral term on attacking the GST, and presenting instead a small set of carefully costed policies. Such a strategy left little room for discussing political philosophy – effectively leaving the Third Way debate open for Latham. Since November 2001, the ALP's new leader, Simon Crean, has shown no apparent interest in the Third Way.

These electoral explanations go some of the way towards accounting for the decline of the Third Way. But they still leave us with the puzzle of why so many parties, when faced with electoral difficulties, turned away from the Third Way rather than towards it.

If one accepts that the theory of the Third Way was relevant to modern social democratic parties, then there are two possible reasons why it might have slipped from prominence in recent years. One is that it explained too much – and has now been accepted by the majority of social democratic parties in the developed world. The alternative is that it explained too little, and has declined because policymakers have realised that it does not provide guidance on the most difficult choices to be made in government.⁸

First, the more optimistic approach. One theory that might be put forward for the drop-off in Third Way citations and Third Way summits is that the theory has now dominated the field. In 1992, Francis Fukuyama contended that the success of liberal democracy had ensured that all serious political discussion would take place within its cultural horizons. Does the Third Way now define the horizons of serious political discussion within social democratic parties?

Perhaps the strongest evidence for such a proposition is the shift towards more market-oriented policies that took place in most OECD nations between 1980 and 2000.⁹ To this should be added the fact that few social democratic governments have retreated from globalisation to autarky in the face of strong protests from their citizenry. Large-scale demonstrations against international institutions such as the World Trade Organisation and the World Bank have resulted in greater transparency, but no major policy shifts.

Yet it is difficult to distinguish correlation from causation. Well before the advent of the Third Way, its core principles – transcending left and right, redefining equality, rediscovering liberalism, responsibility, community, globalisation and modernism – had gained widespread acceptance among centre-left policymakers in the developed world. In Britain, the most significant evolution of policy took place in the early-1990s, before Labour won office.¹⁰ In the US, President Clinton's mantra of "opportunity, responsibility, community" emerged from the 1995, 1996 and 1997 State of the Union addresses. In Australia, the fiercest debates over the Labor Party's shift towards more

market-driven policies took place in the late-1980s (and arguably helped influence policies elsewhere – particularly in the UK).¹¹

The mere fact that the Third Way arose in the late-1990s makes it difficult to see how it could have affected the move to the right by many social democratic parties over the previous two decades. Indeed, it seems more likely that the electoral success of conservative political parties in Britain, the US and Germany during the 1980s was a much more significant factor in a transition that had begun even before the collapse of Eastern European state socialism in 1989-90. But likewise, critics of the left are wrong to say that the Third Way has declined because of its rejection of their values. Most mainstream policymakers in social democratic parties today sit comfortably within the scope of the Third Way. Yet so would many conservative policymakers, and therein lies the rub.

For many policymakers, the very generality of the Third Way has meant that it does little to help them choose between competing proposals. As Ralf Dahrendorf (a predecessor of Giddens as Director of the London School of Economics) has argued, the Third Way is a politics that speaks of the need for hard choices but then avoids them by trying to please everybody.

Dahrendorf's critique is particularly apposite when applied to contemporary policy challenges. Take for example some of the toughest questions currently confronting the US Democrats: What level of immigration is appropriate for the US to accept? How can the quality of education for poor inner city children be improved? Are more curbs on civil liberties appropriate in order to increase chances of preventing future terrorist attacks? It is difficult to see how the broad nostrums of the Third Way provide guidance one way or another.

Likewise in Britain. How might the pensions system be reformed? Is reform of the health system likely to require inducing greater competition with the private health system? Should Britain adopt the Euro? While Anthony Giddens may have a view on some of these issues, there is nothing in his broad Third Way principles that answers the questions.

Finally, the same is true in Australia. Contentious debates within the Labor Party over recent years have included questions of whether trade sanctions are an effective tool to improve labour standards, how paid maternity leave might be implemented, to what extent welfare resources should be geographically targeted, and whether refugees should be detained. The Third Way offers little by way of guidance to those looking for the best solution. Indeed, while Latham (the strongest advocate for an Australian Third Way) has put forward a variety of policy initiatives in recent years – including banning trade in goods produced with child labour, providing tax incentives for first share purchases, and using the community sector to deliver employment services; one could well imagine Third Way counter-arguments to each of his proposals.

One reason that the Third Way provides so little guidance on such issues is that its very status as a political ideology is tenuous.¹² In his introduction to *Contemporary Political Ideologies*, Roger Eatwell defines a political ideology as:

“a relatively coherent set of empirical and normative beliefs and thought, focusing on the problems of human nature, the process of history, and socio-political arrangements. ... Political ideologies are essentially the product of collective thought. They are ‘ideal types’, not to be confused with specific movements, parties or regimes which may bear their name”¹³

Among bona fide political ideologies, Eatwell lists socialism, nationalism, liberalism and conservatism. Against these, he distinguishes propaganda (deliberate attempts to gain political influence), socialisation (the process by which values are transmitted), and culture (the value structure of a society).

While Eatwell does not deal with the Third Way in particular, there are three bases on which his definition could be used to suggest that it does not constitute a political ideology. First, it lacks coherence, due in part to the fact that it is often defined in opposition to other ideologies. Secondly, it is often defined around identification with particular political parties (eg. the British Labour Party), ginger groups (eg. the Democratic Leadership Council) or individuals (eg. Mark Latham). Thirdly, the Third Way verges on a form of culture, since it tends to centre around values such as responsibility, community, and modernism.

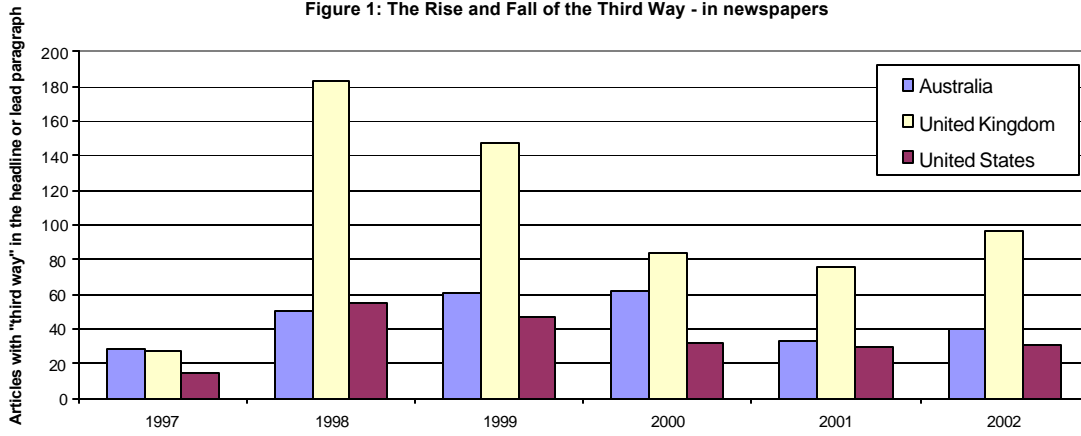
Third Way Out

Ultimately, while electoral exigencies have affected the fortunes of the Third Way, they are insufficient to explain its decline over recent years. And while Third Way adherents might like to claim that they have set the boundaries for serious political debate among social democrats, it seems at least as likely that the Third Way largely attached a label to changes that had taken place in the 1980s and 1990s.

The main reason the Third Way has diminished in relevance is its failure to provide sufficient guidance to policymakers on everyday policy challenges. The Third Way lacks the coherence of established ideologies such as liberalism and socialism. Indeed, it is even arguable that it does not amount to a political ideology at all.

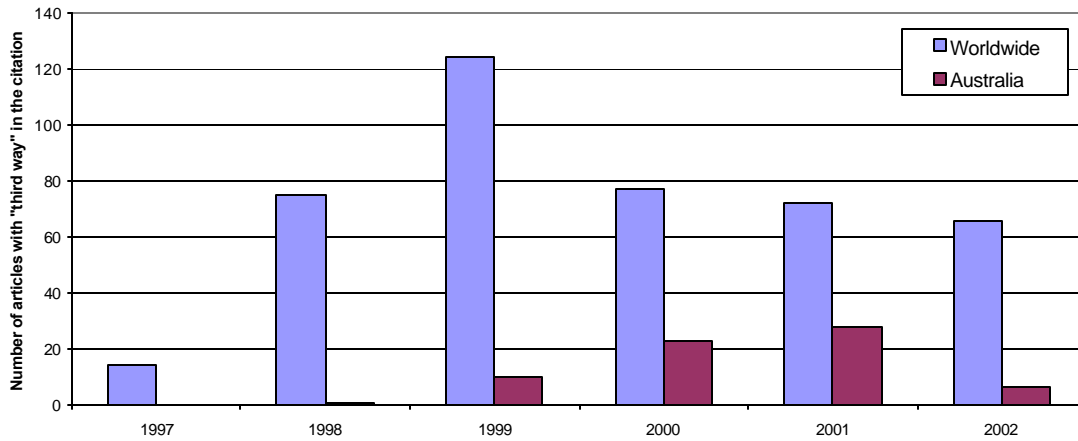
Over the past two decades, social democratic parties across the developed world have moved towards more market-oriented policies. The Third Way may be a useful way to describe this transition within social democracy; but it is much less useful as an ongoing strategy for parties of the mainstream left. As in the past, social democratic parties must develop new ideas or risk atrophy. But it is unlikely that the ideas which make up the Third Way will contribute much of substance to this process.

Figure 1: The Rise and Fall of the Third Way - in newspapers



Australia: Age, Australian, Australian Financial Review, Courier Mail, Sydney Morning Herald.
UK: Daily Telegraph, Financial Times, Guardian, Independent, Times
US: Boston Globe, New York Times, San Francisco Chronicle, USA Today, Washington Post
Source: LexisNexis

Figure 2: The Rise and Fall of the Third Way - in academic journals



Sources: Worldwide from LexisNexis; Australian from APAIS.

Endnotes

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¹ Though Giddens favours a notion of “reflexive modernism” – in which society’s social order is constantly revised: see Beck, U, Giddens, A and Lash, S. 1994. *Reflexive Modernisation*. Cambridge: Polity Press

² This sense of déjà vu from the mainstream ALP contrasted with the reception that the Third Way received from the right, with one commentator describing it as “highfalutin sentiment” (McGuinness, P. 1998.

“Strong leaning to pragmatic in Blair’s way”, *Sydney Morning Herald*. 12 November, 17), and the left, who dubbed it “Thatcherism with a new fig leaf” (Henning, C. 1998. “Thatcherism with a new fig leaf”. *Sydney Morning Herald*. 12 October, 17). At this point, I should confess to having been one of a minority who argued in 1998-99 that Australian policymakers should take more notice of the Third Way (Leigh, A. 1998. “Not left or right, but something in between”. *Canberra Times*. 26 October; Leigh, A. 1999. “Review of Anthony Giddens, ‘The Third Way: The Renewal of Social Democracy’”. *Australian Journal of Political Science*. 34(2): 295).

³ For example, Latham published a “Third Way” newspaper column for some time, and set up a personal website with the name www.thirdway-aust.com.

⁴ For Gallop’s views on the Third Way, see Gallop, G. 2001. “Is There a Third Way?” In P Nursey-Bray and C.L Bacchi, *Left Directions: Is there a Third Way?* Perth, WA: University of Western Australia Press. 32-41.

⁵ For a sampling of Latham’s views on the Third Way, see Latham, M. 2001. “Reinventing Collectivism: The New Social Democracy. Paper delivered at Third Way Conference, Centre for Applied Economic Research, University of New South Wales, Sydney, 12 July 2001; Latham, M. 2001. “The Third Way: An Outline” In A Giddens (ed) *The Global Third Way Debate*. Cambridge, UK: Polity Press. 25-35; Latham, M. 2001c. “In Defence of the Third Way” In P Nursey-Bray and C.L Bacchi, *Left Directions: Is there a Third Way?* Perth, WA: University of Western Australia Press. 21-31.

⁶ On future prospects for the Third Way in the US, see Judis, J. 2002. “Is the Third Way Finished?” *The American Prospect* 13(12).

⁷ For example, January 2000 saw Blair promise to raise British health expenditure to the European average by 2006.

⁸ Another strand of writing contends that the Third Way has been unsuccessful because it has failed to tackle the “hard questions” of the socialist left. See for example Newman, D and de Zoysa, R. 2001. *The Promise of the Third Way: Globalization and Social Justice*. Houndmills, Basingstoke, Hampshire; New York: Palgrave.

⁹ See Callaghan, J. 2000. *The Retreat of Social Democracy*. Manchester, UK: Manchester University Press; Piven, F.F. 1991. “The Decline of Labor Parties: An Overview” in Francis Fox Piven (ed). *Labor Parties in Postindustrial Societies*. Cambridge, UK: Polity Press. 1-19.

¹⁰ Labour leaders Neil Kinnock, John Smith and Tony Blair all worked to reduce the role of the left and “Militant Tendency” in the party during the late-1980s and early -1990s. This process culminated in Blair’s 1995 removal of Clause IV (which advocated “common ownership of the means of production, distribution and exchange”) from the Labour Party constitution.

¹¹ On debates within the ALP during the 1980s, see Jaensch, D. 1989. *The Hawke-Keating Hijack. The ALP in Transition*. Sydney: Allen and Unwin; Johnson, C. 1989. *The Labor Legacy: Curtin, Chifley, Whitlam, Hawke*. Sydney: Allen & Unwin; Maddox, G. 1989. *The Hawke Government and Labor Tradition*. Ringwood, Vic: Penguin. On the influence of Australian policies on the British Labour Party, see Pierson, C and Castles, F. 2002. “Australian Antecedents of the Third Way” *Political Studies*. 50: 683-702.

¹² I am grateful to Perri 6 for suggesting this approach.

¹³ Eatwell, R. 1999. “Introduction: What are Political Ideologies?” in R Eatwell and A Wright (eds) *Contemporary Political Ideologies*. 2nd ed. London & New York: Pinter. 1-22 at 17. On the definition of a political ideology, see also Vincent, A. 1995. *Modern Political Ideologies*. 2nd ed. Oxford, UK & Cambridge, USA: Blackwell. There is a significant debate in the literature on the extent to which ideologies need to be grounded in theory and practice: see Mannheim, K. 1936 [1929]. *Ideology and*

Utopia: An Introduction to the Sociology of Knowledge. London: Routledge and Kegan Paul; Oakeshott, M. 1967. *Rationalism in Politics*. London: Meuthen, 123-25; Freedon, M. 2000. "Practising Ideology and Ideological Practices". *Political Studies*. 8: 302-322.