The Third Way and New Liberalism:

Responding to Globalisation at the

Domestic/International Frontier

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Abstract

The self-identified intellectual currents known in Britain as New Liberalism and the Third Way can be seen as domestic political responses to two periods of 'globalisation' – understood here as a specific type of transformational change occasioned by simultaneous technological, economic, social and political shift. The resulting changes in perceptions of time, speed and distance alter political and popular understandings of relations between local, national and international, and between society, state and economy. It is also indicative of a shift in the development of the state; from the 'pre-modern' to the 'modern' in the first timeframe, and the 'modern' to a new stage that could be termed 'global' more recently.

New Liberalism and the Third Way were both developed as elite-led, domestic, synthesising political philosophies in the face of an electoral threat brought about by societal change and external economic challenge. These examples suggest that the current globalisation debate is flawed as it treats as a single phenomenon different aspects of change and fails to recognise the implications of the similarities between these two periods. There is no suggestion that there are only two periods of change only that systemic change is qualitatively different.

International Relations as an academic discipline is responding inadequately because of a reluctance to overcome the tendency to downplay links between domestic and international spheres and levels of state development.

By comparing these specific periods of transformation and their political ideologies in the British context, this thesis will explore the relationship between international and domestic political ideology at times of such change and suggest that the result is a specific kind of transitional politics born of both innovation and necessity.

Finally, while this kind of political engagement has been neglected by international relations, it may prove to be evidence of stages of development in the state.

For my parents –

a lifetime is not enough   .

Contents

Introduction

Questions

- What are the similarities and differences between the Third Way and its historical antecedent, New Liberalism, and does the Third Way's self-identification with New Liberalism withstand scrutiny?

- What are the deficiencies of the current globalisation debate?

- Does a new concept of 'systemic transformation' provide an explanation for these deficiencies?

- How do the deficiencies of the globalisation debate and ideas of systemic transformation impact the discipline of International Relations?

- Does the comparison of the Third Way and New Liberalism provide any guidance for the wider debates on globalisation and international relations?

Approach

1) The Third Way and its historical antecedent, New Liberalism, each provided a specific progressive ideological response as a counterweight, or stabilising domestic influence, after periods of laissez-faire or liberal economics. These shifts were caused by a confluence of change not only in the economic system, but in all areas of social, intellectual and economic life.

Domestically, the Third Way and New Liberalism were responses to social dislocation and perceived crises of state legitimacy driven by a massive shift in the overall environment. The consequences of, and reaction to, these periods required a political re-examination of the model of society, and the role of the individual and the state within that society. The domestic politics of these periods of convergence of change have similar features.

Generally, they both sought to provide a political narrative that explained the rapid change and to regain (apparent) control over the domestic space. Specifically, they:

- Set themselves out as a synthesis of political thought and promoted the pragmatic versus the ideological;

- Self-consciously reached out to others in the political process and were more 'porous' in their traditional boundaries in terms of party allegiance, etc.;

- Deemed themselves to be 'of the left' or 'progressive' forces and sought to include the agendas of a variety of single-issue or moral campaigns related to social justice;

And finally:

- Were international in their activity and proclaimed applicability, but arguably were brought to a close by the state's involvement in violent conflict.

2) The globalisation debate, as currently structured, is flawed for two reasons. First, it does not consistently appreciate the significance of the similarities between the current and previous periods. Second, it confuses change in a range of systems under a single descriptor. The term that Christopher Hill and David Bell use is 'logics'.[1] It is useful here in that the areas they outline of politics, military, economics are interconnected systems and enmeshed in such as way as to be impossible to privilege one over the other but create change through that interconnection. They are also crucially not in the direct control of the state.

It is argued that 'globalisation' understood as massive multi-level change is present in all 'logics' now but further that it was also apparent at the end of the nineteenth century. This suggests that globalisation, contrary to some commentators, is neither an inevitable function of the technology only available at the end of the twentieth century nor merely an extension of a continuing process.

3) Rather, that globalisation is not a single change but a phenomenon more accurately described as 'systemic transformation' along all these intertwined systems or 'logics'. While change is present in varying degrees at all times, these specific periods seem to have had a specific impact on domestic politics and ideology. Therefore to discuss those periods it is useful to see them as moments of transformation that occurring over several years but remain part of the same phenomenon – a kind of 'transformative moment' which happens at a point of transition in a state's development.

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[1] Hill, Christopher. *The Changing Politics of Foreign Policy*. Basingstoke, Hampshire: Palgrave Macmillan, 2003.

For example, in the first timeframe examined, the state shifted from the pre-modern to the modern while the more recent shift has been from the modern to what some have called the 'global age'.[2] As well as the change in a specific state – i.e. the UK – these changes had significant impact on other states as well as the system of states.

4) The globalisation debate highlights areas that are arguably under-theorised within the International Relations discipline. The IR discipline continues to find it difficult to deal with the domestic/international divide in at least three ways. Traditional International Relations theory tends to:

a) rely on a model of the state that is primarily ahistorical, which means it has limited ability to deal with different levels of development between states. By suggesting a 'timeless' template for the state, International Relations may miss underlying patterns of change, or stages of development in a state and thus the state system as a whole.

It should be noted that given its history and evolution as a state, the British notion of 'state' is different from many of its continental neighbours. This may influence its perception of itself and its reaction to such change;

b) continues to lean heavily on a domestic/international divide, focusing as it does on a particular version of states as primary and rational actors. It therefore has little capacity to explain state responses to events not directly under state control, e.g. social trends, cultural change, technological development, or shift of economic base;

c) deals with international theory and international politics in a highly segmented way making it difficult to understand actors involved at both domestic and international levels or understand the interplay between these spheres and may mask the fact that domestic concerns may be driving foreign state action.

5) A further area that is related but currently under-theorised is the idea that the state has stages of development[3] which influence its approach to development and its international actions. While this has been useful in some contexts, the process of a state's development from one stage to another has not yet been fully explored.

This investigation of the similarities between New Liberalism and the Third Way suggests that these periods of fundamental change precipitate a perceived crisis of state

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[2] Albrow, Martin. *The Global Age: State and Society Beyond Modernity*. Cambridge: Polity Press, 1996.
[3] Cooper, Robert. *The Breaking of Nations: Order and Chaos in the Twenty-First Century*. London: Atlantic Books, 2003. Dyson, Bobbitt and others.

legitimacy. Both of these British political philosophies have common features of approach and development as a result of a felt need for a re-examination of the role of the state. Also at both times, while international/economic factors were significant, they were equally matched by electoral positioning.

In terms of comparative international politics, as far as can be seen from this investigation, this pattern seems to hold true of other Western European states in both timeframes.

Argument

The argument posed here is that these political movements are similar because they are both responses to a specific type of simultaneous massive shift prompted by, but not limited to, technological innovation that alters the economics, social, cultural and political spheres. These domestic political movements in effect move the state to a new stage of development through a surge of change and reaction between the domestic and international arenas – arguably only possible at moments of such change. For example, the shift from an agrarian society to a manufacturing mass society was the result of the Industrial Revolution which produced an economic change but also altered personal, community and political life out of recognition. The second example is the current 'de-Industrial Revolution' amongst late modern industrial European states, which, while prompted by the increase in the professional and service-based economy and a shrinking of the working class, has also brought about a new kind of mass society evidenced in social, political and intellectual life.

In both examples, each change was significant in its own right, but it was the *proximity* of different *types* of change that fundamentally altered perceptions of speed, time and distance. It is this concurrence of change as well as its depth and breadth that alters the relationship between the individual, the state and society. Politically, the result is a 'porousness'[4] along what had been relatively clear borders both within and between states. Boundaries become more like 'frontiers'[5] in which definitions are more open.

Given the necessary leap of technology and information available at such moments, e.g. through newspapers and the internet, the individual is enabled to identify their

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[4] Rosenau, James N. *Along the Domestic-Foreign Frontier*. Cambridge: Cambridge University Press, 1997.
[5] Rosenau, ibid.; Ashley, Richard. 'Living on the Borderlines: Man, Post-structuralism and War' in Der Derian, James and Michael J. Shapiro. *International/Intertextual Relations: Postmodern Readings of World Politics*. Lexington, MA: Lexington Books, 1989.

connection to the wider world more directly as well as the (in)ability of the state to protect them from these forces. The idea of the role of the state is challenged by this new power of involvement and action from the electorate. Amongst political elites the ensuing domestic discontent creates a perception of general crisis – and often becomes focused around the legitimacy of the state.

This can be seen in the challenge to state-centrism by internationalist movements from within civil society present in both periods. The collectivist or socialist movements during the last decades of the nineteenth century, and the 'cosmopolitan' initiatives around global governance and civil society, democratic peace theory and even the anti-globalisation protestors in the twentieth century, offer an ideal of unity at a global level based on individuals rather than relying solely on relations between states.

The domestic political response to this change is a struggle to retain credibility in the face of the awareness of the erosion of a single state's ability to control the external forces that affect economic security. Inevitably, political theorists and politicians revise their notions of the individual and the state and their respective roles – though always mindful of electoral arithmetic. Political ideology, in turn, is changed both by domestic pressure and the international community of ideas. The result is a drive towards a political 'synthesis', often pragmatic in nature and decrying ideology, but illustrated by state leadership at both the domestic and international level.

When these two periods are compared, it becomes clear that change within all these systems or 'logics' forces actors at all levels – including states – to respond both domestically and internationally. It is also clear that both the New Liberalism in the early twentieth century and the current version of the Third Way are examples of such synthesising political ideologies dealing with this specific type of change. The politics of such periods becomes that of the 'frontier' as an elite within a political framework seek to create a synthesising political theory to encompass change while trying to control its impact – and limit its potential damage – to the basic reputation of the institutions and political parties and leaders running these institutions within the state. International upheaval begets domestic upheaval begets international upheaval.

Sovereignty is impacted by the ways in which states define their role vis-à-vis their citizens and vis-à-vis their fellow states. This complex interplay of the domestic and the international spheres ultimately shapes both 'faces' of the state.[6] States have always,

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[6] Halliday, Fred. *Rethinking International Relations*. Basingstoke, Hampshire: Palgrave, 1994. p. 84-85.

to a certain extent, been defined by each other but this current period of transition has consolidated the ideas of interdependence as the state (at least in the Western/developed world) has evolved. The ways in which the two faces of the state interact are now more transparent and exposed both to domestic politics and to its international counterpart.

Contribution

Politics on both the international and domestic levels, tends to be a constant process of 'satisficing', or incremental change, which does not require or encourage fundamental shifts of core beliefs. However, there are some periods of particularly dramatic and simultaneous change that require both new political theories on the domestic level and, often, new institutions on the international level.

In the study of International Relations there has been a considerable interest and discussion around the specific concept of a 'frontier' between the domestic and international areas of politics. This involves relations between and amongst states and their leaders. However, there is, as yet, little consensus around these types of discussion. International Relations retains at least a residual attachment to issues such as levels-of-analysis and theories of the state that effectively limit other actors. As a consequence this area of overlap remains under-theorised and, as Halliday suggests, IR still needs to move further towards a more holistic approach which can embrace both the domestic and the international faces of the state in a more coherent way.

The specific tools may still be some way off, but the UK is a useful starting point given its clear links to other debates across Europe as well as to the US at both periods of time. However, there are some issues specific to the British context that should be borne in mind. The development of its perceptions of the two 'faces' of the state – domestic and foreign – has been different in the UK than in the rest of Europe. Also, the self-perception of the role of the UK in international affairs has potentially shaped its response to such transformations of the system. For example, at the end of the nineteenth century the UK was the dominant power. The wider environment gradually forced the UK to recognise that it could not change the rest of the world but that its own policies would have to be altered. At the end of the twentieth century Britain projects itself not as a dominant power, but one with significant influence, and is once again attempting to lead other states through its assertion of intellectual leadership as seen in the Third Way project (see Chapter Eleven).

Ultimately, both of these identified periods of 'systemic transformation' had a profound impact on political ideology as well as on the domestic and foreign policies of the governments of the day. This would suggest there is some merit in this comparison if only to explore the relationship between the international and the domestic in terms of ideology and the idea that particular periods are 'more open' to change.[7]

Despite the issues particular to the UK, this examination is also useful in two general ways and potentially in a predictive sense. First, an examination of these two examples of political theories evolving out of 'porous' periods may go some distance towards a better understanding of the impact of globalisation or the 'international' on domestic political theory. Second, this process may begin to develop the tools necessary to examine political systems at both the domestic and international levels where states operate simultaneously.

Finally, this process may also enable us to make some predictive statements regarding the Third Way. If the comparison of the Third Way with New Liberalism in this globalising context is correct, we would expect that, as transitional approaches, the Third Way, like New Liberalism, would begin to lose its relevance. In other words, it would be expected that this latest attempt at a new synthesis will be eroded and finally washed away as the new frame becomes clearer and by domestic *realpolitik* as categories harden and the political environment becomes less 'porous'. It remains an open question as to whether or not violent conflict is a primary factor in the closing down of these opportunities for 'frontier politics'.

The Third Way and New Liberalism: Responding to globalisation at the domestic/international 'frontier'

By the time of the 1997 general election the British Labour Party had been out of power for eighteen years. Domestic and global events had forced the party to change its approach and its policies, and in the process of that change 'New Labour' and the 'Third Way' were self-consciously created, essentially from the three original strands of socialist/collectivist thought in the UK. A century earlier, the Liberal Party had faced similar global and domestic challenges. This led to a fundamental change in approach and policy, termed New Liberalism. In both periods, the dominant political

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[7] Hill, *The Changing Politics of Foreign Policy*.

ideas that had shaped the party's ideology and political theory seemed to lose their appeal as new information and ideas entered the political debate.

From the outset, the Third Way recognised and celebrated New Liberalism as part of its heritage. Tony Blair in particular, even before he became Prime Minister, recognised this group of turn-of-the-century intellectuals as part of his self-proclaimed 'new politics'. Having identified himself with 'progressive' forces, Blair sought to attach his party and the Third Way to an ideological past. This link to a time perceived in Labour Party and socialist terms as important to its tradition was a significant internal 'positional attitude'. Blair needed to deflect socialist criticism and strengthen his support amongst moderate Labour supporters. He also sought to broaden his appeal to the electorate, including middle-class Liberals. He thus identified New Liberals and the radical liberal tradition as historical connectors to both liberal and collectivist ancestries that would open his options with these voters.

However, it was also a point of departure. Blair specifically argued that the split in the historical coalition of the left effectively crippled progressive politics for a century. He sought a form of reconciliation to reunite the progressive forces but also to facilitate a continuing Labour victory in the same way Conservatives had gained advantage from its division. This duality of purpose as both ideological advance and electoral advantage was a strong theme of both New Liberalism and the Third Way.

Given that such a comparison was not sustained as a part of the Third Way formulation, this self-identification could be seen as a rhetorical flourish rather than a statement of ideological faith. Certainly, neither Blair nor the Labour Party ever suggested a fully fledged comparison between the two. That did not stop some commentators[8] from pursuing the idea of a comparison – and generally concluding that the Third Way was a pale imitation of New Liberalism.

Whatever Blair's intentions, it remains true that the similarities between the Third Way and New Liberalism are strong on a number of levels. The political implications of such a comparison stand as a matter of domestic interest but here the comparison is used as domestic evidence of a wider societal shift at specific times. It is argued that through this comparison it is possible to explore a number of problems in both the current globalisation debate and discussions within the International Relations discipline.

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[8] Ryan, Freeden, Plant and others.

The Third Way

The Third Way was fashioned by a small group within, and linked to, the Labour Party and known as 'modernisers'. They felt that the collapse of Communism and globalisation had to be reflected in domestic political ideological terms because these changes had fundamentally altered the role of the state, the individual and the communities in which individuals operated. Further, that the de-industrialisation of western economies and technological advances had produced social change through a compression of time and distance. Some considered the result to be a crisis of the welfare state. Combined with electoral defeat, these external changes presented a perceived imperative for radical change that had not previously been possible. Against strong opposition from a range of internal groups, the modernisers pursued what they called a 'renewal of social democracy' to deal with this domestic crisis, framed by what they argued were the consequences of globalisation.

The domestic leadership of the group was limited but included advisers such as Anthony Giddens and Peter Mandelson. Their ideas were deployed by Tony Blair, of course, as well as Robin Cook and Clare Short given their areas of responsibility in Blair's first cabinet.

The Third Way starting point was essentially that the 'new economy' was destroying the heavily unionised manufacturing industries; the traditional working class was shrinking and union membership declining. Historically these groups had been the core of both Labour Party activism and financial support. Despite charges of betrayal, the leadership attempted to expand the Party's appeal to the growing service industries and the non-unionised professional class. 'Old' socialist ideas of the dominant and interventionist state were declared unworkable. Technology had also created a new form of mass society as cable/satellite and digital television and the internet, available around the clock, created new demands on political transparency and information.

This approach cleared the way for a smaller state that 'enabled' its citizens rather than supporting them. The goal of government, in their own words, was to 'steer, not row' – language that, to many traditional Labour voters, was tantamount to abandoning the Labour core. This radical departure from their traditional support network was deemed necessary to improve their electoral fortunes.

While deployed by a political elite for tactical purposes, the Third Way was far from exclusive in terms of inspiration or those it considered part of their 'new politics'. Thinkers, academics, commentators, and leaders from many fields, both at home and

abroad – including other politicians – were actively consulted. These included people such as Amitai Etzioni, an American communitarian academic, Will Hutton, a prominent economic journalist and Paddy Ashdown, Leader of the Liberal Democrats. Many of their ideas were incorporated into the new framework.

As well as intellectual and political ideas, the Third Way sought to create a Europe-wide movement for the renewal of social democracy. A combination of what was perceived as the collapse of state socialism in 1989 and political failure by a number of European socialist parties (in the broadest sense) prompted a rethink of public services, welfare and employment. The Third Way sought to bring those efforts together as part of a new internationalism, or a new form of 'international community'.

The Third Way represented a practical political strategy for managing the wider crisis in state legitimacy by actively engaging along the frontier with other like-minded 'progressive' governments to deal with the challenges of current global dynamics. It served as a national reassertion of state power and sovereignty but also formed a core part of both election strategy and political manoeuvre – simultaneously a political ideology and an electoral tactic.

It may be true that each step was not planned in advance, but there was a clear sense that the destination was always electoral victory. International and domestic opportunism was evident, but always in combination with careful stage management.

New Liberalism

One hundred years previously, New Liberals found themselves in much the same position as the Labour Party. Though the Liberal Party was in and out of government during the period under discussion, its power was clearly being undermined by the expanding franchise as working-class voters joined the political debate. The rising activism of this new voting block can be explained, at least in part, by the social deprivation being 'discovered' by the developing social sciences. The Liberal Party, like the contemporary Labour Party, was also contending with internal disputes, caused, to a large extent, by a confused ideological response to these external changes. The Liberals were also dealing with a new force in politics, namely the disparate groups that were to become the Labour Party.

Like the Third Way, New Liberalism was developed by a relatively small group of primarily middle-class commentators. Many were influenced by thinking at Oxford,

the new physical and social sciences, and political 'think tanks' such as the Fabian Society and the Rainbow Circle. Although not within the party leadership, this group managed to move the political debate away from the dominant Manchester School and towards a synthesising, inclusive or organic social approach. Those named by Blair as 'forefathers' included J.A. Hobson and L.T. Hobhouse, who will be examined further in Chapter Seven.

International influences

Unlike the modern Labour Party, which actively sought support and discussion of the Third Way in other countries, the New Liberals were internationalist but not particularly international in their contacts. This may be due to the fact that Britain was at the height of its economic power or, specifically, that the Liberal Party was, for much of this period, in government and therefore involved in the international arena as participants in foreign affairs rather than discussion groups. However, there is ample evidence to suggest that Britain was increasingly influenced by ideas from abroad, particularly as German economic power and intellectual influence began to rise.

This is in contrast to the early socialists, who were active in the philosophical debates in both the US and on the continent. Crucially, the overlapping memberships and debates within these small groups, and the fact that London hosted a large range of international groups and individuals, ensured that the political debate amongst Liberal as well as Labour supporters ranged across the international as well as domestic issues.

Both of these transitional phases followed periods of rapid expansion of free trade and laissez-faire economics, or 'globalisation'. This step-change in the overall capitalist model attended changes in scientific, intellectual, social and political life that were related to, but not contingent upon, that economic change. These simultaneous changes led to a compression of speed, distance and time and created a shift in the overall framework of the society in which they operated. The domestic political reactions of New Liberalism and the Third Way to this expansion were also similar in that they were both followed by a closing of international trade and violent conflict.

So, just as the processes of industrialisation and emergent globalisation moved the state from the 'pre-modern' to the 'modern' in the first timeframe, so, too, de-industrialisation and the current globalisation debate has moved the 'modern' state to the next stage in recent times. States and, specifically the leadership of states, in the

form of political elites, respond in very similar ways to such changes or 'systemic transformation'.

For the UK in particular, this convergence of change has been most obvious at two specific points. The first point is the end of the nineteenth century, between 1880 and the First World War, as technology and the development of the social sciences which led to the creation of New Liberalism. This period concludes with the war. The second point is the end of the twentieth century – the mid-1980s to the current day – or the 'de-industrial revolution'. Again, technology and new discoveries in both the social and physical sciences combined with the rising agency of organised stakeholders and global audiences created the environment for the Third Way. Arguably, this period concluded with the most recent conflict in the Middle East.

Together, they represent domestic political responses to a perceived crisis of legitimacy in both the domestic and international arenas fundamentally outside the state's direct control. Domestically, they were political narratives designed for electoral advantage in the face of demographic, philosophical, and cultural change. Internationally, they were designed to support, and where necessary to re-define, sovereignty and the state system. In effect, New Liberalism and the Third Way provide what we might view as domestic evidence of these wider changes in the system.

The globalisation debate

Looking beyond the domestic political discussion, this comparison has implications for at least two other debates.

The first is the current globalisation debate. A vast literature has been created by this discussion and counter-discussion. The reality, chronology, pattern and impact of globalisation have all been covered in depth – with no consensus. The only agreed point would seem to be the obvious, which is that globalisation covers every area and discipline as well as every aspect of politics, business and social life. However, perhaps this debate, though wide-ranging, has not fully grasped the implication of its argument.

'Global-isation' has come to mean a range of other '-isations' simultaneously, including internationalisation, liberalisation, universalisation, westernisation,

modernisation, deterritorialisation,[9] Brazilianisation,[10] flexibilisation[11] and so on. However, if we suggest instead that globalisation is, in fact, not one type of change but a range of change then we are, in effect, arguing for this convergence of change or 'systemic transformation'. Thus lifting the globalisation debate out of its current confines reconciles at least some of the tensions within the debate. Globalisation becomes not wholly new or unique, but the result of a wider transformation of society, representing a new stage of development in the state.

The second area is related to the first, in that the impact of the globalisation debate is necessarily relevant to International Relations and particularly its view of the state and the domestic/international divide.

The divide between domestic and international politics is not, as often theorised, a set or permanent feature of the international landscape. It is, instead, a 'frontier'[12] that has always been 'porous', but is particularly so at moments of 'epochal transformation'[13] or, as termed here, at points of 'systemic transformation'. There are times at which developments in disparate areas come together to force a massive shift in the basic relationship between the individual citizen and the institutions that govern their lives such as those of the economy, the state or culture. These moments then create opportunities or openings for political engagement by a range of actors at a variety of levels and thus, for renegotiation of the overall international/domestic boundary. At such moments, domestic state politics and political ideologies are of crucial importance as they both drive and respond to changes in the international system.

This comparison exposes the dilemma that exists for the segmentation that exists in International Relations in its general 'disconnect' between international relations and international politics.[14] 'Politics' is deemed to be what happens inside countries and the study of politics is the study of the day-to-day struggle by political parties for control of the levers of power of national government. In a separate area is the study of the state and the theory of the international system of states. It is as if politics and politicians are at one end while theories of sovereignty and state development are al the other and are not well connected.

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[9] Schölte, Jan Aart. *Globalisation: A Critical Introduction*. London: Macmillan, 2000.

[10] Munck, Ronaldo. *Globalisation and Labour: The New 'Great Transformation'*. London: Zed Books, 2000.

[11] Young in Munck, ibid.

[12] Ashley, 'Living on the Borderlines: Man, Post-structuralism and War'; Rosenau, *Along the Domestic-Foreign Frontier*.

[13] Rosenau, ibid.

[14] Halliday, Fred. *Rethinking International Relations*; Hill, *The Changing Politics of Foreign Policy*.

This could also be seen as a continuum from the domestic to the foreign.[15] Whatever the proposed range, the 'practical' more or less equals the domestic while the 'theoretical' is applied to the international. Even for those practitioners and theorists within International Relations who attempt to investigate the issues around interdependence or transnationalism, this kind of approach presents a very real challenge to understanding the links between theory and practice.

For these various subjects to be considered discrete topics, divisions must be drawn. For International Relations the divide between the domestic and international spheres has been fundamental. The existence of such a boundary is a foundation upon which interpretations of other crucial features: sovereignty of the nation-state, power and legitimacy, are built. Without that starting point, the system becomes more difficult to comprehend or even to discuss with any clarity.[16]

This firm division between day-to-day politics and political ideology on the one hand, and political theory and international relations on the other, is important to the comparison of these two periods because such categories can obscure patterns that might exist from a wider perspective. Despite a legacy of thinkers who have done considerable work across such boundaries, the fragmentation of knowledge by category, discipline and political identity has become the norm. Ultimately this more narrow approach, while helpful for specific questions, has damaged the ability to see the whole: person, state, or international society.

This has not always been the case. Disciplines are convenient (and recent) categories. There have been periods when discussions on the links between practice and theory amongst what would today be considered disparate fields, were commonplace. Boundaries, and their absence, are an important element of this discussion, because the task of analysing integrative systems of thought, such as New Liberalism and the Third Way, becomes more difficult as they cross a number of these intellectual fences.

Ongoing debates around globalisation, conflict, etc., may be helping to shift this debate. There is a sense that state power has, in some form, been eroded. The distinctiveness of both the international and domestic spheres has been affected. Attention is focusing not only on an erosion of state power, an idea which is not new, but on access to global information flows. These flows seem to limit state power in a different way and make it more difficult for states to satisfy their citizens. The

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[15] Hill, ibid., p. 38.
[16] Hill, ibid; Clark, Ian. *Globalisation and International Relations Theory*. Oxford: Oxford University Press, 1999.

resulting populist backlash results in state resistance to external constraints and a reassertion of domestic primacy.

This debate suggests that the international/domestic may have always been 'porous' than the International Relations frame of discussion. Though conversely, there may also be moments when the international boundaries are very firm, e.g. in situations of immediate danger such as war, when ultimate control is possible and a heightened sense of loyalty is paramount.

These developments in international politics are opening new avenues for the study of International Relations. Issues such as international law, global governance and humanitarian and security concerns are gaining popular strength, giving them currency in the domestic political arena. This puts the state under pressure, as an increasingly inquiring electorate is making demands for domestic transparency on issues formerly considered remote. Uncertainty and the speed of change has concerned an electorate looking for protection against the outside world economically as well as militarily and created a crisis of legitimacy.

This raises new questions surrounding the domestic/international divide. If the state is losing power, or its ability to be the guarantor of security of all kinds, then what is the state's claim to legitimacy? What is the basis of its power either internally or externally? How do competing domestic political actors reconcile these external issues with their constant need to gain and retain power? Can states alter themselves – as they have in the past – to regain their position?

States are constantly engaged along the international/domestic divide – as years of scholarship and study of interdependence, international organisations and comparative politics will attest. However, perhaps it is possible that at these times of fundamental change, the system allows for borders to become more porous. There seems to be a dynamic that creates the circumstances in which new international settlements are not only possible but are born within domestic political ideologies, then negotiated into being by states, for states, thus producing effectively a new international system.

Borders have become not so much a 'clear bright line' as a 'frontier' with changing dynamics and areas that are obscured by other activities, and actors that change in number and orientation.[17]

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[17] Rosenau, *Along the Domestic-Foreign Frontier.*

Methodology

This thesis is essentially a case study of New Liberalism and the Third Way as domestic political responses to systemic transformation. However, to understand them as illustrations first requires an understanding of the context of the debate in terms of both issues around globalisation, International Relations discipline and a notion of systemic transformation.

Therefore, before proceeding to the case studies, the ongoing globalisation debate will be set out to better understand its weaknesses. This debate underestimates the depth and range of the current transformation and therefore also misinterprets its similarities to other periods of change.

The globalisation debate will then be placed in the more specific context of International Relations to highlight the challenges within the discipline to developing an understanding of the links between the domestic and international spheres as well as the development of the state system as a whole. A particular examination of the concept of the state within the UK will also be useful in determining the future applicability of this argument to other states.

This will be followed by a comparison of New Liberalism and the Third Way in terms of their historical context and specifically what will be called their 'positional attitudes' and 'defining features' as synthesising political philosophies. This will include a brief overview of some of the key ideas and thinkers who fed into the development of both approaches as well as a more detailed examination of the key concepts developed by New Liberalism and the Third Way.

It is emphatically not the suggestion of this work that there have not been other periods of important change. The argument here is simply that there have been two periods identifiable as 'globalisation' with the features necessary for systemic change in the UK. The two transformations under consideration here first moved the state from a pre-modern stage of development to the modern and, more recently from the modern to what could be called a 'global' stage of development – though there is no consensus what this stage should be called.

By comparing these two specific periods and the political ideologies that emerged, this thesis will explore the relationship between international relations and domestic political ideology at times of fundamental change. Further, it will argue that the result of such international engagement from domestic politics by states is a specific kind of

transitional politics and its 'porousness' is born of necessity but also allows for political innovation. Thus, this politics of the 'frontier' could be seen as evidence of the stages of transition in the development of the state and of the state system.

Chapter 1

Globalisation – or global age?

From its humble beginnings as a word that simply implied the whole world – a usage which, interestingly, first came into use in 1890[18] – the term 'global' became a 'new grand narrative of the social sciences', according to Paul Hirst and Grahame Thompson.[19] Globalisation was, in the words of Anthony Giddens, 'suddenly everywhere'. Though 'globalisation' as an everyday term was relatively new, many of the currents within globalisation as a phenomenon were as old as the original term.

In the British context, globalisation crossed the bridge between academic discussion and popular culture via political debate in the mid-1990s. Giddens, the then Director of the London School of Economics and key Third Way adviser to Blair (even before he became Prime Minister), played a very large role. The globalisation debate was initiated in the academic world but much of that work went largely unnoticed outside that arena. It was the surrounding political debate and the role that globalisation played as an imperative of New Labour policy that helped to shape the concept and bring it to national and international attention. This is evidenced by the sheer weight of coverage globalisation received through the late 1990s, together with the Third Way (see further in Chapters Ten and Twelve).

The focus here is not the globalisation debate specifically, or even its various phases of development, but the frame of that debate and particularly the way it portrays certain features. Which has made it difficult to recognise 'globalisation' for what it is: a combination of change in every aspect of society such that it becomes something more fundamental – a period of 'systemic transformation'. Because this wider perspective is not ventured, it also becomes impossible to examine potential commonalities between this period of transformation and similar moments of change.

The origins of this debate are long past, but it is useful to briefly rehearse the early arguments for two reasons. First, the debate served as the point of departure for Giddens and others in the related political debate. Second, it demonstrates the difficulties of the usual conclusions and how the process of political popularisation served to compound the difficulties of the academic world in identifying a pattern affecting the whole of the system.

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[18] Schölte, *Globalisation, A critical Introduction*, p. 43.
[19] Hirst, Paul and Grahame Thompson. *Globalisation in Question*. Cambridge: Polity Press, 1996, p. 13.

The burgeoning of this debate led various academics to attempt to frame the unwieldy field. David Held, who was also involved in the development of the Third Way and later joined Giddens at the London School of Economics, is therefore both useful and relevant in this context. Together with others, he helped shape the 'camps' of globalisation thinking. More directly to the point of this discussion, it is also important to examine the way in which Giddens, in his academic (rather than his political) role viewed globalisation.

However, the core of the discussion will be the way in which the current globalisation debate conflates different processes to such an extent that overall patterns of state development and change have been obscured; further, that the real significance of 'globalisation' is as an indicator of transition or transformation from one period of a state's development to another – historically from the 'pre-modern' to the 'modern', and currently from the 'modern' to the 'global' frame.

De-industrialisation as globalisation?

The current globalisation debate began to take shape in the early 1990s. The crises of the 1960s and '70s in terms of state control of domestic economies forced politicians to look for alternative explanations. As Martin Wolf argues:

> The stagflation of the 1970s discredited naïve Keynesianism; the return of inflation discredited the view that monetary policy does not matter; the failure of nationalised industries discredited state ownership; the revolt of organised labour discredited wage controls; the distortions evident in the economy discredited price controls; the superior performance of outward-oriented, market-friendly developing countries ... and the equally evident relative failure of the inward-looking colossi of China and India discredited self-sufficiency; the high inflation and external-debt-cum-fiscal crises of Latin America discredited populism; and, most important of all, the weakening and collapse of Soviet state-socialism, discredited faith in allegedly rational central planning.[20]

He goes on to suggest that it was 'pragmatism in response to experience' rather than political ideology that motivated leaders from a wide range of countries to begin to look for other methods to promote trade and investment in their countries and shore up their economies. Thus, a period of economic liberalisation in the 1980s and '90s sparked a debate on its implications.

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[20] Wolf, Martin. *Why Globalisation Works: The Case for the Global Market Economy.* Yale: Yale University Press, 2004, p. 133.

In the UK, liberalisation was a specific part of the Conservative programme of Margaret Thatcher, Prime Minister at the time. However, this approach was not limited to the right of the political spectrum. Other European states (including socialist and social democratic governments) had identified the underlying economic shift and responded, often reluctantly, by reaching out to the global marketplace. This will be discussed in Chapter Twelve.

For these states this meant a shift from economies based on manufacturing to service and professional industries. Thus, a process of 'de-industrialisation' transformed the world of work. For the employer the issues were about competition or even industrial survival. For the worker, their lives as employees as well as the lives of their families were being forced to adapt. Technological developments and social trends had altered both private and public life beyond recognition.

Specifically, white- and blue-collar, semi- and unskilled workers were losing their jobs as western economies moved away from manufactured goods and commodities and towards services. It has been estimated that in the EU over 75 per cent of the labour force is currently working in knowledge-producing or service industries and that employment in manufacturing is as low as 16 per cent and dropping – down from 42 per cent thirty years ago.[21] Trade-union membership was losing its importance while single-issue campaign groups gained more members than political parties. Just as science and technological developments changed the individual's relationship to their world from agrarian to the industrial, the western economies were moving from production to post-industrial employment.[22]

This led to speculation as to the role of the state. The fact that this economy was service-based had a deep impact. As Ruggie argued, service-led economies tended to become 'disembedded'[23] – as the economic goods of the country became less concrete, it moves towards a system of 'networks' as the 'core forms in the organisation of production and exchange'.[24] Thus, he argued, the state effectively has fewer levers in terms of its policy-making.

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[21] Giddens, Anthony. 'Challenge of Renewal' *Progressive Politics* Vol 1.1, 2001, p. 37, and Giddens, Anthony. *The Progressive Manifesto.* Cambridge: Polity Press, 2003, p 2.
[22] Cooper, Robert. *The Post-Modern State and the World Order.* London: Demos, 1996.
[23] Ruggie, John. 'At Home Abroad, Abroad at Home: International Liberalisation and Domestic Stability in the New World Economy', *Millennium: Journal of International Studies,* 1994, Vol. 24, No. 3, 507–26.
[24] Ibid.

The state was also constrained by the notion that this trend seemed to make the boundary between the international and domestic less defined. A 'fuzziness' was arguably undermining the agency of states as global organisations and other non-governmental bodies seemed to gain power in the international system. Both David Marquand and John Gray point to this idea as they argue that even if larger states could withstand the power of the 'gales of intensifying competition and accelerating change',[25] their ability to deliver had been curtailed. Politically, Gray points out the irony for social democracy as there seemed to be a European 'consensus' just at the moment the traditional class base was being eroded and the 'political vehicle' of the state was being 'marginalised'.[26]

Martin Marcussen argued to the International Studies Association in *Globalisation: A Third Way that Travels World-Wide*:

> By the end of the 1990s, social democratic leaders world-wide have been referring to unspecified processes of globalisation when undertaking unpopular domestic reforms of organisations structures and policies ... Globalisation as discourse is nothing new in itself. In earlier stages, political elites of all ideological origins talked about internationalisation, external pressure and interdependencies ... the new thing is the amazing uniformity in which and the increasing frequency with which globalisation is being used in the domestic politics discourse. More often than not, globalisation is an integrated part of the ideological vocabulary of any social democratic leader ... Most social democratic leaders today actually wish to liberalise the economy, but in the public discourse they seem to prefer to scapegoat processes of globalisation ... rather than admitting that their political priorities at the end of the '90s are in line with the priorities of previous conservative leaders ... The globalisation discourse is disconnected from the reality out there and serving as an explanatory category for organisational reform, economic restructuring, administrative change, international cooperation and regional integration.[27]

Marcussen made the point in the rest of his presentation that while many states point to the process of globalisation, in fact they differ as to what constitutes the process. Michel Albert in *Capitalism Against Capitalism* captures this point well when he argues there are two types of capitalism: the Rhine model and the neo-American model.

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[25] Marquand in Radice, Giles., ed. *What Needs to Change: New Visions for Britain*. London: Harper Collins, 1996.

[26] Gray, John. 'After Social Democracy' in Mulgan, Geoff, ed. *Life After Politics*. London: Fontana Press, 1997.

[27] Marcussen, Martin. *Globalisation: A Third Way Gospel that Travels World Wide*. Columbia International Affairs Online. 31 July 2003, pp 1–3.

The first 'presupposes different financial structures and social controls ... its characteristic features combine to produce a stable, yet dynamic system'[28] while the neo-American model 'is based on individual success and short-term financial gain'.[29]

Albert suggests that France is 'at the crossroads' between these models but argues forcibly that it, and all of Europe, should reject the neo-American model in favour of the strong state offering of the Rhine model. This difference of opinion on the subtleties of the versions of capitalism is important in that it also relates to these states' perspectives on globalisation. While Blair actively promoted the Third Way at home and abroad, and various socialist leaders joined the debate, it was still clear they started from different views of globalisation and the state. France, for example, did not view it as an opportunity but a threat and, similarly, viewed the Third Way with equal suspicion. As Albert again comments, 'financial globalisation is the principal means by which the ultra-liberal model is disseminated throughout the world ... the neo-American model has thus managed to infiltrate its Rhine counterpart by means of a Trojan horse filled with financiers and brokers'.[30] This will be discussed further in Chapter Eleven.

Radical or 'business-school' globalisation

This infiltration is well illustrated by the 'business-school' approach[31] or 'radical' view of globalisation[32] is relatively straightforward. Kenichi Ohmae and others argued basically for a 'borderless world' in which globalisation 'encompasses all realms':

> Economically, the world increasingly approximates a single global economy ... Politically, the nation state is conceived of as less sovereign and increasingly anachronistic ... Culturally it is posited that the world is becoming increasingly homogenous, as more and more people draw on the same set of symbolic references to derive meaning.[33]

Despite the premise of this approach that globalisation involves all areas, the tendency was to focus on economic structures. For example, a core part of the argument was that the post-war economy could be divided into two. Before the problems of the

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[28] Albert, Michel. *Capitalism Against Capitalism*. London: Whurr Publishers, 1993, p. 100.
[29] Ibid p 18
[30] Ibid p 190
[31] Watson, Matthew and Colin Hay. 'The discourse of globalisation and the logic of no alternative: rendering the contingent necessary in the political economy of New Labour'. *Policy & Politics* Vol 31 No. 3 289–305. The Policy Press, 2003.
[32] Giddens, Anthony *The Reith Lectures 1999*. BBC Online Network. 11 May 1999
[33] White, Christopher. *The Function, Significance and Limitations of 'Globalisation' in the New Labour Discourse*. Unpublished Thesis submitted to the LSE. 2003, p. 76.

1970s, relatively closed economies made it possible for states to have more control over their economies. However, after that point, the global economy had effectively overcome the nation state; transnational corporations were creating supranational forces that were beyond state control or influence as they would take their business elsewhere if states were not compliant. Any state attempting to alter these flows would be punished by the market.

It was also argued that this was both a new phenomenon and an inevitable result of technological development in terms of what was produced within countries and the ability of companies to take a wide perspective through communication and instant action through new market technology. The argument was essentially technology-driven and analysed through a dominant economic lens.[34]

The sceptics

The radical approach was rebutted by a variety of writers. Paul Hirst and Grahame Thompson in *Globalisation in Question* were at the forefront of what became known as the 'sceptic' view. They pronounced globalisation thus portrayed was a myth.

In its most basic form, the sceptics' argument was that the death of the state was much exaggerated. They took as their starting point what they felt to be the flawed logic of the radical approach that the expansion of the global economy rendered the state unable to act in its defence. They countered this did not reflect real investment flows; and further, the G3's ability – the triad of the US, Europe and Japan – to influence general traffic of trade.[35] They also accused this perspective of having little grasp of history and its 'tendency to portray current change as both unique and without precedent and firmly set to persist long into the future'.[36]

The sceptics are often portrayed, particularly by Giddens, as suggesting that the state retains control and that, in effect, nothing has changed. However, Hirst and Thompson at least among the sceptics clearly recognise that the state has changed but that 'nation states are thus not declining in power per se. States now have radically different governance capacities and face different constraints.'[37] They also argue that

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[34] White, ibid; Watson and Hay, 'The discourse of globalisation'
[35] White, ibid; Hirst and Thompson, *Globalisation in Question*; Hirst in Gamble, Andrew and Tony Wright, eds. *The New Social Democracy*. Oxford: Blackwell Publishers, 1999.
[36] Hirst and Thompson, ibid, p. 2.
[37] Hirst in Gamble and Wright, *The New Social Democracy*, p. 84.

this period of change is no greater than other periods, specifically, that of the end of the nineteenth century and the initial creation of developed markets in the aftermath of the Industrial Revolution. They conclude that globalisation is part of a longer process and neither unique nor overwhelming.

'Strong state' globalisation?

Before returning to the chronological flow of the globalisation debate, there is a slightly different perspective that is worth noting. It seems to come from a business approach but without lionising the borderless economy. As far back as 1990 Michael Porter in *The Competitive Advantage of Nations*[38] reported on a ten-country study of competitiveness. His background at the Harvard Business School was in business advantage, but this study was investigating national strategies for competitiveness. As an adviser to President Reagan, it might be assumed the prescription would be a smaller state and market liberalisation. Instead, Porter argued that while globalisation 'decouples the firm from the factor endowment of a single nation':

> Competitive advantage is created and sustained through a highly localised
> process. Differences in national economic structures, values, cultures and
> institutions, and histories contribute profoundly to competitive success.
> The role of the home nation seems to be as strong as or stronger than
> ever. While globalisation of competition might appear to make the nation
> less important, instead it seems to make it more so.[39]

This perspective is similar to the next wave of the globalisation debate. Martin Wolf, the chief economics commentator and associate editor of the *Financial Times*, in his recent book, *Why Globalisation Works*, highlights a particular problem within the debate. From the point of view of the general terms of the debate, Wolf's approach is paradoxical. He agrees with much of what Hirst and Thompson have to say as to the overstatement of the radicals, but rather than being a 'sceptic' or a rampant neo-liberal, he is a believer in the potential of globalisation and a supporter of what it can create.

Wolf argues for more globalisation but with a place for a strong, reformed state. Unlike many globalisation writers, Wolf limits himself strictly to the economic aspects of the concept. His examination of the same two timeframes under consideration is

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[38] Porter, Michael. *The Competitive Advantage of Nations*. London: Macmillan, 1990.
[39] Ibid., pp. 14, 19.

useful because it attempts to analyse globalisation along one axis – thus clarifying issues for comparison.

He starts by quoting Anne Kruger's (of the International Monetary Fund) definition of globalisation as 'a phenomenon by which economic agents in any given part of the world are much more affected by events elsewhere in the world'.[40] His own working definition however, is 'an integration of economic activities via markets. The driving forces are technological and policy changes – falling costs of transport and communications and greater reliance on market forces'.[41] He goes on to point out that: 'The economic globalisation discussed here has cultural, social and political consequences (and preconditions). But those consequences and preconditions are neither part of its definition nor a focus of our attention'.[42]

By focusing on the economic view he is freed from the seemingly endless areas arguably affected by globalisation. Essentially, he agrees with the analysis of Hirst and Thompson in two areas, First, that there have been previous periods of growth definable as economic globalisation; and concurs with their conclusion that globalisation is neither 'unique' or 'new'. Second, that rather than undermining or destroying the state, economic globalisation is not created in a vacuum but by states themselves, and thus while the state may be changing, it is not destroyed. He suggests that the state may even be more necessary than before to control these forces.

Another recent contribution with a broadly similar conclusion is in *State-Building: Governance and World Order in the Twenty-First Century* by Francis Fukuyama.[43] He argues that 'For well over a generation, the trend in world politics has been to weaken states'. This, he suggests, has generally been a good thing but it is crucial to recognise that it is also true that weak states lie at the root of a growing number of international problems. He concludes that it is the small, strong state that has the best hope of succeeding in a globalised world.

In terms of previous phases of globalisation, the period of interest here is the end of the nineteenth century. Wolf spends time examining this history and concludes that while the end of the twentieth century has gone through a period rapid change, in fact, the end of the nineteenth century was, in many crucial respects, just as significant a period of globalisation. He cites, amongst other things, the greater integration of

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[40] Wolf, *Why Globalisation Works*, p. 14.
[41] Ibid., p. 19.
[42] Ibid.
[43] Fukuyama, Francis. *The End of History and the Last Man*. London: Penguin Books, 1992.

capital markets, the more effective transfer of resources aboard, the integration of markets for various key goods, the higher level of migration (labour mobility), systematic price convergence of commodities and overall growth.

The consensus of contemporary opinion is that there has never been a more rapidly integrating world economy than that of the 1990s. Wolf argues, however, that the evidence is against this. According to Kevin O'Rourke of Trinity College Dublin, 'the most impressive episode of international economic integration which the world has seen to date was not the second half of the twentieth century, but the years between 1870 and the Great War. The nineteenth century, and particularly the late nineteenth century was the period that saw the largest decline in intercontinental barriers to trade and factor mobility.'[44]

Wolf also concurs with O'Rourke that in the area of communications the changes such as the transatlantic cable (1866) which decreased the time needed for a transaction from twenty days to a single day was 'the most important breakthrough for the last 200 years for capital markets … no other innovation, including the late-nineteenth-century invention of the telephone or its late-twentieth-century equivalent, the Internet, has had comparable impact on the speed of information flows and capital market integration.'[45]

As to the role of the state, Wolf is equally clear that 'the proposition that globalisation makes states unnecessary is even less credible than that it makes states impotent. If anything the exact opposite is true.'[46] He bases this view on the fact that the ability of globalisation to be effective relies on the quality of the state and its ability to harness public goods, human resources and the state's role as a provider of order. He does suggest that global governance will be more important but that need not, in his view, come at 'the expense' of the state.

Michael Mann also takes exception to much of the argument that has gone before in his article in *New Left Review*.[47] He concurs that the process of globalisation cannot be ignored and is undoubtedly a real phenomenon. However, he points to the importance of asking how 'evenly' and how 'fast' globalisation is proceeding as being crucial to the analysis. He questions the argument that globalisation leads to a single homogenous global culture as well as the neo-liberal view (or even the classical free-

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[44] Wolf, *Why Globalisation Works*, p. 109.
[45] Ibid., p. 119.
[46] Ibid., p. 276.
[47] Mann, Michael. 'Globalisation and September 11.' *New Left Review, Second Series* 12.6 (2001): 51–72.

trade view) that unlimited globalisation is a peaceful process. He suggests instead, that globalisation is 'not singular but multiple, and it disintegrates as well as integrating … it is multiple and contradictory … Most of these divisions generate not armed conflict but tensions that can usually be resolved by peaceful negotiation between converging nation-states'.[48]

Alternative framework for the globalisation debate

David Held's work on globalisation has been called 'complex globalisation theory' by Christopher White, who argues that, 'Contrary to sceptical thinking, for complex globalisation theorists, globalisation *is* under way. It is thought of as significant as it helps explain much that is novel about the contemporary condition'.[49] Held accepts globalisation as an explanatory force in world politics but does not go either as far as the radicals or the sceptics in terms of his approach. In Held's own terms, 'globalisation is a central driving force behind the rapid social, political and economic changes that are reshaping modern societies and world order'.[50]

However, and perhaps more helpful here, is the fact that Held and Anthony McGrew have devised a framework for globalisation literature. This is relevant because Held, like Giddens, was also engaged in the 'inner circle' of the Third Way, thus his categorisation is relevant to the political debate. These two thinkers link academic theory and political practice.

In *Globalising World? Culture, Economics, Politics,*[51] Held attempted to set out a more theoretical framework for the debate. In a very similar classification to those above, he argues that there are primarily three approaches to globalisation. The first is 'globalist', arguing that globalisation is a real phenomenon affecting every aspect of culture and society which must be taken seriously because its impact will change all levels of society. As culture, economics and politics are pulled into global flows, these will take control and both localities and states will be pulled into a homogenised form of global society. Globalists conclude that state resistance to globalisation is futile. While there is a positive and a negative variation within the globalist view, the inevitability of the force of globalisation remains unchanged.

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[48] Ibid.
[49] White, *The Function, Significance and Limitations of 'Globalisation' in the New Labour Discourse*, p. 95.
[50] Held, David, and Anthony McGrew, eds. *The Global Transformations Reader: An Introduction to the Globalisation Debate.* Cambridge: Polity Press, 2000, p. 7.
[51] Held, David (ed.). *A Globalizing World? Culture, Economics, Politics.* London: Routledge, 2000.

Held terms the second approach 'traditionalist'. These writers argue that the globalists' concerns are overblown. These forces are not fundamentally different from those that have been at work for centuries. The current situation is the continuation of, rather than substantially different from, the interactions that have taken place in the past. Importantly, traditionalists also argue that the state still has a considerable influence on the system and that they could use this influence to ensure and protect their own preferences.

The third category are the 'transformationalists' whose approach lies somewhere in between the globalists and the traditionalists. They reject the juxtaposition of the other two approaches as opposites but suggest that globalisation is a complex force, as unpredictable as it is diverse. They suggest that it requires in-depth examination to better understand how it might affect the state and its operations. They do not sympathise with the idea that globalisation has a pre-determined destination, but neither do they submit to the idea that globalisation has only a moderate impact.[52]

Later the same year, Held, teamed with Anthony McGrew, made another attempt to rein in the runaway concept of globalisation in *The Global Transformation Reader*.[53] They reduced the three categories to two and labelled them simply 'globalists' and 'sceptics'. This begins to reflect the division that has gradually become the norm for terminology in this area – certainly for the political debate. In their introduction they point out several dynamics as to how the term might be handled but their most consistent definition is as follows:

> ...globalisation represents a significant shift in the spatial reach of social action ...This does not mean that the global necessarily displaces or takes precedence over local, national, or regional orders of life ... As distance shrinks, the relative speed of social interaction increases too ... Globalisation engenders a certain cognitive shift expressed both in a growing public awareness of the ways in which distant events can affect local fortunes (and vice versa) as well as in public perceptions of shrinking time and geographical space. Simply put, globalisation denotes the expanding scale, growing magnitude, speeding up and deepening impact of interregional flows and patterns of social interaction. It refers to a shift or transformation in the scale of human social organisation that links distant communities and expands the reach of power relations across the world's major regions and continents.[54]

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[52] Ibid., pp. 22–23.
[53] Held and McGrew. *The Global Transformations Reader*.
[54] Ibid., pp. 3–4.

Radicals and sceptics – a response

This binary approach is also taken by Giddens in his Reith Lectures in 1999 and in his second volume on the Third Way, *Third Way and its Critics – a reply to Sceptics* in 2000.[55] In the Reith Lectures Giddens previews the Held/McGrew characterisation of the two 'camps':

> According to the sceptics, all the talk about globalisation is only that – just talk ... the global economy isn't especially different from that which existed at all previous periods ... Others, however, take a very different position; I'll label them the radicals. The radicals argue that not only is globalisation very real, but that its consequences can be felt everywhere. The global marketplace, they say, is more developed than even two or three decades ago, and is indifferent to national borders. Nations have lost much of their sovereignty ... however, I don't believe either the sceptics of the radicals have properly understood what it is or its implications for us. Both groups see the phenomenon almost solely in economic terms. This is a mistake. Globalisation is political, technological and cultural as well as economic.[56]

Two years later, Giddens continued to make the argument that both those 'for' and 'against' globalisation – as these two lines of argument could be construed – have oversimplified the change that is going on. He goes on to say:

> The core meaning of globalisation is increasing interdependence. No matter where we live in the world we are all affected by events and changes happening many miles away. The most important factors shaping globalisation are not those to do with finance and markets but with communication. The communications revolution ... coincides more or less completely with the origins of globalisation.[57]

His formalisation of the duality of radicals and sceptics (with the 'transformationalists' or the 'complex theorists' left for the time being) enabled Giddens to do two things: first, to set out his argument as a logical 'third way' alternative to two flawed options; and second, to reiterate his core notion, often ignored or glossed over, that globalisation is not only economic – an element of his argument that was regularly lost in the general debate. This is particularly important when we come to the final element of the globalisation discussion as it underlines its misconceptions. First it is important to go further into Giddens' perspective.

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[55] Giddens, Anthony. *The Third Way and its Critics*. Cambridge: Polity Press, 2000.
[56] Giddens, Reith Lecture, 11 May 1999.
[57] Giddens, Anthony. *Where Now for New Labour?* Cambridge: Polity Press, 2002, p. 70.

Giddens on globalisation

Various approaches and definitions of globalisation have been offered, but looking forward to the Third Way, no assessment would be complete without a more detailed examination of the views of Giddens – widely seen as the progenitor of the Third Way – with globalisation a cornerstone of that approach.

Giddens' detailed role in the political development of the Third Way debate will be examined in Chapter Ten. Here, three areas are proposed as central to his position. These are: the importance of other factors than economic in the process, the ways in which power is shifted and altered in the light of globalisation and the impact that such shifts of power have on the state.

The above discussion on sceptics and radicals is a starting point in terms of the importance that Giddens places on the idea that globalisation is not a single process or primarily an economic one. It is a theme that runs throughout his work. Long before the Third Way became common media parlance, in the same year that Tony Blair became the leader of the Labour Party, Giddens wrote *Beyond Left and Right: The Future of Radical Politics* in which he argued,

> Globalisation is not only, or even primarily, an economic phenomenon; and it should not be equated with the emergence of a 'world system'. Globalisation is really about the transformation of space and time. I define it as action at a distance, and relate its intensifying over recent years to the emergence of means of instantaneous global communication and mass transportation. Globalisation does not only concern the creation of large-scale systems, but also the transformation of local, and even personal, contexts of social experience. Our day-to-day activities are increasingly influenced by events happening on the other side of the world. Conversely, local lifestyle habits have become globally consequential ... Globalisation is not a single process but a complex mixture of processes, which often act in contradictory ways, producing conflicts, disjuncture and new forms of stratification.[58]

In various works that followed, more specifically tailored to the Third Way debate, Giddens did not waver in his argument that economic change is not the primary cause of globalisation. It is 'about the transformation of time and space in our lives ... a complex range of processes, driven by a mixture of political and economic influences ... creating new trans-national system and forces. It is more than just a

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[58] Giddens. *Beyond Left and Right*, p. 5.

backdrop to contemporary policies: taken as a whole, globalisation is transforming the institutions of the societies in which we live.[59] Finally:

> Globalisation is by no means wholly economic in its nature, causes or consequences. It is a basic mistake to limit the concept to the global marketplace. Globalisation is also social, political and cultural. On all of these levels, it is a highly uneven set of processes, proceeding in a fragmentary and oppositional fashion. While still dominated by the industrial nations, it isn't simply the same as Westernisation – all countries in the world today are affected by globalisation processes. Developments in science and technology, for example, affect people's lives in richer and poorer countries alike.[60]

In a closely related thought, Giddens is also consistent in his view as to how globalisation impacts power. Although he suggests a rather complicated explanation, he returns several times to the idea that globalisation does not create a single flow 'up' or 'away' from the state – or local community – but that it also pushes 'downwards' in that some things that had been the domain of the state are brought back to a local level. Finally, he also suggests that power can be said to be 'squeezed sideways' where cross-border alliances or regions are created as part of the new global framework.[61] It is in this context of shifting power that he quotes David Bell with approval for the observation that 'the nation becomes too small to solve the big problems but also too large to solve the small ones'.[62]

This has a direct bearing on the third element of Giddens' perspective: the impact of shifting power on state efficacy. He suggests that globalisation changes all levels simultaneously and while he acknowledges that it may seem strange to leap from the individual to the global, he feels that is not only useful but necessary in a world in which 'global developments and individual actions have become so closely tied together'[63] – or, in other words, that globalisation can be driven by states but that it can likewise be driven by the day-to-day decisions of the individual. An act as simple as 'connecting to the Internet or the purchase of a certain item of clothing or food' plays, in his view, a part in the forces of globalisation.[64]

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[59] Giddens, Anthony. *The Third Way*. Cambridge: Polity Press, 1998, pp. 31–33.
[60] Giddens, *The Third Way and its Critics*, p. 68.
[61] Giddens, Reith Lectures and Giddens in Novak, Michael. *Is there a Third Way?: Essays on the changing direction of socialist thought with commentaries by Anthony Giddens, John Lloyd, Paul Ormerod*. The IEA Health and Welfare Unit Choice in Welfare no. 46. London. 1998
[62] Giddens, Reith Lectures.
[63] Giddens, *Beyond Left and Right*.
[64] Giddens, *Where Now for New Labour?*

This reality, he suggests, constitutes a 'new world society'. Many of the world's greatest challenges will no longer be traditional enemies, but issues that are transnational or have no particular focus, e.g. ecological risk. He therefore argues that traditional notions will have to be revised and states will be forced to respond.[65] He goes on to argue that globalisation has come not only from economic change but that it is also the result of an 'endogenous crisis of the state'. In effect, he separates the economic system from the role and function of the state by stating that change within one may have implications for the other but that there is a crisis of the state *in addition to* massive economic change. This point will be key to the next chapter.

Summary of globalisation debates

These wide-ranging views still seem incomplete. For the radicals or globalists, globalisation clearly represents a significant step-change in basic forms of communication at all levels of society inside and outside the state context. For the sceptics or traditionalists, there have been other shifts that were as significant in their time and context as the changes we see today, but these theorists do not take the next step of exploring their own assertion. If globalisation has been an ongoing process, what patterns, if any, can be discerned? Are there periods of more intense change? What causes them? Can they be predicted? Or indeed, even if they cannot be identified in advance, are there patterns of behaviour we can identify after the fact?

For these purposes, the radical/globalist divide may be overstated, and its pervading sense of predestination unsustainable, but the juxtaposition is often used by Third Way thinkers to suggest that there is no alternative and to defend their directive approach.

This particular moment in history may be unique – as they suggest – but that can equally be said to apply to every moment of transformation. At each such transformative moment, the advantages of new technology or knowledge had previously not been known in those societies. Speed and distance, as indicated above, are often used as 'evidence' particularly from the globalist perspective – but they are relative concepts. Therefore it seems untenable that the change felt now is any different in *perceived* impact than the changes that took place at the turn of the last century – or any other moment of massive change. This is borne out by O'Rourke and others who suggest that the end of the nineteenth century was more dramatic.

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[65] Giddens, 'Third way's the charm'. *Newsweek* 4 June 1999.

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The traditionalists, as defined by Held, argue that processes being witnessed today have their roots in the past. Thus, their conclusion that globalisation is not 'new' follows naturally – and certainly the sceptics seem to have managed at least to undermine the more extreme forms of the globalist perspective on economic grounds. However, the causes of transformation, or the agents of massive change are not explored. In this context Wolf is unusual both as a 'promoter' of globalisation and in focusing solely on the economic. While he recognises that there are a range of consequences of globalisation, he does not deem them part of the definition.

This leaves the vast territory of other theorists, including Giddens and Held, who lie somewhere in between. They go to some lengths to identify the economic aspects but then merge them with a number of different types of change. This results in disagreement as to its specific impact or exact manifestations. This is the most common approach of the Third Way. The Third Way effectively accepts globalisation as inevitable and supports the idea it can be used to the benefit of the country, but give no sense of understanding cause and effect. Third Way proponents are careful not to 'promote' globalisation or be 'in favour' of it but only to 'prepare' the country and its citizens for its consequences.

To this group, it would appear that all change, at whatever level, can be attributed to forces of globalisation. However this makes it almost impossible to analyse the origin and direction of this force. Globalisation, seems to be an inevitable force that alters power relations in all directions but with no predictability or consistency.

Modern or global?

It becomes clear from the summary of these approaches that there is a serious flaw underlying these explanations of globalisation. Simply put, the contemporary globalisation debate has come to have too many meanings. Globalisation has lost its explanatory power in terms of causation and is unable to produce an understanding of agency even within the areas of change that it identifies.

In light of this difficulty, the radical version retains the most power, though it relies heavily on the economic system as the only driver and seems unable to suggest how all the other changes that are attributed to globalisation are caused by their primarily economic analysis. The sceptics, by suggesting that the process is not new but a gradual development of ongoing processes, overcome the problem of agency but still have no explanation for the wide range of consequences that are put at the door of

globalisation or why there should be an apparent increase in the speed of change, except to argue for 'technology'.

As D.S. Burton argues, 'Like many of the other terms employed in the Third Way debate, globalisation is hopelessly vague. Indeed from Giddens' account, it would seem almost to have become synonymous for the modern capitalist world.'[66] Or, from a more sympathetic observer, White suggests that there is a pervasive problem in the globalisation literature which is 'the plural ways in which the term globalisation is in fact understood ... The so-called globalisation debate is not so much a debate but rather a set of incommensurable discussions about different things.'[67]

Jan Aart Schölte takes this a step further in that he suggests five general conceptions of globalisation are often conflated: liberalisation, internationalisation, universalisation, westernisation or modernisation and deterritorialisation.[68] Schölte argues that only the final conception is distinctive in understanding developments within the international system, although he also points out that this expansion of the 'supraterritorial space' does not obviate the need for states or their functions. The significant change is the alteration of what he calls 'social geography'. The first four conceptions, he suggests, remain compatible with a territorial understanding. However, the idea that modern social relations have been decoupled from their 'place' has a profound effect on space and distance. He concludes that once the confusions of other types of change are stripped away to this last feature, 'globalisation has generated an intricate interplay of continuity and change in the social order. Yet on the whole globalisation has to date yielded change within continuity rather than deeper transformations.'[69]

White goes on to argue, with others, that this conflation of globalisation with liberalisation helps the political cause of the Third Way in that it makes the source of change both more complex and more remote. This places the state, or in this case the Labour Party, in the powerful position of understanding these unpredictable forces. Thus, best placed to defend a self-defined the national interest. If, for example, globalisation is 'just' liberalisation, agency becomes clearer and the actions required more obvious. The more opaque the phenomenon portrayed, the more pervasive and far-reaching are its implications.[70]

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[66] Burton, D.S. *No Way Out: The Third Way's Blind Alley.* British Institute of Contemporary Economic and Political Studies. London. 1999, p. 12.
[67] White. *The Function, Significance and Limitations of 'Globalisation' in the New Labour Discourse,* p. 94.
[68] White, ibid.; Schölte, *Globalisation: A Critical Introduction.*
[69] Schölte, ibid.
[70] White. *The Function, Significance and Limitations of 'Globalisation' in the New Labour Discourse,* p. 102.

This problem is also recognised by Michael Kenny and Martin Smith in their article 'Interpreting New Labour: Constraints, Dilemmas and Political Agency'. They attempt to locate what they call a 'single modernisation narrative' within New Labour thinking and suggest:

> A teleological and quasi-determinist account of 'modernisation' constitutes one strand of the party elite's current self-understanding, hence arguments claiming that modernisation is about reshaping Labour's political programme in accordance with socio-economic realities that are endogenous and unalterable by political forces. The notion of the arrival of a global economy is frequently invoked in this way.[71]

Having spent some time on those who start from the economic drivers of globalisation it is also worth spending some time on those who view the phenomenon as social rather than economic. Schölte takes the argument in this direction by suggesting that social geography and the expansion of superterritoriality creates change in social order.

However, there are those who argue that globalisation is a domestic phenomenon even more than an international one. Elmar Rieger and Stephan Leibfried in *Limits to Globalisation – Welfare States and the World Economy,* identify the varying types of change and developments associated with globalisation. They also point out that there are differences between social scientists and politicians as to its dimensions. They begin their argument from an entirely different place from those outlined above and suggest that globalisation is largely:

> A coincidental by-product of the welfare-democratic revolution ... Yet it also impacts back upon this geographically fixed socio-political order ... Moreover globalisation itself is an at first *unintended* effect of essentially domestic political developments, and it makes itself felt mostly in the national, apparently totally self-regarding politics of welfare states.[72]

Instead of the problems around agency found in other ideas of globalisation, these authors place that responsibility firmly within the state. They recognise the importance of periods of internationalisation of economies, but also clearly see that these tendencies are often met with 'national counter-movements' and suggest these are both a 'regularly recurring phenomenon'.[73] They also point out that these periods

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[71] Kenny, Michael and Martin Smith, 'Interpreting New Labour: Constraints, Dilemmas and Political Agency' in Ludlam, Steve, and Martin J. Smith, eds. *New Labour in Government.* Basingstoke, Hampshire: Macmillan Press, 2001, p. 239.

[72] Rieger, Elmar and Stephan Leibfried. *Limits to Globalization: Welfare States and the World Economy.* Cambridge: Polity Press, 2003, pp. 6–7.

[73] Ibid., p. 18.

of internationalisation were relatively brief while the periods of closure were much longer in duration. Counter to much of the globalisation wisdom, they suggest that rather than making a case for more democratisation to control the forces of globalisation, it is in fact a 'new form of social democracy' given that it was been brought into existence predominantly by democratically elected bodies and institutions. From this point of view:

> A basic problem in the entire globalisation discussion consists in the failure to differentiate sufficiently between objective problems and political liability for them. Much of that which is causally attributed to economic globalisation is actually a product of welfare state conditions themselves. At the same time it must be noted, however, that the interrelation between globalisation and the welfare state can assume very different forms, and political decisions can play a critical role in its shaping.[74]

This also relates to Albert as he argues states influence its form of capitalism by controlling the development of its welfare state. The French and German experience suggest that not only do they have a different version of capitalism from that of the UK, but also of globalisation, as a direct consequence of the decisions they have taken over the form of their welfare state. Albert calls this 'social Colbertism', harking back to the mercantilist policies of Jean-Baptiste Colbert under Louis XIV, who argued that that the' state should direct the economy in order to fulfil political ambitions and achieve social progress'.[75]

From the point of view of this argument of systemic transformation, Rieger and Leibfried conclude that the Industrial Revolution created a market economy in which states sought to ignore territories and boundaries and treat the globe as their marketplace. Alongside that economic revolution, there was also a democratic revolution. This meant that the sovereign nation state and newly formed welfare state required closure in terms of boundaries. It is the structures of the market balanced against the demands of the electorate that create the dimensions of globalisation. These authors are effectively turning the globalisation debate on its head and arguing that it is the state that creates the terms of the globalisation debate and not the globalisation debate that should dictate the terms of the state's provision of welfare.

Thus the complex theorists, or transformationalists, may be the closest to what could be regarded as the most rounded explanation – but they are hampered by the way they argue their case. They want to propose that globalisation is not just economic but is happening in all areas. Globalisation is transforming the individual, the state and

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[74] Ibid., p. 39.
[75] Albert, *Capitalism Against Capitalism*, p. 233.

the nature of international system, but power is changing its location at all times, at all levels, and thus agency or causation of the transformation is impossible to determine. Effectively, they argue that globalisation affects everything at all times in all places.

Global-isation – global age

There is one particular writer who has proposed a more overarching explanation. Martin Albrow in *The Global Age: State and Society beyond Modernity*, argues that the problem is fundamentally that the phenomenon of globalisation is an indication that the modern age has come to a close:

> The '-isation' suffix of globalisation is an indication in itself of the inappropriate attempt to assimilate it to the modern. It leads to accounts which minimise the contemporary transformation. It cannot possibly be adequate for the epochal shift which Ralf Dahrendorf described as the mover from expansion to survival with social justice ... Fundamentally the global age involves the supplanting of modernity with globality and this means an overall change in the basis of action and social organisation for individuals and groups. There are at least five major ways in which globality has taken us beyond the assumptions of modernity. They include the global environmental consequence of aggregate human activities; the loss of security where weaponry has global destructiveness; the globality of communication systems; the rise of the global economy; and the reflexivity of globalism, where people and groups of all kinds refer to the globe as the frame for their beliefs.[76]

Albrow suggests that our everyday language indicates the world is no longer state-centric, or simply modern, but that we have moved to a new level of development, more accurately described as 'global'. He also argues that this issue has been confused by the tendency to rely on such language as 'late modern' or 'post-modern' as they are both still fundamentally defined by the modern rather than allowing for a new form. He proposes that by using 'global' it becomes possible to escape from the Enlightenment paradigm of the current modern/late modern and introduce a new approach.

Albrow is not alone in his declaration of a new age as there are a number of writers[77] who make similar assertions but do not go so far as to define this as a new age. Discussions of the post-industrial state, the late modern or the post-modern state are all becoming commonplace.

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[76] Albrow, *The Global Age: State and Society Beyond Modernity*, p. 4.
[77] Gray, Cooper, Giddens, etc.

Interestingly, Giddens (thanked by Albrow for his comments) came very close to making the same conclusion two years earlier – relatively early in the debate – when he said:

> Reflexive modernisation responds to different circumstances. It has its origins in the profound social changes ... the impact of globalisation; changes happening in everyday personal life; and the emergence of a post-traditional society. These influences flow from western modernity, but now affect the world as a whole – and they refract back to start to reshape modernisation at its point of origin.[78]

It would seem that Giddens is listing globalisation as a separate influence, not as a concept that 'covers' all of the other influences. Before the globalisation debate became so deeply embedded with the Third Way debate perhaps he could see other factors as separate functions rather than the morass of globalisation. His first book on the Third Way identifies almost exactly the same dilemmas as those outlined by Albrow and even goes so far as to refer to this new politics as the new 'global order' or the 'global age'.[79]

Conclusion

It is suggested here that globalisation is not unique to the contemporary world. The world has been interconnected from the moment traders and pilgrims took to the roads and explorers and merchant ships took to the sea – with all the problems that followed in their wake.

It is clear that nothing can compare with the speed with which we now deal with other parts of the world. However, the argument is not that we are not experiencing a transformation, but that this is a moment of systemic transformation or of transition from one 'age' to another. As such, this moment of transformation is new in some respects but also comparable to other such moments, arguably the end of the nineteenth century. The transformation of that age felt much the same to those living through that period as these changes feel today. Further, the reaction of political theorists and politicians was much the same. Finally, these periods of transformative politics have implications not only for domestic politics but also the frontier between the domestic and the international.

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[78] Giddens, *Beyond Left and Right*, p. 80.
[79] Giddens, *The Third Way: The Renewal of Social Democracy*.

The impact of globalisation and of transformation more specifically on the discipline of International Relations will be explored in the next chapter.

Chapter 2

Transitions in the state, in capitalism – or in both?

As demonstrated in the previous chapter, globalisation is a multi-faceted concept with potential impact on many areas of study. Ian Clark summarises this frustration:

> The high profile enjoyed by the concept, in turn, derives from the emerging conditions of global connectedness that appear to be prevalent in many facets of contemporary life. In commonly employed language, time and space are becoming compressed to unusual degrees and in unprecedented ways. In short, globalisation is considered to be not merely a social theory, but a depiction of a new social reality with potentially momentous significance. According to one of the avowed champions of contemporary economic globalisation, 'the basic fact of linkage to global flows is perhaps, the central, distinguishing fact of our moment in history' (Ohmae 1995:15). Why is it that well-informed observers can reach such bewilderingly divergent judgements about this topic?[80]

In a similar way in which the exploration of the strands of the globalisation debate in the previous chapter was useful in gaining a better understanding of its weaknesses, so too is an overview of International Relations as a discipline. This involves a brief review in terms of the issues touched on or challenged by globalisation – i.e. states and statehood, sovereignty, and the boundary between domestic and international. The focus of this chapter is a discussion of the implications of the idea globalisation is an indication of systemic transformation on key concepts within International Relations.

States and statehood

The study of International Relations is of states and their activities. This has generally been taken to mean the external activities and the international system but in fact, the discipline has always struggled with the issue of where to draw boundaries. Which actors should be considered and what impact that has on the area being studied has changed significantly over time.

This is evident whether one looks just before the First World War, when International Relations was not a discipline per se but the study of international law,

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[80] Clark, *Globalisation and International Relations Theory*, p. 35.

political theory and diplomacy etc.[81] – or to various 'paradigm shifts', including the development of the studies of foreign policy and interdependence, up to the challenges presented by globalisation under discussion here.

The state, its responsibilities and powers, have remained a constant source of debate throughout its history so the challenge posed by globalisation to state power, while a part of the concept's contribution, is not new. In language that would not be out of place in the current globalisation debate, Ernest Barker argued in 1915 that, 'We may need, and we may be moving towards, a new conception of the State, and more especially a new conception of sovereignty ... We may have to recognise that sovereignty is not single and indivisible, but multiple and multi-cellular'.[82]

Thus globalisation is not the only challenge to the state, and through each challenge the state has continued to evolve. For example, in earlier forms of the state system, order was based on the region. Regional systems and their leaders (or 'rulers' to be more accurate in this early form) managed to produce periods of stability despite their uncertain environment. This uncertainty existed for a variety of reasons, one of which was the absence of communication. Despite this obstacle, coherence was retained because, while disconnected, these entities were, at the same time, more enmeshed. The 'world' (understood by Europeans to mean Europe) operated on a similar basis and borders were physically difficult to maintain. This had a major impact on the sense of what was 'inside' or 'outside' the territory. As states, largely through technology, gained more control over space and distance, boundaries became more important in terms of the idea of state sovereignty. As Joseph Camilleri argues:

> Confining, for the moment, our attention to Europe – widely recognised
> as the cradle of the modern sovereign state ... Medieval Europe
> comprised a cosmopolitan patchwork of overlapping loyalties and
> allegiances, geographically interwoven jurisdictions and political enclaves.
> In the feudal system there was no clear demarcation between the domestic
> and external spheres of organisation, no sharp dividing line between
> 'public territories' and 'private estates'. Yet this diverse and fragmented
> system of rule nevertheless enjoyed a considerable level of coherence and
> unity by virtue of 'common legal, religious and social traditions and
> institutions'.[83]

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[81] Banks in Light, Margot and A.J.R. Groom, eds. *International Relations: A Handbook of Current Theory.* London: Pinter Publishers, 1985; Halliday, *Rethinking International Relations.*

[82] Barker, Ernest. *Political Thought in England 1848 to 1914.* London: Thornton Butterworth, 1930, p. 250.

[83] Camilleri, Joseph. 'Re-thinking Sovereignty in a shrinking, fragmented world', in Walker, R.B.J. and Saul H. Mendlovitz eds. *Contending Sovereignties: Redefining Political Community.* London: Lynne Rienner Publishers, 1990, p. 13.

It is clear then, that the state system has gone through a number of stages of development. However, an idea less examined but important here is that each individual state within that system has evolved with its own ideas of statehood and sovereignty, though at different speeds even from its closest allies and neighbours. Thus, the development of the state as an 'impersonal, abstract' entity that 'controls a consolidated territory and possesses a systems of offices that is differentiated from that of other organisations operating in the same territory' was, in Kenneth Dyson's words, 'a ramshackle affair' and a process that was 'neither identical nor simultaneous in different countries'.[84]

This can also be said of the development of ideas of sovereignty as a more formal system of states gradually emerged. Again, as Dyson points out:

> The idea and practice of the modern state were forged out of conflict involving medieval parliaments which centralising rulers sought to extinguish or make subservient; the Church, as rulers attempted to acquire its authority and thereby extend their moral function in relation to their subjects; and the nobility, who were either drawn into the service of the prince as members of the royal administration (as in Italy and Sweden) or ceded influence to a bourgeoisie rising as powerful officers (as in France). There was a close historical connection between the increase in 'stateness', the expansion of armed forces, rises in taxation and popular rebellion.[85]

As implied in this view, and related to Rieger and Liebfried's work on globalisation examined in Chapter One, this was part of a process of evolution from the 'state-nation' to the 'nation-state'[86] – or, in this context, arguably from the pre-modern to the modern. Philip Bobbitt goes back even further in *The Shield of Achilles* to argue basically that the Church gave way to the monarchy and finally to a civil state in western development. He calls this the shift from the kingly state to the territorial or state-nation and then finally to a notion of a nation-state. His focus is on these last two stages of development. The state-nation, in his words:

> Mobilises a nation – a national ethnocultural group – to act on behalf of the State. It can thus call on the revenues of all society, and on the human talent of all persons. But such a state does not exist to serve or take direction from the nation, as does the nation-state ... the nation-state takes its legitimacy from putting the State in the service of its people; the state-nation asks rather that the people be put in the service of the State.

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[84] Dyson, Kenneth H.F. *The State Tradition in Western Europe*. New York: Oxford University Press, 1980, p. 29.

[85] Ibid., p. 33.

[86] Bobbitt, Philip. *The Shield of Achilles: War Peace and the Course of History*. London: Allen Lane, 2002.

> The state-nation is not in the business of maintaining the welfare of the people; rather it is legitimised by forging a national consciousness, by fusing the national with the State.[87]

He argues that the shift from the kingly state to the territorial state-nation created a crisis throughout Europe. As kingly states lost their support for huge military spending they faced a choice to cut back expenditure or find allies within society and effectively share power. This changed the notion of statehood from one of overlapping identities to the idea of nations that were more bounded as territories and formed what is known within the International Relations discipline as the classic 'Westphalian' system. It was the shift from the state-nation to the nation-state that created the revolutions in 1848 across Europe as the 'Poles, Danes, Germans, Italians, Magyars, Czechs, Slovaks, Serbs, Croats and Romanians rose in arms claiming the right of self-government'[88] – a revolution that corresponded to the Chartists in the UK.

For Bobbitt, the state-nation was in decline during the timeframe under discussion but the nation-state was still unevenly developed. 'In only a few decades the state-nation would be destroyed in Europe proper, and with it the Concert of European states that had maintained peace ... by the end of these conflicts, in 1870, the state-nation in Europe was in rapid retreat.'[89]

The 'English' state

As the UK is used here as the basic point of comparison, it is important to note that the development of the idea of the state in the UK is regarded as having had a different path than elsewhere in Europe. Dyson sets out what he sees as the reasons for these differences between the UK and its continental neighbours. They are instructive, as he points to various features that will be significant when we turn to the specific timeframes and look to the response from domestic politics.

The idea of the 'state' was, in Dyson's view, not very developed in the UK. He recognises that the term occasionally appeared as a synonym for the 'nation' or the 'community as a whole' but that it was 'not seen as an expression for the legal

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[87] Ibid., pp. 146, 175.
[88] Ibid., p. 179.
[89] Ibid., p. 178.

personality of the executive or as a collective term for the whole or part of the machinery of government'[90] as it was in the rest of Europe.

Dyson suggests this was due to a variety of factors. The basic influence was that the UK, unlike most continental countries, developed in line with its medieval history. This consistency turned on basic things such as the lack of boundaries with other states and the length of time during which England enjoyed an integrated community under a single monarch. Crucially, the monarch's powers were in many senses conditional, as he was contained within the community, as opposed to more theocratic societies like France.

Dyson also suggests three other factors that helped create a different UK state: a more informal, collaborative nature of control; the more medieval character of the legal professions, independent of politics and not regarded as a 'public service'; and, finally, a common law (instead of Roman law) tradition. The UK (and, he argues, the US), both identified themselves as 'states' in the foreign arena, representing their interests and sovereignty, but unlike continental countries such as France and Germany, the idea of the state did not 'embrace the domestic policy'.[91]

This is relevant because Dyson goes on to identify the late 1800s as a period of time in which thinkers in the UK began to look to Europe and to 'rediscover' the term 'state' precisely because of these issues around the role of the state and the development of welfare systems. 'For example, the extension of the functions and powers of government from the 1870s prompted reflection on fundamental principles and concern about the limits of proper 'state' activity.'[92] He goes on to suggest that views of the state were heavily coloured by the prevailing climate of Idealism at the time:

> During the period from about 1880 to about 1910 philosophical Idealism enjoyed considerable success within technical philosophy (principally at Oxford) and had an influence upon political leaders like Herbert Asquith, R.B. Haldane and Alfred Milner, social reformers like William Beveridge and Arnold Toynbee, and public servants, many of whom were educated in Oxford liberalism ... A philosophical understanding of the state was felt to be necessary if men were to recapture the full meaning of citizenship and community, to find some non-divisive cultural form as a basis of social integration.[93]

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[90] Dyson, *The State Tradition in Western Europe*, p. 37.
[91] Ibid., p. 38.
[92] Ibid., p. 17.
[93] Ibid., p. 191.

The two faces of the state

The most important consequence of the development of the Westphalian system, demonstrated by the tensions within the development of the English state, was the eventual inscribing of the line between the internal environment of the state and the external world. More developed notions of 'domestic' and 'foreign' were being created. With this newly formed idea of self-containment also came a host of other interpretations of the state's role. The protection of citizens became paramount and the corollary of legitimate force. As Robert Cooper points out, this also had an impact on the focus of state attention. If sovereignty had become, in effect, a more easily threatened concept because it was no longer acceptable to have overlapping identities or loyalties then it follows that boundaries would inevitably require greater protection.

> In the nineteenth century, German historians evolved a theory called the
> primacy of foreign policy. According to this, the state would always give
> foreign policy interests precedence over domestic considerations. Since
> the origin of the state is in the creation of a common security for its
> people and since the first duty of every state is to protect itself from
> outside attack, this idea has a certain logic to it. For much of history it has
> probably held true. As long as states were concerned primarily with
> defence, and as long as monarchs owed their position to dynastic
> connections and the sanction of the Church rather to their people,
> relations with fellow monarchs were of prime importance ... Today the
> primacy of the domestic sphere is evident in almost all countries. What
> keeps governments in power is politics at home, not foreign relations.[94]

This changing idea of sovereignty from overlapping to distinct entities gradually forced the state to develop what has been called a 'two-faced' identity. These two faces are 'all domestic' and 'all foreign'. The state, as a player, operates simultaneously in two areas that, theoretically at least, were being pulled apart. Fred Halliday aptly makes this point:

> The most significant theme for International Relations ... is that the state
> is seen as acting in two dimensions, the domestic and the international. In
> its simplest form, the state seeks both to compete with other states by
> mobilising resources internally, and to use its international role to
> consolidate its position domestically. For example, a state may appropriate
> territory, go to war, or pursue an arms control agreement to gain
> domestic advantage, while it may promote industrialisation, introduce
> educational change, raise taxes, or treat an ethnic minority better in order
> to achieve international goals. Conducted successfully, this two-front

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[94] Cooper, *The Breaking of Nations*, pp. 102–03.

policy may work to the benefit of the state, and it is evident that those holding state power have many advantages in pursuing this approach.[95]

This evolution of a state's two 'dimensions' has a particular relevance for this discussion, as the boundaries between the domestic and the foreign were clearly part of the debate at the turn of the nineteenth century, and are arguably present in the current debates around globalisation. As William Wallace, in *The Foreign Policy Process in Britain*[96] points out:

> The idea that foreign policy is separate from domestic policy is fundamental to the traditional concept of the nation-state. As John Locke put it, 'the power of war and peace, leagues and alliances, and all the transactions with all persons and communities without the commonwealth' constituted the 'federative' power, which must 'necessarily be left to the prudence and wisdom of those whose hands it is to be managed for the public good' ... According to this traditional interpretation therefore, the making of foreign policy ought to be distinct from domestic policy; over the last century in British politics this has usually been accepted by all sides except the dissenting minority of the radical left.[97]

However, in terms of the nineteenth century and state development, the interaction of the domestic and the foreign created a chain reaction across the system. Industrial capacity was developed within the territory of a state and created effectively a new class of subject/citizen, but this was perceived as a threat in other states. The consequences of domestic industrialisation led to international change, which in turn created domestic responses to that change. In other words, industrialisation (and attending de-agriculturisation) led to the creation of an urban working class. The education and enfranchisement of that group created new domestic objectives for politicians, including the creation of a welfare state. This was a new form of nationalism underpinned by mass conscription and the ability to mobilise mass armies.

As Bobbitt points out, it was Prussia that overtly 'militarised as it industrialised'. After the depression of 1873, the Prussian-led German state nationalised railroads, introduced compulsory social insurance and increased intervention into the economy 'in order to maximise the welfare of the nation'.[98] In contrast, Britain refused to create

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[95] Halliday, *Rethinking International Relations,* pp. 84–85.
[96] Wallace, William. *The Foreign Policy Process in Britain.* London: The Royal Institute of International Affairs, 1976.
[97] Ibid., p. 1.
[98] Bobbitt, *The Shield of Achilles,* p. 203.

a mass conscript army throughout the nineteenth century and refused to intervene in its economy to the German extent and National Insurance did not exist until 1909.

The creation of benefits and responsibilities that accrued to the individual by virtue of their 'belonging' to the state produced a situation in which the state had more interest in keeping people out, and more of a stake for those within the country to defend. 'Mass society' within developed countries evolved into a domestic civil society and enabled an international civil society. Ideas of state sovereignty, power and legitimacy were forced to follow those two 'dimensions'.

As for the international face, this new state identity was closely linked to theories of relations between states. An early version of what could be termed today a variant of 'democratic peace theory' was accepted throughout the Anglo-Saxon world. There was a clear belief that democratic, industrialised states should seek to do business with each other and that peace would follow as an inevitable consequence of trade. Free and open trade was, in their view, the key to a peaceful world.

Bobbitt suggests that after 1871 a new 'society of nation-states' had emerged:

> Its mood was one of easily inflamed nationalism and ethnic turbulence. This reflected the public mood, excited by the press on a scale impossible before the spread of free compulsory education and vastly increased literacy. Three new ideas vied in the public mind for attention and allegiance: Darwinism, which had been easily adulterated into a social credo of competitiveness and national survivalism; Marxism, with its hostility to the capitalist relationships of the industrial age; and bourgeois parliamentarianism, which promoted the rule of the law in national and international society that was becoming increasing[ly] credulous about the role that law could play.[99]

The varying application of these ideas at a time of change in the international/foreign divide through the different state approaches played a significant role in creating the conditions that led to the Great War. The rise of the nation-state combined with economic pressure meant that many states, in an effort to please their new electorates, raised tariffs, entered competing alliances and sought protection against external threats. By pursuing this mercantilist approach they reinforced nationalism and the growing sense of closed state identities. This approach, as will be shown in the next chapter, was true of many states but most pronounced in the development of the German state and what could be called its 'Realist' approach to international affairs.

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[99] Ibid., pp. 201–02.

Conversely, the UK, though also changing in response to similar domestic pressures and economic difficulties, continued to pursue an external policy of free trade and the harmonious international relations that were presumed to follow. One need only look at *The Great Illusion* by Norman Angell[100] to see the faith put in this view as late as 1912.

Precisely as indicated by Halliday above, the domestic/international 'two-front policy' was clearly being operated at least by Germany and the UK. The ultimate collision of their approaches on these two fronts was not, as Halliday would have hoped, to the benefit of the states involved, but did affect the overall development of the European nation-state.

The Realist/Idealist debate

As for International Relations, after the Great War it began to develop as a discipline in its own right. However, it carried forward many of the inconsistencies of the thinking of the previous era. In particular, these two faces of the state were reinforced and rigid boundaries were laid as part of its foundation. From the outset, the question of who exactly is included in the study of international relations was never satisfactorily resolved and continued to permeate all the 'great debates' within the English-language discipline.

If the Great War laid the foundation for the discipline, the hardships of the 1930s created the framework for the first of those debates – that between realists and idealists.[101] Thus, what was to become the dominant paradigm of International Relations was born in Realism. The domination of the Realists also brought the prominence of the role of the state and a particular approach to power in the international system of states.

> For much of this century the study of international relations has been dominated by the realist tradition... This tradition has often been referred to as 'statist' because it is almost exclusively concerned with how the global state system conditions the behaviour of individual states... Within realist thinking, the complex interplay of internal and external forces remains largely unexplored. For in the context of a global state system, the state is conceived principally as a sovereign, monolithic entity whose primary purpose is to promote and defend the national interest. At its

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[100] Angell, Norman. *The Great Illusion*. London: William Heinman, 1912.
[101] Hill, *The Changing Politics of Foreign Policy*; Halliday, *Rethinking International Relations*; Light and Groom, eds. *International Relations: A Handbook of Current Theory*.

simplest the realist tradition views the state as a vehicle for securing national and international order through the exercise of national power. In some respects, the state is almost taken for granted, with its goals assumed and little or no internal differentiation among its elements. Moreover, the categories 'state', 'nation-state' and 'nation' are often used interchangeably even though these terms should be reserved for distinct phenomena ... Accordingly, there is not much evidence to suggest that realism and neo-realism possess a convincing account of the enmeshment of states with the wider global order, of the effects of the global order on states, and of the political implications of all this for the modern democratic state.[102]

The Realist/Idealist divide continues to permeate the debate, and not unlike the division between the 'radicals' and 'sceptics' of the globalisation debate, has framed the debate in a way that is unhelpful to many alternative lines of investigation.

The Realist domination, with some claim to Germanic influence, was established after the outbreak of the Second World War. In its aftermath, and combined with the rise of science (very similar to the period of time just prior to the end of the nineteenth century) a new demand was placed on the discipline. From the mid 1950s through to the end of the 1960s International Relations was under pressure to deliver more 'scientific' results. Those who became known as behaviouralists hoped to challenge the Realist paradigm. There was also a struggle between International Relations and political science as to whether or not International Relations warranted a separate discipline, and thus efforts were made to distinguish its work as different from domestic politics.

Rising nationalist sentiment and decolonisation combined with the opening of the global economy and increased international cooperation gave the impression that the Realist analysis of power was weakening. Observation of real-world experience by the 'behaviouralists' did not fit Realist theoretical models. However, they were not able to deliver the critique to the prevailing model of international relations that they had hoped. It became, instead, more of an attack on Realist research methods and more of an adjunct to the Realist school rather than a new approach.[103]

Following the work of the behaviouralists, other thinkers began to critique Realism based on theories of conflict and power and the increasing levels of cooperation

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[102] Held, David, *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance.* Cambridge: Polity Press, 1995, pp. 25–26.
[103] Banks in Light and Groom, eds. *International Relations: A Handbook of Current Theory;* Halliday, *Rethinking International Relations.*

between states as well as their inability to assert control and authority over smaller, less 'powerful' states. The argument that the state was challenged by other powerful actors on the international stage began to take a more coherent form with people like John Burton. This approach became known as the 'cobweb model' or Pluralist paradigm and these ideas formed the basis for more specialisms. One of these areas, Foreign Policy Analysis, was particularly powerful in its critique of the Realist model's inability to look at both the internal and external activities of the state. It built a reputation for investigating both faces of the state, with some arguing that 'foreign policy-making is as deeply affected by the domestic political environment as by international constraints'.[104] This argument became known as interdependence theory. It could also be the closest International Relations has to a competitor for – or interpreter of – globalisation. As Halliday puts it:

> It was in this context that there emerged the distinct approach based on 'interdependence', a concept used to focus on how societies and states were becoming increasingly interlinked and what the consequences of this process were. The development of the literature on interdependence illustrates well the opportunities, and pitfalls, of recognising the domestic-international connection: while it provides a context for examining this link, it has often led to a simplification of the relationship and a facile assertion that all is now 'interdependent'. 'Interdependence' is a term that has been intermittently in vogue for over a century. In contemporary usage it originated as a concept in economics, where it had a comparatively clear meaning, according to which two economies were interdependent when there was a rough equality of power between them ... Interconnection produced vulnerability and hence acted to restrain what others might do.[105]

Or, as David Held put it:

> Some attempts to consider seriously the modern state within its web of global interconnectedness can be found in the rather diffuse literature which has its philosophical roots in the 'liberal-idealist' tradition in international relations... In essence, this 'transformationalist' literature portrays the modern state as trapped within an extensive web of global interdependence, heavily permeated by transnational networks and forces, and increasingly unable to fulfil its core functions without recourse to international cooperation. A world of 'complex interdependence', it is argued, has dramatic implications for the sovereignty, autonomy and accountability of the state.[106]

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[104] Wallace, *The Foreign Policy Process in Britain*, p. vii.
[105] Halliday, *Rethinking International Relations*, p. 14.
[106] Held, *Democracy and the Global Order*, pp. 25–26.

It is striking just how much the interdependence debate within International Relations echoes the issues (and many of the conclusions) of globalisation. However, it also retains many of the same problems because interdependence theory also continues to use the same underlying assumptions: the 'timelessness' of the state, the domestic/international divide and a disconnect between theory and practice.

This brief overview only serves to indicate just how pervasive these assumptions are within International Relations, and how Realist theory intentionally (or unintentionally) works to maintain this divide. Increasingly, non-traditional International Relations theory – including studies on development, gender, and conflict – have been working to explore these underlying assumptions. Having set out a framework for globalisation generally and specifically as perceived by Giddens, as well as a brief overview of the disciplines as a whole, it is now possible to take on more directly the issue of what International Relations has to say in the globalisation debate.

The globalisation debate and International Relations

The basic challenge that most writers have presented as the main issue surrounding globalisation in terms of International Relations has been its perceived threat to the state:

> Succinctly expressed, we need to concentrate upon the state since that is the principal site of globalisation. Additionally, however, the moot question is whether globalisation alone induces a reconstruction of the state, or whether it is the reconstruction of the state that, reciprocally, gives globalisation its historical opportunity and character.[107]

It is widely argued that the compression of time, space and distance puts pressure on the state and its ability to manoeuvre in both the international and the domestic arenas. However, the suggestion made here is that this view misunderstands the mechanics of both the state and the process of globalisation. This argument will be made in three parts.

First, it has been argued in a variety of places, the state is not, as might be supposed from some International Relations literature, static or somehow immune from development across time. Some theory tends to regard the state as a 'pure' entity that has various powers and roles both domestically and internationally e.g. monopoly of

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[107] Clark, *Globalisation and International Relations Theory*, p. 9.

force within its borders and security of its citizens from foreign threats. This does not allow either for differences between states or for the development of the individual state in reaction to forces in or outside its control. Interdependence theory, for all its strengths in arguing for state cooperation and shared ideas of sovereignty through multilateral institutions, negotiations and codes of conduct or systems of rules, still does not allow much change in the basic notion of statehood.

The timeless, bounded, state has been under scrutiny by writers such as R.B.J. Walker, Joseph Camilleri, Robert Cooper, James Rosenau and others. Cooper, for example, suggests that we can see at least three stages of development:

> It is possible to identify (loosely) the three stages of state development with three types of economy: agricultural in the pre-modern; industrial mass production in the modern; and the post-industrial service and information economy with the post-modern state. The post-modern state is one that above all values the individual, which explains its unwarlike character. War is essentially a collective activity: the struggles of the twentieth century have been struggles of liberalism – the doctrine of the individual – against different forms of collectivism: class, nation, race, community or state.[108]

Elsewhere, Cooper suggests that the central issue for global politics is the fact that much of the world is at different stages of development. He suggests that what is emerging is a new system rather than just a 're-arrangement' of the old, and a 'new form of statehood'.[109] This, he argues, is not dependent on events in the international arena but on the form of economy primarily within the state. Clark argues in exactly the same terms when he says:

> By extension, it will be argued that globalisation is not merely a context in which the state operates but a new form it takes. The focus then shifts to the globalised state as a single unit of analysis, rather than upon globalisation and the state as two distinct fields of intellectual enquiry.[110]

This idea of stages of state development resonates with a related idea that there are phases in the development of modern capitalism. As illustrated by Albert's argument in Chapter One, the differences between the types of capitalism will need to be resolved as the neo-American model attempts to 'take over' the Rhine model and these different types of capitalism and levels of state resistance will result in domestic and international tension. On a slightly broader timeframe, three overall phases in the

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[108] Cooper, *The Breaking of Nations*, p. 51.
[109] Cooper, *The Post-Modern State and World Order*, p. 8.
[110] Clark, *Globalisation and International Relations Theory*, p. 7.

development of capitalism are identified and outlined by Attila Agh and Mary Kaldor and summarised here by Camilleri:

> Attila Agh describes the role of the state by drawing attention to the three phases of modern capitalism. The first phase (1789–1872), based on free trade, was characterised by the rapid bureaucratisation of nation-states and national economies, with the legal and political infrastructure of the state contributing directly to the accumulation of national capital and the international defence of its interests... The second phase (187-1944) was characterised by the collision of rival national capitalisms and increasing emphasis on the state's external and military functions, which gave added impetus to the principle of sovereignty even though counter-trends were already beginning to emerge. The third phase (since 1945), according to Agh, sees the development of global relations and interactions, of a world system 'characterised by an advanced interdependence, increasing autonomy, self-motion and institutionalisation.' Other writers offer a somewhat different periodisation. Mary Kaldor, for example, refers to three eras: the textile era, the railway era, and the automobile era.[111]

These authors include different features in their phases of development, but the point here is that despite their differences they share a strikingly similar timeline and identify the same moments of transition under discussion here. As Camilleri goes on to argue, the state and capitalism are inextricably linked as the state responds to change in its international environment. The international environment is altered by 'domestic' inventions:

> The state continues to perform important internal and external functions, but is it truly sovereign? The principle of state sovereignty can now be seen to have emerged and developed under conditions that are fast disappearing ... Historically state sovereignty may turn out to have been a bridge between national capitalism and world capitalism, a phase in an evolutionary process that is still unfolding.[112]

That the state has, in some form, evolved is not greatly contested. However, parts two and three in the development of this argument may require more conjecture. It seems there is something going on at specific points in the system that create massive change in the entire frame. State development is linked to its type of economy and the phases of capitalism are linked to specific scientific or technological advances. The chronology for both the state and the global economy are identified as almost identical, but the point is that they are *linked* systems feeding off each other, not the

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[111] Camilleri, 'Rethinking Sovereignty in a shrinking, fragmented world', in Walker and Saul Mendlovitz *Contending Sovereignties,* pp. 30–31.
[112] Ibid., p. 38.

same system – nor is there a single system, e.g. the economic system, that causes the overall change.

In the context of the globalisation debate, the second element of this argument puts together two ideas set out by Christopher Hill in *The Changing Politics of Foreign Policy*. Hill specifically looks at Foreign Policy Analysis in the context of the wider debate and focuses on the area of domestic and foreign overlap through time – and the lack of attention being paid to Foreign Policy Analysis in the flow of the globalisation discussion.

> Globalisation, by contrast, is seen by many as having rendered foreign policy redundant. At least, the large numbers who write about globalisation give this impression by the simple fact of ignoring it. In part, foreign policy is a sub-set of the problem of what is happening to the state in age of globalisation, understood as the creation of an integrated world capitalist market, and putting in place some of the sinews of a global civil society, through developments in information technology, travel and education. Globalisation in its turn has been boosted by political change, notably the emergence of the confident states of east Asia in the wake of the Vietnam War, and the collapse of the communist bloc of Europe. At one level the problem of globalisation is just the latest episode in the long-running debate about the impact of economics on politics, which began with Richard Cobden in the 1860s making a linkage between peace and free trade, and has had at least one other active phase, during the 1970s' discussion of interdependence and détente. It was always a bad mistake to assume that the present will resemble the past but in the case of foreign policy and globalisation there seem to be good reasons for supposing that the death of foreign policy has been forecast prematurely.[113]

As well as identifying the same timeframe, Hill also discusses what he calls 'logics' within the system. He does not discuss this in depth but basically points out that the world of foreign policy is one of 'systems':

> The most accurate response is that decision-makers have a sense of international relations more than anything else as a *system*. That is, there is a regular pattern of interactions… between separate societies still ultimately 'foreign' to each other … This system has various different levels, mysteriously but definitely interconnected. It would be wrong to call them 'sub-systems' because that would imply that we can confidently identify the nature of the primary system… Despite arguments which rage over this very question, over whether to privilege security and states, capital and firms, knowledge and technocrats, the fact is that we are in an

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[113] Hill, *The Changing Politics of Foreign Policy*, p. 13.

epistemological blind spot. We have no way of *knowing* the origins and direction of the causal flow.[114]

Hill therefore stresses that it is 'not sensible to privilege one side over the other'.[115] Similarly, in his study of foreign policy-making, Wallace observes that it may become more accurate 'to talk about an international dimension which touches most important areas of domestic policy ... demanding particular attention from particular ministers, civil servants and commentators but inseparable from major issues of domestic debate'.[116]

Hill suggests that as the world does not have 'sides, top or bottom',[117] we must try to view foreign policy and international relations in a way that puts 'wholeness' at the forefront. Part of that world of systems – obviously stemming from a history of interdependence theory and the development of Foreign Policy Analysis – are, he suggests, three 'logics':

> The assumption here is that the world has three distinctive logics: the logic of economics (including structures of trade, production, and investment); the logic of politics (which is the competition over how the world is to be organised and resources to be allocated); and the logic of knowledge, which deserves to be seen as an equally autonomous realm because of the impossibility of confining ideas, which flow like water through every crack.[118]

Hill is not alone in his concept of logics; Bell also uses the 'logics of organisation' though he labels them 'techno-economic, the polity and the culture'.[119] He suggests that while the techo-economic is a system that 'consists of loosely interrelated units in which changes in the magnitudes of one set of variables have a more or less determinate outcome among the others in the decisions of the relevant economics actors ... The system moves, more or less through markets, to equilibrium.' He argues that the polity is not a system as much as a 'social order, a set of rules, by coercion or consent ... the polity is also a set of rules for the administration of justice' and culture has two dimensions: 'the styles of the expressive arts, and the modes of meaning'.[120]

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[114] Ibid., pp. 164–65.
[115] Ibid., p. 35.
[116] Wallace, *Foreign Policy Process,* pp. vii, 270.
[117] Hill, *The Changing Politics of Foreign Policy,* p. 165.
[118] Ibid., p. 165.
[119] Bell, Daniel. *The End of Ideology: On the Exhaustion of Political Ideas in the Fifties.* Cambridge, Massachusetts: Harvard University Press, 2000 (first published 1960), p. xvii.
[120] Ibid., pp. xvii–xviii.

Finally, Michael Mann poses what he calls types of 'power organisation' that he suggests 'human beings have set up' in 'pursuit of their goals'.[121] His categories are similar to both Hill and Bell – ideological/cultural, economic and political, though he adds a fourth category of military. Unlike the other two authors, Mann links these directly to globalisation and argues that his model:

> sees globalisation as consisting of expansions of all four of these networks of interaction, each of which may have differing boundaries, rhythms and results, diffusing distinctive forms of integration and disintegration across the globe. Discussion of globalisation should not neglect any of these. Recent events should bring this home since they clearly involve a mixture of ideological, economic military and political processes.[122]

In addition to this idea of 'logics', Hill also talks very briefly about 'openings' in the system. He is clearly talking about openings in the context of Foreign Policy Analysis and what might be possible given specific actors and events. His emphasis is on perceptions of the actors within the systems, be it domestic or international. As he states,

> Policy analysis should never neglect the importance of time: some historical periods are more open for change, of a general or particular kind, than others. Some policies seem rational at one time, irrational at another. Which is to say, firstly, that rationality is contingent, not just on place and culture, but also on period, and secondly that history seems to provide certain openings in which major restructuring may be attempted, or at least begun, before events once again begin to congeal into stable patterns.[123]

However, even with Hill's caveats as to the wider applicability of this notion, it would seem that there is no reason why the idea of 'openings' could not be combined with the idea of logics and, in particular, used in relation to globalisation. Expanding on Hill then, perhaps another way of viewing those moments of change in the development of the state or the history of capitalism – depending on the preferred frame of reference – is that they are the points at which change within the 'logics' has converged. In other words, despite the differing rhythms of the logics posed by Mann, there is a moment at when change occurs in all systems simultaneously.

These flow into the system and while not 'privileging' one system over another, they develop in reaction to each other. This convergence of 'logics' then provides an 'opening' in the system that makes new options possible. Given the dual nature of the

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[121] Mann, 'Globalisation and September 11', p. 52.
[122] Ibid.
[123] Hill, *The Changing Politics of Foreign Policy*, p. 108.

state and its leaders it is only logical to assume that with change on the level of the international system, global economy and state sovereignty, there would also be some kind of domestic 'fall-out' to such an opening.

Globalisation and the 'great divide' within International Relations

This line of argument might be considered to be taking Hill and others out of context, except for the fact it is broadly supported by a separate proposition provided by Ian Clark. Clark starts from a different perspective in his book, *Globalisation and International Relations Theory*. In the same way the history of the discipline has been set out here, he goes back to basic International Relations concepts. He suggests that a key struggle for the discipline in dealing with globalisation is this embedded concept of the 'great divide'. He goes on to argue from that fundamental point that other problems are obscured and ultimately misunderstood within the system:

> theorising within the field of International Relations rests upon an implicit Great Divide between the internal and the external, or between the domestic and the international. Within such a framework, the state is thought to embody the internal and, thus constituted, to embark on external activities. The international system may subsequently present a constraint upon its behaviour, but it is not the source of the state's identity in the first place. It will be demonstrated that such an initial framework is deeply misleading and has pervasive, and unhelpful, consequences for the way in which we think about the subject.[124]

Halliday similarly suggests that there is more to the international/domestic divide than allowed in the past and that, 'the international was not "out there" as an area of policy that occasionally intrudes' but instead that states operate at both levels in a more simultaneous fashion than is understood by theorists. He observes that states are only able to compete internationally by mobilising their domestic resources. The two sides of the state cannot be divided as they are shaped by each other. He therefore suggests that political science, sociology and International Relations should create a more productive relationship.[125]

In the meantime, Clark argues that this divide forces a split between domestic and international which has been an underlying challenge throughout the history of the discipline. He further suggests that this false dichotomy is now creating even more difficulties at this moment of massive shift.

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[124] Clark, *Globalisation and International Relations Theory*, p. 12.
[125] Halliday, *Rethinking International Relations*, p. 20.

Traditional International Relations theory puts *all* of the state on one side of the Great Divide (for domestic purposes) and equally places *all* of it on the other side (for international purposes). Such a sleight of hand creates an illusion of two separate states, acting within separate fields of forces, when actually there is only one state acting within a single field. How then might the state be theorised in such a way as to make sense of globalisation?[126]

Clark goes on provocatively to suggest that it is not, in fact, the external pressure on the state that is creating the difficulties but that it is the state that is changing at the same time and thus obscuring the causal links:

The Great Divide encourages us to see the transformation of state roles in sovereignty, economy, security, and rights of citizenship as the necessary response of beleaguered states in the face of overwhelming external forces. In fact, the much more subtle reality is that these supposedly external conditions have, in part, been brought about by new conceptions of the state, of which the new policy agendas are symptomatic. The Great Divide encourages us to believe that the retreat of the state is a consequence of globalisation and is thereby insufficiently sensitive to the extent to which globalisation is also, and simultaneously, a retreat of the state.[127]

It could be suggested that the 'divide' derives much of its strength in effect from what we saw as the strong positivist tradition. This hinders International Relations, as identified by John Gray[128] and Hill[129] and others. Whatever the origins of 'the divide', it becomes very difficult to get beyond the presentation of this current moment as somehow a culmination of the past and globalisation a statement of modernity. The tendency is to project globalisation as some kind of telos or conclusion as demonstrated in the globalisation debate.

Clark, and academics such as Richard Ashley, seem to agree that this 'presumed outcome' approach closes down debate because it is blind to the assumptions contained in it about both the state and the nature of globalisation. Ashley calls this a 'metaphysical conceit':

As this suggests, a modern attitude toward history entails a metaphysical conceit of no small proportions. This is the conceit that modern discourse is situated at the necessary culmination of history, the completion of time, where all the diversity and displacements of the past can be finally and

[126] Clark, *Globalisation and International Relations Theory*, p. 56.
[127] Ibid., p. 32.
[128] Gray, John. *Al Qaeda and What it Means to be Modern*. London: Faber and Faber, 2003.
[129] Hill, *The Changing Politics of Foreign Policy*.

fully reconciled, comprehended in pure synchrony, and represented as a
closed totality. Put more simply, modern discourse presupposes an
unexamined metaphysical faith in its capacity to speak a sovereign voice
of suprahistorical truth.[130]

Clark quotes Albrow positively when he suggests that globalisation is 'unworthy of
the appellation of an order because it is no more than a transition phase'. Clark goes
on to further quote Albrow as he takes writers such as Giddens and R. Robertson to
task 'because their association of globalisation with modernity is inherently
teleological and 'treats as an outcome a necessary product of a process'.[131]

It is suggested here that this issue lies at the heart of the difficulties the International
Relations discipline faces in dealing with globalisation. The absence of an
understanding of the nature of the true dependency of the domestic on the
international and vice versa is linked to the issues we saw in the previous chapter.
This creates serious problems for an understanding of the process of globalisation and
its impact on the state. As Hill observes:

> The very division between home and abroad, domestic and foreign, inside
> and outside has been brought into question from a number of different
> viewpoints, conceptual and political. In consequence, a serious division
> has opened up, not for the first time, between the normal discourse of
> democratic mass politics and the professional discourse of academic
> commentators … Some attempts have been made at bridging this gap
> through popularising such terms as 'interdependence' and 'globalisation'
> but since no scientific consensus attaches to them, the only result has been
> to obscure matters further.[132]

International Relations developed interdependence theory as the role of the state
changed and other actors and forces became more prominent in the international
arena. However, the discipline has not satisfactorily resolved the inherent issue of the
domestic/foreign schism that is now at the forefront of the questions facing the
international system. Clark attempts to create a more robust argument than just a
restatement of the simplistic line that the domestic and the international influence
each other. He insists that the domestic is what it is because it constitutes a part of a
specific international structure. Likewise, the international structure is what it is, at
discrete historical moments, as a consequence of the nature of the polities embedded
within it.[133] Thus, they are, in fact, created by each other, and by responding to each

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[130] Ashley, 'Living on the Borderlines: Man, Post-structuralism and War'.
[131] Clark, *Globalisation and International Relations Theory*, p. 43.
[132] Hill, *The Changing Politics of Foreign Policy*, p. 1.
[133] Clark, *Globalisation and International Relations Theory*, p. 25.

other, continue that development and evolution. The debate around globalisation is, to Clark, not just about the development of world capitalism or the state but potentially a moment of adjustment for the discipline to recognise the 'mutuality' of the systems which it observes:

> For the International Relations theorist, globalisation needs to be viewed as more than a theory of the capitalist system, but it is nonetheless a theory that takes capitalism seriously. It recognises that capitalism operates both through and beyond states and that in so doing is an important constituent of their (changing) identity. Globalisation is precisely a set of claims about the most recent accommodation between state interest and capitalism, and accepts their intimate embrace. But the model of globalisation advanced in these pages is distrustful of claims that the former is simply a creature of the latter. It also takes seriously their *mutuality*.[134]

The frontier

If this mutuality is accepted, domestic change is inevitable and will be driving as well as responding to international change. And there are International Relations specialists who have looked at the domestic consequences of globalisation. Some, like Robert Keohane and Joseph Nye, have been working on interdependence theory for years. There are others, such as Richard Falk and James Rosenau, who are specifically interested in the concept of agency in the international arena and have examined NGOs and global governance or cosmopolitan citizenship. Finally, there are a group of theorists, including James Der Derian, R.B.J. Walker and Richard Ashley, who have been examining the world from a 'post-modern' perspective; they are at the forefront of some of the challenges listed above in questioning the role of the state and its dominant position.

Interestingly, whatever their starting point, globalisation has forced them all into the International Relations equivalent of a demilitarised zone between the domestic and the foreign; 'demilitarised' in the sense that the area does not seem to be limited to the theorists or the practitioners, the traditionalists or the post-moderns. It could even be observed that the range of thinkers all discussing the same ideas has resulted in the confused and dissonant debate on globalisation currently under way. It may also suggest that this no man's land will be the territory of the next International Relations 'great debate'.

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[134] Ibid., pp. 173–74.

Given the importance of the concept of the 'frontier' to this argument, it may be useful to examine very briefly the language developing in this area. The words chosen by this range of writers attempt to indicate both isolation from the clearly demarcated areas of study but also to transcend the usual levels-of-analysis type approach. They often revolve around trying to convey competing tensions in the system with the same word. For example, James Rosenau, a writer in the area of transnational relations, has a variety of terms for this process, e.g. 'fragmengration'. He suggests that this indicates the 'simultaneity and interaction of the fragmenting and integrating dynamics that are giving rise to new spheres of authority and transforming the old spheres. It is also a label that suggests the absence of clear-cut distinctions between domestic and foreign affairs.'[135]

A more recent contributor, Zaki Läidi, proposes 'world time' as 'the tie both of globalisation and of the post-Cold War'.[136] Crucially, Läidi also recognises the overlap between different spheres of activity at different times – much like Mann – but accepts that it may not be a new phenomenon:

> Of course our perception that time is accelerating is probably not new, and therefore the gap of meaning and power perhaps represents a recurrent, even permanent problem. Sociology has helped us to recognise the existence of social times with differentiated rhythms ... At the start of the twentieth century the birth of 'universal time' and the progressive universalisation of the telephone and car led to a collective perception of the acceleration of time and a necessary renegotiation of the relationship between people and space. We then saw a parallel development in literature, the arts, music and linguistics of 'modernist' choices that bolstered the promise of progress and the rational planning of the ideal social order that would result from it. In other words, the accelerated projection towards the future was backed up by the teleological promise that ... made it more supportable.[137]

Ashley offers 'nonplace' as the location for the expansion of both research and theory specifically on what he calls the 'frontier', 'borderlines', or the 'margins' between domestic and international, This, he argues, is the best position for post-structuralist theory because it focuses on the area he believes modern theory does not or cannot address. He attributes this to its apparent insistence on arguing from a set position or single historical perspective. Ashley, like Clark, suggests that that it is the rigidity of that boundary in academic study that is now hindering development:

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[135] Rosenau, *Along the Domestic-Foreign Frontier*, p. 38.
[136] Ibid., p. 7.
[137] Läidi, Zaki *A World Without Meaning: The crisis of meaning in international politics*. Routledge: London and New York, 1998, p. 12.

An appropriate position of post-structuralist inquiry, I shall want to suggest, is really a 'nonplace', a boundary that it puts in question: the boundary between domestic and international politics. The analytic problem that post-structuralism might there take up, I shall want to indicate, is a problem that is intimately related to the imposition of just this boundary in history. It is the problem of the inscription of a paradigm of sovereign man as a central figure in modern narratives of politics.[138]

Rosenau focuses instead on a more traditional approach, but it nonetheless leads him to this same domestic/foreign divide. As well as the forces of 'fragmengration', he seeks to discuss the more traditional levels of analysis, but in the light of these movements. He also has a very concrete view of the politics of the 'frontier'. As well as identifying what he sees as the changes this brings to the global system, he discusses at length what this means for all levels within and between states. Taking the more traditional levels he expands on how they are affected; for example, he spends time on the concept of the state and its ability to operate in this system and what states must deal with if they are to continue to be effective:

Cast in terms of the politics of the Frontier, all states share at least four major preoccupations that consume much of the time of their top officials. All of them are preoccupied with issues surrounding their sovereignty, both as it is challenged by fragmenting forces at home and by globalising forces at work aboard. Similarly, and relatedly, all states devote considerable energy to the preservation and enhancement of their authority over their increasingly articulate and analytically skilful citizens. No less common to all states is a preoccupation with the integrity of their borders and a felt need to police the human and nonhuman traffic that crosses them. Likewise, all states continuously work at steering their economies and societies along historical paths.[139]

He brings an understanding of the different actors to the process and the ways in which their work and efforts will be changed by what he terms 'epochal transformation' in the 'essential nature of human affairs'.[140]

Frontier 'moments'

This brings the argument being posed here to its focal point in terms of International Relations. Globalisation has forced theorists to examine their assumptions of the

[138] Ashley, 'Living on the Border lines' in Der Derian and Shapiro (eds), *International/Intertextual Relations*, p. 260.
[139] Rosenau, *Along the Domestic-Foreign Frontier*, p. 345.
[140] Ibid., p. 7.

different actors and the systems in which they operate. The enmeshed assumptions about the division between the domestic and foreign, national and international, are being challenged by changes both in the state as it responds to its new circumstances and in the international system brought about by new technology and resulting changes in economic structures.

It is argued here that globalisation, or systemic transformation, occurs when the state and capitalist system are both undergoing related, but not contingent change. Care should be taken not to confuse the types or kinds of change so as to ensure that agency is not divorced from process. On the other hand, there is little point in attempting to ascertain causal links between the systems as they are so enmeshed as to make such distinctions impossible.

These moments of clash between domestic/foreign, internal/external and national/international are the result of a convergence of 'logics'. This provides an 'opening' or a 'porousness' of the political process in which is it possible for actors both in their domestic and international capacities to address a new range of issues and previously settled understandings of the international system.

However, this also requires a domestic explanation from states and their leaders, especially in democratic countries where the ideas of citizenship and agency are most developed. For the UK in particular, this convergence has been most obvious at two specific points in its history. The first point of convergence is the end of the Industrial Revolution, as technology, the development of social science and the rise of a politicised public gave rise to a New Liberalism. The second point is the end of the twentieth century, and the onset of the de-industrial revolution when, again, technology and new concepts and discoveries in both the social and physical sciences combined with the rising agency of organised stakeholders and global audiences lay the foundation for the Third Way.

This particular domestic application of the consequences of globalisation or the development of a 'politics of the frontier' has been recognised by Hill[141] as well as others such as Jürgen Habermas:

> The stand-off in the debate between the 'parties' of globalisation and territoriality has sparked attempts to find a 'Third Way'. They branch off in two directions, toward a more or less defensive and a more or less offensive variant. One sets out from the premise that, if the forces of global capitalism, now that they have been unleashed, can no longer be

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[141] Hill, *The Changing Politics of Foreign Policy*, p. 303.

domesticated, their impact can be cushioned at the national level. The other pins its hopes on the transformative power of a supranational politics that will gradually catch up with runaway markets.[142]

Conclusion

International relations, as a predominantly Anglo-American discipline, has developed several core concepts which define its perspective on the state and its role as well as the international system in which it operates. To Realists, the state is an enclosed entity and timeless. It has certain powers and abilities and arenas in which it is considered to be at least the primary, if not the sole, actor. The international/domestic divide continues to dominate analysis, although there are signs that attempts both within and outside the discipline have begun to have an impact. Finally, the discipline, given this embedded notion of a 'divide', does not deal well with the connection between theory and practice, as it finds it difficult to operate on both levels simultaneously.

Various strands of International Relations theory have challenged these assumptions, and while some have naturally developed into an integral part of the discipline – e.g. Foreign Policy Analysis or interdependence theory – other areas remain as challenges.

The globalisation debate in its current form arguably presents such a challenge as it addresses the function and power of the state and the erosion of boundaries, as well as the number and type of actors that have international significance. However, most of these issues are not particularly new. The discipline has adopted notions of interdependence as part of the ongoing debate, and others have made similar points from alternative perspectives, such as conflict resolution and gender.

However, globalisation, as understood here, is part of something much more fundamental or transformational. If this is a moment of transformation from one overall frame to another, i.e. from the modern to the global, globalisation is the result of change in not one but all systems, which are not causal but linked.

This argument potentially has a significant impact on International Relations and is most related to arguments put forward by Clark. It impacts on the way in which states

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[142] Habermas, Jürgen. 'The European Nation-State and the Pressures of Globalisation.' *The New Left Review* 235.3 (1999): 46–59, p. 52.

would be better understood as depending on, and shaping, each other rather than systems simply reacting to each other as more or less closed units.

The broader perspective of globalisation set out here requires a new understanding of how states evolve and how states at such differing levels of development interact in the international system. The boundary between the domestic and international will need to be re-examined for the way in which each sphere influences the other and the issue of agency between international theory and domestic practice and the reverse.

The rest of the argument proposed rests on this approach to both globalisation and international relations. As global or international studies are generally ambitious and complicated, it is proposed to approach this problem from the domestic perspective in the form of a comparison of New Liberalism and the Third Way as political responses to such moments of transformation.

This requires general thematic comparison between two periods of time that are set out as potential examples with a view to setting out commonalities of their analysis and approach. Each timeframe and its political response will then be examined in more detail for insights as to the drivers and consequences of change along this 'great divide'

Chapter 3

Transformation: 1880s and 1980s

The discussion of the previous two chapters suggests that something else may be at work at these two points in time. The wider globalisation debate has identified the current shift but seems flawed because of its underlying focus on economics (despite several authors who argue that this should be broadened) – an approach which overlooks important features of the phenomenon of globalisation.

It is also clear that the shifts or transformations inherent in globalisation are difficult for International Relations to deal with given the discipline's tendency to view theories of sovereignty and statehood as completely separate from important domestic factors. The domestic/international boundary acts as a potential obstacle to observing patterns of behaviour by both states and individuals.

If it is correct to argue that something more fundamental is under way, the weaknesses in both the globalisation debate and the issues within International Relations should be viewed as almost inevitable. It is difficult to deal effectively with the international, let alone the global. Also, it should be assumed that such moments of transformation are relatively infrequent occurrences and therefore more in the nature of a paradigm shift than part of everyday analysis.

It is argued here that systemic transformation can be prompted by but not limited to technological innovations that alter economic, social, culture and political spheres. This type of transformative change is not caused by, or contingent on, change in one system or another but is simultaneous, and argued that it is the result of a movement from one stage of development to another in both the state and the economic system.

To investigate whether or not such a shift in the state helps explain these difficulties, and rather than attempt a global study, it is proposed to explore the idea of transformation through the domestic responses at two specific periods that are arguably such times of transformation. As stated, the domestic responses at the heart of the investigation will be New Liberalism and the Third Way – the thread being that if these political approaches are domestic responses to such change they should share similar features. It is an interesting aspect of the current discussion that so many writers have already commented on the similarities between these two periods. From Blair and his advisers through to academic and media observers, a number of themes emerge.

Each domestic response will be examined in depth as the day-to-day political core of the structures that have been under discussion thus far. However, it is important to consider briefly the ideational link between the wider system and this more specific point of activity. Therefore, a brief outline of ideology and political theory will be set out, followed by a look at the potential areas of comparison between New Liberalism and the Third Way on two levels: first, in terms of what are termed here their 'positional attitudes'; and, second, their ideological or political theory frame for policy.

Theory, ideology and practice

As already indicated, Europe historically operated on a relatively established regional system. The Church and monarchs provided the basis and crossed whatever boundaries might have existed. However, as that system broke down, states developed a sense of territory element, and a more secular, industrial frame. In the absence of the Church and in the face of the rise of the state came modern ideology – 'modern' in as much as ideologies could not really exist until the state existed and the capitalist model of the state did not arrive until the Industrial Revolution. Thus, political ideologies such as liberalism and socialism were born in the midst of political uncertainty, as direct reactions to the changes in economic and state structures.

The UK was particularly open to the full range of views, given that it was the first to develop a modernised economy and that many continental thinkers as well as native philosophers were engaged. In recent times, the UK's level of activity in the global Third Way debate also suggests a role as a lead indicator of such change. The UK can be portrayed as not only the midwife of the capitalist system and the Industrial Revolution, but also well placed to be the hand that rocked the cradle of modern political thought at these particular points in history. Therefore, it makes an excellent case study for the two periods in question.

It should be noted that while the argument here is that this shift has also happened in other European, western, 'late-modern' countries, it is not assumed that the exact dates used here would be directly applicable to other countries. It may also be interesting to investigate the domestic response to such change in non-western countries for the purposes of comparison.

The idea that ideologies are effectively a modern concept may also help to explain why the term has only relatively recently come to be non-partisan. Daniel Bell in his

book, *The End of Ideology*, explains that ideology was coined in the late eighteenth century by Destutt de Tracy as a means of investigating the 'truth', other than through the ideas of Church and state. Ironically, he and other Enlightenment thinkers were attempting to avoid 'accidents of bias or distortions of prejudice' by going back to their point of origin[143] – ironic in the sense that, as Ian Adams suggests:

> For most of its controversial career as a concept, the word 'ideology' has implied some kind of false thinking, something we could all well do without ... Thus Marx saw ideology as distortions of reality, 'false consciousness' in the interests of a particular social class ... increasingly scholars as well as politicians and journalists have taken to using the word ... simply as a set of political beliefs about how society ought to be and how to improve it.[144]

This ideological ground is crucial to understanding the debates that reverberated throughout the end of the nineteenth century and why they have recurred at the turn of the twentieth.

What, then, is an ideology? Simply, an ideology is a frame for political thought and action. A specific ideology takes a position on the nature of human beings and a vision of the good life and offers a method by which the state proposes to attain that ideal. It forms the crucial link between theory and political practice. Thus, is it important both to political theory and to practical politics. Again, Bell summarises this as 'an historically located belief system that fused ideas with passion, sought to convert ideas into social levers, and in transforming ideas transformed people as well ... Ideology is the conversion of ideas into social levers.'[145]

To investigate ideology one should look at three points of agency: two players and the space they occupy. The first of the two payers is the individual who has two roles: an active role as participant and citizen and a reactive role in terms of what the state expects of them. Similarly, the second player – the state – also has two roles: the primary one is its domestic capacity, though its international role is also important because, as we have seen, both faces of the state are increasingly visible to the individual.

These two players are enmeshed; they depend on each other for legitimacy and stability. A crisis in one can precipitate a crisis in the other. Yet they are fundamentally different from the third point of agency, which is the space they

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[143] Bell, Daniel. *The End of Ideology*, pp. 294–96.
[144] Adams, Ian. *Political Ideology Today*. Manchester: Manchester University Press, 1993, pp. 2–3.
[145] Bell, Daniel. *The End of Ideology*, pp. xi, 400.

occupy together, i.e. civil society or community. This is important because there are things that are not driven by either the individual or the state but by a collection of individuals outside the realm of the state – though it is also possible for the state to seek to change the community, while the community may seek to change the state (including its international actions).

Michael Freeden sets out three definitions of ideology, highlighting the difficulty of the link between action and theory. He also identifies what he calls the 'cornerstones' of each ideology as they inevitably touch on other schools of thought. For example, one approach he suggests is to look at the problems ideologies are trying to address: 'Ideologies ... contend with the basic and shared problems: human nature, justice and redistribution, the relation between authority and liberty, the determination of the public interest, allegiance and social cohesion, to name some of the more central issues.'[146] Alternatively, he suggests they can be compared by their 'core concepts' which create a series of 'concentric circles' forming a 'core cluster' of concepts and ideas, an 'adjacent band and a peripheral one'.[147] Finally, these concepts can be viewed as 'linked units'.[148]

As Freeden points out, the priority and proximity of these concepts make up the differences between various political groupings, and identification can be complicated by the presence of overlapping features. This is a problem that will be apparent in the comparison of New Liberalism and the Third Way. 'To regard ideologies as consisting of a number of basic units, some shared, can account for the frequent overlap between different ideologies and do away with the type of boundary problems that mutually exclusive definitions of ideology create.'[149]

To follow this process through, an ideology must start with a view of human nature. As Graham Wallas (1858–1932), a leading social reformer in the late nineteenth century put it:

> The student of politics must, consciously or unconsciously, form a
> conception of human nature, and the less conscious he is of his
> conception the more likely he is to be dominated by it... In the other
> sciences which deal with human activity this division between the study
> of the thing done and the study of the being who does it is not found.[150]

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[146] Freeden, Michael. *Liberalism Divided: A Study in British Political Thought 1914–1939*. Oxford: Clarendon Press, 1986, p. 3.
[147] Ibid., p. 4
[148] Ibid., p.5.
[149] Ibid., p.6.
[150] Wallas, Graham. *Human Nature in Politics*. London: Constable & Company, 1948, pp. 15–16.

This model of human nature must then be converted into political aspirations through some kind of idea of a 'good society':

> Ideology is first of all concerned with value; that is, how we ought to treat each other and live together in society. Ideologies offer rival visions of the 'good society', the morally best kind of society for human beings to live in … All ideologies have a conception of an ideal society, which embodies the values that the ideology promotes. And this is not just what is the best society for some people in a particular time of place, but what is best for human beings as such. To have view like this involves holding beliefs about human nature, such that only if human beings live in a certain way will they be fulfilled and their true potential flourish.[151]

And finally, the necessary link between theory and practice:

> Ideology is, after all action-oriented … This is what happened to exponents of mid-Victorian Liberalism who fell into the common error of generalising one of its particular manifestations. A viable ideology necessitates a constant interplay between the abstract and the concrete to avoid the pitfalls of vanity or insignificance. Its principal components must at any time be detachable from the historical and political scene but thus freed only to be re-anchored to new sets of facts and events.[152]

Positional attitudes

Political debate has two dimensions. The most obvious element is what is actually said, be it policy statement or legislation. However, often a more important dimension to the discussion, and one which also attracts attention, is the positioning of such comments. While not directly about a specific issue or policy, this type of comment is important because it indicates an attitude towards the political climate to the audience. Such statements position a party vis-à-vis other parties as well as laying claim to political territory. They act as a framework within which more specific policy actions can be understood. They form the political narrative within which the debate is structured.

One of the most basic of positional attitudes in politics, particularly for the centre – even the 'radical centre' – is the visual portrayal of politics either being of the left or of the right. This spectrum originated at the time of the French Revolution. It differentiated the first and second estates of the aristocracy and the Church, who sat to

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[151] Adams, *Political Ideology Today*, p. 4.
[152] Freeden, Michael. *The New Liberalism: An Ideology of Social Reform*. Oxford: Clarendon Press, 1978, p. 247.

the right, from the third estate representing 'the people' (though very middle class) who opted to sit to the left. This idea of the 'left' being representative of 'the people' as opposed to 'the establishment' has carried through to current political debate.[153]

As David Marquand points out, this visual idea has also become 'impregnated ... with assumptions derived from the Industrial Revolution'. This is relevant in terms of New Liberalism and Third Way debates, as both have sought to 'move beyond' this spectrum. Like the original demarcation, parties of the left are those of change and revolution, while the right is the party of reaction. Marquand suggests that this history carries the implication that the language of left and right means that the left is the party of the proletariat while the right is in favour of the bourgeoisie. The cost of this map for the centre, he argues, is that the stark contrast between the defenders of the people and the defenders of the status quo leaves the centre – or the residing place of those who gradually moved towards social liberalism or liberal socialism – as lacking conviction. The centre is in favour of change but only in its weakest form, 'sympathetic to the exploited, but unwilling to wage war on the exploiters'.[154]

This crucial positional attitude provides the background for much of New Liberalism and the Third Way. As movements of the centre, the transcendence of the left/right dilemma poses as least as much of a problem for them as the 'progressive' one. It remains a dilemma that neither political age was truly able to resolve.

In the case of New Liberalism and the Third Way it is argued there are three important positional attitudes. Both:

1　Claimed to focus on the rational or pragmatic rather than the ideological – and set themselves out as a synthesis, beyond left and right, of political thought in the midst of uncertainty;

2　Self-consciously reached out to others in the political process and were more porous in that they reached well beyond their traditional political boundaries in terms of party allegiance and input into party policy (including the use of the media) to the point of calling for an overall political realignment;

3　Actively portrayed themselves to be of the left or progressive forces and sought to include the agendas of a variety of single-issue or 'moral' campaigns often related to social justice;

[153] Donald Sassoon, Donald. *One Hundred Years of Socialism: The West European Left in the Twentieth Century*. London: I.B. Tauris, 1996, p. xxi.
[154] Marquand, David. 'Beyond Left and Right: The Need for a New Politics.' *New Times*. Eds. Hall and Jacques. London: Lawrence and Wishart, 1989, p. 373.

4   Participated and encouraged debates that were not confined to the domestic
    agenda or even domestic players but issues that were being discussed across
    Europe and beyond. They also subscribed to the idealistic view that trade
    promoted peaceful relations between states.

Blair's territory

Tony Blair has been the most important contemporary purveyor of these positional
attitudes. Looking at the Third Way in retrospect, it is impressive to see the number
of others who provided not only coherence but consistency between these four
messages (see further in Chapter Eleven). These concepts are clearly demonstrated in
Blair's seminal speech to the Fabian Society in 1995 on the fiftieth anniversary of the
1945 Government – also a media positioning statement.

It was in this speech that Blair pronounced himself to be 'proud' to be a 'democratic
socialist' and redefined socialism with what became the famous hyphen, creating a
new term: 'social-ism'. These self-definitional examples are a part of these attitudes.
More importantly, Blair took the opportunity to reiterate history from the perspective
of New Labour. This lengthy quote outlines the ideas that were to form the core of
his approach:

> Democratic socialism in Britain was indeed the political heir of the radical
> Liberal tradition ... but with recognisable affinity when put next to its
> progressive liberal cousin ... The 'progressive dilemma' is rooted in the
> history of social and economic reform in Britain. Up to 1914 that history
> was defined by the Liberal Party's efforts to adapt to working-class
> demands. This involved the gradual replacement of the classical liberal
> ideology based on non-intervention and 'negative freedom' with a credo
> of social reform and state action to emancipate individuals from the
> vagaries and oppressions of personal circumstance ... after the foundation
> of the Labour Representation Committee in February 1900, working
> people were able to put new demands on the Liberal Party. These were
> the forces that were eventually to swamp them but for a time they found
> political manifestation inside that party in the rise of New Liberalism.
> Radical liberals saw that the electorate was growing and changing, and
> realised that liberalism could only survive if it responded to these
> demands. The intellectual bridgehead was established by Hobhouse and
> others. They saw the nineteenth-century conception of liberty as too thin
> for the purposes of social and economic reform, so they enlarged it. They
> realised that theoretical liberty was of little use if people did not have the
> ability to exercise it. So they argued for collective action, including state

action, to achieve positive freedom, even if it infringed traditional laissez-faire liberal orthodoxy ... They did not call themselves socialists, though Hobhouse coined the term 'liberal socialism', but they shared the short-term goals of those in the Labour Party – itself then not yet an avowedly socialist party ...

> We must value the contribution of Lloyd George, Beveridge and Keynes and not just Attlee, Bevan or Crosland. We should start to explore our own history with fresh understanding and an absence of preoccupations ... Part of that rediscovery is to welcome the radical left-of-centre tradition outside our own party, as well as celebrate the achievements of that tradition within it ... The New Liberals were people who were both liberals with a small 'l' and social democrats, also in lower case, living on the cusp of a new political age, transitional figures spanning the period from one dominant ethic to another ... J.A. Hobson was probably the most famous Liberal convert to what was then literally 'new Labour'.[155]

Blair did not reposition the party by himself. Peter Mandelson, a close adviser to the Prime Minister, makes the same point: 'New Labour does not accept the classic view of the 'left-right' divide ... New Labour is a new type of politics. It is about building a new synthesis to which all of the centre and left can subscribe.'[156] And others have come to this same conclusion. Some, such as Otto Newman, through the bald statement that 'Pragmatism rules over ideology'.[157] Others, such as Christopher White, in more complex version attributing the positioning of the Third Way as a reaction to globalisation precisely so that this left/right or old-politics boundary can be broken:

> Globalisation determines an agenda that, first and foremost, compels a set of responses that are presented as unavoidable ... Such a stance allows New Labour to posit a move 'beyond old boundaries between left and right altogether' ... The New Labour orientation is, instead, 'progressive', because it embraces a new agenda that derives from new times ... this relocation holds out the opportunity of 'de-politicising' politics. 'Ideology', in an age of globalisation, becomes a thing of the past: '[t]he era of grand ideologies ... is over'. Emptied of ideological content, with

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[155] Blair, Tony. *Let Us Face the Future – the 1945 anniversary lecture.* Fabian Pamphlet 571. The Fabian Society London, 1995, pp.4, 8, 11; Blair, Tony. *New Britain: My Vision of a Young Country.* London: Fourth Estate, 1996, p. 15.

[156] Mandelson, Peter and Roger Liddle. *The Blair Revolution: Can New Labour Deliver?.* Faber and Faber. London. 1996, p. 17.

[157] Newman, Otto and Richard de Zoysa. *The Promise of the Third Way: Globalization and Social Justice.* Palgrave. Basingstoke. 2001, p. 7.

its policies now seen as unavoidable, domestic politics are pursued in the 'national interest'.[158]

This new vision of British politics was greeted with scepticism and viewed as a kind of derivative political theory or, perhaps worse, a repeat of previous political thought. Though the New Labour proponents of the Third Way made no attempt to suggest it was not without antecedents, and even stated their deliberate intention of a kind of historic reconciliation of the left, academics seemed unimpressed. For example, Alan Ryan in 'Recycling the Third Way' asserted that the Third Way 'first showed up in British politics ninety-five years ago. At that point, and so far as it is coherent, it remains the ideology known as the New Liberalism ... The truth is that the third way is neither new labour as its admirers say, nor warmed-over Thatcherism, as its detractors say, but a reversion to a very old idea.'[159]

Similarly, Stuart White and Susan Giaimo in 'New Labour and the Uncertain Future of Progressive Politics', seem to regret that New Labour has 'ignored or dismissed' the foundations laid by the New Liberals. In their view, New Labour made the mistake of thinking they needed to invent the Third Way rather than seeing that the 'egalitarian social liberalism proposed by the New Liberals was, in fact, the original third way'.[160]

Michael Kenny and Martin Smith are more interested in the overall idea of realignment of the political left and the idea that New Labour has a mission to recreate a progressive coalition with other social and political forces. This, it is suggested, would ensure the exclusion of the Conservatives in the same way the divided left has aided the Conservatives throughout the last century. But they similarly seem unimpressed given that something being portrayed as new is, 'in fact, rather old'. Taking what they regard as each claim separately, they track it back to what they see as the origins:

> The claim to have transcended past squabbles and divisions, and the zealous imagination of a 'new Britain' about to be born can be detected as far back as Ramsay MacDonald and indeed have stemmed from the moralistic rhetoric of the ethical socialist tradition of the late nineteenth century (Bevir 1999). The claim to have transcended the past, to have moved beyond the constraints of 'the British tradition' and to be

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[158] White, Christopher. *The Function, Significance and Limitations of 'Globalisation' in the New Labour Discourse*, p. 12.
[159] Ryan, Alan. 'Britain: Recycling the Third Way'. *Dissent* Spring 1999: 67–80.
[160] White, Stuart and Susan Giaimo. 'Conclusion: New Labour and the Uncertain Future of Progressive Politics' in White, Stuart, ed. *New Labour: The Progressive Future?* Basingstoke, Hampshire: Palgrave, 2001, p. 219.

developing non-ideological solutions to contemporary problems is thus a rather old feature of British politics.[161]

It is Marquand who perhaps comes closer to the argument being made here by focusing on these political developments as a *response* to the social frame, not *necessitated by*, but *drawn from* capitalism:

> This is still a world of multiple capitalisms, marked by sharp variations of structures, culture and performance ... The heaving, masterless, community-destroying global economy of the 1990s ... is uncomfortably close to that of the nineteenth century.[162]

He argues:

> The New Liberals of the turn of the century sought to reconcile capital and labour, to moralise market relations, to achieve a just distribution of resources within a capitalist framework. Their project was based on the premise that this attempt was feasible as well as right, that capitalism was sufficiently flexible and productive for it to be reformed in such a way.[163]

However, as he points out, the idea that liberalism can be reconciled with socialism may be incorrect; the basic problem is: 'If socialism was right, New Liberalism was wrong; if New Liberalism was right socialism was unnecessary'.[164]

Political theory and policy frame

As well as the positional attitudes there are specific areas at the level of political theory, or perhaps more accurately described as the defining features of a policy framework. They are not specific policy recommendations but they are the guiding principles that point towards policy determinations. These features act at the three points of agency core to the basic definition and function of ideology. Four areas seem to stand out and warrant further exploration as part of the in-depth examination of these responses:

1 At the level of the individual both New Liberalism and the Third Way focus on a notion of duty or of self-governing morality (often relying on a Christian approach) of the individual and a strong link between rights and responsibilities in the form of a new social contract;

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[161] Kenny and Smith, 'Interpreting New Labour', p. 236.
[162] Marquand, David. *The New Reckoning: Capitalism, States and Citizens*. Cambridge: Polity Press, 1997, pp. 4–5.
[163] Ibid., p. 74–75.
[164] Ibid.

2   This leads directly to a second area, which is crucial to both New Liberalism and the Third Way as it concerns the way in which individuals should be viewed in their community. Perceived social crises led both approaches to re-examine the role of the individual within society towards a more organic model of human nature. They argued that the values of community and mutuality are norms of social life and the drivers of individual motivation. They both grappled with an overt vision of what comprises the 'good life' or 'good society';

3   The role of the state, especially in its potentially declining potency as guarantor, at least of economic security, becomes that of facilitator. So while New Liberalism contended with the creation of a state system in terms of welfare and the Third Way was defending the state as a means of social benefit, they were both attempting to re-define the function of the state in a changing economic climate;

4   The global economic environment forced both the Third Way and New Liberalism to prepare for the global marketplace. For the Third Way, globalisation led to a need for competitiveness in all other areas of government policy including education, and social welfare, while for New Liberalism the term was efficiency. Interestingly at both times all parties were discussing these ideas as a response to the pressure of international trade.

All four of these areas seem to revolve around Freeden's core concepts and the priorities given to each in terms of the differences between social liberalism and liberal socialism. The assumption at both periods of time would, in truth, be on the right, in that they were not seeking to overthrow the system – despite the rhetoric of 'Blair's revolution' – but sought instead to create gradual change. They were, in effect, attempting to create a counterweight to a system that had 'gone too far', at least to the extent that empirical evidence of both timeframes indicated social breakdown.

Two transformational/progressive ideologies

Essentially, both New Liberalism and the Third Way start from a positive view of human nature. They both contend that the good life is one in which the responsible, self-reliant individual is generally left to create a life for themselves without too much interference from the state. They also both see the community as the core of the life of the individual and therefore strive to use the state to shore it up. Duty forms a fundamental part of both the rights and responsibilities of the individual and the state

in their relationship to each other. It is essentially a three-cornered balance between the individual and the community and the state.

Robert Skidelsky argues that the debate for the Third Way has been between the social liberals (led by Blair) and the social democrats (led by Gordon Brown) and that Giddens would be found on the social liberal side of the equation; and further, that Giddens argues that the 'double-edged consequence of modernity' is the release of old ties but that this brings with it a breakdown in the social fabric. This breakdown requires a new 'social contract', and while inclusion is very high on their agenda for state action, it has largely taken the place of equality in what was the old-left perspective of the individual. Skidelsky suggests that in this view, 'The state should not be seen as a top-down provider of welfare but an "enabler" of communal action ... Social liberal language has little contact with past socialist and social democratic language harking back, if anywhere to the New Liberalism of the late nineteenth century.'[165]

In the previous period of change, these same two strands were labelled as Fabian socialism and New (or social) Liberalism. Again, while not arguing for any kind of radical overthrow of the state, they both argued in favour of a version of the state that moved on from what was termed 'the night-watchman state' to a more proactive social policy and the development of a welfare system – though they argued this point from two different models of society, as will be shown.[166]

Leonard Hobhouse, considered pivotal between nascent socialism and New Liberalism, demonstrates the original formulation of the Giddens notion when he clearly argues that the government and the state should not 'feed, house or clothe its citizens' but should 'secure conditions upon which its citizens are able to win by their own efforts all that is necessary to a full civic efficiency'.[167]

The New Liberals and the Third Way both looked towards the continent as well as standing apart from it. Wolf quotes Friedrich Hayek:

> For over two hundred years English ideas had been spreading eastward.
> The rule of freedom which had been achieved in England seemed
> destined to spread throughout the world. By about 1870 the reign of
> these ideas had probably reached its easternmost expansion. From then

[165] Skidelsky, Robert. 'Five Years' Labour'. *Prospect* May 2002: 22–26, p. 25.
[166] Driver, Stephen and Luke Martell. *New Labour: Politics After Thatcherism*. Cambridge: Polity Press, 1998, pp. 77–78.
[167] L.T. Hobhouse, quoted in Giddens, *Third Way and its Critics*, pp. 86–87; original, Hobhouse, L.T. *Liberalism*. Oxford: Oxford University Press, 1964, pp, 83–84.

onward it began to retreat, and a different set of ideas, not really new but very old, began to advance from the East. England lost her intellectual leadership in the political and social sphere and became an importer of ideas. For the next sixty years Germany became the centre from which ideas destined to govern the world in the twentieth century spread east and west ... Although most of the new ideas, and particularly socialism, did not originate in Germany, it was in Germany that they were perfected and during the last quarter of the nineteenth and the first quarter of the twentieth century that they reached their fullest development.[168]

Thus, New Liberalism and the Third Way could be argued to be firmly part of the Anglo-Saxon model within the English tradition of the 'weak state' (the New Liberals were arguing for a more active state but they were careful not to suggest that the liberties already gained should be weakened), taking some ideas from Europe but in both timeframes not using European approaches – nor did the traditional European left have the sense that there was much on offer either from New Liberalism or the Third Way, as will be discussed in Chapters Nine and Twelve.

New Liberalism and the Third Way compared

As domestic political philosophies created in the face of massive change, New Liberalism and the Third Way have a number of similar features.

They were both developed by an educated elite of their day, which had regular contact within their own group, not only through politics but a range of other involvements, business, social and political.

In a striking difference, the liberal 'modernisers', or New Liberals, did not enjoy the initial support of the leadership of the Liberal Party, though it could be said that just after the turn of the century they had more direct political influence with Lloyd George and a selection of MPs elected on a more overt New Liberal platform. In contrast, the Third Way was developed as core to the platform and campaigning efforts of not only the leader but of the entire leadership team of the Labour Party.

Arguably, this consistency was necessary in the twentieth century given the greater reliance on electronic media for communication with the electorate and therefore the higher likelihood of any inconsistency being highlighted by the press. However, the New Liberals suffered for their lack of support, not least as it was indicative of the

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[168] Wolf, *Why Globalisation Works,* p. 106.

general division of the party. There was no binding consensus as to the analysis or approach to the issues. Their influence was diffused through newspaper articles, journals, associations and academia for most of their development, with little or no focus on the business of politics.

Economic and social change had inevitable electoral repercussions. New Liberalism and the Third Way were faced a new voting public. The enfranchisement of the working classes shifted the entire democratic frame of Britain towards a representative democracy. For the first time there was something that the lower classes could do to make their case heard in the political arena. A general class-consciousness entered civil society. The New Liberals attempted to include the newly enfranchised working class as part of their efforts to broaden state legitimacy. The Third Way had a similar problem as their electorate was also changing due to the shift away from manufacturing to service industries. They were both attempting to win over a new 'class' of voter. Ironically, New Liberals were trying to move towards the new working class while the Third Way was trying to move towards the new middle class, but both approaches were working towards a majority of the left – and both moves created internal party struggles.

To achieve this working majority, or 'progressive coalition', meant that both New Liberalism and the Third Way were also trying to expand their appeal. New Liberals worked with the emerging socialists and won over some traditional conservatives, and the Third Way deliberately sought to create a 'big tent' of opinion and support from others in a range of arenas to join their cause. For the Third Way it was an attempt to reconcile the 'great divorce' that the New Liberals and the nascent Labour Party created when they failed to create such a grouping in their first attempt.

This domestic pressure created a number of issues for both approaches. The newly enfranchised or globalised individual in these two timeframes created issues as their increased participation led to questions as to state legitimacy. If the state did not represent the people, the question being posed by the collectivist movement or the wider revolutionary and anarchist movement that influenced an undercurrent of political thought at the end of the nineteenth century, was: how can the state be changed to better reflect the people? At the end of the twentieth century, this tension is created by the anti-globalisation protestors in their case against corporate and often state power, or, at the other end, by those promoting global governance structures. While these two perspectives are very different they have a common idea that the individual has a role to play in politics at the international level. States are arguably

domestic players writ large, and international civil society is, or could be made up of, individuals and groups operating in the same 'larger' fashion.

New Liberals and the Third Way responded by attempting to redefine both the role of the state and ideas of state sovereignty. The New Liberals were faced with a growing electoral pressure to abandon the idea of the 'night watchman' state and adopt a more proactive position that involved shifting from a negative idea of freedom to a positive concept of promoting the welfare, if not the well-being of the individual. The Third Way also redefined the state, initially towards what it called an 'enabling state' and then developed even further to the 'ensuring state'[169] domestically.

Government was destined to 'steer, not row' and a system of rights and responsibilities built on a firm and moral community would create a structure in which individuals were protected to a certain degree but encouraged to be self-sufficient and prepared for the competitive marketplace. The state would ensure a basic level of services, but not at the expense of the marketplace. Blair in particular also sought to redefine sovereignty towards a more collective, cooperative model based on their ideas of community but placed in the international arena. (see Chapter Eleven)

External pressure forced both the Third Way and New Liberalism to re-examine their understanding of Britain's position and economic power in the world. Depression and the imposition of tariffs by other countries created unemployment and hardship that New Liberals had to deal with. The pressure of globalisation made it increasingly difficult to for the Third Way to ensure domestic economic growth and thus a mantra of efficiency and competitiveness became a common language for all political parties at both periods.

Conclusion

At the end of the nineteenth century the British state had come through a period of laissez-faire economics, democratisation of the population through wider enfranchisement and modernisation of technology on an unprecedented scale. This resulted in social upheaval and an electoral crisis for the dominant political power. All political actors within the state were attempting to reconcile open borders with social justice within. This led to a novel political debate, involving many of the same thinkers and political actors but evolving into a discussion between the New Liberals

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[169] Giddens *Progressive Manifesto* 2003

and the growing socialist movement. This debate produced an organic model of society that placed individuals at the centre of their community and new roles for both the individual and the state in terms of rights and responsibilities

At the end of the twentieth century this pattern repeated itself, after various financial crises amongst states that forced them to conclude that they were unable, in effect, to conduct their economies on an isolated or purely ideological basis. The 1980s was a period of rapid economic liberalisation – not only in the UK and resulted in a worldwide debate on globalisation. At the end of the decade, the collapse of Communism was seen by the left (used deliberately in the older sense of the term) as a crisis of confidence. Socialism in all its forms was called into question, prompting a debate as to the legitimacy and role of the state.

The basic premises of socialism were called into question, reopening discussions around the state, the community and the individual – not least as the left was facing potential electoral meltdown as it was so attached to older, outmoded models of society. This re-examination of political purpose and ideology and the Third Way was born of the conjunction of crisis both on the international ideological and domestic electoral level.

The themes set out here are indicative of the areas that will be investigated as we proceed to the domestic responses to these two specific periods. First, if it is going to be possible to identify the changes within various inter-related systems, it will be useful to have a better understanding of the basic historical reference points for these changes. This will lead into a detailed discussion of the positional attitudes and defining features of the ideology of New Liberalism. Finally, this will be followed by the context of the modern political debate, focused on 'endings' and the development in the UK of the Third Way.

Chapter 4

Moving into the 'modern' at the end of the nineteenth century

It has been argued that there have been two periods of transformation: first as the UK shifted from the pre-modern to the modern during the period from the end of the nineteenth century to the First World War; and second from the modern to the 'global' during a period from approximately the late 1980s to the current day.

This not an historical analysis but an exploration of the changes at these times with a view to assessing whether or not they warrant the conclusion that they represent a fundamentally different category of change. Specifically, this chapter will focus on the first of Rosenau's two 'epochal transformations' evident from the late nineteenth century to the Great War and the process of ideological development that produced New Liberalism and laid the foundations for what would split to become the Labour Party and finally the Third Way.

Industrial Revolution as globalisation

The event of the Industrial Revolution is dated somewhere around 1750/60, but the phrase 'Industrial Revolution' was not coined until 1837 by a French writer, J.A. Blanqui.[170] It was popularised in Britain in 1884 by the social reformer, Arnold Toynbee (1852–83), in his book *The Industrial Revolution in England,* published after his death and about the same time that the term 'global' came into use. Like globalisation, for Toynbee and others the Industrial Revolution was not a single change but many. It was 'a convenient name for the group of events',[171] or 'a label of convenience. It includes a complex of changes – technical, economic, social and political'.[172]

Separate but simultaneous change is key to this argument on the grounds that it is not economic factors *alone* that create transformation but changes in economic systems *combined with* a much broader range of social, intellectual and political change affecting

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[170] Briggs, Asa and Daniel Snowman, eds. *Fins de Siècle: How Centuries End 1400–2000.* New Haven: Yale University Press, 1996, p. 175.
[171] Derry, T.K. *A Short Economic History of Britain.* Oxford: Oxford University Press, 1965, p. 63.
[172] Smith, Wilfred. *An Historical Introduction to the Economic Geography of Great Britain.* London: G. Bell & Sons, 1968, p. 111

both the state and the individual in society. The phrase 'Industrial Revolution' was used in a similar vein. Whatever the terminology, the late nineteenth century was a time of modernisation, liberalisation and democratisation.

'Golden age' to decline

Ian Bradley identifies the specific timeframe of 1850–1910 as the 'golden age' of liberalism[173] as Britain was moving towards a 'fully fledged, formal mass democracy'.[174] The predominant laissez-faire economic theories of the early part of the century were under pressure and a more interventionist relationship was being developed 'between the state and social forces in society'. Held et al identifies this period as beginning in the 1880s, but suggests that the period through to the 1920s was 'formative' for 'modern democracy and the interventionist state.'[175]

In almost identical terms to those later used by Giddens, Wallas commented on 'progress' as he looked back from his vantage point in 1932:

> During the last hundred years the external conditions of civilised life have been transformed by the series of inventions which have abolished the old limits to the creation of mechanical force, the carriage of men and goods, and communication by written and spoken words. One effect of this transformation is a general change of social scale. Men find themselves working and thinking and feeling in relation to an environment, both in its worldwide extension and its intimate connection with all sides of human existence is without precedent in the history of the world.[176]

The international reach of the UK had quadrupled through its expanding Empire, bringing not only wealth but also the troubles of the world to its door. Again, Wallas comments in a way that could be an echo of any modern anti-globalisation protester, and is equally reminiscent of Giddens' own definition of globalisation as 'action at a distance' when he says:

> Every member of the Great Society, whether he be stupid or clever, whether he have the wide curiosity of the born politician and trader, or the concentration on what he can see and touch of the born craftsman, is affected by this ever-extending and ever-widening nexus. A sudden decision by some financier whose name he has never heard may, at any

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[173] Bradley, Ian. *The Strange Rebirth of Liberal Britain.* London: Chatto & Windus – The Hogarth Press, 1985, p. 75.
[174] McLennan, Gregor, David Held and Stuart Hall eds. *State and Society in Contemporary Britain.* Cambridge: Polity Press, 1984, p. 8.
[175] Ibid.
[176] Wallas, Graham. *The Great Society: A Psychological Analysis.* London: Macmillan, 1932, p. 3.

moment, close the office or mine or factory in which he is employed and he may either be left without a livelihood or be forced to move with his family to a new centre.[177]

Political debate reflected this turmoil. The legitimacy of politicians, politics and the state was placed under the spotlight by the expanding franchise. Existing political groupings were fluid and the debate focused on the role of the state in relation to its citizens. As the electorate expanded and its social context changed, political parties sought to identify with their supporters by creating revised or entirely new platforms. The Liberal Party was divided but attempting to create a new majority of the working and middle classes while the labour movement sought to reconcile their small-l liberal views with collectivist, individualist and revolutionary ideas coming from the continent. This first 'frontier moment' effectively created New Liberalism from the dominant party and the Labour Party from the collectivist activities, while ultimately rejecting more extreme forms of political ideology.

Politicians and theorists of all kinds discussed these shared questions. However, their differences over basic values as to the individual and the state ultimately split the left. This schism created the situation in which between 1918 and 1997 the Labour Party enjoyed a working majority in the House of Commons (defined as ten seats or more over all other parties) for only nine years, whereas the Conservatives held such a majority for fifty-nine years.

This was the 'great divorce' that was deemed central to the Third Way project in philosophical terms, though it was clear in both cases that it would be in the electoral interests of the parties of the left to unite. Electoral victory was not enough to overcome philosophical differences.

The period under consideration is approximately 1880–1913. A number of trends were evident by the end of the nineteenth century: the beginning of the rise of competition from other rapidly industrialising states, particularly Germany and the US; the waning of free trade across Europe, with an increase of protectionist tariffs; changes in perception of the Empire – all shaped by the first Great Depression of the 1870s. There was another crisis of employment in the late 1880s, and further labour unrest and a downturn in the economy just after the turn of the century, which fuelled the protectionist debate, but neither compared to the total and global impact of this depression.

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[177] Ibid., p. 4.

Socialism as a political ideology was not very popular at the beginning of this period but as the economy went through various crises unions and working men's groups gained members and were able to apply more organised pressure. Meanwhile thinkers, from economists and biologists to budding sociologists, were drawing conclusions as to the nature of society and the state. As H.M. Croome and R.J. Hammond put it:

> Thus ... a number of influences – political, technical, commercial – were converging ... so about 1870–80 we find all working to bring about a new Imperialism, a whole new set of widely differing forces; falling prices and depression at home, economic nationalism in Europe and the stimulus of the new colonial rivalry of France and Germany; transport improvement of every kind, from the Suez Canal to the compound-expansion engine; improvements in metallurgy; and the forces of growth in the colonies themselves.[178]

Why 1880?

Specific events are an obvious way of looking at the narrative of a particular time. Sometimes events alone cannot illustrate the pervasiveness of change unless they are placed in context. Fundamental economic structural shift meant that there was a massive movement away from an agrarian to an urban lifestyle with the incipient poverty and overcrowding that created. There was, at the same time, a great blossoming of both practical inventions and discoveries in medicine and new thinking in what would now be called the social sciences. This knowledge was disseminated for the first time through new means of communication and influenced the economy and affected the social conditions and attitudes of the population. This, in turn, had a significant impact on the political framework of society as politicians and theorists felt compelled to respond to these changing circumstances.

Individualism had combined with a laissez-faire approach to produce a strong economic performance and rapid development in Britain. There is little doubt that by the 1870s and 1880s it had become a liberal state believing, as it did, in 'freedom of speech and association, religious freedom and freedom of the press'. John Davis considers these to be so well accepted as to be 'virtually beyond discussion by the 1870s'.[179]

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[178] Croome, H.M. and R.J. Hammond. *An Economic History of Britain*. London: Christophers, 1938, p. 254–55.

[179] Davis, John. *A History of Britain, 1885–1939*. New York: St Martin's Press, 1999, p. 1.

A slightly longer list, though with a similar conclusion, is provided by George Dangerfield in his classic work, *The Strange Death of Liberal England*:

> The Englishman of the '70s and '80s was really a liberal at heart. He believed in freedom, free trade, progress, and the Seventh Commandment. He also believed in reform. He was strongly favour of peace – that is to say he liked his wars to be fought at a distance and, if possible, in the name of God. In fact, he bore his Liberalism with that air of respectable and passionate idiosyncrasy which is said to be typical of his nation.[180]

It was clearly to be a 'period of transition'[181] as the reforming instincts and inclusive aspirations that gave liberalism a benign appearance were precisely those that created the changes that would alter the most basic structures of the country in a relatively short period of time. As Helen Merrell Lynd put it:

> As some periods of history show rapid changes in inventions or technological advance so in others changes in thought and social attitudes become suddenly apparent. The decade of the eighties in England was such a time; between its beginning and its close, an ideology half a century old yielded to a new phrasing of social problems and an effort to find new paths to their solution. England, from James Mill to Herbert Spencer, thought it had mastered the conditions of freedom by defining them negatively. England in the eighties was facing the problem of how to create positive conditions of freedom as we must face it today.[182]

The franchise was extended first to the middle class (1832) and then artisans (1867) labourers (1884) and finally women (1918), though the long-term consequences of these actions on the political structure were unclear. Waves of immigrants were arriving in an ill-prepared London; an economic downturn starting in 1875 led to labour disputes and strikes throughout the 1870s and '80s as well as overcrowding and hardship, particularly in London.

> By 1880 the doctrine of laissez-faire – the preaching of non-intervention as the supreme duty of the State, internally as well as externally – seems to have passed. It had not only been undermined by the literary prophets: facts themselves were against it ... By 1880 Green is lecturing in Oxford on *The Principles of Political Obligation*, and arguing that the State must intervene to remove all obstacles which impeded the free moral development of its citizens ... if we take a rough line of division, the

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[180] Dangerfield, George. *The Strange Death of Liberal England*. New York: Capricorn Books, 1961, p. 7.
[181] Barker, *Political Thought in England 1848 to 1914*, p. 206.
[182] Merrell Lynd, Helen. *England in the 1880s: Toward a Social Basis for Freedom*. London: Oxford University Press, 1945, pp. 17–18.

difference between the generation before and the generation after 1880 is profound.[183]

Interestingly from the point of view of this argument, Held and his colleagues, now engaged in the Third Way globalisation debate, have examined this period in terms of domestic politics. They make overt the link between the national political situation and the wider economic one:

> The fact that 'democracy' did come is therefore read as a sign that the system can be reformed. Economic wealth and power can be separated from political power. The economy does not entirely determine the nature of the state. Those political or social rights can be 'enfranchised', without toppling the whole class system. Or, as T.H. Marshall, one of the foremost exponents of this reformist, liberal-democratic perspective, would say, 'the capitalist class system can be abated without destroying capitalism as such'. The period 1880 to 1920 thus saw the great reconciliation between Capitalism and Democracy.[184]

Economic context

The assertion that this period of transformation is somehow comparable to the current phase of globalisation, requires some basic context. By 1800, Europeans controlled 35 per cent of the land area of the world; by 1878 this was 67 per cent.[185] Given the advances in terms of both information and health care, the population of Europe more than doubled during the course of the nineteenth century, from 200 million to 430 million.[186] (See Appendix A – economic context.)

In retrospect, the Great Exhibition of 1851 seemed to denote the opening of a period that marked out the UK as the world's pre-eminent trading power. Its claim to be 'the workshop of the world' seemed unassailable. The financial reforms initiated by Sir Robert Peel and consolidated and extended by Gladstone and others between 1852, and particularly between 1859 and 1866 completed the free-trade marketplace in the UK. France and Britain lowered tariffs in 1853 and in 1857 the US reduced its tariffs by 25 per cent. The high watermark of free trade in Europe seems was represented by the Cobden–Chevalier treaty with France in 1860.

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[183] Barker, *Political Thought in England 1848 to 1914*, pp. 20–21, 23.
[184] McLennan, Held and Hall, eds., *State and Society in Contemporary Britain*, p. 9.
[185] Bobbitt, *The Shield of Achilles*, p. 176.
[186] Briggs and Daniel, eds. *Fins de Siècle*, p. 164.

The perception of both 'progress' and 'peace' were consciously linked through the idea of free trade to the extent that a few weeks before the opening of the great Exhibition the Prince Consort held it out as a symbol of universal unity. In a speech at Mansion House he said: 'We are living at a period of most wonderful transition, which tends rapidly to accomplish that great end to which all history points – the realisation of the unity of mankind.'[187]

This mood was reflected in the press. *The Edinburgh Review*, in a review of the Exhibition's official catalogue, described it as 'to seize the living scroll of human progress, inscribed with every successive conquest of man's intellect'.[188] The morning of its opening was described by *The Times* as 'the first morning since the creation of the world that all peoples have assembled from all point of the world and done a common act'.[189] 'This mood, which seems almost to have been born in 1851, lasted for the next twenty years.'[190]

If 1851 was the opening of a twenty-year heyday in British trade and power, the three decades starting with the 1870s, and even into the early years of the next century, were spent dealing with the impact of its decline. The crop failure in 1873 was the first of five bad summers which, combined with the drop in prices due to cheaper international long-distance transport, damaged the agricultural market. The continuous wet weather led to the loss of three million sheep to rot by 1879. There seemed to be no way to recoup losses from one year to the next for British farmers.

In terms of industry and commerce, the UK's main competitors began to focus on their industrial base. The UK had enjoyed a first-mover advantage, but this meant that it did not take as long for others to catch up. Germany particularly pursued rapid industrialisation, following the British model, and with more state support. As indicated, cheaper long-distance transport as well as other technological developments in navigation caused a sharp drop in costs and thus in the prices of basic items. This badly affected the UK as its economy was largely based on commodities, such as coal, iron, steel, wool and cotton, as well as on the export trade, which left it vulnerable to international price fluctuations.

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[187] Thomson, David. *England in the Nineteenth Century (1815–1914)*. Harmondsworth, Middlesex: Penguin Books, 1950, p. 103.
[188] Ibid.
[189] Ibid.
[190] Ibid.

The collapse of the Viennese stock market in 1873 was the final tipping point for the 'Great Depression' which quickly spread through Europe and to the US – 'the most serious depression of the nineteenth century'.[191] It reached its climax in 1876–77 when 'industry stood still and labour walked the streets idle and discontented'.[192]

It was the German response to the depression that ultimately destroyed the European free trade consensus. Germany had, for some time, been developing a single customs union – *Zollverein* – that allowed for free trade internally but created external barriers. Started in 1818, by 1844 it included nearly all of the German states and Austria, supporting the industrial base of Germany. Bismarck's secret deals with southern German states and the Netherlands were instrumental in carrying the southern states into the new parliament in 1867 on the back of a wave of popular opinion,[193] paving the way for a united Germany by 1871.[194]

At the time of the depression Germany was just coming out of a war that had drained its economic resources.[195] Many businesses and industries failed and those that continued began to create goods that were less than satisfactory. For example, at the World Exhibition in Philadelphia in 1876 the German exhibits were deemed to be 'cheap and bad'.[196] In contrast to the UK, Germany had no overseas possessions, 'save for one Pacific island, before 1884; the colonies they did secure, arriving somewhat late in the day, were comparatively small and poor'.[197] This meant it had little access to markets and no guaranteed outlet for its increasingly low quality goods. Bismarck, for both internal and external reasons, secured a majority in the *Reichstag* in 1879 for protectionist measures and attempted to join the international 'scramble' for territory. The size of the *Zollverein* meant those protectionist measures had a significant impact on the rest of Europe.

Germany was not alone. Others amongst the UK's main competitors also combined rapid industrialisation with protectionism. France raised tariffs in 1878 to protect its

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[191] Lambi, Ivo Nikolai. *Free Trade and Protection in Germany 1868–1879*. Wiesbaden: Franz Steiner, 1963, p. 73.
[192] Harbutt Dawson, William. *Protection in Germany: A History of German Fiscal Policy during the Nineteenth Century*. London: P.S. King & Son, 1904, p. 28.
[193] Bobbitt, *The Shield of Achilles*.
[194] G. Barraclough. *The Origins of Modern Germany*. Oxford: Basil Blackwell, 1962; Grant, A.J and Harold Temperley. *Europe in the Nineteenth and Twentieth Centuries*. Longmans, 1927; Taylor, A.J.P. *Bismarck: the Man and the Statesman*. Arrow Books, 1961.
[195] Harbutt Dawson, *Protection in Germany*, p. 28.
[196] Lambi, *Free Trade and Protection in Germany 1868–1879*, p. 74.
[197] Foot, M.R.D. *British Foreign Policy Since 1898*. London: Hutchinson's University Library, 1956, p. 40.

newly developing industries,[198] followed by the Meline tariff in 1892.[199] Similarly, the US, though preoccupied with the Civil War between 1861 and 1865, had been a free-trading state supporting the southern agricultural interest, but raised its tariffs in 1861 and again in 1890.[200] Russia, not truly industrialised until the end of the century, raised its tariffs in 1877 in an attempt to protect fledgling industries. Tariffs also rose in Sweden, Italy and Spain during the 1880s and 1890s and in Latin America throughout the last part of the nineteenth century.[201] 'Tariff building has always been infectious.'[202]

The depression lasted until 1879, though there was another slump in the mid-1880s leading to riots of the unemployed in the last three years of the decade and again between 1902 and 1904. The effect of the breakdown of the free trade consensus (though importantly *not* abandoned by the UK) combined with serious failures in agriculture, prompted a re-evaluation in Britain and elsewhere of the importance and economic role of overseas territories as potential guaranteed markets.

> By the middle of the nineteenth century, most of the empires of European states were in place; the great subcontinent of India was already the most important possession of the most important empire. Ironically, at about the same time that new nation-states were emerging in Europe, with the creation of Germany and Italy, imperialism abroad was intensifying. This is the period, as Michael Doyle has observed, that 'is associated with the full transfer of rights of sovereignty (usually marked by either treaty or conquest)' to the governing imperial state; it is usually dated from the 1880s and the scramble for African possessions. In only a few decades the state-nation would be destroyed in Europe proper, and with it the Concert of European states that had maintained peace.[203]

As various industries began to pay the cost, disputes and militancy spread across the UK, being influenced from the continent. This increased pressure on the system stimulated a response in other areas both domestically and internationally as social problems came under close analysis – and closer public attention.

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[198] Tames, Richard. *Economy and Society in Nineteenth-Century Britain.* London: George Allen and Unwin, 1972, p. 87.
[199] Wolf, *Why Globalisation Works*
[200] Ibid.
[201] Ibid.
[202] Croome and Hammond, *An Economic History of Britain*, p. 251.
[203] Bobbitt, *The Shield of Achilles*, p. 178.

Time and space

Often, in current discussions of globalisation, the basis for many claims is the presence of rapid change in all dimensions of society. In particular, almost all debates discuss the sense that both time and space have been altered. Even this brief survey of events indicates that change was at least as fast, if not comparatively faster, at this time. Comparatively faster in the sense that it seems logical to suggest that the sensation of going effectively from isolated small rural settings to accessing a global network of communication and interaction would produce more of a shift, or shock, than going from a global network to a faster global network, arguably the case today.

Transport, communication, daily work, life and social interaction were all fundamentally changed by the new economy. The railway was a key feature of that change. Commercial and leisure travel were fundamental to the new economy. As Black puts it, 'Trains became the icon of the new age. They cut times for both passengers and freight and had a powerful psychological impact. Space had been conquered.'[204]

As well as the impact the railway had in terms of transport, the creation of a national rail network also forced other issues such as the standardisation of time. It seems odd looking back, but there had been no need for a shared sense of time if people did not travel far or travelled only by foot or by horse. However, the railways created a need for time itself to be commonly understood. So both space and time were beginning to work in concert, if not for the benefit of the people, at least for the benefit of the economy. Time was also therefore conquered. (See Appendix A – technology.)

Communication as a driver

Much in the same way in which Giddens consistently indicates that one of the primary drivers of globalisation is the speed of communication, the turn of the nineteenth century also experienced a huge leap in speed of contact. Crowded cities and the rail network provided a ready and easily reached public; an entire empire was connected by cable. The repeal of the stamp duty on paper in 1855 and the relief of the excise duty on paper in 1860 meant that global communication was technically possible and, for the first time, affordable.

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[204] Black, Jeremy. *A New History of England*. Gloucestershire: Sutton Publishing, 2000, p. 178.

The new mass readership brought newspapers into their element. (See Appendix A – newspapers.) A range of specialist papers and publications were also made affordable, from the journal of the Rainbow Circle, *The Progressive Review*, started in 1896, to the various papers such as *The Miner* started in 1887 (known as *Labour Leader* by 1889) to *The Link* and *The Labour Elector*, both started in 1888 as papers of the working class. There were also a small number of papers that were written or edited in England for consumption in other countries.

Finally, a special place should also be attributed to the *Manchester Guardian*. Being at the geographic heart of the first wave of industrialisation, particularly textiles, as well as coal and agriculture,[205] this region played a significant role in the debates of this period – and was staunchly Liberal. Its heritage included the activities of Robert Owen (1771 – 1858) who started in Manchester, the foundation of the Anti-Corn Law League in 1839, the embryonic Trades Union Congress in 1868 and the formation of the Cooperative Wholesale Society in 1886, not to mention the 'Manchester School' (see Chapter Six).

C.P. Scott was the editor of the *Manchester Guardian* for fifty-seven years from 1871, and an MP from 1895 to 1906. He hired both L.T. Hobhouse and J.A. Hobson to work for him and took controversial stands. The paper became a focal point for the New Liberals as well as progressive and reformist politics.

The British population was more literate and educated than ever before, and now linked by modern communications and a national press. These changes in the press were symptomatic of the modernisation of the country. One of the many ways in which Victorian London was at the centre of English life and that of the empire was through the provision of news. Through its press, which lay claim to the title of the 'fourth estate' of the realm, London created the image and idiom of empire and shaped its opinion. Aside from this political function, the press also played a central economic, social and cultural role, setting the spreading fashions, whether of company statements or theatrical criticism.

The repeal of tax on advertising in 1853 also paved the way for the first global brands by the end of the 1880s. Household names like Heinz, Coca-Cola, Campbell Soup and Singer expanded into other countries. J. Walter Thompson became the first advertising agency to open outside its country of origin.[206] In what was increasingly a

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[205] Smith, *An Historical Introduction to the Economic Geography of Great Britain*, p. 117.
[206] Schölte, *Globalisation: A Critical Introduction*, pp. 67–68.

commercial society, the press played a pivotal role, inspiring emulation, setting the tone, providing information and forming opinions for its mass readership.

The impact of the papers cannot be underestimated. If these papers had been dominated by local news it would not be possible to argue this represented a shift, but it seems clear the most widely read papers provided a resource for both domestic and international information. The new media also provided a means to disseminate information about the social conditions and, by providing an overview, enabled activism. The cadre of reformers, investigative journalists and academics took advantage of this new voice and created 'modern' social awareness and reform campaigns. The Fabian Society, the Extension Movement (see further below) and the Settlement Movement[207] and religious and political organisations began to draw attention to the plight of the poor. (See Appendix A – social reform.)

Knowledge

As the star of 'progress through technology' waned, the mechanistic model of human nature also began to seem out of date. A more organic and biological interpretation began to develop and influence the up-and-coming generation of thinkers and politicians. For example, Charles Dickens used his novels to illustrate the need for social reform, as did Oscar Wilde; a science of ideas was being developed, but it was not an easy process. As Michael Freeden puts it in *The New Liberalism: An Ideology of Social Reform*, 'It remains, however, a fact that social and political thought were indistinguishable as separate specialisms before the First World War and perhaps even well into the 1930s'[208] – though it may be argued that perhaps the disciplines lost something when the combination of social observation and social engagement was less valued than academic credentials or purity.

A prime example is J.A. Hobson, an academic and journalist, who wrote about economics. We will return to Hobson in Chapter Seven; here it is interesting to note that his *Physiology of Industry*, written with A.F. Mummery in 1889, was to damage his career precisely because of this changing environment of disciplines. The book was a harsh critique of prevalent economic models, and particularly the use of the notion of

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[207] The first settlement house was Toynbee Hall, established in 1884 by an Anglican at St Jude's, Whitechapel. Its main purpose was to place educated young men and women in disadvantaged urban areas to improve their understanding of poverty and its causes. The movement spread across England and to the US, the most famous example was Hull House in Chicago.

[208] Freeden, *The New Liberalism*, p. 7.

the 'rational man'. It was badly received by mainstream economists because it questioned their basic assumptions by asserting the pre-eminence of everyday experience. It would seem that just as the science of observation was being injected into disciplines, a non-economist was already questioning the power of explanation these disciplines held.[209]

Another, and perhaps classic, example of this new science of observation meeting the new tools of communication is *Origin of Species*, written by Charles Darwin (1809–81) and published in 1859. His book was widely reviewed through the new media and went on to be named by countless political writers and thinkers as a huge influence – both for and against his model of human nature. Interestingly, the version of his ideas that seemed to catch hold of the popular imagination was in fact that of Herbert Spencer (1820–1903), not Darwin's own.[210] Thus, Spencer's phrase, 'survival of the fittest', may be the world's first example of 'spin'. The spread of this simplified version seemed almost to overwhelm Darwin's arguments; but whatever the process, Darwin was to have a huge impact on the interpretation of man and his basic nature, and in particular on L.T. Hobhouse (see Chapter Seven).

Political context

The Liberal Party was in government for about half of the period between 1868 and 1914. At the same time it was undergoing massive internal debates, including a major split in 1886 over Irish Home Rule. Even when in power, it often required the support of other groups, including, by the end, the rising socialist and labour supporters. Dahrendorf outlines this shift and points to important ideas that we will return to in the next chapter:

> To describe the British political scene from the 1890s on as being in a
> state of flux is a considerable understatement. In fact it was in a state of
> turmoil and underwent a profound transformation. In the fifty years
> between the fall of Lord Rosebery's Government in 1895 and the election
> of Clement Attlee in 1945 there were only two periods of 'normal'
> majority government by a single party – the Liberals after 1906 and the
> Conservatives after 1924 – which add up to ten years at the most. Even in
> these periods the parliamentary majorities were challenged from within.
> All other governments were either formed by minorities in Parliament or

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[209] Allett, John. *New Liberalism: The Political Economy of J.A. Hobson.* Toronto: University of Toronto Press, 1981, p. 8.
[210] Adams, Ian. *Ideology and Politics in Britain today.* Manchester: Manchester University Press, 1998, p. 49.

by coalitions including the 'national governments' during the two wars and after the Great Depression ... The old certainties had become shaky a decade before 1895 when Gladstone embraced Home Rule for Ireland and thereby split the old Liberal Party several ways. His most significant loss to what were to be the Liberal Unionists was his former President of the Board of Trade, Joseph Chamberlain. No other public figure of the time attracted the unorthodox as strongly, which meant of course that he was a thorn in the flesh of the establishment.[211]

Though Gladstone clearly dominated much of the period leading up to the end of the century, even he admitted that the times had changed. 'Towards the end of his long life, in 1896, he described himself as 'a dead man, fundamentally a Peel – Cobden man'.[212]

The political debate and legislation of the time basically reflects the issues outlined above. A great deal of the programme of every government dealt with issues of workers' rights, education, conditions of work and trade union membership and activities. Perhaps the most important legislation, beginning before this period but continuing through it, were the Reform Acts of 1867 and 1884. The importance of the extension of the franchise cannot be overstated in terms of the pressure this placed on the political class to deal with the social conditions. The Second Reform Act (1867) raised the proportion of voters to about a third of the male population, and the Third (1884) to just under two-thirds.

Again, in a precursor to the debates heard today, the democratic legitimacy of the government and the role of the state were also consuming attention. The franchise had been extended but voters did not seem to be engaging in a way that those who fought for their inclusion felt they should. It would appear that the 'democratic deficit' is not an altogether recent phenomenon.

Sidney Webb discussed this at some length in an investigation of voter intention and participation and while his focus was on the social impact of industrialisation and issues of poverty and disease, he was also concerned about its impact on the state of democracy. He felt that by ignoring the plight of the working classes Liberals were, in effect, destroying the legitimacy of the system and the state. Quoting from another report in his letter, Webb makes it clear that the enfranchisement of the population

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[211] Dahrendorf, Ralf. *LSE: A History of the London School of Economics and Political Science 1895–1995.* Oxford: Oxford University Press, 1995, p. 44.
[212] Arblaster, Anthony. *The Rise and Decline of Western Liberalism.* Oxford: Basil Blackwell, 1984, p. 284.

and the worsening social situation was, in his view, endangering the democratic process:

> One proof of this political indifference of the mass of the people is furnished by the Registration and Polling statistics. 'London is not on the Register', says Mr. Seager, and this in spite of an enormously increased diligence and activity of most of the parish officials. The 60 London constituencies ... had, in 1881, a population of 3,946,139; in 1885 probably 4,250,000. Among them there would be over a million adult males. Less than half of these (497,841) were on the 1885 register... Of the 497,841 registered, less than three-quarters took the trouble to vote for either candidate; in 1886, indeed, less than two-thirds ... the Conservative majority of 1885 represented the votes of less than a fifth of adult male Londoners and less than one-sixth went to the poll to resist this misrepresentation. Two-thirds of the London men had no part in the election at all, and, it may here be added, five-sixths of London's total adult population. And yet ignorant or hypocritical class politicians speak of England as being already a democracy![213]

As conditions changed and information spread, it could be argued that more common participation was possible. Social and 'collectivist'[214] legislation became core to the political programme. Not surprisingly, there are clusters of activity around each of the Reform Acts as pressure built up and the political process responded – sometimes several times on the same issue, as loopholes were discovered and closed in successive years.

Rising union agitation and strike violence in 1867 created the climate for the legislative framework for child labour and other protected groups in the Factories Act and the Workshop Regulation Act of the same year, as well as the Second Reform Act, and the landmark Education Act that followed shortly thereafter in 1870. Events such as the formation of the Trades Union Congress in 1868, further strike action and the Great Depression of the 1870s, brought pressure as the labour movement gained members. Legislation was often built on previous laws as updates were required to deal with the rapidly changing situation. Thus, there were a vast range of select committees and royal commissions utilising the new social science reports and surveys to investigate both social issues and the concerns of industry as competition began to affect trade. These produced a range of laws, many designed to regulate trade union activities (Amending Act, Trade Union Act, Criminal Law Act (all 1871), Consolidating Act (1878), Trade Union Act (1875 and 1876) while others set out

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[213] Webb, Sidney. *Wanted, a Programme: An Appeal to the Liberal Party.* London: Holborn, Westminster and London University Liberal and Radical Associations, 1888, pp. 4–5.
[214] Barker, *Political Thought in England 1848 to 1914,* p. 204.

employers' responsibilities (Employer Liability Act (1880) — a further, much more extensive act was attempted in 1893 but failed — Worker's Compensation (1897) and the minimum wage in the Trade Boards Bill (1909).

This was also the point at which international regulation and monitoring were introduced. These included the International Telegraph (now Telecommunications) Union founded in 1865 and the General (now Universal) Postal Union founded in 1874. Organisations to monitor disease and weather followed shortly after the turn of the century.[215]

However, perhaps due to the lack of strong mandate or the turmoil in public debate the Liberal Party was struggling with its own identity, and this was reflected in its attitude to legislation. The Liberal Party was no longer capitalist enough for the capitalists, but remained far too middle-class in character to win unqualified working-class support. Its indecision over the issue of the eight-hour day in the 1890s illustrates this. On the one hand its commitment, in 1891, to an eight-hour day for miners antagonised the Liberal mine-owners; on the other, its refusal to extend the principle to other groups of workers left labour dissatisfied. It was a matter of ethos as well as policies. The party was anxious not to be out-flanked by the newly-formed Labour Party, yet it remained difficult for working-class men to get adopted as Liberal candidates, even in obviously working-class constituencies.[216]

New party politics

The rise of the working class and socialism in the UK is very different from that of its counterparts on the continent. Unions were the organising arm of the labour movement, rather than a political party, and while revolutionary means were threatened, it was generally an agenda of reform that was followed. One of the more interesting elements here is the role that the UK played in the international discussions of the movement and its impact on the domestic debate. While the primary focus in this timeframe is the development of New Liberalism, it is also important to understand the background of socialism and the Labour Party, as it will lead directly to the development of the Labour Party and the Third Way.

In many regards, the UK was unusual in terms of the number of foreign nationals participating in its political debate. As a haven for émigrés, London acted as a hub of

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[215] Schölte, *Globalisation: A Critical Introduction*, p. 71.
[216] Arblaster, Anthony. *The Rise and Decline of Western Liberalism*, p. 290.

communication between different groups and movements of political thought, be it socialist, communist or anarchist. Victor Hugo of France, Johann Most and Victor Adler of Austria, Eduard Bernstein of Germany and of course Karl Marx, were, amongst others, based in London during the last quarter of the 1800s. Many wrote for newspapers smuggled to the continent as well as actively participating in the debate in England. Internationalism could be said to have kept socialism alive in Britain – or to have hindered its own development – but it was a part of the fabric of British development.

Even a movement considered to be entirely domestic, such as Chartism, which collapsed in 1848, had taken on an international outlook. Chartists were involved in the Welcome and Protest Committee (protesting about the visit of Louis Napoleon) and together with the Commune Revolutionáire formed the core of what became the International Committee. This first attempt at an international workers' group was set up in 1855 with a British Chartist, a Frenchman and a Russian. They began to organise 'international rallies to commemorate revolutionary anniversaries' in London.[217]

It was to this group that a delegation of Frenchmen suggested an 'International' or 'league of workers of all nations'. Eventually the International Committee set up the International Association in 1856, including the German Communist World Educational Society, the Union of Polish Socialists and the Society of Chartists. This group later collapsed but its basic structure, together with a group known as the International Workings Man's Association formed in 1864, became the base of what, later that year, became the First International. Almost every kind of representative of the left in European politics participated in the initial meeting in London.

The reason for going back quite so far into the history of the socialist movement is threefold. First, there is a clear line from the very beginnings of the movement as to the political struggles that are consistent throughout its history. The issues of the role of revolution or method of change in the system, and the role of the state, were to divide the movement several times. Second, there was a large and influential international community within London participating in the development of ideas and political movement at both the international and domestic levels. Third, London was pivotal not only for the UK but for the whole of Europe, providing as it did the secretariat for both the First International and the Second International until it moved to New York in 1872. In fact, as there was no organised working class political party

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[217] Braunthal, Julius. *History of the International 1864–1914*. London: Nelson, 1966, p. 79.

in the UK, the General Council of the entire organisation served as the executive of both the British section and the world movement. Finally, these Internationals were not dissimilar from the progressive summits of the modern Third Way. (see Chapter Eleven)

The Reform League was set up in 1865 by the unions with a large degree of middle-class support and, together with a number of other organisations, organised rallies and mass meetings. Karl Marx, in a letter to Engels, wrote that, 'The Reform League is our work. In the inner committee of twelve (six middle class and six workers), the worker's representatives are all members of the General Council [of the International].'[218]

As Drachkovitch points out in *The Revolutionary International 1864–1943*, the British groups were watching the continent carefully but were aware that they did not want to 'go too far':

> The place of the International in history was the result of a temporary convergence of different interests. The 'New Model' British trade unionists, conscious of the strength and prestige their recent successes had earned them but at the same time anxious not to compromise themselves by any risky undertaking, were in close touch with political developments. They supported the efforts of the Reform League. They kept close watch over events on the Continent.[219]

As noted, the Trades Union Congress was formed in 1868 and by 1871 was holding its own annual conferences. It had affiliated to the International and became involved just as the issues of revolution and control became a serious debate between the anarchists and revolutionaries and particularly between Marx (living in London by this time) and Michael Bakunin (1814–76), a proponent of the 'deed' and supporter of violent revolution. Responding to these tensions, Marx led the International General Council's attempt to centralise and extend its powers. Marx succeeded and Bakunin was expelled; the incident split the Movement, and the Hague conference in 1872 was really the last congress of the First International. However, over the next few years some, calling themselves the anti-authoritarians, and others, continued to meet separately. The First International was short-lived and divisive but it still had an impact and the UK was at the centre because London was the base for Marx and other exiles.

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[218] Ibid., p.127.

[219] Drachkovitch, Milorad M. ed. *The Revolutionary Internationals, 1864–1943.* California: Stanford University Press, 1966, p. 9.

Still, the First International caused quite a stir. It aroused the anxieties of both factory owners and heads of state alike when strikes, which at times reached epidemic proportions, were organised under its banner. The Paris Commune – in which the International was mistakenly considered to have had a decisive influence – caused not only the French bourgeoisie but all of Europe to shake in its boots.[220]

After the split Bakunin fell into disrepute over financial matters and a failed attempt at a coup in Italy. 'The deed' was slowly losing favour to the theories around gradualism and mutualism. The anti-authoritarians, who voted against the extension of power and thus helped to bring down the First International, met again as a group in London in 1881. Kropotkin, a proponent of the mutual aid approach, attended the meeting in London, and like Henry George (the radical American) undertook a lecture tour of England on socialism. (See Appendix A – social reform.) The London congress split again on means and methods. The anarchists continued to meet for a few further years before they collapsed but their approach and philosophy continued to present difficulties domestically as well as at the formation of the Second International.

Domestically, the depression was hitting hard and the workers' groups, particularly unions, were growing impatient with the Liberal Party. Public demonstrations, hunger marches and protests were commonplace but the movement was disorganised within the UK. As Pelling comments:

> Clearly, in 1880, Socialism in Britain was as yet a movement without
> indigenous strength ... in 1880 there was a General Election, and the hold
> of the Liberal Party over the working-class vote was shown to be stronger
> than ever... The elections showed the strength of Chamberlain's new
> Radical pressure group, the National Liberal Federation, which
> dominated the constituencies in the middle-class interest, to the alarm of
> Whigs and labour leaders alike. So far as the issues of the election were
> concerned, however, Gladstone's personality and the trade depression
> dominated the voting: the Liberals had a clear majority of seventy-two
> seats in the new House.[221]

The development of the Labour Party as a political entity in 1906 with only two MPs to a core of twenty-nine was the result of a process started at the beginning of the 1880s in three separate strands: the Social Democratic Federation, formed in 1881 by H.M. Hyndman; the Independent Labour Party, formed in 1893 with Keir Hardie as

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[220] Freymond, Jacques and Miklós Molnár. 'The First International' in Drachkovitch, ibid., p. 3.
[221] Pelling, Henry. *Origins of the Labour Party 1880–1900*. Oxford: Oxford University Press, 1965, pp. 14–15.

its leader; and finally the Labour Representation Committee, formed in 1900 with Ramsay MacDonald acting as its first secretary.

Influenced by activities on the continent, Hyndman took the initiative and set up the Social Democratic Federation in 1881, using the group to organise demonstrations and strikes. Domestically, the downturn in the economy led to increasing numbers of disturbances. By this time, demands for worker protection and welfare combined with issues of protectionism and trade tariffs. The 'Trafalgar riots' were a turning point not only for the revolutionary groups but also in terms of public perception. Ironically, the revolutionaries backed away from violence just as it seemed the key players in the establishment became convinced that there was a real threat:

> Socialism was more prominently in the public eye in 1886 that it had ever
> been before. The reason was that a severe cyclical depression reached its
> worst point in this year, and there was considerable unemployment.
> Throughout the country public order was threatened by desperate men
> who had lost their jobs and had no dole to fall back on. In London, the
> Federation seized the opportunity to take the lead of the agitation of the
> unemployed. On 8 February 1886 it held a meeting in Trafalgar Square to
> demand public works to absorb the workless... This demonstration had
> several immediate results. Respectable people woke up to the existence of
> revolutionary Socialism in their midst, and believed that it could control
> great masses of potential rioters...The Queen wrote to Mr. Gladstone, her
> Prime Minister, deploring what she described as a 'momentary triumph of
> Socialism and a disgrace to the capital'. The press meanwhile demanded
> the trial of the Socialist leaders ... After 1887, however, the danger of
> violence was reduced as the immediate depression wore off and the
> numbers of the unemployed decreased. The Socialist bodies began to find
> that they had achieved remarkably little for all the energy they had
> expended.[222]

Pelling goes on to point out that as well as the rising activism and potentially violent working-class movements, it was during this decade that government had been implementing a range of measures that began to institutionalise the political democracy started by the franchise:

> The most important factor making for a reconsideration of the idea of
> violent revolution was, of course, the failure of the unemployed agitation
> of 1886–87. But underlying this there were other factors of more
> permanent influence and most of them were associated with the
> development of political democracy in this decade. The Municipal
> Corporations Act of 1882 had removed the property qualifications for
> borough councillors. The Corrupt Practices Act of 1883 had really put a

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[222] Ibid., pp. 43–44.

stop to most of the methods of bribery of voters, and had enormously improved the conduct of elections. The franchise legislation of 1884 had greatly increased the strength of the working class at the polls so much so, in fact, that if the size of the electorate is taken as the criterion no one except an advocate of women's suffrage could now deny to Britain the title of political democracy.[223]

Internationally, the next split came between trade unionists and the political socialist parties, with the British trade unions leading the way. The TUC called a congress in London in 1888 but deliberately limited participation to trade unions rather than political parties. This same division was repeated the following year in Paris, when effectively two congresses met. It was this rather confused combination of events that led to the founding of the Second International; the UK and the TUC formed the second largest delegation with both Hardie and William Morris in attendance.

In the UK, 1889 was a time of intense union activity. The London dockers struck for five weeks. 300,000 workers joined unions and a further 500,000 joined over the course of the following two years. This increasing membership participated in events like the May Day commemoration, with as many as 300,000 gathering in Hyde Park for the first such event in 1890.[224]

The formation of the Independent Labour Party (ILP) followed in 1893 and in 1896 the British TUC once again hosted the International. It was the best-attended congress and included all the major British trade unionists and activists from what was to become the Labour Representation Committee (see below), including the ILP, the Social Democratic Federation, and the Fabians Sidney and Beatrice Webb, Bernard Shaw and Ramsay MacDonald. It was at this congress that the issue of the anarchists was reopened and formally resolved that they should be excluded.

In 1900 the Labour Representation Committee was formed, standing official Labour candidates in the 1906 general election. The election of its first MPs meant that it was finally becoming political, thus joining its continental colleagues. However, by this time the issue of colonialism was taking its toll on the solidarity of the workers, compounded by the outcome of the economic downturn and the rise of German industrialism. Delegations began to fragment in response to the nationalism stirred by issues of colonialism and the naval arms race between Germany and the UK.

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[223] Ibid., pp. 46–47.

[224] James, David, Tony Jowitt and Keith Laybourn, eds. *The Centennial History of the Independent Labour Party*. Halifax: Ryburn Academic Publishing, 1992.

While the sentiments of the International attempted to overcome essentially domestic political issues, this proved impossible as Europe moved towards a more protectionist, national stance. A particular line of contention was the role of a general strike and whether or not workers could avoid a war by refusing their labour in the effort towards conflict. Hardie was amongst those who supported a general strike should a war be declared. In Brussels in 1874 he said 'that congress, representing as it does a total of fifteen million socialist votes, is a powerful bulwark defending the peace of Europe'.[225] However, as Victor Adler pointed out at the time, 'It does not, unfortunately depend on us social democrats whether or not a war breaks out'.[226]

The participation of socialists in government had been an issue within the International for some time, linked to the divisions between the unions and the method of reform. This was particularly important in the final stages of the Second International, when the German Social Democratic Party voted unanimously for war credits in the *Reichstag*. Austria, France and Belgium all soon followed, as well as those in Britain – though they were divided. As the Second International had repeatedly pledged itself to 'solidarity to the proletariat' and 'against militarism' and even to 'make war on war' these motions seemed hollow. As Michael Doyle points out:

> Lenin, who was soon to lead the Communist movement, roundly condemned them: 'The conduct of the leaders of the German Social Democratic Party of the Second International (1889–1914) who have voted for the war budget and who repeat the bourgeois chauvinistic phrases of the Prussian Junkers and of the bourgeoisie is a direct betrayal of Socialism.'[227]

Conclusion

The political elite of the day was engaged in what could be deemed to be 'frontier politics', as actors on the domestic political scene were actively engaged in political debate across Europe and in the United States, and key events in one arena also played heavily into the politics of the other. Moreover, individuals actively sought to bring influence to bear in both the international and domestic arenas. British participants took a particularly active role in the creation of opportunities for international debate and discussion. Their international involvement also coloured the development of the domestic Labour Party and the continuing evolution of social democracy within the UK.

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[225] Braunthal, *History of the International 1864–1914*, p. 343.
[226] Ibid.
[227] Doyle, Michael W. *Ways of War and Peace*. New York: W.W. Norton & Company, 1997, p. 315.

As the century ended, this cross between the philosophical and the practical was crucial, as was the shift of the societal model from the mechanistic to the organic, with the implications for the role of the individual and the state that would suggest. This will be discussed in the next chapter. As Black indicates, in much the same terms as Giddens, 'A new world of speed and personal mobility with its own particular infrastructure was being created.'[228]

In a final, and perhaps ironic, parallel with the current day, by 1894 the word 'new' was being applied, sometimes enthusiastically, sometimes pejoratively, to almost everything from gender to morality, from products to ideas, from fiction to art (the term 'art nouveau' for example) and not least, to journalism, which had created the fashion for the language of the 'new' in the first place. Even the Germans talked of the *neuen Welt*. '"Not to be new in these days is to be nothing", wrote the critic H.D. Traill in 1892.'[229]

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[228] Black, *A New History of England*, p. 222.
[229] Briggs and Snowman, eds. *Fins de Siècle*, p.175.

Chapter 5

The rise of the individual and the role of the state

As clear from the previous chapter, the Industrial Revolution changed the economic basis of society. Urbanisation and democratisation created a mass society and a tension between individualism and collectivism. External competition and domestic social conditions forced the newly 'modernised' state to produce benefits for those within its boundaries and thus, a form of nationalism as well as the welfare state were born. Scientific advance and uncertainty led to a questioning of the moral underpinning of society, while the rise of the study of the social sciences seemed to present as many issues as it resolved.

The focus here is the impact of this systemic change on the political debate, where the most fundamental question became the nature and role of the individual vis-à-vis their community and, by extension, the state. Political theory had previously focused on a form of negative freedom for the individual – a freedom from constraint. The changed environment forced the realisation that such freedom was often oppressing rather than liberating. The question was whether or not the community and the state could take a role in facilitating the individual to develop their potential. Questions over the 'social contract', economic liberalism and the dominant 'mechanical' model of society were all re-opened as new ideas spread amongst an educated and cosmopolitan European elite (see Chapter Six). Essentially, there was a search for an inclusive social philosophy that could deal with the enfranchisement of the working classes, though the debate also brought into sharp relief potential cleavages such as that between society and class.

Because the ideological importance of the relationship between the individual and the state was closely linked to the method of attainment of this 'good society', a key debate in Britain and across the continent was reform versus revolution. This issue divided Europe on a number of levels. Within the British context, as shown in the previous chapter, views ranged from those operating within the political system, e.g. Conservatives and Liberals who advocated more incremental change, to those outside the parliamentary framework who advocated radical and rapid change. This outside group included anarchists and Marxists as well as socialists. The extremes of the continental debate and the presence of such views in the UK were a source of constant tension; yet the main ground of the discussion remained amongst those who supported change but disagreed as to the best route to reform.

The Liberal Party, as part of the political establishment but in favour of change, was faced with a particular dilemma. There were a range of views within the parliamentary party but as elected representatives they faced practical electoral issues. So while they could generally see the need for a new progressive majority, they did not lead the philosophical debate. Thus, progressives outside the parliamentary party, whatever their line on the reform-versus-revolution debate, played an important role in the development of New Liberalism.

This ongoing progressive debate also helps to explain how New Liberalism developed almost in parallel with Liberal Party fortunes. The 'Liberal Party' and the 'New Liberal debate' are not the same. New Liberalism was initially developed without the blessing of the party leadership, in significant contrast to the Third Way. New Liberalism did eventually have a more direct influence on the parliamentary party, but it was in the wider political and philosophical debate in Britain where they had most impact.

Political context

Hugh Gaitskell MP observed in his 1956 pamphlet, *Recent Developments in British Socialist Thinking,* that while it was difficult to choose one specific point in time as to 'when it began' he does not hesitate to suggest that 'in the 1880s and the 1890s there was a quite exceptional blossoming of new Socialist ideas and activities'.[230] The same can be said for all political thought, because, as H.V. Emy points out, the basic terms of the political debate were being altered by changes in wider society. Emy was looking at New Liberalism, but stresses that it is a mistake to view it as just a 'parliamentary phenomenon'. He suggests it was a 'search for a new social philosophy' and therefore part of, or a 'particular example of' a larger trend in society at the time. He goes on, in a tone familiar to current writers, when he states:

> The certainties of Victorian assumptions about society and progress evaporated in the late nineteenth century in a mood of uncertainty, personal crisis, and intellectual insecurity. There was a level of change, of intellectual challenge and response, which was a more significant force shaping politics than any movement for change taking place in the Liberal Party alone.[231]

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[230] Gaitskell, Hugh. *Recent Developments in British Socialist Thinking.* London: The Co-operative Union, 1956, p. 6.
[231] Emy, H.V. *Liberals, Radicals and Social Politics 1892–1914.* Cambridge: Cambridge University Press, 1973, p. xii.

Emy ultimately brings this back to the same link between the individual and the state as both a philosophical question and a practical one in terms of their vote:

> The implicit assumption is that the history of social politics in these years is of especial significance for the understanding of modern British politics. The inter-related issues of the relationship between state and individual and individual and society, state and economy, came to assume a direct political significance by 1914 in that the individual's personal resolution of such issues was becoming a principal factor in determining his political allegiance.[232]

This chapter will investigate the process of development in political theory in Britain and the impact it had on both the New Liberalism and eventually on the Third Way. Rather than party political fortunes, the focus will begin with the groups and ideas in the wider political debate in Britain such as the Rainbow Circle and the Fabian Society, to demonstrate the 'porousness' of politics at the time. This will then be applied to the overt political situation with a look at the electoral implications of the evolving political theory.

Theoretical evolution

Richard Sonn argues that the end of the nineteenth century was a moment of 'dual revolution'. He identifies this duality as capitalist-industrial and liberal-democratic.[233] More importantly, he goes on to argue its significance against what he terms the other duality of that age – the enlightenment project:

> Enlightenment social thinking left a dual legacy. Natural-law theory with its built-in distrust of institutions led to liberalism and to anarchism. On the other hand, the utilitarianism of Jeremy Bentham with its democratic-rationalist formula of 'the greatest happiness of the greatest number' led to the welfare state and to socialism. Freedom for the first, equality and 'happiness' for the second – these were the diverging goals of Enlightenment thought.[234]

Marshall Shatz provides more of an overview as he looks at this same period of time as the point of divergence for all major systems of political thought. Like Freeden, he offers a spectrum along which core concepts overlap, but he extends that across a range of views that differ primarily on perceptions of the role of the individual. Thus,

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[232] Ibid., p. vii.
[233] Sonn, Richard. *Anarchism from Twayne's Studies in Intellectual and Cultural History*. New York: Twayne Publications, 1992, p.xii.
[234] Ibid., p.15–16.

he suggests it is anarchism rather than Liberalism which is at the fulcrum of the political spectrum. Shatz points out that:

> Foremost rivals and objects of criticism have always been liberalism on the one hand and socialism or more specifically, Marxism on the other... At one end of the anarchist spectrum it is sometimes difficult to tell the anarchist individualist from the liberal while at the other the anarchist communist becomes also indistinguishable from the socialist. It has been observed that anarchism implies a liberal critique of socialism and a socialist critique of liberalism.[235]

But it is Liberalism in its various guises that gained a primary role in the formation of the state in the UK by virtue of its longevity and permeation of institutions and political philosophies. At this time, the contested areas of political debate were concentrated on social reform and the role of the state in its local and national forms. While Conservatives could see the rising tide of concern in terms of their own constituencies and in the legislative debate, their conclusion was to support the status quo or a nationalist/imperialist ideology. This left them struggling with the mainstream debate and split on the response to social reform. The heart of the discussion around the 'social problem' fell to the Liberals, collectivist and socialist sympathisers and a range of smaller groups both inside and outside the formal political process who promoted reform.

The main focus here will be the point at which Liberalism developed into what was termed the New Liberalism, as well as the way in which ideas of the individual and the state moved across Europe and were used to develop what was termed socialism, and the later Labour Party.

A common problem when examining this period is that commentators and politicians are put into classifications and categories for ease of analysis. This is compounded by focusing on either the domestic or the international sphere, making it difficult to examine the relationship, as opposed to just examining each separately.

If the period under discussion here, namely 1880 to the First World War, was, as is being argued here, a 'transformative moment', it would be expected that social and economic ideas influenced all aspects of activity. Thus, the 'messiness' or 'porousness' of this timeframe was its essence and resulted in the 'new politics' or 'frontier politics' of New Liberalism and the Third Way. In other words, the new global economic framework was operating on all three points of agency. It was changing the state

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[235] Shatz, Marshall S., ed. *The Essential Works of Anarchism*. New York: Bantam Books, 1971, p. xiv.

while individuals within the state were changing the terms in which they operated, both in their individual capacity as well as in their state capacity. This created a shift in political ideology.

The proximity of progressive views

Given the proximity of the social groupings and individuals involved in social reform in the UK, it is hardly surprising that there was little demarcated territory between political parties. Groups and publications dedicated to discussing the arts, sciences, social reform and politics have already been mentioned, but it is also important to understand not only the plethora of locations of such discussions but that people overlapped.

There was a shared intellectual community whatever their party political affiliation. For example, Idealism dominated Oxford University generally, and Balliol College specifically, for nearly a generation. Between 1866 and 1876 Balliol alone produced William Wallace, Henry Scott Holland, R.L. Nettleship, Bernard Bosanquet, C.S. Loch, A.C. Bradley, A.L. Smith, Charles Gore, D.G. Ritchie, J.H. Muirhead, Arnold Toynbee and F.C. Montague.[236] This, and other examples, brought a kind of coherence to the debate, as it was guided by a relatively small group of people who created a bridge between theoretical discussion and practical politics. This small scale also created personal loyalties and rivalries. So it seems obvious to suggest that various discussions or political debates would not have been possible without the personal involvement. Yet modern analyses often fall into the trap of using categories of liberalism or socialism as we understand them today, rather than looking to the wider influences and human interactions that were going on. Surely the hallmark of the age was precisely a lack of boundaries.

Fabians and the Rainbow Circle – a convening of thought

The Great Depression of the 1870s and the crises of the 1880s and 1890s prompted a perceived need for more information in an effort to respond to change with rational policy. Various groups attempted to fill that gap. By way of example, two prominent groups with significant overlap in terms of membership were the Fabian Society and

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[236] Carter, Matt. *T.H. Green and the Development of Ethical Socialism.* Exeter: Imprint Academic, 2003, p. 13.

the Rainbow Circle. They were different from others in that they explored practical solutions rather than limiting themselves to philosophical ideas.

The Fabian Society[237] was founded in 1883 by three people who sought to create a socialist debating group. As well as its founders, Edith Nesbit, Hubert Bland, and Edward Pease, membership of the Fabians included Graham Wallas, Sidney and Beatrice Webb, J.A. Hobson, Bernard Shaw, Ramsay MacDonald, Emmeline Pankhurst, Charles Trevelyan and R.B. Haldane. The Society saw its main aim as education, or 'fact finding and fact dispensing'. So when a large bequest came to the Society it seemed logical to Sidney Webb in particular that they should use the money to create what became the London School of Economics – which a core group of Fabians and others did in 1895. As Ralf Dahrendorf points out:

> More importantly, all these people were highly sensitive to the intellectual and political currents of the time … These currents were variegated and strong, but they all had in common that they were reactions to the age of Gladstone. The 'five E's' which made up the field of intellectual forces in which the LSE came into being – Education, Economics, Efficiency, Equality, Empire – were associated with the great or at least the fashionable names at the time … The 1890s were more a time of dissolution than of construction.[238]

The Fabians set out to be overtly socialist while the Rainbow Circle, formed almost exactly ten years later, sought to be broadly progressive. Freeden calls it a 'crucible of progressive thought'.[239] It was established shortly after the Newcastle Programme and the failure of the Liberal leadership under Gladstone to take up external challenges. Personal, tactical and electoral concerns produced groups who were seeking to reform the Party's approach in light of the changing social environment.

The Rainbow Circle is interesting not so much because it led the debate but, in the midst of this formative period with a large number of organisations and publications in the same area, it was a close-knit group which spread throughout other outlets. Thus, the Rainbow Circle helped frame the debate through its own wide-ranging discussions, its publication, *Progressive Review* (established two years after its foundation, in 1896) and the reach of its members. The group was deliberately

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[237] In fact they did not call themselves Fabians until the following year when member, Frank Podmore, suggested the name in honour of the Roman general, Quintus Fabius Maximus, famous not for battlefield success, but for harassing operations that ground down the opposition.
[238] Dahrendorf, *LSE*, p. 25.
[239] Freeden, Michael. 'True Blood or False Genealogy: New Labour and British Social Democratic Thought' in Gamble, Andrew and Tony Wright, eds. *The New Social Democracy*. Oxford: Blackwell Publishers, 1999, pp. 152–53.

designed to extend across arts, sciences, media and political affiliations. Therefore it had at its disposal a variety of means to access the wider debate. As Freeden points out:

> It is of great importance to note that the Circle itself was not the initial forum or the fulcrum of the activities of its members. Rather, it was created at the interstices of a number of important London social and political associations and thus held together a remarkable network of interlocking relationships.[240]

The group was formed by William Clarke and Murray Macdonald and who saw themselves as the 'true inheritors of the mantle of philosophic radicalism, now recast in a clearly collectivist or, as it could better be described, communitarian mould'.[241] They took on topics that reflected this approach, from an attack on the Manchester School throughout the entire first year of their existence, to the role of the state and various sessions on forms of collectivism and the campaigns against sweated labour.

Over the course of its forty-year existence its membership inevitably shifted but it included Liberals like B.F.C. Costelloe, Sir Richard Stapley, Charles Trevelyan, Russell Rea, Percy Alden and R.B. Haldane, clergymen such as the Reverend Lilley and Dr Morrison, as well as various intellectuals like John MacKinnon Robertson, and several Fabians and the prominent editor of the *Daily News*, A.G. Gardiner. Many of its members were also MPs or parliamentary candidates.

There were also particular personalities: Ramsay MacDonald, who was secretary to the group for six years early in its formation until he took up the role of secretary to the Labour Representation Committee (he remained active in the Circle – see Appendix B), and J.A. Hobson who was involved for thirty-seven years (see Chapter Seven). As an interesting aside, L.T. Hobhouse was invited to join in 1903 but never took up his place.[242]

They sought to bring coherence to the confusion dominating political thought of the day. The false starts of the Radical Programme and the Newcastle Programme seemed to need intellectual underpinnings if Liberalism in its widest sense was to succeed.

> The aim of the body was 'to provide a rational and comprehensive view of political and social progress, leading up to a consistent body of political and economic doctrine which could be ultimately formulated in a

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[240] Freeden, Michael, ed. *Minutes of the Rainbow Circle, 1894–1924.* London: University College London, 1989, p. 2.

[241] Ibid., p. 1.

[242] Ibid.; Emy, *Liberals, Radicals and Social Politics 1892–1914*

programme of action ... for social reformers.' According to Hobson, the
founding by the Circle of a journal, *The Progressive Review*, in 1896
marked the origins of the 'New Liberalism'. The immediate intention of
the 'New Liberals' was to unify the 'multiplicity of progressive
movements', to come to grips with 'that huge unformed monster', the
social question, and to implement 'a specific policy of reconstruction'
based on a new conception of 'economic freedom ... the conscious
organisation of society', and 'an enlarged and enlightened conception of
the functions of the State'.[243]

The group's influence stemmed from its ability to influence other like-minded
people. For example, the Ethical Movement, which included the South Place Ethical
Society, the London Ethical Society and the West London Ethical Society, was an
important source of members and a platform for Circle members. The Extension
Movement, the Settlement Movement and the London School of Economics also
provided important connections.[244] This cross-fertilisation gave it a real function in
the elusive relationship between political theory and political practice:

> In this case it appears that theories which were not abstruse or inaccessible
> were received by ministers through the political periodicals, through the
> heavyweight Liberal press – the *Daily Chronicle* or the *Manchester Guardian*
> – or through contact with thinkers, like Hobson and Hobhouse, who
> moved in political circles. The pervasiveness of arguments for state
> intervention must have encouraged ministers to proceed with social
> reform projects, but offered little guidance on precise mechanisms.[245]

This political overlay is also evidenced by the simple fact that no less than ten of its
twenty-five members were MPs after the 1906 election, five of those for the first
time.

Equally important was the fact that their topics were not limited to the domestic
agenda, but examined the political and economic situations in other countries. For
example, the topic for the 1899–1900 session was 'Imperialism', while in 1902–03
they covered 'The political and economic situation in France, Germany and the
United States'. Perhaps anticipating the intake of 1906, the 1904–05 session discussed
'The newer demands of the political left wing'.

General topics were also offered, with areas such as 'Literature' and thinkers such as
Hegel, Marx and Spencer as well as those of more historical importance like Hobbes,

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[243] Emy, ibid., pp. 105–06.
[244] Freeden, *Minutes of the Rainbow Circle*, p. 4.
[245] Davis, *A History of Britain 1885–1939*, p. 85.

Machiavelli and Aristotle. Another session, 1907–08, was devoted to the history of socialism and included discussions on the redistribution of property, two papers on collectivism (one by Hobson), social legislation, the practical proposals of the Labour Party and Labour organisations, and anarchism.[246]

Of particular note was their impact in the media; several wrote or edited for the myriad of journals of the day, giving their views not only depth and range but also a wider audience:

> The Press was their chief instrument of power, of influencing men's minds, and also their prime means of mutual Communication, though there existed withal semi–institutionalised foci of their activities: the *Nation* lunches, The Rainbow Circle, the Ethical Societies, and small groups operating on the periphery of the Liberal party ... within the framework of the National Liberal Club, or even the Settlement Movement. Unlike most other ideological groupings in nineteenth century England, with the notable exception of the Fabians, they did not theorise in a vacuum. They dealt with acute problems such as dire poverty, unemployment, and disease, which constituted the immediate challenge to the policy-makers of the period ... In an era which witnessed the emergence of new demands upon the political system due to the increased awareness of social issues and to the widening circle of politically active, or activated people consequent to the extension of the franchise in 1884, they went a long way towards providing the necessary solutions. This they did while preserving the essential continuity of the liberal tradition.[247]

It is clear that both the New Liberals and the growing labour movement developed not only from the 'left' but also out of a more subtle notion of progressive politics. Yet the result was not convergence or political homogeneity, but separation. Rather than developing towards each other, these two political creeds developed their own identities and ultimately, the ideological differences exposed were not cosmetic. That process of evolution is of interest because it is a matter not just of domestic political debate but also of domestic responses to international shifts.

The debates of this elite bears a number of similarities to the development of the Third Way, whose self-described 'modernisers' also set themselves against those who refused 'progress'. The division of these forces determined electoral politics in the UK for generations. Freeden identifies this similarity between the two movements:

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[246] Freeden, *Minutes of the Rainbow Circle.*
[247] Freeden, *The New Liberalism,* p. 4.

In the early years of its formation, employing a rhetoric which uncannily resonates with the new Labour of exactly one century later, Herbert Samuel identified a 'third social philosophy' located between the liberalism of Bentham and Adam Smith and the socialism of the Social Democratic Federation and the Fabians. The root of this 'new Liberalism' was 'the unity of society' – complex in its economics, cooperative, ethical and emotional bonds' employing a view that divisions among progressives were institutional not ideational; that 'the cleavage between the new liberalism and socialism is not to be found in their ideas of property but in the ordinary political possibilities of the two parties'. On the eve of the foundation of the Labour Party, J.A. Hobson reminded the Circle in the presence of one of its most illustrious members, Ramsay MacDonald, that the principles upon which a joint progressive party should be based 'are already in evidence in the form of widely held intellectual affinities which as a matter of fact place the leaders of the radical, the socialist, and the labour groups much nearer to each other than their followers imagine.[248]

Liberalism – a broad church and a specific ideology

It was in the early nineteenth century that the more progressive members of the Whig party and followers of Jeremy Bentham (1748–1832) first began to use the term 'liberal' as a political doctrine[249] with links to the Manchester School and to early Liberalism. For 'original' Liberals John Milton's *Areopagitica* (1644) is the touchstone of liberal thought and freedom. As Bradley summarises:

> *Areopagitica* laid down clearly for the first time three key principles which lie at the heart of the liberal faith. The first is that liberty is essentially about moral choice. Its possession is vital because it alone enables individuals to realise their true human potential as independent moral beings with both the sense and the power to be able to decide for themselves how they wish to live. Liberalism is strongly opposed to a determinist view of life; it holds that men and women are morally free and are able to influence events for good or ill through their freely held ideas and convictions ... The second principle follows from the first. It is the confident conviction that out of free debate and the discussion of different viewpoints each person will find his own truth ... From this optimistic view of human nature stems the third and most important principle which Milton established in *Areopagitica*. This is that liberty does not mean licence. It is not the freeing of people to do what they like regardless of the consequences, but the enabling of them to make the best

[248] Freeden, 'True Blood or False Genealogy', pp. 152–53.
[249] Adams, *Political Ideology Today*, p. 27.

of themselves and contribute to the well-being of the community of which they are part.[250]

There is therefore, a constant tension between the individual and the community in which the individual is based. Freedom is crucial but does not include freedom from all constraints. It is a freedom that supports the whole. Threads of both a fierce individualism and mutual aid are part of the combination. The role of the state is to support both without stifling or overly directing either. As Michael Freeden aptly observes:

> The study of Liberalism is both simple and complex. It is simple because Liberalism is a pre-eminent ideology in Western political thought, extensively articulated and amplified, and a familiar component within the ideological spectrums of the past century and a half. It is complex because its permeation into rival families, both socialist and conservative, makes its unravelling difficult, and because its diffusion has led to an extraordinary range of variants that, unlike the many nuances of socialism, tend to present themselves under the same name.[251]

Liberalism was, in effect, the hegemonic political ideology of Britain. As it changed and responded to the new environment, so too, did other political theories. Conservatism was responding, albeit reluctantly. Socialism grew up in the gaps left by the New Liberals, taking their basic ideas and posing them in a direct appeal to class interests to maximise electoral support for a new collectivist political party.

Socialism

'Socialism', as a term, first appeared in November 1827 in the cooperative magazine that was the organ for the ideas of Robert Owen (1771–1858) and his cooperative textile mill in Lanark. To Owen, socialism was an ethic, a way to live, not the basis for a political party. It was Karl Marx who converted the ethic into an ideology,[252] though the ethic was fundamentally a reaction to individualism and a response to industrial capitalism.[253]

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[250] Bradley, *The Strange Rebirth of Liberal Britain*, pp. 13–14.
[251] Freeden, Michael. *Ideologies and Political Theory, A Conceptual Approach.* Oxford: Clarendon Press, 1996, p. 141.
[252] Kellner, Peter. *New Mutualism the Third Way.* The Cooperative Party. London 1998.
[253] Giddens *The Third Way;* Giddens, *Beyond Left and Right;* Brack, Duncan. 'The Rise of Labour and the Collapse of the Liberals.' Unpublished paper.

Like Liberalism, socialism was also a 'product of the rise of science, industry and commerce and the decline of agriculture and land as a basis of power. Both shared a post-enlightenment rationalism and an optimistic view of human nature.'[254] Specifically, socialism provided a gateway for the previously excluded working class into the democratic structure of the country and potentially into the distribution of state resources.

As demonstrated in Chapter Four, socialism brought together many of the ideas of the progressive or collectivist side of liberalism and applied them through the practical mechanism of the working class and union engagement. The international influence in London and the disparate approaches to issues such as parliamentary involvement meant that while there was a great deal of activity it took some time for socialism to differentiate itself from Liberalism and then to gain any kind of coherence.

Thus, before 1900 the term was used freely amongst progressives without any political implication. It was only after 1900 and the formation of the Labour Party that 'socialism' began to take on a party political form – a word, according to Freeden, that had been appropriated because in the British context it had 'already been tamed and domesticated'.[255]

From the outset, the socialist tradition developed along three distinct paths: the Marxist, revolutionary approach with its rejection of capitalism; the democratic socialists who supported Marx's analysis of capitalism and class exploitation but felt that the system was capable of reform and therefore rejected revolution; and finally the social democrats who rejected Marx outright and supported the idea of private ownership though felt that redistribution and progressive taxation would be required to achieve greater social equality.[256] These strands will be important to the discussion of the development of socialism and its relation to Liberalism, as well as its internal development throughout this period and into the debates of the next century, outlined in Chapter Nine.

New Liberalism

By the end of the nineteenth century, a growing number of Liberal thinkers were self-consciously re-examining their political ideology with a view to renewing it for

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[254] Brack, ibid.

[255] Freeden, 'True Blood or False Genealogy'.

[256] Newman and de Zoysa. *The Promise of the Third Way*.

the changing political and social circumstances of the post-Industrial Revolutionary world. The traditional Manchester School of laissez-faire economics (see further below) no longer seemed sustainable and research clearly showed that the social fabric was fraying. The rising, educated middle classes were looking for political leadership. Socialism had, in many respects, developed out of Liberalism or at least out of its core approach. It was beginning to occupy ground that had seemed firmly Liberal. Public debate centred on questions around the role of the state in the midst of misery, what sort of provision should be made for the welfare of citizens, and what responsibility citizens should have for their own welfare.

Given the divisions within the leadership of the Liberal Party, the debate on these issues was divergent. The leading lights, or 'progressives', for want of a better word (they were not all party-political Liberals), took the traditional, independent model of the individual and placed that free individual squarely within the community. They also looked towards the biological or organic model of society popular at the time. But rather than argue 'the survival of the fittest', they questioned any model that did not conceive of the individual as part of society or suggested that the individual only acted in self-interest, as in the economic 'rational actor'.

The progressives moved towards an approach they argued, understood the social environment as separate but as part of the individual. It was a new framework that held both rights and responsibilities as core to the idea of the individual's place. 'Liberty and welfare became twin goals, each in a way defining and explaining the other.'[257] Further, rights and responsibilities and the attendant definition of liberty were not limited to a single state. In this perspective, liberty encompassed the world. All these aspects will be familiar to the positional attitudes of the Third Way.

For many, this was still a relatively minimalist approach to state provision, akin to the later idea of a state-provided safety-net or, as Masterman put it, a 'platform ... below that Platform no human life shall sink'[258] – though, for him, this platform still had the Liberal caveat as also being something one could potentially launch upwards from. There was both aspiration towards potential, as well as protection for those who might otherwise sink into the 'last penalty of hunger and cold'.

Many of the specific ideas of 'old' Liberalism will be examined in the next chapter. Here, the focus will be on the transition from old liberalism both in terms of political theory and in practical political terms.

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[257] Freeden, The New Liberalism, pp. 13–14.
[258] Masterman, C.F.G. The New Liberalism. London: Leonard Parsons, 1920, pp. 137–38.

Transition

R.B. Haldane, Liberal MP for East Lothian for many years and at the heart of the 'new politics', is reminiscent of Lord Hugh Cecil and traces the transition between Conservatism and the New Liberals:

> If Liberalism is associated with Home Rule, Conservatism is associated with the special championship of the interests of Church, Land, and Capital. For the rest, in the matter of the treatment of social problems, the distinction between the Liberals and Conservatives is one of degree rather than of kind. There is no greater delusion than that which a few years ago was current among a good many people, that we were approaching a period when the difference between the two parties would turn on economic principles, the Conservatives remaining free from any taint of Socialism. On the contrary this taint, if taint it be, has deeply penetrated their policy, as it has done that of their opponents, and there is no champion of non-interference, however stiff-necked he may have been, who has not become infected with it.[259]

Haldane makes an interesting case, as he served in various Liberal governments, was a member of the Rainbow Circle and the Fabian Society, and was also actively engaged in the foundation of the LSE. In 1906, while Secretary of War, as part of the national drive towards 'efficiency' he changed the way the army operated, and created the General Staff. This was followed by the Territorial Army in 1907, trained units capable of being deployed at short notice to the continent. Ultimately, he joined the Labour Party in 1918, campaigned for them in 1923 and served in Ramsay MacDonald's first Labour government as Lord Chancellor. He moved party but felt such a shift did not require him to change views. He recognised the change in the electorate as basic to the fortunes of not only the political parties at the time but the credibility of the political process as a whole – another parallel with the current debate.

> The extension of the franchise worked a profound change in the composition and the ideas of both political parties. The Liberals it caused to pass into a new period... The Conservatives were yet more completely changed. Their benches... having got elected on the cry that the Conservatives were prepared to do as well as their opponents over the new topics which were interesting the constituencies.[260]

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[259] Haldane, R.B. 'The New Liberalism.' *The Progressive Review* (October 1896–March 1897): 133–147, p. 135.
[260] Ibid., pp. 133–34.

To make the shift credible, the intellectual leadership of the debate needed to create a narrative that would explain this transition to both the party and the electorate. This was an attempt to align the new thinking with the old both in terms of positioning and policy. The progressives needed to create a consistent worldview, which embraced the past but made way for the changes that were needed in light of new information, new technology and new requirements of the state in the face of changes in civil society and the global economy. Haldane, a Germanophile, went further back and reached into what could be regarded as socialist ideas when he quoted T.H. Green at some length to make this point, using a concept not unlike *zeitgeist* – which he called 'time spirit':

> Let us see, then, what our new tendency is. I have so often tried to express in speeches the changed attitude of the Time Spirit, and so often felt the inadequacy of my own statement, that on this occasion I am going to quote from a great master of political conceptions, one who was little known to the people, who was never in Parliament, but who, nevertheless, seems to me to have expressed the necessities of our generation in the matter of social progress better than anyone else – I mean the late Professor Thomas Hill Green, of Oxford ... 'Then they fought the fight of reform in the name of individual freedom against class privilege... Now, in appearance, though, as I shall try to show, not in reality, the case is changed. The nature of the genuine political reformer is, perhaps, always the same. The passion for improving mankind, in its ultimate object, does not vary. But the immediate objects of reformers, and the forms of persuasion by which they seek to advance them, vary much in different generations. To a hasty observer they might even seem contradictory... Only those who will think a little longer about it can discern the same old cause of social good against class interests, for which under altered names, Liberals are fighting now as they were fifty years ago'.[261]

The line the reforming Liberals and progressives chose to adopt was basically that the 'old liberalism' had done its job successfully. As an ideology it had been designed for a specific purpose and that purpose had been fulfilled by the changes the Liberals had spearheaded. The new task was to respond to the new stage of state development. As T.J. Macnamara argued:

> Well! What is liberalism? What has it done? Whither would it take us? Liberalism stands for freedom, for equality of all men and women before the law – equality in matters social, political, religious. To that end its record during the nineteenth century is one long story of this successful

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[261] Ibid., pp. 135–36.

removal of unjust social differentiations, which had come done from a less enlightened and less liberal past.[262]

David Lloyd George, unlike most of the Liberal Party leadership (and albeit perhaps too late to save the progressive parties from their ultimate 'divorce') did participate in later New Liberal discussions. In his introduction to a publication of his speeches, A.G. Gardiner, editor of the *Daily News* and a member of the Rainbow Circle, highlights this notion of the changing role between the individual and the state:

> Liberalism had freed the individual from the tyranny of the state. The time had now come to free the state from the tyranny of the individual. But the Liberal party was slow to appreciate the changed conditions. It was attached to the maxims of the Manchester School and did not see that real individual liberty should only be secured by the intervention of a just and democratic state which should redress economics inequalities of society. Hence for twenty years the Liberal party lay dormant. Its startling emergence in 1906 was due less to its own action than to the record of Tory Government ... At least the Liberal party had touched the imagination of the country. It had touched it by its courage and by showing that is was no longer the salve of a creed outworn. It had touched it by raising the banner of the new liberalism, which was not inconsistent with the old liberalism but rather its necessary complement.[263]

As Macnamara went on to say, slightly more succinctly, 'Liberalism's record I insist is one long story of steady, well-considered beneficent advance along the broad highway of progress.'[264] Essentially, the Liberal explanation was that old liberalism had not failed but that a new liberalism was needed for Haldane's sense of a 'time spirit'. An ambitious party, they had little choice but to view their record as one of a glorious past while arguing that they were being responsive to the new will of the people. The story they created will look familiar to New Labour, despite the fact that the New Liberals were making their case from outside the core leadership of the party.

A new ideology or tactical advantage?

The Liberal Party was in both an ideological and electoral bind as they faced the consequences of the wider franchise they had campaigned for but which had released

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[262] MacNamara, T.J. *Liberalism: Its Past Achievements and Future Aims.* London: Liberal Publication Department, 1924, p. 6.
[263] Lloyd George, David. *The New Liberalism. Speeches by Rt Hon David Lloyd George MP.* Published by *The Daily News* London and Manchester *The Daily News Series No 6* Introduction by the Editor of the *Daily News* (A.G. Gardiner) 1909, p.3.
[264] MacNamara, *Liberalism: Its Past Achievements and Future Aims*, p. 9.

a genie from the electoral bottle. The rising influence of labour and the working class could no longer be ignored any more than the social circumstances in which the economic situation was forcing many citizens to live. Competition from other rapidly industrialising countries and the costs of the Empire were creating financial pressure.

At the heart of Liberal political manoeuvre was W.E. Gladstone. By insisting on a policy of retrenchment and tax cuts he ruled out the kind of expansion of state provision that radicals were calling for. While he seemed to show some affinity with the masses, this did not always appear to be out of a deep conviction but more a temporary holding response to Joseph Chamberlain and others. It did not divert him from his own ultimately divisive agenda. Gladstone's return to the Liberal leadership in 1876 after his resignation in 1874[265] may have been key both in the brief revival of Liberal fortunes and to its demise. As T.A. Jenkins argues:

> His interest in social questions, after 1886, was both half-hearted and motivated entirely by tactical considerations. Indeed the tragedy for the Liberal party, as a whole, was that it acquired an unreal image as a party of the working man which it was scarcely capable of living up to, and which it had assumed quite independently of those social developments in the late 1880s and 1890s that gave rise to the demand for a separate working-class party. Whether a Liberal party enjoying a firm tenure of power after 1886 could have absorbed the pressures emanating from the spread of trade unionism and socialist thinking, and so prevented a separate 'Labour' party from gaining a foothold in parliament, is impossible to tell, but it is clear that its only chance of doing so was by remaining what at heart it always wanted to be: a broadly based party representative of all classes. In this sense, the triumph of 'Gladstonian Liberalism', in 1886, may be seen as an important stage in the Liberal party's decline.[266]

Thus, Liberalism as an ideology needed to find a way forward consistent enough with its past and responsive to the current situation. However, the Liberal leadership had an extra burden relative to the new labour movement in that they were a party of power or in contention for power. This meant that their internal rows were part of public discussion; they also had to deal with governmental realities not faced by the new political forces. Other parties used these opportunities to tar the Liberals with their past views. It was in the interests of the other two parties to be as unhelpful as possible to the Liberals in making this ideological shift.

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[265] Gladstone returned to politics on the moral issue of the massacres of Christians in Bulgaria and proposed intervention.
[266] Jenkins, T.A. *Gladstone, Whiggery and the Liberal Party 1874–1886.* Oxford: Clarendon Press, 1988, p. 293.

To label liberalism as laissez-faire and thus to deem it incapable of
thinking out schemes of social reform was mistaken or unjust. Actually,
by the end of the 1880s, the laissez-faire credo was much more likely to
be heard from Conservatives of the type of Lord Wemyss. Otherwise it
was mainly official Socialists who raised the image when anachronistically
taunting the Liberal party.[267]

Mass or class appeal

In the context of the tactics of the time, it is worth noting that the enfranchisement of
even a section of the male population had wider implications. The extension of the
franchise added a new type of awareness of class to voting loyalties. Parties had
previously been able to count on certain sections of the electorate. For the two
progressive parties that, as Haldane put it, 'differ more in readiness to apply principle
than in principle itself', this was an increasing concern.[268] Even before Haldane was
making his observation, Sidney Webb clearly did not think the Liberal Party was
taking up the radical agenda fast enough and was appealing to it to take action or lose
the support of 'the London masses'. He predicted that:

> The Liberal Party stands now once more at the parting of the ways. It
> must either abandon the hope of general popular support, or else make
> clear to the masses that its interest are the same as theirs, and its
> programme their programme.[269]

For New Liberals this was particularly distressing, as even before these electoral
challenges they sought to represent the whole of the electorate and act in the
common good – whereas the emerging Labour Party used this divisive tactic when
they sought to inflict electoral damage on the Liberals. This was all part of the
political confusion that the Rainbow Circle and others had set out to tackle. It also
led to internal difficulties not only for the Liberals but for all three political
movements.

> The old-fashioned Liberal member was not well informed upon these
> new topics. Borne along by the waves, he had assented to the programme
> of the younger members of his party, but neither with much intelligence
> nor with any great good will. But if Liberalism had lost in one direction it
> had gained in another. Between 1892 and 1895 the party was on the
> whole, though not always adequately, the champion of the progressive

[267] Freeden, *The New Liberalism*, p. 33.
[268] Haldane, 'The New Liberalism', p. 135.
[269] Webb, 'Wanted, a Programme: An Appeal to the Liberal Party', p. 16.

movement, which was making itself felt in municipal life and in the relations of labour and capital.[270]

As Haldane suggests, the party was inconsistent in its official reform or conversion to New Liberalism. When Joseph Chamberlain introduced his Radical Programme in 1885, aimed directly at the newly enfranchised agricultural workers, it was without the approval of the party leadership. When the campaigning body he established, the National Liberal Federation, set out the Newcastle Programme in 1891, taking on broad issues of religious, rural and electoral reform it was again largely ignored by Gladstone despite the fact there was growing support for these ideas inside the party and amongst progressives generally:

> 1893 was a watershed in the development of progressive thought in Britain. The failure of the Liberal party, under Gladstone's increasingly tired leadership, to rise to the challenge posed by the 1891 Newcastle Programme exacerbated the tendency of various radical groups to press for their inclination, practical or programmatic, towards a more collectivist social reform.[271]

The defeat of the Liberals in 1895 and their inability to regain power for a further ten years is perhaps testament to the party leadership's inability to grasp the agenda being developed. Later, C.F.G. Masterman (1873–1927), a Liberal MP and junior minister under Asquith, argued that the 'great bulk' of those supporting the new Labour Party were not, in fact, any type of socialist but wanting instead to make a tactical vote to voice their opposition to the current ruling party. He suggested that what they were really looking for was someone of their own class or trade to represent them politically.[272] Thus, the electoral impact of class was complete.

Whatever the party political outcome, the 1880s and 1890s represented the death of laissez-faire individualist liberalism. Sir William Harcourt (1827–1904), later to become leader of the party in the House of Commons, made this plain in his oft-quoted comment in 1889, 'we are all socialists now' – which, in the wider sense of the definition of the word, had a ring of truth about it.

Many Liberals moved easily towards the social reform identified by the new social sciences, while others found that personal or local issues made it difficult to make the change. Harcourt is a good example of this tension. A good campaigner and stalwart supporter of Gladstone in later years, he was caught by the not uncommon problem

[270] Haldane, 'The New Liberalism', p. 134.
[271] Freeden, *Minutes of the Rainbow Circle*, p. 1.
[272] Masterman, *The New Liberalism*, pp. 197–98.

of the differences between the working classes of the northern mill cities and elsewhere. As indicated in previous chapters, the heart of industry lay in those areas that combined coal, transport and a workforce. Harcourt was originally elected for Oxford but then represented Derby for many years and finally Monmouthshire. The contrast of the 'respectable working class' of such cities and their longstanding links with the mill-owners – traditionally often the MP – and the strongly unionised and increasingly militant working classes in the cities made for sharp tensions within the Liberal Party. The 'radicals', or 'advanced liberals', as many New Liberals came to be known, acted in some ways as a buffer between the more moderate leadership and the rising socialist movement.

Other Liberals were deeply concerned by the use of strikes, anarchism and violence as a means to change, a view from London as well as on the Continent. This led some to shift not towards the evolving New Liberal agenda, but towards the Conservative Party, which made concern over 'revolutionary' socialists and the rise of communism a primary point of their programme. Others simply retired. Those who did fight under the changing Liberal banner had difficulty competing with candidates from the various socialist or workers groups who often had a better claim to be more directly in touch with the issues of the working class. The Conservatives were well placed to offer protectionist views and portray themselves as the defenders against continental extremes.

Thus, by the early 1900s liberals and socialists were struggling to find points of differentiation to present to the electors and if they could not find them in specific courses of action, they often looked for them in approach or attitude. The individual and the state were a key part of that debate. As Freeden puts it, a period of 'a complicated love-hate relationship with socialism, certainly more a question of ideology than of political action, forced a clarification of basic problems on liberal thinkers and did much to bring liberalism fresh awareness of its powers and potentials.'[273]

In language familiar to the Third Way, a group of 'modernisers' began to take advantage of the internal struggles and power dynamics within the Liberal Party. Supporters of New Liberalism felt the party had lost its way and did not understand the global economic or the domestic social realities. They tried to move the party on both ideological and tactical fronts, with politicians as senior as Lloyd George beginning to join the push towards a more progressive or radical agenda – though he

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[273] Freeden, *The New Liberalism*, p. 25.

had his own political reasons for seeking to jog the party's conscience. A collection of his speeches on New Liberalism was later published by Gardiner, who in his introduction said:

> We may say that between 1886 and 1906 the Liberal party in this country was dead. It was torn by civil war and miserable personal feuds. With the exception of the Budget of 1894 there was no single evidence that the vital spirit of Liberalism still lingered in the corpse, and to all appearances the Liberal party had become as sterile and unprofitable in Great Britain as it is in Germany. The Liberal party based on the principles of the Manchester School had largely completed its work, which was the redress of political grievances and the establishment of civil and religious liberty 'in widest community spread'. It was the task of the old Liberalism to free the individual from the restrictions and disabilities of a conception of the State based on property and aristocratic privilege. Hence it adopted a purely individualist position. It sought to give the individual absolute freedom and equality in the realm of conscience and citizenship. It held the function of the State to be simply to keep the ring. Within that ring the individual might fight his competitive battles unfettered and uncontrolled. This was a sound view so long as the State represented the interests of a privileged caste. But with the establishment of a democratic State the task of Liberalism changed. Political liberty was seen to be only a stage in the evolution of the complete liberty of the individual. There remained the much more essential element of economic liberty. That was impossible under the reign of the unfettered individualism which meant that the tyranny once exercised by a privileged aristocracy was transferred to wealth. The world had only escaped the aristocratic Scylla to fall into the plutocratic Charybdis.[274]

Conclusion

The fundamental change at the end of the nineteenth century altered the course of development of political theory. The move from the pre-modern to the modern state led to a shift at all levels of society and, as argued here, a particular kind of 'porous' domestic politics.

In Britain the parties of government both developed responses to the changing climate. The Conservatives adopted essentially a negative view of the individual and a closed ideology; nationalism and the state were part of their new introspective approach. The Liberals, on the other hand, retained their positive approach to human

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[274] Lloyd George, *The New Liberalism*, pp.1–3.

nature and chose instead to adjust their views of freedom from a lack of restraint to a positive notion of state support and community involvement.

It is important to bear in mind that the intellectual debate was not the same as the party-political debate. This was particularly true for the forces of the left. Changes in the franchise and a new sense of the role of the individual, community and class brought new resonance to the left as a conscious group that had not existed in the political process until this point.

Though there was considerable overlap in the personalities between areas of discussion, the development of the debate was not consistent between groups. Ironically, initial attempts to create consensus around the social agenda, such as the Radical Programme or the Newcastle Programme, were politically left to one side just as the intellectual debate was getting fully under way.

International and domestic concerns shaped the New Liberal agenda, and practical politics seemed to be driving the debate. Thus, progressive politics was attempting to address a range of issues brought on by a period of globalisation. New Liberalism was a transitional approach that carried the Liberal Party from its classical roots to a new understanding of the relationship between the individual and the state in response to globalisation and electoral survival. The next chapter will look in more detail at some of the key ideas of the time and their influence on New Liberalism.

Chapter 6

New Liberal concepts

As discussed in the previous chapter, the intellectual debate over the changes in existing political philosophies and the new emerging approaches occurred largely outside the political arena. There were a number of concepts that were being challenged by information and the changing climate. They form part of the positional attitudes and defining features set out in Chapter Three: the social contract, the challenge to the mechanical model of society with a more organic, mutual sense of community, the role of the state and efficiency and competitiveness. These are all common to both New Liberalism and Third Way debates, and will therefore be introduced by way of background to the development of the New Liberalism and the thinkers who developed these ideas. It is also worth a brief look at the Liberal Budget of 1909 as it was a turning point before the eventual partings of the ways.

In a quote that is uncannily similar to Blair, L.T. Hobhouse provides an excellent summary. He amply demonstrates what he felt to be the importance of the link between theory and real politics, and the range of people and ideas shaping the age:

> A new leaven was at work. The prosperity which had culminated in 1872
> was passing away. Industrial progress slowed down and though the
> advance from the 'Hungry Forties' had been immense, men began to see
> the limit of what they could reasonably expect from retrenchment and
> Free Trade. The work of Mr. Henry George awakened new interest in
> problems of poverty, and the idealism of William Morris gave new
> inspiration to Socialist propaganda. Meanwhile, the teaching of Green and
> the enthusiasm of Toynbee were setting Liberalism free from the shackles
> of an individualist conception of liberty and paving the way for the
> legislation of our own time. Lastly, the Fabian Society brought Socialism
> down from heaven and established a contact with practical politics and
> municipal government ... Socialism, ceasing to be a merely academic
> force, had begun to influence organized labour, with the determination to
> grapple with the problem of the unskilled workmen. From the Dockers'
> strike of 1889 the New Unionism became a fighting force in public
> affairs, and the idea of a Labour party began to take shape. On the new
> problems Liberalism, weakened as it already had been, was further divided
> ... In office it only experienced further loss of credit, and the rise of
> Imperialism swept the whole current of public interest in a new direction.
> The Labour movement itself was paralysed, and the defeat of the
> Engineers in 1897 put an end to the hope of achieving a great social
> transformation by the method of the strike. But, in the meanwhile,
> opinion was being silently transformed. The labours of Mr. Charles Booth

and his associates had at length stated the problem of poverty in scientific terms. Social and economic history was gradually taking shape as a virtually new branch of knowledge. The work of Mr. and Mrs. Sidney Webb helped to clear up the relations between the organized efforts of workmen and the functions of the State. The discerning observer could trace the 'organic filaments' of a fuller and more concrete social theory.[275]

Social contract – morality of man or state?

The idea of a 'social contract' had become an underlying assumption of the Whig interpretation of history and an enduring part of the Liberal programme. The evolution of the contract has provided a thread of political development right through to the current debate. Concepts of duty, and of rights and responsibilities, are key, as is the idea of the individual and the state engaging in a reciprocal arrangement.

Jonathan Swift wrote *Gulliver's Travels* in 1726 as a treatise on the issues of war and peace, order and justice. He argued that states were the causes of war rather than of peace; and further, that justice and freedom would be the creators of both order and peace within and between states. William Godwin's work, *Enquiry Concerning Political Justice and its Influence on General Virtue and Happiness,* published in 1793, was a response to Swift and praised his analysis. Godwin was specifically cited by Ramsay MacDonald in his history of the socialist movement, *Socialism* (1907). Godwin argued against the 'social contract' because it allowed for the overruling of individual reason in favour of 'the assembly' or community. He went on to argue that the root of the problem of war lay within the concept of large centralised states. Godwin placed his faith in human reason and felt that coercion by states frustrated reason. Moreover, it was the coercion of states that produced disharmony and crime within society as well as war externally, thus suggesting he believed that all levels of analysis had similar dynamics, though on different scales.

He concluded that men of reason should have no faith in a society that oppresses and forces them to obey orders not of their making:

> What credit can man take for acting when such action has been ordered
> by the state? Where is his morality and dignity? People have supposed that

[275] Hobhouse, L.T. *Liberalism.* Oxford: Oxford University Press, 1964 (original publication 1911), pp. 112–13.

when law is vigorously enforced it produces order, but lawful societies have never in fact produced order.[276]

Godwin's critique of both reason and the social contract struck at the heart of emerging liberal thought. Self-possession, the social contract, order and justice were under debate – but underlying these concerns was the question of the nature of the individual. For example, one of the core debates in the area of social reform and the poor laws was precisely this issue of the morality of men. Both Hobson and Hobhouse would later take on shades of this argument as Hobson relied on his organic model of man to suggest there was a morality of the individual within the community. Hobhouse, in *Liberalism*, similarly argued that the state should help the individual develop their own morality without coercion:

> Personality is not built up from without but grows from within, and the function of the outer order is not to create it, but to provide for it the most suitable conditions of growth. Thus to the common question whether it is possible to make men good by Act of Parliament, the reply is that it is not possible to compel morality because morality is the act of character of a free agent, but that it is possible to create the conditions under which morality can develop, and among these not the least important is freedom from compulsion by others.[277]

This same idea and debate around the state and its provision of welfare was also present in the tensions of the workhouse system. It was the view of those, such as Sir Edwin Chadwick, a social reformer (see Appendix A – social reform), that this kind of support should not allow the individual to shirk their responsibilities or lapse into immorality but encourage them to self-sufficiency.

Mutual aid – mechanical versus organic: the individual and the community

> In terms of biological theories, the organic model of human nature and society, replacing the mechanical model of the state, was just beginning to develop as a result of the work of people like Thomas Malthus (1766–1834) and Charles Darwin (1809–81).[278] They challenged the then established individualistic sense of Liberal ideas. Herbert Spencer, a strong supporter of this atomistic view of nature, seized upon Darwin as scientific evidence of this approach to society. As already indicated, it was in fact Spencer who coined the term 'survival of the fittest' for Darwin's

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[276] William Godwin, quoted in Runckle, Gerald. *Anarchsim Old and New*. New York, NY: Delta Publishing Company Inc., 1972, p. 118.

[277] Hobhouse, *Liberalism*, p. 76.

[278] Adams, *Ideology and Politics*, pp. 45–46.

work, thus tipping its interpretation towards his own view of the individual.[278]

In terms of economic theory, and in a similar way to the view that J.A. Hobson took on the constructs of the 'rational man' or 'economic man' as incomplete descriptions of the 'whole' person, so too Prince Peter Kropotkin challenged the popularised version of social Darwinism by setting it against his theories of mutual aid. These theories of 'mutualism' or 'mutual aid' provided a new view of the community – crucial to both New Liberalism and the Third Way – as a kind of halfway house between the traditional Liberal night-watchman state and state control.

Kropotkin tamed the violent understanding of anarchism and provided a reinterpretation of the more revolutionary anarchists. Much as Eduard Bernstein provided a revisionist view of Marx, Kropotkin's thought-out version of an individualist view took on the organic model through the role of the community. It was, in effect, an early type of communitarianism, a term coined in 1841 and, together with 'mutualism', used by the Third Way in a very similar vein.

Kropotkin spent time in London and even stayed with leaders such as Ramsay MacDonald. He developed his ideas of mutual aid as a more accurate way in which to describe the community-based individual. As socialism was still in its early stages of development at the time of his visit in 1881 he had the opportunity to influence the thinking of the early progressives as well as through the Internationals, as we saw in Chapter Four.

His model of the individual within the community was picked up by Hobhouse and other New Liberal thinkers as well as by the more collectivist writers. His main concern, like that reflected in Hobson's early work, was the apparent inability of economics to deal with a holistic view of the individual. The individual actor was key but needed to be placed within the community:

> Up till now the academic economists have always simply enumerated
> what happens under such conditions, without specifying and analysing the
> conditions themselves. Even if they were mentioned, they were forgotten
> immediately, to be spoken of no more. This is bad enough, but there is in
> the teaching something worse than that. The economists represent the
> facts resulting from these conditions as laws – *as fatal, immutable laws*. And
> they call that Science.[279]

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[279] Read, Herbert, ed. *Kropotkin: Selections from his Writings*. London: Freedom Press, 1942, p. 88.

Kropotkin's ideas were based on his belief that each individual understands and respects their links with the larger whole. He had spent time in Siberia and observed that not only were animals interdependent but the links between nature and those making their livelihoods in such a harsh environment were also strong.

> Real humanity presents a mixture of all that is most sublime and beautiful with all that is vilest and most monstrous in that world. How do they get over this? Why, they call one divine and the other bestial, representing divinity and animality as two poles, between which they place humanity. They either will not or cannot understand that these three terms are really but one and that to separate them is to destroy them.[280]

This led Kropotkin, like the other collectivist commentators we will investigate in Chapter Eight, to engage with social Darwinism and refute the premise of 'all against all' by making a detailed biological argument for the survival of species, not of individuals. Kropotkin also criticised Darwinism as a false understanding of the real nature of humans. Kropotkin argues that Darwin misunderstood the nature of evolution. He suggests that within a species there is altruism, support and alliance rather than intentional killing or competition. His view of society is firmly based on the individual but to the extent that the individual is clearly placed within a context of a community from which they cannot be separated.

His theory of 'mutual aid' was also based on the nature of the medieval city. He held up this age as one in which small producers had face-to-face relations with one another, calling each other to account and a direct form of democracy.

> The mutual aid tendency in man has so remote an origin, and is so deeply interwoven with all the past evolution of the human race, that it has been maintained by mankind up to the present time, notwithstanding all vicissitudes of history. It chiefly evolved during periods of peace and prosperity; but when even the greatest calamities befell men – when whole countries were laid waste by wars, and whole populations were decimated by misery, or groaned under the yoke of tyranny – the same tendency continued...And whenever mankind had to work out a new social organisation, adapted to a new phase of development, its constructive genius always drew the elements and the inspiration for the new departure from that ever living tendency.[281]

Socialists such as Ramsay MacDonald, well as many of the New Liberals, were taken with the idea of mutualism and its related ideas of an organic model of human nature as well as with Kropotkin himself. However, this view separated them from others

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[280] Shatz, *The Essential Works of Anarchism*, p. 137.
[281] Read, *Kropotkin: Selections from his Writings*, p. 65.

strands of collectivist thought as the Fabians focused much more on a rational almost mechanical top-down version of society. This division would run throughout the century despite MacDonald's efforts to encompass a more inclusive model such as Kropotkin's.

A large part of the Third Way debate was a re-examination of the mechanical preference as modernisers sought to re-centre the debate around community and communitarianism. Third Way thinkers even brought back the specific language of mutualism – though they also put a great deal of faith in the coercive power of the state and the levers of state policy. The Third Way has still not resolved the moral or organic versus the mechanical divide.

Role of the state and the Manchester School

While many of the ideas set out above had significance in terms of the social fabric and views of human nature, the Manchester School was really an underlying framework as both an economic and political approach to the role of the state. It served as the key to the individualistic model of nature and concepts such as property, self-possession and the social contract, and crucially, freedom from interference by the state. As well as its domestic agenda, it also argued firmly that free trade and commerce promoted peace among states.

In line with the stage of state development at the time, mercantilism had dominated the seventeenth and eighteenth centuries. Mercantilism asserted that the wealth of nations depended on their possessions and that the state – or, as we saw in Chapter Two, rulers – sought to increase status by creating trade surpluses and expanding reach through gaining territory. It contained two basic ideas: internal manufacturing power must be protected, and that this must be done at the expense of other countries. This system brought with it controls and complicated regulations designed to retain assets, create monopolies and gain advantage. As Adam Smith pointed out in his dominating work on what became known as the 'dismal science', *The Wealth of Nations* (1776), this often harmed, rather than helped a nation's overall position, and combined protection with state aggression.[282]

Gradually, a new kind of state attitude became more evident in Britain: laissez-faire or 'let things alone', or 'set things free to take their own course', or even allow for

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[282] Penty, Arthur J. *Protection and the Social Problem.* London: Methuen & Co., 1926, p. 23.

'enlightened self-interest', to use the famous phrase of Jeremy Bentham (1748–1832).[283] As early as 1689 the Toleration Act had meant Parliament no longer sought to determine the religion of its citizens; in 1695 censorship of the press was withdrawn.[284] But it is the economic interpretation of the concept that has come to be most associated with the phrase:

> The philosophical basis of laissez-faire was the assumption that the maximum of benefits was to be attained by the individual through the exercise of free, unfettered competition, and that if men were liberated from regulation and restriction in their activities they would choose such courses of actions as would be to their greatest advantage. It was further assumed that the pursuit by all men of what was to their own advantage must necessarily result in the maximum of benefit to the community as a whole ... The duty of the State was to stand aside and take no part in the clash of economic interests; it was expected to confine its activity to such primary functions as the defence of the country from external attack and the maintenance of internal order.[285]

Between 1848 and 1880, as Barker points out, the 'general tendency is towards individualism'[286] and the ideas of laissez-faire gained acceptance in both its domestic and foreign policy agendas. Laissez-faire ideas within the state, economy and society were inextricably linked with free trade with other states and societies. However, the social conditions and changed economic climate of this specific period gradually eroded this settlement and ultimately provided a catalyst for both New Liberalism and socialism.

> Thus the doctrine of economic liberalism was not a way of interpreting one area of life, while religion, personal relations, or art developed their own philosophies; rather, except to maverick critics, it was the central, guiding philosophy of the period by which others must stand or fall ... Economic liberalism – the belief that all things work together for the good of those who help themselves, are let alone, and put their faith in the 'natural law' of private enterprise and private property.[287]

Laissez-faire to free trade

The doctrine of free trade is closely associated with Richard Cobden (1804–65) and John Bright (1811–89), both Manchester men, who:

[283] Croome and Hammond. *An Economic History of Britain*, p. 129.
[284] Southgate, George W. *English Economic History*. London: J.M. Dent and Sons Ltd., 1962, p. 344.
[285] Ibid., pp 344–45.
[286] Barker, *Political Thought in England 1848 to 1914*, p. 19.
[287] Merrell Lynd, *England in the 1880s*, pp. 66–67.

... believed ardently in complete Free Trade. They pointed to the success British manufacturers and merchants were enjoying under free trade conditions; between 1840 and 1847 British imports rose by 44 per cent and exports by 34 per cent. They condemned the growth of an Empire, because empires in practice involved trade restrictions. Finally, they maintained that free trade should become the normal practice of nations, not just because it would bring increased prosperity and a higher standard of living: but also because the more nations trade with one another, the more they were likely to be able to live together in peace. For Cobden and his supporters, free trade was the road to universal peace.[288]

While the free trade argument had been gaining ground for some time it was the debate around the Corn Laws that finally shifted the balance. Cobden and Bright formed the Anti-Corn Law League in 1839 and campaigned vigorously for their repeal. It was presented to the working class as a way to relieve price increases and to ensure cheaper food, if not job stability. The campaign within the country made progress but it was really outside events that created the environment in which Sir Robert Peel repealed the laws in 1846. This move split the Conservative Party and led ultimately to various Tories joining the Liberal Party, while Britain's economy 'became the freest in the world'[289] and created the core of what came to be known as the Radical agenda.

Free traders argued that mercantilism was inherently linked to aggression while free trade was similarly linked to the cause of peace. Their ideas of a tolerant trade were also generally supported by ideas of religious toleration as they were often dissenters of some kind; Bright, for example, was a Quaker. Cobden's approach was that free trade was almost an 'inexorable truth'.[290] It was seen as the logical conclusion of a rational, scientific analysis but was often couched in terms that were almost religious. It was not only an economic model but a kind of moral code and 'much of English nonconformity shared his view'.[291]

> This happy time when the sentiments of cosmopolitanism, internationalism, humanitarianism, and pacifism (all that a later generation was to call 'Cobdenism') held sway, sentiment rooted in and confirmed by England's system of free trade, was generally depicted as an interlude between the mercantilist imperialism of the eighteenth century and the new imperialism, of which Hobson and Lenin were to write ... His cosmopolitanism, pacifism, anti-colonialism – were as we know, to

[288] Hill, C.P. *British Economic and Social History 1700–1914*. London: Edward Arnold, 1957, p. 153.
[289] Bradley, *The Strange Rebirth of Liberal Britain*, p. 19.
[290] Semmel, Bernard. *The Rise of Free Trade Imperialism: Classical Political Economy the Empire of Free Trade and Imperialism 1750–1850*. Cambridge: Cambridge University Press, 1970, p. 159.
[291] Ibid.

become the hallmarks of Radical policy from the late forties until the war of 1914 ... Indeed Englishmen generally were happy to accept the Cobdenite defence of free trade combining as it did the force of 'science' with that of religion.[292]

From the outset, the free trade ethos appealed to the working class. Its combination of peace and progress was so ingrained that even as socialists began to question economic individualism in favour of a more collectivist approach, they did not question the issue of free imports. This view was supported by Robert Owen and even by Marx. The assumption was that free trade was unassailable and would soon be universal, bringing with it international peace. In the year following the repeal of the Corn Laws Marx, writing the *Communist Manifesto* in language that sounds very familiar in the globalisation debate, said: 'National differences are today vanishing ever more and more with the development of the bourgeoisie, free trade, the world market, the uniformity of industrial production and the conditions of life corresponding thereto'.[293]

This free trade approach 'remained ... in an increasingly protectionist world', Bradley suggests, 'for the next eighty-five years, thanks in no small measure to the continuing sway of the arguments which Cobden and Bright had deployed so forcefully. The economic liberalism espoused by these two men ... in what came to be known as the Manchester School.'[294]

The end of laissez-faire

As the tide of opinion began to change, the Manchester School became the target of commentators and New Liberal thinkers. Liberals debated the merits of a system that did not provide for those caught in wider economic trends. Just as the phrase 'survival of the fittest' became shorthand for social Darwinism, so too the Manchester School became iconic. This point is made by Hobhouse and quoted by others, including Francis Hirst: 'If I were asked to sum up in a sentence the difference and the connection (between the two schools) I would say that the Manchester men were the disciples of Adam Smith and Bentham, while the Philosophical Radicals followed Bentham and Adam Smith'.[295]

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[292] Ibid., pp. 2, 159.

[293] Penty, *Protection and the Social Problem*, p. 3.

[294] Bradley, *The Strange Rebirth of Liberal Britain*, pp. 19–20.

[295] Hobhouse, *Liberalism*, p. 44; also appeared as a footnote in Hirst, Francis, W., ed. *Free Trade and Other Fundamental Doctrines of the Manchester School*. London: Harper & Brothers, 1903.

Information about social deprivation was beginning to move opinion away from what was perceived as a more atomistic view of society towards more of a community approach. As Barker says:

> By 1880 the doctrine of laissez-faire – the preaching of non-intervention as the supreme duty of the State, internally as well as externally – seems to have passed ... its doctrine of a foreign policy based on pacific cosmopolitanism, steadily lost ground ... After 1880 the bankruptcy of the old Benthamite Liberalism was beginning to be apparent. New ideals were needed for the new classes which had won the franchise.[296]

The demise of the Manchester School was not unanticipated and not overly mourned as international tariffs were suffocating British trade. Though politicians had been confident that free trade was on the rise indefinitely, the shift in Germany and other European countries meant that England was forced to re-examine state welfare and industrial support.[297] Domestically, even those who felt a sense of loyalty to it could see that times had changed and that a new basis had to be found for economic development and social legitimacy. As many Liberals evolved into New Liberals, they developed a new narrative, which accepted that laissez-faire economic theory that had played its part, but it was time to move on.

Ironically perhaps, is the view that the Manchester School or laissez-faire precluded state activity. In fact, economic liberalism required state action to, in effect, protect it from incursion. State action remained 'offstage' as Merrell Lynd puts it,[298] and therefore the ability of the state to act 'for good' was not fully recognised. As Merrell Lynd goes on to point out, it was the shift in emphasis from preventing bad government to planning good government that brought the state out from the wings and enabled a new kind of philosophy to take hold. Hirst also points to this important observation in terms of the move from negative freedom to a positive notion of state and government:

> Perhaps the favourite misapprehension about the Manchester School is that in its anxiety to enlarge and secure the freedom of the individual it was not merely jealous but entirely hostile to the activity of the State. This vulgar error may be referred to two main causes. First, the work of the School in the thirty years following the Reform Act was mainly a work of emancipation. The prime necessity of progress was to destroy bad laws and to free society from the chains which fettered moral and economic development. The second cause was the action of a slow and

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[296] Barker, *Political Thought in England 1848 to 1914*, pp. 20, 22, 208.
[297] Cunningham, W. *The Progress of Capitalism in England*. Cambridge: Cambridge University Press, 1916; Harbutt Dawson, *Protection in Germany*; Southgate, *English Economic History*.
[298] Merrell Lynd, *England in the 1880s*, p. 426.

rather dogmatical section of wealthy adherents, who, after the death of their leader [Cobden], displayed a real, but narrow and unimaginative, devotion to his principles by persistently marking time when they should have been pushing forward to the solution of new problems like the land question, which his keen eye had foreseen and marked out for solution.[299]

Hobhouse also began to set out the notion of an 'early' Liberalism, as opposed to what became the New Liberalism, in *Liberalism*, and including new ideas such as 'mutual aid' along the lines set out by Kropotkin:

> The earlier Liberalism had to deal with authoritarian government in church and state. It had to vindicate the elements of personal, civil, and economic freedom; and in so doing it took its stand on the rights of man, and, in proportion as it was forced to be constructive, on the supposed harmony of the natural order. Government claimed supernatural sanction and divine ordinance. Liberal theory replied in effect that the rights of man rested on the law of Nature, and those of government on human institution. The oldest 'institution' in this view was the individual, and the primordial society the natural grouping of human beings under the influence of family affection, and for the sake of mutual aid ... This conception of the relations of the State and the individual long outlived the theory on which it rested. It underlies the entire teaching of the Manchester school. Its spirit was absorbed, as we shall see, by many of the Utilitarians. It operated, though in diminishing force, throughout the nineteenth century.[300]

Efficiency

The 'five e's' of the London School of Economics have been mentioned above, and the various aspirations of the LSE have been evident aspects of New Liberalism. However, there is one 'e' that has not been mentioned overtly but was part of the underlying approach. 'Efficiency' is relevant not only because it became a 'catch-cry' of all political parties at the turn of the century, according to G.R. Searle,[301] but also because it is resonant of the contemporary debate on competitiveness in the face of globalisation. As Searle argues, quoting from an article in the *Spectator* in 1902:

> At the present time and perhaps it is the most notable social fact of this age, there is a universal outcry for efficiency in all the departments of society, in all aspects of life. We hear the outcry on all hands and from the

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[299] Hirst, *Free Trade*, pp. xi–xii.

[300] Hobhouse, *Liberalism*, pp. 32–33.

[301] Searle, G.R. *The Quest for National Efficiency: A Study in British Politics and Political Thought, 1899–1914*. Oxford: Basil Blackwell, 1971.

most unexpected persons ... the same cry is heard: 'Give us Efficiency, or we die'.[302]

Searle's definition of the movement highlights the nature of the term as being specifically about foreign competition and Britain's preparedness. As he states:

> If one were to sum up its meaning in a single sentence, one might describe the 'National Efficiency' ideology as an attempt to discredit the habits, beliefs and institutions that put the British at a handicap in their competition with foreigners and to commend instead a social organisation that more closely followed the German model.[303]

While the term efficiency has not been mentioned explicitly thus far, projects undertaken in its name have been. For example, Haldane's reforms of the General Staff and the Territorial Army were the result of perceived military incompetence during the Boer War that were put down to a problem with 'national efficiency'. His reforms to the Officer Training Corps and his encouragement to Baden-Powell to set up the Boy Scouts were similarly based on a notion of encouraging discipline and a more efficient younger generation. He was even described by 'one observer to have invented the word efficiency, so often was it on his lips'.[304]

Similarly, the Rowntree report on poverty in York, though not directly driven by the efficiency movement, was influenced by this work. Many of the arguments in terms of nutrition and 'the amount of calories, proteins and fats necessary to maintain a person in a state of physical efficiency'[305] reflect a concern for the health of the nation as an indicator of its efficiency.

As evident from these examples, to those involved in the 'efficiency movement', people were considered almost to be the raw material of the country – an idea that appealed particularly to the leadership of the Fabians at the time. The movement gained enough support to produce its own magazine – *Nineteenth Century* – as well as a small dining group not unlike the Rainbow Circle. The Coefficients, as they were called, are relevant here only in that they provide yet another overlapping connection between players in the wider political debate as the group was essentially a subset of the Fabians, LSE lecturers and various imperialists. Its twelve founders included all

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[302] Ibid., p. 1.
[303] Ibid., p. 54.
[304] Ibid., p. 3.
[305] Ibid., p. 65.

three of the LSE directors and a large selection of its lecturers as well as the Webbs (who instigated the club), Haldane, Bertrand Russell and H.G. Wells.[306]

The Coefficients, like the efficiency movement itself, did not last. Increasing hostility towards Germany meant that extolling the virtues of their model became unpopular. However, like competitiveness in the current context, efficiency was presented as the antidote to increasing external pressure. Success in this regard relied not on the state but on the individual to help the state address the problem of state inefficiency.

Opportunity lost

One specific opportunity stands out in the course of this tumultuous time for the evolution of Liberal thought: the Budget of 1909 when Lloyd George was able to drive forward a reforming budget as part of a wider reforming government under Asquith. This is worth a brief examination as a potential 'opening' in terms of the cooperation between Liberal and Labour, but setting in train the events that led to their 'divorce'.

Budget 1909

The Liberal victory of 1906 and the presence of New Liberal MPs in the new intake should have ensured strong support for a reforming agenda. As it transpired, the reforming measures taken during the period of 1905–14 were, in the words of Peter Rowland, a 'hotchpotch':

> At none of the three general elections fought during this period had a
> Liberal programme of social reforms been put forward for consideration
> by the electorate. Such a programme was often referred to, in familiar
> terms which implied that there was no need to spell out the details but the
> plan fact is that (except, perhaps for those who vaguely recalled the
> 'Newcastle programme' of 1891) it simply did not exist ... by 1907 the
> Government had run out of ideas.[307]

The downturn of 1907 exposed the Liberal Party to the tariff reformers and calls for more social reform. Asquith, then Chancellor, produced a budget that introduced a notion of progressive taxation for the first time but a series of by-election defeats

[306] Dahrendorf, *LSE: A History of the London School of Economics and Political Science 1895-1995.*
[307] Rowland, Peter. *The Last Liberal Governments: The Promised Land 1905–1910.* London: Barrie and Jenkins, 1968, p. 343.

seemed to lead the government to introduce various pieces of social legislation such as the Licensing Bill, the Eight Hours Bill and old age pensions. The pattern, Rowland argues, was, until 1909, one of 'hand to mouth', with reforms being carried out only in a 'piecemeal fashion'. It was Lloyd George's Budget of 1909 – which came to be known as 'The People's Budget' – that was the turning point.[308]

Bruce Murray, in *The People's Budget of 1909/1910: Lloyd George and Liberal Politics,*[309] suggests that the budget was essentially the product of Lloyd George's personal initiative. It was not a particularly innovative budget, but built on Asquith's first steps towards progressive taxation between 1905 and 1908. However, two additional factors were at work. The first was the desire to increase naval spending; or the dreadnought race with Germany was becoming intense. Second, Lloyd George, following Asquith as Chancellor when the latter became Prime Minster, was conscious of the need to retain working class support. He therefore attempted to use the budget to create a bridge between the working and middle classes to shore up Liberal support. Thus, he tried to avoid antagonising the middle classes by separating tax on earned and unearned income and also focused on items such as spirits and tobacco rather than direct taxation (this also in an attempt to win over the temperance interest). However cautious Lloyd George tried to be, there was still some concern from the more moderate Liberals as it was seen as an attack on wealth and property. As Rowland argues:

> ... the principal advance by the New Liberals for using finance as an essential weapon of reform by means of taxes and expenditures that employed the recourses of the community for the benefit of the community. The New Liberals advocated progressive graduated taxation, levied in accordance with ability to pay, in order to finance 'productive social investment by the state'. They advanced the idea of a fund of capital and income that was created by the action of the community itself to which the state should secure access, by way of direct taxation for the financing of social reform. Freeden makes the point that, whereas the gulf between the ideas and policies of official Liberalism and the New Liberals was often immense during the liberal administration of 1905–14, finance was the one field of reform in which official Liberalism did not appear to be 'lagging too far behind its theorists'.[310]

The People's Budget was successful at both political and electoral levels. It enabled the party to consolidate its working-class support and ward off the threat from the

[308] Ibid.

[309] Murray, Bruce K. *The People's Budget 1909/10: Lloyd George and Liberal Politics.* Oxford: Clarendon Press, 1980.

[310] Rowland, *The Last Liberal Governments,* p. 7.

Labour Party. As Rowland suggests, 'by producing a "People's Budget" Lloyd George not only blunted but thwarted the drive of the Tariff Reformers to capture industrial England, and contributed directly to the containment of the Labour party by seriously hampering its ability to differentiate itself clearly from Liberalism.'[311]

In the event, the Budget of 1909 was rejected by the House of Lords, precipitating a constitutional row that, as well as occupying the government's time and attention, also diverted the social agenda. There were two elections in 1910 and while the Liberals retained power, they were far from secure and needed to reassure the middle classes once again. As a direct result of this constitutional row, they were able to pass the Parliament Act of 1911 which destroyed the Lords' veto. They also passed the National Insurance Act, creating health and unemployment insurance (where there was an interesting debate amongst the unions, as they worried about a loss of power if the state took this over) and introduced bills for Irish Home Rule and Welsh disestablishment.

The budget of 1914 looked significantly different in that it was an overt attempt to shore up and protect the majority of income-tax payers and aimed more directly at 'the rich'. Unfortunately, the party's internal divisions between the New Liberals and other influential Liberal MPs had reached the end of their accommodation. As Rowland, drawing on Bentley Gilbert, says:

> The revolt by a section of 'influential' Liberal MPs against the Budget for 1914, and the Government's retreat in the face of that revolt, indicated that by 1914 New Liberalism had effectively run its course. The limits of the Liberal Party's 'tolerance for social and economic change' had been reached.[312]

The Liberal leadership and the New Liberals were gradually coming together as more MPs entered the House of Commons with a coherent social agenda. However, this exacerbated the tensions with other sections of the party and was too late to avert the eventual split between the growing Labour Party and the weakening and re-divided Liberal Party.

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[311] Ibid., p. 291.
[312] Ibid., p. 3.

A parting of the ways

Ultimately, the 'divorce' of the progressive movement was the indirect result of both domestic and international pressures on the political process. As British industry stagnated or declined in the face of rising competition, support for protectionist tariffs rose as well as civil unrest. In 1906 the Anti-Sweating League was formed and in 1910 there were strikes and lock-outs in the Welsh coalfields. The following year the dockers and railwaymen struck; troops were called out and on two occasions opened fire, killing four strikers. In 1912 a nation-wide strike of coal miners was broken only by the introduction of the minimum wage bill. Lloyd George was determined by the time of the 1914 Budget that the Liberals and the Labour Party needed each other to survive.

Meanwhile, Hardie, MacDonald and others, now part of an official Labour Party, were actively participating in congresses both in London and across Europe of the international workers' movement. However, these meetings were gripped by debates with anarchists over tactics and European socialist parties over coalitions of convenience and colonialism. Gradually, the Second International followed the path of the first and broke into national groups rather than pursuing its ideal of the unity of the working classes.

Viewed from a modern perspective it is fascinating to see the arguments that Masterman deployed in his book, *The New Liberalism*, regarding the potential relations between the Liberals and the Labour Party. Published in 1920, when the Liberals were divided and in decline, and the Labour Party was increasing its representation and no longer reliant on electoral deals with the Liberal Party, Masterman appealed to the forces of 'enlightened' politics to come together. It is a lengthy quote but the idea of a joined left/left-of-centre party would have created an utterly different landscape in British politics and is therefore worthy of consideration:

> It profoundly dislikes being placed in the position where it is compelled
> to fight the representatives of the Labour Party in order to preserve its
> own existence, to the advantage solely of Toryism and their interests. To
> sum up, New Liberalism recognises a Labour Party as a body largely
> animated by the same ideals, and working towards the same ends. It
> desires to co-operate in every practicable fashion towards the attainment
> of those common ends. In so far as any members of that Party are
> working for a universal Socialism, or for a violent destruction of the
> present social order, these members are working for ideals divergent from
> the ideals of Liberalism. In so far as Labour is working for advanced social
> changes, equal opportunity, less divergence between rich and poor, the

practical abolition of poverty by attack on the specific evils from which poverty is bred, it can work with the utmost harmony ... New Liberalism and the policy of the Labour Party coincide in outlook upon foreign affairs, in the advocacy of the League of Nations, in work towards self-determination of nations, in attitude towards Ireland, in maintenance of Free Trade ... They both advocate a financial system which shall pay off debt, establish social services...There is here an enormous field for common enterprise, which both alike are preaching as the immediate work. To the convinced Socialist this enterprise is merely a step to a universal monism, while to the Liberal it is the establishment of a state in which the elements of weakness which now give strength to the communist critic are removed. That is no reason why both should not work towards a policy which both advocate, and which will require all possible united efforts of all men of good will if the interests opposed to it are to be overcome. And in common effort for overthrow of this dominance, Liberal and Labour Party should brush aside all personal polemic, envy or pride, and see if it be not possible for them to rise together to the height of the challenge; by the response to which each will be approved or condemned in the judgment of all future time.[313]

In another precursor of the Third Way debate, in the same book, Masterman also argued strongly that Liberalism was not a compromise or some kind of 'middle ground' seeking support from 'Tories who are a little sentimental, and Socialists who are a little timid' but concerned with 'maintenance of a party, the winning of the approval of men and women at elections, the formation of a Government, the carrying out of its ideas, through such a Government, in the region of practical affairs.'[314]

This attempt at bravado is not a view shared by later commentators such as Ian Adams who comes to a different conclusion, arguing that Liberalism did become a middle way. He suggests that Liberalism was caught between all the currents of the time, from socialism and conservatism to collectivism and individualism and even fascism and communism. Though even as the Liberal Party continued to decline, New Liberal thinkers continued to play an important role in the political debate.

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[313] Masterman, *The New Liberalism*, pp. 197, 206–08.
[314] Ibid., p. 214.

Proponents of the 'new politics'

The overlap of thinkers and writers and politicians has already been set out, but to understand New Liberalism as a response to the transformational times in which its proponents lived, as well as the impact on international relations it is important to explore the ideas within New Liberalism through the eyes of individual political thinkers. Two stand out immediately in this context, as a pair: John Atkinson Hobson and Leonard Trelawny Hobhouse. H.V. Emy declares them: 'The two figures most closely associated with the intellectual growth of Social Radicalism', who, 'together provided for the Liberals a distinctive treatment of the economic problem in politics, viewing the inter-related issues less as a matter for separate and independent disciplines than as an essay in distributive justice'.[315] Freeden suggests that they are:

> The two most profound of the liberal thinkers of the period, who both
> argued that, 'the social ideal is not to be reached by logical processes
> alone, but must stand in close relation to human experience. But social
> ideals or ethical ends were deduced from philosophical first principles and
> were, as such, abstract.' While Hobson himself argued in a very similar
> vein that 'the first and simplest step in every 'inductive science' is directed
> a priori, the ordering of facts had to take place with some principles or
> ends in mind.[316]

To many, Hobhouse stands out because he addressed philosophical and social issues while Hobson concentrated on the economic side; but it will become clear that their lives and their work overlapped – often literally – and their joint endeavour was to apply thought to the practical questions around them. Ernest Barker makes this point:

> Here we touch one of the most constant occupations of his thought and
> one of the greatest services which he [Hobhouse] rendered. To deepen
> Liberal thought; to reconcile its old conceptions with new social demands
> and a new social philosophy; to turn Liberalism from laissez-faire to a
> genuine sympathy with Labour; to discover 'the measures necessary to
> reconcile the larger share which the workers should have in the conduct
> and the fruits of industry with the maintenance and stimulation of
> personal incentives to efficient service'; this was, for many years, a core of
> his practical endeavour. In this he was associated with Mr. J.A. Hobson,
> his colleague in journalism, his lifelong friend, the writer of his biography;
> and the names of the two run naturally together when one thinks of this
> aspect of Hobhouse's work.[317]

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[315] Emy, *Liberals, Radicals and Social Politics*, p. 106.
[316] Freeden, *The New Liberalism*, p. 9.
[317] Barker, 'Leonard Trelawny Hobhouse', p. 7.

The next two chapters will examine the ideas of these thinkers and their views on globalisation and the role of the state along the attitudes and features already discussed, and provide a brief outline of the development of social democracy. The objective of this examination of these thinkers and proponents of progressive thought is to demonstrate the porousness of politics and the deliberate way in which actors operate along the domestic/international frontier at a time of transformation.

Chapter 7

New Liberals: Hobson and Hobhouse

John Atkinson Hobson

J.A. Hobson was born in Derby on 6 July 1858, seven years after Britain had hosted the Great Exhibition, nine years after the repeal of the Corn Laws and nearly ten years after the last Chartist demonstrations. The son of the owner of the *Derbyshire and Staffordshire Advertiser,* perhaps journalism was an obvious destination but he became a journalist only after studying at Lincoln College, Oxford, and teaching classics and English literature in Faversham and Exeter. It was only when he moved to London in 1887 and met William Clarke of the Fabian Society (also a co-founder of the Rainbow Circle) that his political and journalistic career began. Hobson was also an extension lecturer for Oxford and the University of London and taught two courses at the new LSE.

London was just recovering from nearly a decade of depression caused by crop failure and international competition, particularly from Germany and the US. The Third Reform Act of 1884 had extended the franchise while rising tariffs in other countries were creating structural unemployment that the social fabric was ill-equipped to deal with. The Social Democratic Federation had been recently formed and unions were gaining members; the Trades Union Congress even called for an international conference of workers the following year. Hobson was fascinated, as well as appalled, by the conditions of the poor living in what was, in all likelihood, the world's richest city. The investigations of these conditions carried out by Charles Booth, Rowntree (see Appendix A – social reform) and others, and the growing publicity surrounding their findings, made a profound impact on Hobson in the midst of the prevailing climate of a sense of progress and development and a belief in peace through trade.

Hobson did the rounds of the many London organisations related to social reform and politics; the Rainbow Circle and the South London Ethical Society were the most important to him, but were only two amongst many. Generally, Hobson was not overly impressed. He considered the Christian Socialists 'too sentimental' and the Social Democrats 'too inflammatory'.[318] Interestingly he also 'found the manner and

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[318] Allett, *The New Liberalism The Political Economy of J.A. Hobson,* pp. 7–8.

argument of H.M. Hyndman, the leader of the Social Democratic Federation, to be 'those of an oily mouthed, half-educated, self-conceited Dissenting Minister'.[319]

This may help to explain why he remained in the Liberal Party and resisted joining the Labour Party for as long as he did, though he was a prolific contributor to a range of organisations. For the Fabians he wrote *Problems of Poverty* (1891) and *Problems of the Unemployed* (1896) and two books, *Evolution of Modern Capitalism* (1894) and *John Ruskin: Social Reformer* (1898). As a member of the Rainbow Circle he presented twenty-two papers over the thirty-seven years of his membership, covering topics such as 'economic deficiencies of the Manchester School' (first session, 1894–95), 'a progressive party' (fifth session, 1898–99) and imperialism (sixth session, 1899–1900).

It was just at this point that C.P. Scott invited him to join the *Manchester Guardian* to be their correspondent in South Africa during the Boer War. In Africa, Hobson further developed his ideas of imperialism and its relation to capitalism. His reports and views on the situation in Africa began to attract attention from a wide range of international opinion, including Kropotkin, who wrote to Hobson to say that his reports constituted 'one of the most striking documents on the history of serfdom'.[320]

Hobson returned to England in 1900 to a welcome-home dinner co-chaired by David Lloyd George at the National Liberal Club. He then went on a lecture tour of the country where many of his lectures were disrupted by demonstrators. He was not only opposed the war but also took the opportunity to promote his work on imperialism. He argued firmly that the age of free trade had come to a close and, further, that in all likelihood it had never delivered the benefits promised by its proponents. In an article, one of many, for the *Fortnightly Review,* in March 1902 Hobson made the point that:

> The public confidence of the nation in Free Trade as a basis of
> commercial policy has evaporated during the last thirty years. The rank
> and file of the Conservative Party, predominant in wealth and influence
> to a degree unprecedented in our history, is almost to a man Protectionist
> ... Liberal Imperialists are rapidly gravitating towards a re-construction of
> relations between Great Britain and her colonies, which if adopted, would
> involve some unavoidable concessions to the fiscal policy which prevails
> in all our self-governing colonies. Socialism, in all its various forms and
> degrees implying an increased use of the state as an instrument of public
> policy, has so eaten into the older Radicalism that the former intellectual

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[319] Ibid.
[320] From a letter to Hobson, ibid.

apprehension of Free Trade as an integral portion of the laissez-faire principle of government now remain little more than the discredited gospel of a doctrinaire remnant.[321]

Shortly before Joseph Chamberlain resigned from the government on this point, Hobson even suggested that Chamberlain was the only 'Cabinet minister with an eye to the future'. The rise of the US and Germany must continue to worry business if the UK did not respond with an 'Imperial Zollverein'.

Effectively, Hobson denounced modern imperialism. After his experience in Africa he believed it to be promoted by manufacturers who benefited from war and those who wanted export markets for what he called their 'surplus goods'. He argued that if 'surplus capital' and 'surplus goods' could be better, or more justly, distributed it would expand the domestic market to absorb these surpluses. As it was, only very narrow interests gained whereas the rest of the nation lost. He felt that the success of trade unions in securing higher wages and of social reformers in achieving better conditions for the lower classes meant that eventually imperialism would be unnecessary.[322]

Hobson wrote most of his work between 1897 and 1920. As Freeden puts it:

> Hobson was instrumental in reformulating liberalism and enabling it to emerge from a period of considerable self-questioning and of competition with rival solutions to pressing social and political problems, unscathed but stronger, more coherent and more relevant. In his productivity, consistency and range he was the leading theorist of new liberalism that began to take root in the late 1880s and that, gaining intellectual ascendancy within a generation, laid the ideological foundations of the modern British welfare state.[323]

Darwin, biology and organic communities

Darwin and his theories of evolution have already been noted, but Hobson provides an example of how the wider community of science was impacting on politics and ideology as well as social welfare and reform. As we shall see, Hobson was certainly

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[321] Cain, Peter, ed. *Free Trade and Protectionism Volume II: From Free Trade to Fair Trade 1850–1902.* London: Routledge/Thoemmes Press, 1996, p. 346.
[322] Semmel, *The Rise of Free Trade Imperialism*; Dougherty, James E. and Robert L. Pfaltzgraff Jr. *Contending Theories of International Relations.* New York: Harper Collins, 1990.
[323] Freeden, Michael, ed. *J.A. Hobson: A Reader.* London: Unwin Hyman, 1988, p. 10.

not alone in attempting to use Darwin's theories to better understand human nature, thus using it as an approach to social theory and philosophy.[324]

In particular the theory of 'orthogenic evolution' had the most impact on Hobson.[325] Various New Liberals attempted to use the theory of evolution, while avoiding the darker conclusions of Spencer and Huxley. Hobson used this base to create a holistic approach to a study of human nature that encompassed not only psychology and biology but sociology and economics as well as ethics. However, as Freeden points out, 'Unlike Spencer ... Hobson drew politically radical conclusions from the organic analogy through emphasising not the self-sustaining abilities of the parts but the capacity of the whole for self-regulation'.[326]

What is possible to take from Darwin was the impact he had on intellectual life. The model of society was changing from the rational and mechanical to a biological and organic interpretation. The 'laws' that had dominated economics and science were giving way to a sense of interaction at all levels of society. This 'organic' view of human nature became the backbone of Hobson's work. It coloured his views not only of the individual, but also of the state. The individual was an organism but placed within another organism, the state, which also operated as a system. Barker comments on this aspect of both Hobson and Hobhouse in his commentary on political thought:

> The development of Liberalism, during the last few years, shows considerable traces of Fabian influence. Liberal writers like Prof Hobhouse and Mr J.A. Hobson have both argued in favour of the intervention of the State in the field of socially created values. Mr Hobson in particular has urged that the individual is not the only unit of economic production; that the community is itself a producer of values; and that the State, which is the organ of the community, may claim a special right to impose special taxation on such values. The old individualistic view of the State thus seems to be definitely shed by modern Liberalism; and Mr Hobson, in re-stating the Liberal case, can even enlist the conception of a social organism under its banner. That conception serves to justify the taxation of socially created values, which are argued to be the results of the growth of the organism; and the contention that the State is an organism which feels and thinks, and may claim the right to express its feelings and thoughts.[327]

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[324] Ibid.
[325] Allett, *The New Liberalism The Political Economy of J.A. Hobson*, p. 20.
[326] Ibid.
[327] Barker, *Political Thought in England 1848 to 1914*, p. 222.

This organic view marked Hobson out and enabled him to range over virtually any topic. His vision of the individual as a 'total, integrated being' stretched his thinking across physical, psychological and the biological as part of his approach.[328]

Hobson's New Liberalism

Hobson concentrated on pointing out the weaknesses in the capitalist system while Hobhouse, and others such as Herbert Samuel (1870-1963), later an MP and D.G. Ritchie (1853–1903), concentrated on attacking the political philosophy of 'old liberalism'. David Long, in *Towards a New Liberal Internationalism*,[329] argues that:

> Hobson's new liberalism, like his ideas on human rationality, social science, and welfare, was inspired by organic terminology. It was an attempt at a democratic compromise between the laissez-faire of nineteenth century liberalism and the authoritarian tone of contemporary socialistic doctrines of both the Idealist and groups of the radical Left.[330]

Working through his long-standing interest in issues such as unemployment and poverty, Hobson argued that the free enterprise system did not operate well in the longer perspective because it was based on a 'false assumption' that resources would tend to be fully employed. However, as he demonstrated, instead of fully employing the available resources, uncontrolled capitalism tended to create cycles of under-consumption and mass unemployment.

As we saw in relation to imperialism and free trade, this line of argument went completely against the grain of the Manchester School and the classical doctrine of laissez-faire, not least in that it supported state intervention to correct the excesses of capitalism, both to enhance its long-term efficiency and in its claim that the surplus did not belong to the capitalists but to the wider population.[331]

Also core to this new view of the state was that it became the 'prime ethical agent of the community'.[332] A 'benevolent' and 'impartial' state was required if it was to be handed more power in the form of a more collectivist vision of society, but would nevertheless still safeguard the ends of both society and the individual.[333]

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[328] Freeden, *J.A. Hobson: A Reader.*

[329] Long, David. *Towards a New Liberal Internationalism: The International Theory of J.A. Hobson.* Cambridge: Cambridge University Press, 1996.

[330] Ibid., p.25.

[331] Allett, *The New Liberalism The Political Economy of J.A. Hobson,* pp. 259–60.

[332] Freeden, *J.A. Hobson: A Reader,* p. 12.

[333] Ibid.

Hobson was suggesting that the New Liberalism was a kind of 'socialism in liberalism'.[334] By which he meant liberalism needed to create economic opportunity through education which would ultimately enable the citizens to take on self-government.[335] In effect, New Liberals were proposing to expand the role of the state. They wanted the state in invest in far more than just areas of monopolies or areas that could not attract investment or capital. Instead, they proposed a vision that looked more like a welfare state and covered at least basic necessities. It was a call for a society of more than just a collection of individuals, but individuals as part of a community. Its aim was a more substantial form of equality by creating an environment conducive to exploring individual potential.[336]

In some ways, Germany was providing an example as its rise was not through free trade but by using tariffs to protect its industries. Meanwhile, domestically, it had invested heavily in infrastructure and industry and crucially also provided education for its people as the framework of a welfare state. Germany had developed a different focus for the state and its role.

Globalisation

As suggested in Chapter Two, there are stages in the development in the state and Hobson identifies with this interpretation. He suggested that rather than the accepted view of the state somehow being the 'final product', there is a continuing process that should be examined. Perhaps due to Hobson's extensive travel, or his interest in international issues, he suggested that current notions of sovereignty and independence could be called into question.

> History, it is contended, thus supports political theory in insisting that the national State is a final product of social evolution, and that the political instinct of men has exhausted itself in attaining this goal. But before turning to the test of history, one is entitled to question the theoretical assumption. What is the worth of this assumption that the associative instincts and interests of men, which have gradually built up the fabric of the national State from smaller social units by fusion and co-operation, are precluded from carrying the process any farther by some absolute barriers of sovereignty and independence?[337]

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[334] A phrase he used as the title of an article for the *Nation* in 1907, reprinted in *The Crisis of Liberalism* and later used by Ramsay MacDonald.

[335] Allett, *The New Liberalism The Political Economy of J.A. Hobson*, p. 16.

[336] Ibid.; Freeden, *J.A. Hobson: A Reader*.

[337] Hobson, J.A. *Towards International Government*. London: George Allen & Unwin, 1915, p. 192.

Hobson also linked this to what would be termed the international/domestic divide and argued that the state had the potential for moving across into the international sphere but that those links also impacted the state internally. Hobson called them 'world-forces', but globalisation would be the modern term for what he could see as part of both the domestic and the international arena fore-shadowing Giddens who argues that traditional enemies should no longer be the focus of the state.

> Capital and labour alike are coming to recognise that few of their deeper problems are any longer susceptible of merely national solutions. Markets, rates of interest, wages, and standards of living are more and more regulated by world-forces. The perception of the futility of all attempts either to deny or to reverse these world-forces will more and more lead those who do the thinking for capital, and labour to think, not nationally, nor imperially, but in terms of mankind.[338]

Much later and in a more philosophic mood, Hobson wrote a history through the eyes of what he called a 'recording angel'. This angel was responsible for reporting to God once a century on the progress of the human race. The reports the angel sent point to Hobson's continuing sense of the world and humankind as part of a single entity. His organic view of all aspects of society meant that levels were not barriers to analysis but indications of unity, just on different scales.

> The swift, sure, easy movement of men, goods, news, ideas from any part of Earth to any other is the distinctive achievement of Western civilisation. It marks man's new era of triumph over his material surroundings. It is a great and rapid extension of the reign of reason in the field of material equipment.[339]

These 'world-forces' were not only economic, and they took on a new meaning when Europe entered war. The idealists who had believed so firmly in the ever-expanding potential for progress and universal peace through knowledge and trade were knocked back by the trauma of the First World War. Hobson, however, continued to make his case, though now in a small-l liberal sense, as he was increasingly at odds with the Liberal Party over the war.

A speech that was fully echoed by Hobhouse a year later stands as a fascinating precursor to the work of later progressives such as David Mitrany[340] and even later proponents of global governance such as David Held. Hobson argued for an international or world government. In line with Woodrow Wilson, he also insisted

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[338] Ibid., p. 196.
[339] Hobson, J.A. *The Recording Angel: A Report From Earth*. London: George Allen & Unwin, 1932, pp. 15–16.
[340] Long, *Towards a New Liberal Internationalism*.

that secret diplomacy must end and a dialogue between peoples be at the heart of government.[341] But the core of Hobson's speech was an attempt to continue to apply the notions of the integrated individual within their community and society – be that national or international – and rights and responsibilities that come with being part of that community. Just as the Third Way saw the state as part of the global community writ large a century later, he saw the 'global' nature of the world:

> The first consists in the conscious or unconscious acceptance of a half-
> legal, half-philosophical theory of the National State as the final stage in
> the process of social evolution. The juridical conception of absolute
> independence and sovereignty for the State is supported on the side of
> social Philosophy by the doctrine that 'consciousness of kind', and the
> community of experience necessary for effective realisation of common
> purposes, are confined within the limits of the nation. Thus no reliable
> basis for effective inter-State or inter-national co-operation is furnished by
> the actual experience of life. The national State, being thus the largest
> type of social grouping, cannot rightly enter into any permanently valid
> engagements, with other States that impair its complete sovereignty. The
> State in effect is a moral absolute ... It is this false, immoral doctrine,
> inimical to humanity, that a State is an absolute morally self-contained
> being, living in the world with other similar beings, but owing no duties
> to them and bound by no obligations that it may not break on the plea of
> necessity, which is the fundamental vice embedded in that foreign policy
> the fruits of which we are now reaping. If nations were in point of fact
> self-contained, materially and morally, living in splendid or even in
> brutish isolation, this doctrine of States or Governments might be tenable.
> But they are not. On the contrary, their intercourse and interdependence
> for every kind of purpose, economic, social, scientific, recreative, spiritual,
> grows continually closer. Hence the doctrine of State sovereignty and
> independence grows continually falser.[342]

It was shortly after the war that Hobson finally broke with the Liberals. (It is worth noting that he did not join the Labour Party immediately but stood as an independent in the December 1918 election – and lost. It was not until 1924 that he joined the Labour Party.) Given his efforts it is not difficult to see why he would be disillusioned, not only by the tragedy of the war but the disaster of the peace that followed and all that meant for the future of national and international affairs. He also saw a pattern in the turn of events. In the words of his angel:

> Unfortunately it [the achievement of global trade] has been accompanied
> by no corresponding growth of moral contacts. Facilities of travel and of
> trade, which have made men know more about their fellow-men than

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[341] Hobson, *Towards International Government*, p. 7.
[342] Ibid., pp. 179–80.

formerly, have not made them love one another ... But let me now return to my immediate object. The striking resemblance of my latest survey to that of a century ago. The same war to end war, the same disastrous peace, the same slow struggle for recovery, thwarted by the same collapse of reason and goodwill, in a feeble endeavour to establish a lasting peace by an Alliance of Nations.[343]

Leonard Trelawny Hobhouse

The other half of the 'New Liberal Gemini' was L.T. Hobhouse. He was born, the youngest of seven children, on 18 September 1864 in St Ives, near Liskeard, Cornwall to the Rev Reginald Hobhouse. A rector of fifteen years' standing, Hobhouse senior was part of the rising Victorian middle class. Like Hobson he was an Oxford graduate from Corpus Christi (shortly after Graham Wallas) and also started his career as a teacher. He became a fellow at Merton College in 1887 then returned to Corpus Christi in 1890. He was an Assistant Tutor there and in 1894 was elected a Fellow of the college.[344] It was also in 1890 that he met Sidney Webb, a connection that would last the rest of his life.

While at Corpus, Hobhouse wrote two books, *The Labour Movement* (1893) and *The Theory of Knowledge* (1896). A year later C.P. Scott, in advance of the invitation to Hobson that would follow in 1899, invited him to join the staff of the *Manchester Guardian*. Scott had been elected to the House of Commons in 1895 and when Hobhouse joined the paper he was asked to help occasionally on the leader-writing team. However, when Scott was re-elected against the odds in 1900 (given his relatively unpopular stance on many issues), Hobhouse became a core part of the leadership team. Thus, while Hobson was writing for the paper in South Africa, Hobhouse was busy writing comment and opinion for the same paper back home.

Writing about Hobhouse and this time, Hobson, together with Morris Ginsberg, comments in *L. T. Hobhouse: His Life and Work*:

> The 'new Liberalism' whose meaning and distinctive qualities were his guiding principles for that interpretation of current events which is the role of the daily journalist, was for the time being concerned more with external policies than with the just-dawning socialism of organised labour. While, therefore, we find Hobhouse in his Manchester period writing

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[343] Hobson, *The Recording Angel*, pp. 15–16.
[344] Barker, 'Leonard Trelawny Hobhouse; Hobhouse, *Liberalism;* Hobson, J.A. and Morris Ginsberg. *L.T. Hobhouse: His Life and Work*. London: Routledge/ Thoemmes Press, 1993.

vigorous articles both on trade union policy and the new 'socialistic' trend in State aid to labour, as involved in Old Age Pensions, the main force of his pen was engaged in matters of foreign and colonial policy.[345]

Hobhouse continued to write for the *Manchester Guardian* for most of his life but left its employ to become the editor of the *Sociological Review* and then in 1906 joined three others to start a new Liberal paper called the *Tribune*. In 1904 he renewed his contact with Webb, giving a lecture series on Comparative Ethics at the relatively new LSE. In 1907 he was named the Martin White Professor of Sociology. He continued at the LSE, first as a part-time teacher, but after 1925 as a full-time professor, writing and commenting on a range of topics, including current affairs, until his death in June 1929.[346]

Liberalism

Hobhouse was also a prolific writer with no less than sixteen books as well as a range of articles, books and pamphlets that combined his fields of interest and specialisms and contributed to the wider debate and campaigns with which he was involved. However, there is one book that stands out and deserves attention as it was a seminal statement of what the Liberal Party became.

Liberalism was written in 1911 as the companion book to *Conservatism* by Hugh Cecil MP and *The Socialist Movement* by Ramsay MacDonald. The series was commissioned because political debate and thought had gone through a chaotic time at the end of the previous century. If the last two decades of the nineteenth century was the point of the confusion, the first decade of the new century was an attempt at consolidation. *Liberalism*, as well as the other two books in the series, sought to address that confusion. Hobhouse also specifically reflects the optimism of the government of 1906 and the reforms undertaken by the combined progressive forces; yet there were also indications that the growing socialist movement would upset that process of consolidation.

Hobhouse's goal was to make sense of what had been going on within the Liberal Party, to restate the core values of its ideology and draw together the strands of the debate. He was given an ideal opportunity to reformulate and renew what had been

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[345] Hobson and Ginsberg, *L.T. Hobhouse*, p. 39.
[346] Barker, 'Leonard Trelawny Hobhouse'.

the hegemonic political philosophy for nearly a century. As Alan Grimes points out in his 1964 introduction:

> *Liberalism* was written at a time in English politics when there was a fundamental division between the old liberalism, which was defined, doctrinaire, and dying, and the new liberalism, which was aspiring, amorphous, and still largely inarticulate. On the one hand there was a clear-cut body of doctrine and a decimated political following; on the other hand there was a growing political movement which lacked a defined social doctrine.[347]

It was in *Liberalism* that Hobhouse clearly set out his case that old Liberalism had completed its mission, that laissez-faire doctrines were no longer required, and to put liberalism on a firmer philosophical base. He reinterpreted Cobden and Bright to move liberal thought more towards 'the thought of Mill and the politics of Gladstone'. Social justice at home and humanitarian foreign policy abroad were to become the cornerstones.[348]

Overview

Hobson and Morris Ginsberg outlined four aspects to Hobhouse and his studies: an examination of mental evolution in both animals and humans; the rational order and the goal of development; the validity of thought and the reliability of experience; and, finally, a more abstract idea of the individual within structure and their relationship to world order.[349] They felt that underlying these four elements were two fundamental and interwoven conceptions which provided a consistent perspective for all his work (though they changed over time as he took in other areas and applied his own experience): 'the conceptions of rationality as organic, and as intelligible only in the light of a theory of development'.[350]

They go on to point out that these were also the concerns of the Idealist philosophers – as will be seen in various influences on Hobhouse at Oxford and elsewhere – but Hobhouse's approach differed from those of the Idealists in his insistence in a practical application. He sought to apply science to the philosophical and to:

> ... avoid the vagueness which so often attaches to notions like 'organic whole', 'system', and constantly insists upon the importance of

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[347] Hobhouse, *Liberalism*.
[348] Owen, John E. *L.T. Hobhouse, Sociologist*. London: Thomas Nelson and Sons, 1974.
[349] Hobson and Ginsberg, *L.T. Hobhouse*, p. 107.
[350] Ibid.

remembering that if the parts of an organic whole are only intelligible in the light of the whole, the whole in turn can only be understood in terms of the parts in interrelation. He seeks to maintain a just balance between the claims of analysis and synthesis, parts and whole, mechanism and spirit.[351]

Contrary to other areas of investigation prevalent at this time – e.g. economics and the notion of the 'rational actor' or 'economic man' – Hobhouse insisted that the individual could not be abstracted in such a way but must be maintained and investigated as part of their community. As John Owen put it, 'Every individual is the centre of an indefinite number of relations and cannot be considered except as a component of the social groups to which he belongs'.[352] Or, in Hobhouse's own words, from *Liberalism,* and sounding like Godwin:

> A man is not free when he is controlled by other men, but only when he is controlled by principles and rules which all society must obey, for the community is the true master of the free man. But here we are only at the beginning of the matter.[353]

Influences on Hobhouse

Hobhouse arrived at Oxford during a great intellectual upheaval. The debates surrounding the evolutionary theory of Darwin were at their height and other thinkers such as Kropotkin were offering their alternative views.

> The biological theory was being used by people who little understood it as a justification for economic exploitation, competitive individualism and ruthless nationalistic expansion. A type of economic liberalism was current in the mid-Victorian era: a liberalism which was essentially one of laissez-faire. Its great defender was Herbert Spencer, and it was partly in reaction to the ideas of Spencer that Hobhouse formulated his own view of social evolution.[354]

Into this intellectual mêlée there entered a number of other thinkers who impressed Hobhouse. Interestingly, there seems to be a general consensus as to those who had the most impact; most commonly named is T.H. Green (see Appendix C) but others frequently mentioned include Auguste Comte, for his positivism, John Stuart Mill,[355]

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[351] Ibid., p. 249.
[352] Owen *L. T. Hobhouse, Sociologist,* p. 111.
[353] Hobhouse, *Liberalism,* p. 19.
[354] Owen, *L.T. Hobhouse, Sociologist,* p. 9.
[355] Ibid., p. 13; Hobson and Ginsberg, *L.T. Hobhouse,* p. 100; Hobhouse, *Liberalism,* p. 2.

of course Herbert Spencer,[356] Malthus and Darwin,[357] Kropotkin[358] as well as others like Giuseppe Mazzini.[359]

Despite the fact that T.H. Green had died before Hobhouse arrived in Oxford, his legacy in the dominant approach of the Idealist tradition still held sway.[360] And while Hobhouse is often considered to be a 'disciple' of Green's, it is also important that he developed Green's framework considerably and in directions with which Green and many of his other Idealist followers would not have agreed. Hobhouse was in favour of Green's general social and ethical outlook but he also differed from Green and it was out of this disagreement that his own distinctive theories came to be formulated. For example, Hobhouse shared Green's rational humanitarianism but the metaphysical basis of Green's views was unacceptable to him. To understand this, it is necessary to consider the climate of philosophical opinion at the English universities during the time Hobhouse was at Oxford.[361]

Green was a Hegelian and, as such, put a great deal of emphasis on the spiritual. While Green seemed to point towards a more religious interpretation of nature, Darwin and Spencer were arguing in favour of secularisation. These two strands were important to Hobhouse and his morality was combined with an insistence on the practical in terms of social policy. Thus, Hobhouse developed Idealism in line with his interest in biology and the natural world – a scientific approach – while at the same time following Green's idealism.

The basis of Green's views lay in the notion of a single eternal consciousness, and Hobhouse could not subscribe to this. Green had reached this position in an attempt to escape from the implications of the biological view of the world. In opposition to materialism, he evolved a 'spiritual conception' of life, based upon Hegelian notions.[362] Owen goes so far as to suggest that it was Hobhouse's inability to make this reconciliation, or rather the difficulties he experienced working to expand his thinking against the prevailing intellectual current at Oxford, that led him to leave the university in 1897.[363]

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[356] Ibid.
[357] Hobhouse, *Social Evolution and Political Theory*.
[358] Owen, *L.T. Hobhouse, Sociologist*, p. 11; Barker, *Political Thought in England 1848 to 1914*, p. 4.
[359] Hobhouse, *Liberalism*.
[360] Freeden, *Ideologies and Political Theory*.
[361] Owen, *L.T. Hobhouse, Sociologist*, p. 13.
[362] Ibid.
[363] Ibid.

Human nature and organic development: Darwin, mutual aid and Kropotkin

Hobhouse was not only a social commentator and philosopher, he was also interested in natural sciences and biology. As Barker notes, 'Hobhouse was also a scientist like Kropotkin, studying physiology with J.S. Haldane'.[364]

As such, Hobhouse sought to take a holistic view of the human and examine not just one aspect of his nature or development or social structures but the whole process of development and evolution simultaneously. He had little sense of what would now be called 'levels of analysis', or if he did it would appear he was endeavouring to transcend those boundaries and create a theory of the sum of the parts rather than of any one part. So, while he started with a firm base in science and biology he extended that to include both the abstract ideas of liberty and justice as well as the practical in terms of welfare and the role of the state. As Owen states, 'it may legitimately be claimed that Hobhouse's thought represents a systematic unity in which all the parts play an integrated role. The implication follows that no part can be taken out of its setting within the whole of his theory if it is to be thoroughly understood'.[365]

But these grander theories were all based firmly on the scientific and the rational. Hobhouse's view of Darwin seems to be that of a catalyst, the creator of a 'great impulse' that was inevitably played out not only in the natural sciences but that seemed to require a response from other areas as well.

> The conception of evolution is inseparably, and not unjustly, associated in our minds with the work of Darwin and the impulse given by him in the middle of the nineteenth century to biological investigation. As we all know, the conception of evolution is not confined to biology, nor in biology did it originate with Darwin ... In this respect the work of Darwin may be said to have cut across the normal and natural development of sociological investigation. When a great impulse is given to one science by some epoch-making experiment or some new and fruitful generalisation, that science is apt to acquire a certain prestige in the minds of contemporaries ... Though Darwin was by no means the founder of the theory of biological evolution, he does occupy in the genesis of this theory a position not incomparable to that of Newton in the theory of the solar system.[366]

However, as indicated, it was almost as much the interpretations being given to Darwin as much as Darwin's ideas themselves that led Hobhouse to further his

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[364] Ibid., p. 11; Barker, *Political Thought in England 1848 to 1914*, p. 4.
[365] Owen, *L.T. Hobhouse, Sociologist*, p. 5.
[366] Hobhouse, *Social Evolution and Political Theory* pp. 17–18.

investigations. Spencer et al were using the 'biological debate' in ways that Hobhouse could not accept. He found himself arguing alongside others, who sought to re-interpret the biological and evolutionary model for more humanitarian, collective aims. Also, like Kropotkin, he described a more communal sense of evolution as 'mutual aid'. Owen describes the development of the logic of the debate as follows:

> The biological view presupposes that survival constitutes an end in itself. But if one type of social life is regarded as inherently higher and more developed than another, new questions arise which the biologist is not qualified to answer. Fitness to survive does not constitute evidence of superiority in other respects ... Hobhouse also revealed the illogicality of the argument that mutual aid is the great enemy of progress. With Kropotkin, he observed that mutual aid is operative, even in the animal world, and that as the level of life is ascended and the human stage reached, mutual aid increases; certainly, for example, in the parent-child relationship. Since the highest human values are generally supposed to be those involving mutual sympathy and the most highly developed social life, two alternatives present themselves. These valuations are either absolutely false and concepts of higher and lower are meaningless, or progress does not depend on the un-mitigated struggle for existence.[367]

Hobhouse acknowledged that Green's notion of the common good was helpful but he seemed to search for a definition that understood communal action as core to his notions of liberty and freedom:

> Freedom is only one side of social life. Mutual aid is not less important than mutual forbearance, the theory of collective action no less fundamental than the theory of personal freedom. But, in an inquiry where all the elements are so closely interwoven as they are in the field of social life, the point of departure becomes almost indifferent.[368]

Community

Taking this as a base, Hobhouse worked on developing his notion of 'organic' development in terms of what the community should mean:

> The term organic is so much used and abused that it is best to state simply what it means. A thing is called organic when it is made up of parts which are quite distinct from one another, but which are destroyed or vitally altered when they are removed from the whole. Thus, the human body is organic because its life depends on the functions performed by many organs, while each of these organs depends in turn on the life of the body,

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[367] Owen, *L.T. Hobhouse, Sociologist,* p. 124.
[368] Hobhouse *Liberalism,* p. 67.

perishing and decomposing if removed therefrom. Now, the organic view of society is equally simple. It means that, while the life of society is nothing but the life of individuals as they act one upon another, the life of the individual in turn would be something utterly different if he could be separated from society. A great deal of him would not exist at all.[369]

Having taken the term and defined it to his satisfaction he then applied the duality of primacy that both freedom and community held, in his view, to the social structures around him:

> We can once again help ourselves with the organic metaphor without allowing it to dominate us. The developed organism contains minor organisms within it. The living body is made up of organs and the organs of cells, and the cell itself is a living organism. Now the life of the body is not perfected by suppressing the life of the cells, but by maintaining it at its highest point: self-sufficiency. Nor is the organism developed by reducing the cells to a uniform type, but rather by allowing each type to vary on its own lines, provided always that the several variations are in the end mutually compatible. These things are applicable to society, from the widest to the narrowest form thereof. If there is ever to be a world state, and if such a state is to be reconciled to permanent progress, it is to be achieved not by the suppression of nationality, but by the development of national differentiation; not by the suppression of political freedom, but through the spontaneous movement of self-governing communities.[370]

Building on the organic view of the community and mutual aid, Hobhouse created what he called a 'theory of harmony'. If both freedom and the role of the community could be nurtured and even encouraged in their differences as a contribution to the life of the whole, this would produce social harmony despite the profusion of loyalties such an understanding would necessarily create:

> Society, and particularly civilised society, is, a very complex structure. We have not to do with one society, the political community standing over against a number of individuals who are its component members. Each individual is a member of many societies. He is one of a family; he belongs to a church, to a corporation, to a trade union, to a political party. He is also a citizen of his state, and his state has a place in the commonwealth of states. In so far as the world becomes one, that is to say, as social relations arise which interconnect human beings all the world over, Humanity becomes the supreme society, and all smaller social groupings may be conceived as constituent elements of this supreme whole.[371]

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[369] Ibid.

[370] Hobhouse, *Social Evolution and Political Theory* pp. 90–91.

[371] Ibid., p. 88.

This brings the discussion back to the notion of the common good. In Hobhouse's view, the common good is served by individuals having the freedom to develop themselves to their full potential, both as separate entities and within their chosen communities. Individuals are only less of what they can be if taken from their community, of whatever size or at any level.

> The theory of harmony may appear to some purely formal and empty of content. Professor Hobhouse has shown its fertility by the success with which he has applied it to the basic problems of social organisation, political and economic ... The category of the common good is interpreted by him as neither the sum of individual goods, nor as another kind of good opposed to them, but as a harmony of which individual goods are interrelated elements. The theory of rights is based on this conception of the common good. For rights are claims to the conditions of harmony, that is, the conditions requisite for the harmonious fulfilment of personality in society.[372]

In essence, Hobhouse developed an approach that 'humanised' or 'collectivised' the traditional atomistic liberal view. As we shall see, this approach to community, its rights and responsibilities, even to the language of 'mutualism' and 'mutual aid', was to become a major theme of the Third Way.

Old Liberalism

Hobhouse was reluctant to cast off the traditions of Liberal thought and sought instead to rehabilitate the older thinkers and recast their work in a more sympathetic light. Cobden, for example, might have been left behind as one of the mainstays of the 'Manchester School', but Hobhouse sought reapply his thought. As part of this effort he notes that despite the fact that Cobden was often set up as the anti-collective villain it was also true that he supported reforms in areas such as child labour where he agreed that conditions of true freedom did not apply. Therefore, he agreed that the state needed to take a role in protecting children from market forces.[373]

> Rightly understood, therefore, this kind of socialistic legislation appears not as an infringement of the two distinctive ideals of the older Liberalism, 'Liberty and Equality'. It appears rather as a necessary means to their fulfilment. It comes not to destroy but to fulfil. Similar reasoning explains the changed attitude of Liberals to trade unionism.[374]

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[372] Ginsberg, Morris. 'Leonard Trelawny Hobhouse.' *Journal of Philosophical Studies* 4 (1929): 442–452, pp. 446–47.
[373] Hobhouse, L.T. *Democracy and Reaction.* London: T. Fisher Unwin, 1909.
[374] Ibid., p. 219.

The case that Hobhouse was building throughout much of his work on both old and new liberalism was simply that old liberalism had a mission. The development of the mercantilist state had shackled the individual to an aggressive and externally expansionist regime that had harmed individuals both literally and in terms of their freedom within the community. The circumstances required opposition to fight for the rights of the individual against the overweening state and church. This resulted in a negative freedom, but he recognised that those circumstances had changed. He understood the need for development of the ideology but also encouraged caution as he equally felt there were still tasks to be done that could only be dealt with by a firm notion of liberty and sense of the individual rather than handing over to this new state all that had been gained:

> The old Liberalism, we thought, had done its work. It had been all very
> well in its time, but political democracy and the rest were now well-
> established facts ... The old individualism was standing in our way and we
> were for cutting it down. It was this mood ... that disposed many people
> favourably toward imperialism as a 'positive' theory of the State ... In this
> mood many men of strong popular sympathies were for kicking down the
> ladder by which they had climbed to the point of vantage from which
> their social reforms had been possible. But apart from the question of
> gratitude, to which men allow no place in politics, it is well for a man to
> be sure that he has his feet firmly on the top of the wall before he kicks
> the ladder aside. That the work of the old Liberalism was done once and
> for all was a too hasty assumption.[375]

Hobhouse's New Liberalism

Combining the notions of harmony and the organic community, Hobhouse created a particular place for liberty in his ideal society. Freedom and harmony became one and he created at the same time a 'positive' freedom that is not gained at the expense of others but that, 'under the principle of harmony' becomes 'the mainspring of progress and cultural advancement' and is ultimately, 'the condition of mental and moral expansion, and is the foundation of science and philosophy, religion, art and morals'.[376]

As will be explored further, New Liberalism was working to understand its differences from the rising socialist ideas. Liberty versus equality seemed to be the ground on which there would be the most distance. The socialists, and particularly the Fabian

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[375] Ibid., p. 212.
[376] Owen, *L.T. Hobhouse, Sociologist*, p. 117.

strain of socialism, set out prepared systems for creating equality based on the older mechanical model of human nature. Liberals such as Hobhouse felt that approach was not only unhelpful but counterproductive, because it went against what he believed to be the 'true' nature of the free man.

> The heart of Liberalism is the understanding that progress is not a matter of mechanical contrivance, but of the liberation of living spiritual energy. Good mechanism is that which provides the channels wherein such energy can flow unimpeded, unobstructed by its own exuberance of output, vivifying the social structure, expanding and ennobling the life of mind.[377]

However, he insisted that this liberty should not be gained at the expense of others. To that end he agreed there was a system of rights and responsibilities incumbent with liberty. So, even as early socialists were developing state mechanisms that held equality as the main driver, liberals were shifting from their atomistic view of the individual to place them within the community – but with that liberty came responsibilities. This tension between the progressive parties will return in the Third Way debate.

This debate as to the role of the individual leads directly into Hobhouse's ideas as to the role of the state. The state, in his view, was not about coercion. In another echo of the wider individualist/anarchist debates of the time, but also of the modern debate as to the role of the state, he reached two conclusions. The first, on a moral philosophical grounds, was that state coercion did not benefit man, in that it was not his own will but that of the state's and so he had not expanded his own morality or conscience but only conformed under threat of coercion:

> Now when a man overcomes a bad impulse by his own sense of right and wrong his will asserts itself, and it is by such assertions of the will that personality is developed. If by the action of others he is persuaded or stimulated to an act of self-control, if conduct is set before him in a new light, if wider bearings of action are seen or dormant feelings evoked ... But where he is merely coerced no such development takes place. On the contrary, so far as coercion extends there is a certain moral pauperisation, the exertion of will is rendered unnecessary and is atrophied.[378]

The state then, looked at from the perspective of the individual, is based not on state control but on the 'self-directing power of personality', and liberty, instead of being a luxury or additional benefit of a peaceful society is a rational necessity:

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[377] Hobhouse, *Liberalism*, p. 73.
[378] Hobhouse, L.T. *The Elements of Social Justice*. London: George Allen & Unwin, 1922, p. 67.

Liberty then becomes not so much a right of the individual as a necessity of society ... The rule of liberty is just the application of rational method. It is the opening of the door to the appeal of reason, of imagination, of social feeling; and except through the response to this appeal there is no assured progress of society.[379]

The state and globalisation

Hobhouse also, explored the function of the state from the state's perspective. His argument flowed directly from his notions of the individual and of liberty, in that he did not see the state as responsible for clothing and feeding its people but rather, for creating the circumstances in which each individual could develop their own personality in his ideal of harmony. In an argument that will sound very familiar to Third Way proponents a century later, he was, in effect, calling for the state to 'steer, not row':

> Similarly we may say now that the function of the State is to secure conditions upon which its citizens are able to win by their own efforts all that is necessary to a full civic efficiency. It is not for the State to feed, house, or clothe them. It is for the State to take care that the economic conditions are such that the normal man who is not defective in mind or body or will can by useful labour feed, house, and clothe himself and his family. The 'right to work' and the right to a 'living wage' are just as valid as the rights of person or property. That is to say, they are integral conditions of a good social order.[380]

It should be noted that he reserved for the state those roles and functions that would otherwise not be possible without some centralised overview. This was not unusual even within old liberalism and Hobhouse retained this idea in new liberalism.[381]

It was in this vein that he could accommodate his ideas on social welfare with liberty for the individual: 'The great ever-present problem of the modem state is the contrast of overwhelming wealth and grinding poverty. It is true that poverty is less to-day than it was fifty years ago, but wealth is more, and its organised power grows greater from year to year.'[382]

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[379] Hobhouse, *Liberalism,* p. 66.
[380] Ibid., pp. 83–84.
[381] Hobhouse, *Social Evolution and Political Theory.*
[382] Hobhouse, L.T. 'The Prospects of Liberalism.' *The Contemporary Review* Vol XCIII 1908: 349–358, p. 355.

The frontier

Even more than Hobson, Hobhouse seemed aware of the state in its wider context. Perhaps as a natural extension of his biological perspective he was conscious of looking beyond the boundaries of the state. He saw serious challenges to state sovereignty, recognised the porousness of boundaries and the need for states to encourage diversity amongst nations and states while understanding their own place in the wider system. He could also see the problems of the state system and the 'anarchical society' of states, but his liberal perspective on what should or could be done is quite different from that of later theorists of the international system – certainly as regards to what he identified as the domestic/international 'frontier'.

> It is only in the case of the State that some moral philosophers have attempted to draw a line and to speak as though right and wrong stopped at the frontier. But on what logical ground this distinction between the State and other human associations is supposed to rest, it is quite impossible to see. Some writers, starting from the legal rather than the moral point of view, lay stress upon the absence in international relations of any sovereign law. They tell us that in the absence of a sovereign, law can only be said to exist by a kind of fiction, and that if we are in earnest in desiring to see law among nations we must look forward to the formation of a single world state with a central power to enforce its behests. They point us to the analogy of the growth of law in the modern State.[383]

Simply put, he saw the state as yet another association of individuals. In much the same way as he placed the individual within a network of loyalties and relationships, he also placed the state in its wider context. Unlike the International Relations discipline, he saw the state as 'just another level', and one in constant flux rather than a rigid notion with firm borders. As he asserted:

> It [the state] has no mystic sanctity or authority rendering it superior to morality or emancipating it from the law by which transgression brings its own retribution in the lowering of character. It is an association which has its own special constitution and circumstances, and in the concrete its duties and rights, like the duties and rights of every other association and of every individuals, must be judged in relation to this constitution and to these circumstances.[384]

Moreover, as other associations, such as trade unions, gained strength, he predicted that the state would be forced to deal with these other associations on a more equal

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[383] Hobhouse, *Democracy and Reaction*, p. 196.
[384] Ibid., p. 209.

footing. It would no longer be acceptable, in his view, for states to ignore the human needs expressed by these associations and the state would, in the process, inevitably lose some power or sovereignty. 'I merely note the fact, and I suggest that it is a natural consequence, of the very same development out of which political democracy has arisen, and a very serious limitation on State sovereignty'.[385]

Like Hobson after the war in *Elements of Social Justice*, written in 1922 (which he thanked Hobson for reading in manuscript form), he argues quite firmly that:

> The conception of a sovereign State implies the final authority of a politically organised community, and its independence of all other communities ... This fissure is morally wrong, and the source of war and world anarchy. It puts patriotism above humanity, and liberates political action from the moral law.[386]

– though he also concludes in the same work that the 'territorial divisions of mankind will remain ... But most of the interests of mankind transcend state boundaries.'[387]

Even before the war, Hobhouse was consistently aware of the international arena in which the state operated. He saw his work and the development of Liberalism as a project that was not confined to national boundaries. Free trade, democracy and liberty were pillars not only for those living in the UK but for all of mankind. It was a global project that would advance all humankind. Again, perhaps this was related to his evolutionary approach, but even at this stage he identified what he felt to be the forces that were bringing the world together:

> The cause of democracy is bound up with that of internationalism ... Physically the world is rapidly becoming one, and its unity must ultimately be reflected in political institutions. The old doctrine of absolute sovereignty is dead. The greater States of the day exhibit a complex system of government within government, authority limited by authority, and the world-state of the not impossible future must be based on a free national self-direction.[388]

This stands in sharp contrast to his mood and attitude to the war and its aftermath. Like Hobson, Hobhouse was deeply disillusioned and felt that the pressure of the international or global world that he hoped would be positive was now dangerous. In

[385] Hobhouse, *The Elements of Social Justice*, p. 197.
[386] Ibid., p. 198.
[387] Ibid., pp. 202–03.
[388] Hobhouse, *Liberalism*, p. 121.

a talk at the National Liberal Club in 1916 entitled 'The Future of Internationalism', which Hobson attended, Hobhouse observed that:

> We must agree, I think, that the old cosmopolitan pacifism has passed away... The emancipated slave played the tyrant in his turn; and it is out of that conception of the almost magical, almost supernational sanctity of the national group that has come the idea of the self-contained State ... We cannot undo the nation or the State.[389]

Hobhouse recounted what could only really be described as the glory days of the Empire, expressing the aspiration of the idealistic liberal that it was a time in which:

> ... the world had a fair hope of a different order of things – when it seemed that civilised mankind was leaving the military stage behind and was embarking upon peaceful industrialism and commerce – when under the leadership of the English, it was thought that the economic barriers separating nation from nation would be done away with; that there would be universal Free Trade, peaceful intercommunication in the sense of mutual interdependence, the wiping away of the principal modern causes of hostility and in short the inauguration of a regime of peace.[390]

The interconnectedness of the world he has hoped would create peace seemed to make it more uncertain. This kind of 'globalisation' and the rise of a nationalistic, protective State were on the increase and looked set only to continue. In a voice similar to that of Hobson's recording angel, he looked at what he had once been a strong proponent of, in terms of science and rationality but now viewed with scepticism. He believed the speed of this kind of advance had outstripped man's morality:

> What is the condition of the civilised world at the present day? The time is long gone by when communities could develop themselves according to their own sweet will in absolute or even comparative isolation. The contact of mankind is closer and closer year by year, and the march of invention only accelerates the pace. Humanity has become a physical unity long before it has become a moral and political unity. Perhaps that is at the root of the tragedies of our time. The intercourse between peoples, therefore, will continue. It may be based on violence and upon injustice; it may be lawless, it may be disorderly but it will still be intercourse between nations. It will not cease.[391]

In the years that followed Hobhouse became no more satisfied with the world's condition or, in many ways, his place in it. In *Liberalism*, he had called the nineteenth

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[389] Hobhouse, L.T. *The Future of Internationalism*. London: National Liberal Club Political and Economic Circle, 1916, pp. 5–6.
[390] Ibid., p. 3.
[391] Ibid., p. 2.

century 'the age of Liberalism'.[392] Even after the Liberals appeared to falter he continued to work to revitalise the party and the ideology. He declared that progress was not a linear process and therefore understood that it could encompass a diminishing future as well as a self-improving one, but what he could not foresee was the form the retrograde step would take.

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[392] Hobhouse, *Liberalism,* p. 110.

Chapter 8

Early Social Democracy

The rise of socialism

New Liberalism is the main focus of this study, but given that the Third Way ultimately derived from the socialist movement, or social democracy, which was evolving at the same time, it provides needed context for the current political and ideological landscape.

As noted, the Manchester School and economic liberalism formed the prevailing economic perspective. Changing circumstances and other social trends led a range of economists, philosophers and revolutionaries to outline alternative analyses of the developing capitalist system. Socialism was, at this stage, only one of these alternatives. London had become home, or at least a resting place, for many of the day's greatest and most controversial thinkers. Their perspective on the evolving system of capitalism brought a new impetus to work being done in the UK.

The global economic situation also stimulated an analysis of what could be 'wrong' with a system that produced wealth but also poverty and despair. The UK had been unchallenged in the first wave of industrialisation. Its success had been ascribed to free trade but the impact of the rise of competitors, seemed to suggest that it was not free trade as much as a lack of competition that had assured the UK's role.

The initial phase of socialism in Britain was a series of utopian ideals and blueprints for an ideal society. These utopias were gradually replaced by an increasing political activism and a desire to have an impact on intellectual life. Ernest Barker dates the disappearance of such idealistic approaches and the development of a real political theory to 1880. In the wake of these ideals, and following on from Marx, he argues there was 'a new kind of socialism', which was more 'evolutionary' in nature.[393]

Marxism and communism began to take shape on the continent and in exile groups in London. Meanwhile, socialists in Britain remained firmly within the labour movement rather than a separate political structure. The struggle was no longer just between liberalism and socialism but over the development of something more

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[393] Barker, *Political Thought in England 1848–1914.*

accurately described as 'social democracy'. However, important strands of the debate remained in the Liberal Party 'root' while other issues were taken into the new 'labourist' party. So while the political philosophies were becoming more distinct they were not aligning along party political lines and continued to overlap.

Even as this discussion between the progressive forces was going on in the UK, the same struggle was going on amongst the left across Europe. The interaction between these groups changed socialism within the UK, while the issues in the UK context were similarly having an impact on the course of European socialist politics. Initiatives such as an International Working Man's Association and the International were new projects and existed on both national and international levels.

Looking back, it is striking that so many campaigners, thinkers and philosophers seemed to approach the problems from a common starting point. Rather like the Third Way conferences a century later, the overriding spirit of the LSE and the Fabians and the NLF was of rational enquiry. Issues and problems were dealt with as things that must be overcome as a community rather than as opportunities for political point-scoring. Of course, some issues were used in that vein as well, but particularly for the thinkers presented here – those engaged in the 'new politics' or politics at the 'frontier' – there seemed a desire to keep these forces working together. But it is equally clear that with time both Liberalism and socialism (or the Labour Party) began to acquire harder edges and more clearly defined boundaries. It was as if a lack of boundaries defined this timeframe in a way that aggressive definition of boundaries was to dominate the beginning of the next.

Social Liberalism – the 'great divorce'

Hobhouse was particularly concerned about the divide between the New Liberalism and rising socialism. He addressed himself specifically to the differences between the two – and, like Blair a century later, to the idea that these two political philosophies might be able to work together. He clearly felt that the problems they sought to overcome were, after all, the same, though he (and others) seemed to frame the core problem not as capitalism but as 'progress' (which, interestingly he saw as the equivalent to social justice). Perhaps this was because, in his mind, capitalism – and the global market and free trade – were such givens that they did not warrant more discussion except how to cope with their consequences. He was not alone in that presumption, as is clear from this comparison:

> The Liberals and the Socialists have attacked the problem of progress, or
> what is the same thing, of social justice, at different sides. The Liberal
> stands for emancipation and is the inheritor of a long tradition of men
> who have fought for liberty, who have found law or government or
> society crushing human development, repressing originality, searing
> conscience ... The Socialist, or if the vaguer term be preferred, the
> Collectivist, is for the solidarity of society. He emphasises mutual
> responsibility, the duty of the strong to the weak. His watchwords are co-
> operation and organisation. The two ideals as ideals are not conflicting but
> complementary.[394]

The differences that Hobhouse could see were not concerned with basic economics
but with what he identified as the 'types of socialism'. For Hobhouse, whose
watchword was liberty, the main threat of some forms of socialism was a mechanistic
outlook; the Fabian style of creating solutions for people and using the mechanisms of
the state to enforce them seemed the most dangerous consequence of socialist
thought. He felt that this mechanistic thinking was based on an over-reliance on the
economy as the single factor in society, while he insisted that all elements of society
worked together as in his theory of harmony (as outlined in Chapter Seven) or not at
all. This becomes an important aspect of the implementation of Third Way social
policy at the turn of the next century.

Hobhouse argued that this socialistic approach was reinforcing a class frame of society
that was not in the interests of the common good. He also identified the problem that
would continue to plague socialism, and the Labour Party generally, which was that
while it eschewed the elites of the old Liberal and Conservative Parties, it was, itself,
paternalistic:

> Official Socialism is a creed of a different brand. Beginning with a
> contempt for ideals of liberty based on a confusion between liberty and
> competition, it proceeds to a measure of contempt for average humanity
> in general. It conceives mankind as in the mass a helpless and feeble race,
> which it is its duty to treat kindly.[395]

Yet Hobhouse continued to hold out hope that there might be something that could
be termed 'Liberal Socialism'; and 'that "true socialism" was in fact the heir of
Liberalism. It is avowedly based on the political victories which Liberalism won, and
as I have tried to show, served to complete rather than to destroy the leading Liberal
ideals'.[396]

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[394] Hobhouse, *Democracy and Reaction,* pp. 228–29.
[395] Hobhouse, *Liberalism,* pp. 89–92.
[396] Hobhouse, quoted in Arblaster, *The Rise and Decline of Western Liberalism,* p. 292.

This 'liberal socialism' would involve the principles of liberty and democracy but also a belief in the grassroots rather than a bureaucratic hierarchy. Hobhouse sought something that would enable the two parties to pursue progress and mutual aid and ultimately 'make not for the suppression but for the development of personality', rather than compete to the detriment of both.[397]

It seems, however, that while Liberalism was at least attempting to recover from its enthusiasm for the 'unlovely gospel of commercial competition', collectivism was moving away from this kind of 'liberal socialism' and into what he saw as the trap of a mechanistic view that imposed a prescription for happiness, rather than an opportunity for it:

> Everything is to fall into the hands of an 'expert' who will sit in an office and direct the course of the world, prescribing to men and women precisely how they are to be virtuous and happy ... Humanity, Liberty, Justice are expunged from the banner and the single word Efficiency replaces them. Those who cannot take their places in the machine are human refuse, and in the working of a machine there is only one test – whether it runs smoothly or otherwise.[398]

At about the time Hobhouse wrote *Liberalism* he was consistently making the case that the newly formed Labour Party and the Liberals had more in common than separated them. In a variety of his works, including *Liberalism* and, before that, *Democracy and Reaction* (1909) and an article entitled 'The prospects of Liberalism' for the *Contemporary Review* (1909), he argued, in essence, that if the socialist movement could abandon what he saw as its class-based divisive approach so as to better reflect true opinion, then the two parties or ideologies could be placed together:

> But in reality the position of the Labour Party is one of the paradoxes of politics. To begin with, the cleavage which it makes does not correspond with the real fissure of opinion. There is no division in principle or method between its main body and the advanced Liberals ... But these lines of cleavage, which appear in every measure of legislation and every act of policy, cut across the division of the two parties. The party tie holds together men who are in essentials opposed, and divides those who in spirit are agreed.[399]

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[397] Hobhouse, *Liberalism*, pp. 89–92.
[398] Hobhouse, *Democracy and Reaction*, pp. 230–31.
[399] Hobhouse 'The Prospects of Liberalism', p. 353. This quote is very similar to both *Liberalism* (p. 49) and *Democracy and Reaction* (p. xxxiii) so over the course of at least four years he was arguing in the same terms.

Social democracy

As the UK was attempting to develop some kind of evolutionary socialism or humanised liberalism there were other evolutionary forces across Europe similarly engaged. Michele Salvati in 'Prolegomena to the Third Way' in White's book, *New Labour : Progressive Future?*, identifies an 'epochal transformation' of the left and points out that while there were national variations, it was clear that of all the changes in the movement only two moments would qualify for this scale. This shift between the 'last decades of the nineteenth century and the First World War' is the first such moment, leading to 'labour and socialist parties replacing liberal-democratic or bourgeois-radical ones'.[400]

Before looking at the background to social democracy, or any debate in this timeframe, it is important to remember the fluidity in language. Having said that, the basic story, was a methodological one in which the parties of the left argued as to whether or not the state could be used to achieve their aims or if it had to be overthrown: revolution or reform.

The story of social democracy begins, not in the UK but with the Marxists, which before the First World War most social democrats – except in the UK – considered themselves to be.[401] The story also requires some investigation of the internal politics of the German Social Democratic Party. The SPD was a well-organised and tightly knit party, wielding tremendous power at the Internationals because it was both disciplined and large.

Yet, even as Marx was criticising the Gotha Programme of 1875 for being too accommodating to the forces of capitalism, others were moving towards a more conciliatory attitude. Marx addressed the First International in 1864 and with the help of the Germans achieved a split with the anarchists. German Marxists were instrumental in the creation of the successor to the First International, meeting in Paris in 1889 as the reformed Socialist International. Following Hegel, they sought an evolutionary democratic socialism rather than the revolutionary socialism that had marked out their forerunners.

At least part of that coherence as a group should be attributed to the adversity suffered for their cause. Germany was amongst the first to pass severe anti-socialist legislation.

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[400] Salvati, Michele. 'Prolegomena to the Third Way Debate' in White, Stuart. *New Labour: The Progressive Future?* Basingstoke, Hampshire: Palgrave, 2001, p. 152.
[401] Drachkovitch, *The Revolutionary Internationals*.

From 1878 to 1890 the Anti-Socialist Law was in force and after a respite of four years, a new Anti-Socialist law was passed in 1894. In 1897 the Parliament of Saxony abolished equal franchise and two years later Major-General von Boguslawski, a leader of the Junkers and of the Prussian Officers Corps, proposed to deport the Social Democratic leaders. In 1898, the Kaiser proposed a new penal law that would make 'incitement to strike' a criminal offence.[402]

It was also the Germans that created the first social welfare system under Bismarck, in order to offer protection to the recently literate and now politicised citizens serving in their armies; and to serve the rapid industrialisation of the country. Sassoon suggests this unique combination enabled the German Social Democrats to be a powerhouse of the Second International. Germany had become the most rapidly growing country, producing more steel and possessing more soldiers, than Britain. It was clear from the efficiency debate outlined earlier, that Germany had become a model of development. Economically, culturally, and especially in the social sciences and philosophy, Germany had no rivals.[403]

Ideologically, the key to German 'evolutionary socialism' was framed by Eduard Bernstein in 1898, taking the form of the first major criticism of Marx's approach. He refuted Marx's claims that capitalism would collapse under its own weight, and argued instead for the reformist line of the Fabians – who had influenced him while in London – that the wider distribution of wealth and the growing idle class had blurred the class divisions.[404]

The tensions between the powerful state and its fear of a rising, literate, military or commercial class was clear. As Wolf puts it:

> Collectivism and nationalism were brought together most completely in Germany. Gustav Schmoller, an influential state socialist, wrote that 'all small and large civilised states have a natural tendency to extend their border to reach seas and large rivers, to acquire trading posts and colonies in other parts or the world. And they constantly come into contact with foreign nations, with whom they must, quite frequently, fight ... The glorification of war, the collective and the national and contempt for peace, the individual and the cosmopolitan were to become *Leitmotifs* of late nineteenth- and early twentieth-century German thought. Kant and the other great German liberals of the late eighteenth and early nineteenth century were forgotten. German strength and assertiveness then awoke a

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[402] Braunthal, *History of the International 1864–1914*, p. 269.
[403] Sassoon, *One Hundred Years of Socialism*, pp. 10–11.
[404] Newman and de Zoysa, *The Promise of the Third Way;* Brack, 'The Rise of Labour and the Collapse of the Liberals'.

powerful response in the imperialism and protectionism of Joseph Chamberlain in Britain. In turn, the threat of British imperial protection, especially when the US was also protectionist, inevitably strengthened Germany's belief that it needed an empire and, later, *Lebensraum* of its own.[405]

It was the Second International that Donald Sassoon points to as the moment at which the wider socialist movement attempted to organise itself on a European basis as a system of political parties. Their assumption, according to Sassoon was 'convergence':

> They supposed that the societies which surrounded them already possessed or were about to acquire common characteristics. Capitalism was already their collective destiny ... It followed that socialist parties – regardless of their national differences – could have the same programme and be committed to the same medium-term goals: the expansion of democracy, the establishment of the welfare state and the regulation of the labour market ... There was a very real trend towards globalisation, thanks to an unparalleled growth in world trade and colonialism.[406]

As demonstrated, the revolutionaries and the reformers disagreed, and finally split entirely under the impact of the war. Nationalism, the Bolshevik Revolution in 1917 and the birth of communism and the Soviet state pushed them further and further apart as the unions found themselves unable to deal with the 'defence-of-the-motherland' sentiment that overwhelmed the movement.[407] As Sassoon points out, 'Instead of convergence there was protectionism, depression and war'.[408]

These issues on the international stage also posed problems for British socialist groups as they began to differ over tactics, and eventually philosophy, with their European colleagues. In a familiar vein as that argued by Conservatives, the English socialists began to separate from their European counterparts on grounds of tactics and the role of revolution. This produced a dilemma for the socialists. R.B. Haldane explored this in an address he made to a socialist audience recounted in an article in the *New Progressive*. He taunted the socialists for their attempts to animate the International given the disputes between the reformers and revolutionaries. In an insult recognisable in the three-party system of today, Haldane made the aside that the socialists of the day could take some positions and campaigns precisely because they

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[405] Wolf, *Why Globalisation Works*, p. 125.

[406] Sassoon, Donald. 'Fin-de-Siècle Socialism: The United, Modest Left.' *New Left Review* 227.1 (1998): 88–115, p. 90.

[407] Ibid.

[408] Ibid.

were not in positions of power. He rather indelicately suggested that as they matured they would have to consider the views of the electorate, or in effect, the domestic impact of their actions, and that might require compromise. He also identified the tensions within the socialist movement, quoting the Fabians suggesting they wanted nothing to do with revolutionaries of any kind:

> The majority of the people prefer talking about their political business to doing it. Party names and traditional controversies carry them a long way. This is beginning to be understood even by the pronounced Socialist parties. In the concisely written Report on Fabian Policy which appeared last July...I notice this passage: 'Each instalment of Social Democracy will only be a measure among other measures, and will have to be kept to the front by an energetic Socialist Section. The Fabian Society therefore begs those Socialists who are looking forward to a sensational historical crisis to join some other society.'[409]

Haldane was not far from the truth in this criticism of socialism, and the labour movement, as they were torn between supporting the reforming Liberal Party or organising on their own. As Sassoon argues in the *New Left Review*:

> The contrast with the period between the creation of communist parties and their collapse after 1989 is obvious enough. But in the year before 1917, the differences between organised parties of the Left were glaring: then in Britain a powerful trade union movement was still torn between supporting a reformist Liberal Party and a nascent Labour Party taking its first faltering steps.[410]

It was the 1899 Trades Union Congress which finally agreed on the unification of the political and industrial wings of the labour movement under one organisation. Most unions supported the idea, and though the miners and the cotton spinners remained opposed, it was narrowly passed. This led to a special conference in 1900 and the formation of the Labour Representation Committee, comprising seven trade union representatives, two from the ILP, two from the Social Democratic Federation and one Fabian. Ramsay MacDonald was elected secretary of the new group. Keir Hardie characterised the 'philosophy' of the new organisation as '"labourism" – not socialism'.[411]

This still did not ensure a separate position for the socialists. As Pelling observed, 'Indeed, the political independence of the Labour Party always seemed to be in doubt

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[409] Haldane, 'The New Liberalism', pp. 137–38.
[410] Sassoon, 'Fin-de-Siécle Socialism', p. 94.
[411] TUC History Online unionhistory.info 3 September 2003.

until in 1918 it accepted a Socialist constitution'.[412] Sassoon agrees with this line of thought and traces it back to the Fabian-influenced Bernstein, and his so-called 'revisionism' developed while living in London between 1888 and 1901:

> In 1900 the unions, together with the ILP, the SDF and the Fabians, set up the Labour Representation Committee: 'Yet the trade unionists who accepted the LRC were in the main at heart still Liberals not socialist.' It was not until February 1918 that a Labour Party was constituted on a solid national basis with an unambiguously socialist, though appropriately vague, indication of the final aim of the movement: 'To secure for the producers by hand or by brain the full fruits of their industry, and the most equitable distribution thereof that may be possible, upon the basis of the common ownership of the means of production and the best obtainable system of popular administration and control of each industry and service' – the famous fourth paragraph of Clause Four of the party statute drafted by Sidney Webb. It was only then that the British Labour movement entered the mainstream of European socialism. Its singularity was that, while its continental counterparts had revolutionary goals co-existing with a reformist practice, the Labour Party was born with reformist goals. It adopted the post-capitalist aim of common ownership in 1918 partly as a radical response to the birth of Soviet communism, partly as an afterthought.[413]

Tactics

As indicated, the election of 1906 proved an important moment for 'progressive' politics. From the socialist point of view, Ramsay MacDonald was elected MP for Leicester and Keir Hardie, elected at the same time, became the leader of the LRC MPs. However, it was felt that Hardie had little natural talent for the job of keeping the party together and therefore MacDonald became the leader of the Labour group in 1911 – after the People's Budget of 1909. MacDonald lost his seat in the post-war election in 1918 but was re-elected in 1922 and shortly afterwards was re-elected as leader. While he had spent his political apprenticeship steeped in progressive politics, it would seem that in this same evolutionary spirit the time was now right for the Labour Party to begin to move out on its own. From the time that they had enough of a presence in the House to make themselves felt – even though in the beginning it was still very much in concert with the Liberals – MacDonald began to move the party away from a role of submission to the Liberals to one of strength, and after the war, with the Liberal Party split into two warring factions, he saw a real opportunity:

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[412] Pelling, *Origins of the Labour Party*, p. 216.
[413] Sassoon *One Hundred Years of Socialism*, p. 16.

The key to Labour advance lay, he believed, in the destruction of the
Liberal party as a rival party of the Left. Labour must therefore retain the
lead it had established over the Liberals in 1918 and before they could
effectively reunite, push them permanently into third place in the political
stakes. Politics would then revolve around a Conservative/Labour struggle
in which the Liberals could be presented as an irrelevant and dying party,
and Labour as the only possible alternative government. To the
consternation and bewilderment of the Liberals it was this policy of 'non-
cooperation' that was applied skilfully and ruthlessly after 1918. By 1924 it
had succeed triumphantly. It is these six years then that form the key
period in the decline of the Liberal party.[414]

Thus it was that the parties of the left reached divorce rather than accommodation –
with consequences that came to dominate progressive politics into the current day. As
Marquand concludes:

Profound forces were certainly at work. They were bound to have an
effect of some kind on the structure of politics. But it does not follow that
they were bound to have the effect that they actually had. British politics
in this period were extraordinarily fluid. That they eventually settled
down into the pattern we have known for most of the last sixty years was
due not to some mysterious manifest destiny, but to the skill, cunning and
determination of those who struggled to ensure that they did so. And
MacDonald was foremost in that struggle.[415]

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[414] Adelman, Paul. *The Decline of the Liberal Party 1910–1931.* Essex: Longman Group Limited, 1981, p.
64.
[415] Marquand, David. 'Rethinking Ramsay MacDonald'. *The CUSP Review,* Autumn 1997 The Centre
for Understanding of Society and Politics, Kingston University.

Chapter 9

Endings and new beginnings

In Chapter Three the importance of transformative moments provided an
introduction to both the importance of ideology and a comparison of both New
Liberalism and the Third Way. Considerable time was also spent on the underlying
changes present at the end of the nineteenth century, not only as background to the
New Liberalism but also as a foundation to the modern British perception of the state
and the consequent framework for domestic politics as the ideological debate has
remained remarkably familiar.

It is argued here that while significant change has taken place over the course of the
last century these trends were not sufficient in themselves to constitute systemic
change. Transformation requires a convergence of different types of change at all
levels and that this convergence is present in the timeframe.

This chapter will seek to set the context for the development of social democracy and
New Labour and explore the specific domestic environment before turning to the
Third Way itself.

Theorising the end

As the economy, the state, culture and politics have gone through fundamental
change, a number of over-arching explanations have been offered. The end of
ideology, [416] the end of history, [417] and the post-modern analysis suggesting the end of
politics [418] have all helped to shape the Third Way debate, not least as they all imply
serious impact on the role of the state in the face of these 'mega-trends'. These ideas,
much like globalisation, were not limited to the academic world but entered the
popular debate. The perception they created was one of uncertainty and volatility and
often linked to the issues of modernity. This is particularly relevant here given that
this argument rests on the idea that we have reached the end of the modern but that
we can already see the shape of the next age and the politics that are suggested by the
global form it is taking. The elite modernisers of the Labour Party looked to these

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[416] Bell, *The End of Ideology;* Heywood, Andrew. *Political Ideologies: An Introduction.* Basingstoke,
Hampshire: Macmillan, 1998.
[417] Fukuyama, *The End of History;* Heywood, *Political Ideologies: An Introduction.*
[418] Heywood, ibid., p. 323.

ideas to help them define the political response to these massive societal developments.

As well as being predictions of endings at some level, these arguments have another element in common. They all operate at the juncture between the domestic and the international and have thus coloured the tone of the domestic and international debate. They have played a role as context to the development of the Third Way. As a consequence of the crises outlined by these writers, domestic leaders, by definition operating in the arenas that had been declared irrelevant or outmoded, were struggling to find a philosophy or political ideology that could cope with both the changing roles at each of the three points of agency discussed in Chapter Three – the state, the individual and the community in which they interact. They sought to define a plan of action that would help them protect a notion of the good life in the face of these changes. The result in the UK was New Labour and its ideological creation of the Third Way.

1989 and the left in Europe

1989 is highlighted as the moment of change; Giddens and others regularly use the shorthand of '1989 and all that' to identify a point in time but also to suggest a culmination of change. However, as indicated a century earlier, union unrest and social change were already under way long before any identifiable moment. The point of interaction between state and individual – the community – was creating change in both the state and the individual.

In the British context the traditional labour and socialist approaches had been failing as economic and social change reduced the power of the mass unions including the railway workers, dockers and miners. The experience of the late 1970s in Britain was one of public-sector resistance even to their 'own' government's attempts to reform their power and influence. It was Thatcher who effectively destroyed the union stranglehold and created an entirely new operating framework for socialism as an ideology and the labour and trade union movement as a power-base for that ideology. The failure of the French single-state strategy in the early 1980s was another blow for the old protectionist policies.

On the international level, the Cold War, which had dominated political debate from 1945, was finally ending. The ensuing new world order created a domino effect of debates both within and between states. The world, it appeared at the time, was

simultaneously more secure as traditional threats seemed to implode, and more insecure with sudden shifts in traditional blocs creating new opportunities and dangers in the international arena.

1989 is remembered as the year when capitalism finally defied Marx's prediction and refused to collapse under its own weight. This fate was reserved instead for communism and with it, the old certainties of the Cold War. For many, this also affected socialism, precipitating a crisis within a range of countries as they responded to this global event. Kevin Davey goes so far as to say that 'the accelerated pace of change since 1988 has swept away so many pillars of socialist thinking that much of the traditional left is now in free fall'.[419]

Sassoon suggests that before this time, it was possible to identify what he calls 'three large families' within the European left: the communists of central and eastern Europe, the northern social democratic parties and a third group in southern Europe which he further subdivides depending on the role of the communists within their respective systems.[420] As John Gray points out, this provided a fairly stable framework across Europe, that 'depended on the geostrategic environment of the Cold War' for its stability. 'It defined its socialist content by opposition to Soviet communism and sometimes, also, to American individualism'.[421]

There were other forces at work in the 1980s; Dahrendorf argues that this was a period of 'rampant individualism'. He notes in this regard that one can 'detect strange similarities, at least in Europe, between the end of the nineteenth and the end of the twentieth centuries':

> Manchesterism then, Thatcherism now. Individuals were set against each
> other in fierce competition and the strongest prevailed or rather those
> who prevailed were described as the strongest, regardless of the qualities
> that led them to their success. Then as now there was a reaction. Around
> 1900 it was called collectivism ... the new vogue ... is called
> communitarianism.[422]

Marquand also identifies this trend, both in terms of its point of instigation (i.e. rapid economic change) and periods of laissez-faire, with periods of reaction. Marquand attributes this approach to Karl Polanyi. Though Polanyi wrote in the 1940s, his idea

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[419] Davey, Kevin. 'Waking up to New Time – Doubts and Dilemmas on the Left' in Parryman, Mark, ed. *Altered States: Post-modern Politics Culture*. London: Lawrence and Wishart, 1994, p. 201.
[420] Sassoon, 'Fin-de-Siècle Socialism'.
[421] Gray, 'After Social Democracy', p. 327.
[422] Dahrendorf, Ralf in Etzioni, Amitai, ed. *The Essential Communitarian Reader*. Oxford: Rowman & Littlefield, 1998, p. 84.

of the 'great transformation' seems applicable to the current situation as much as to the nineteenth century. The 'pendulum' that he identifies, swings from 'the social and moral disruption of laissez-faire capitalism' then moves towards 'a long counter movement' as society 'spontaneously' develops systems to rein in market forces and address social justice or social need.

The real key to Polanyi's argument, particularly relevant here to both the globalisation debate and the development of New Liberalism and the Third Way, is the stress he places on the need for the state to create the free market. It is assumed by many, according to his line, that such markets will somehow create themselves. His point, precisely along the lines of Wolf and others, is that the state, by default or design (and usually the latter) is responsible. Polanyi therefore suggests that the 'real essence of the nineteenth century history lay in this double movement – state-imposed market utopianism at first, followed by a spontaneous countervailing reaction later'.[423] Interestingly, the rise of social democracy in the early 1990s could be argued as another moment of such countervailing forces responding to periods of individualistic expansion.

The result of the movement towards a more open economic frame in the 1980s and early '90s led, as we have seen, to globalisation and thus to a major turning point for the European left.[424] The Labour Party, with all of its historical baggage in terms of the different strands responded differently to the impact of 1989 than did its European counterparts. The tension between New Labour and the European left then becomes the difference between democratic egalitarianism (e.g. distribution issues) and the role of the state in the economy.

Despite these differences, the change has brought Labour closer to its European colleagues as they moved from 'national' social democracy based on a welfare state and full employment, effectively accepting the constraints of global capitalism; while in the UK, as Sassoon points out, the Labour Party 'abandoned its commitment to wide-ranging nationalisation, to neutralism and its hostility to the European Community'. He concludes that 'One hundred years after Bernstein, the Labour Party too has declared that the movement is everything, the end is nothing'.[425] Ray Kiely summarises this thought as: 'just as the nineteenth century led to social

[423] Marquand, *The New Reckoning,* pp. 30–31; Marquand in Gamble and Wright, *The New Social Democracy;* Polanyi, Karl. *The Great Transformation.* Boston, MA: Beacon Press, 1944.
[424] Driver, Stephen and Luke Martell. *Blair's Britain.* Cambridge: Polity Press, 2002.
[425] Sassoon, 'Fin de Siécle Socialism', p. 93.

democratic demands that industrialisation be humanised, so twenty-first century social democracy should humanise globalisation'.[426]

Labour as Labourist

These differences between the direction of development in Britain and in continental Europe constitute a significant difference between what became known as the Labour Party in 1906 and its continental sister parties. As Keir Hardie identified, almost from the outset the Labour Party was different from the continental European socialists. On the continent the parties helped to create trade unions, whereas in the UK, the Labour Party emerged 'from the bowels of the trade union movement'.[427] This was important not least as most continental parties deemed themselves to be Marxist and it was often the more conservative tendency of the trade unions that shaped social democracy.[428] Or, as Sassoon points out, like Pelling:

> The leading candidate for the position of 'most anomalous Left' in Europe was and has perhaps remained the British. Prior to 1914, socialism itself did not achieve much popularity among the working class and it took longer to become accepted as the ideology of the labour movement than anywhere else in Europe.[429]

This difference is important because it became a strong deterrent to change within, effectively, a divided Labour Party in the UK. Various sections of the party related to very different perspectives on the continent and the resulting debate in the UK could also be said to have continued to evolve in a very similar pattern to the differences between its three founding strands: the ILP, the SDF and the Fabians. Though it was no longer about literal revolution it was still very much about the purpose and objectives of the party, which continued to split along these labourist, social democratic and socialist lines.

Marquand, in particular, argues that this combination has held the party back in many respects as socialists and social democrats in particular have looked to gain central control, but by linking these traditions to a labourist perspective, created problems for progressive politics:

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[426] Kiely, Ray. 'The global Third Way or progressive globalism?' *Contemporary Politics.* Volume 8 Number 3. Carfax Publishing, 2002, p. 174.
[427] Clift, Ben. 'New Labour's Third Way and European Social Democracy' in Ludlam, Steve, and Martin J. Smith, eds. *New Labour in Government.* Basingstoke, Hampshire: Macmillan Press, 2001, p. 56.
[428] Carl Landauer, 'Social Democracy', in Drachkovitch, *The Revolutionary International.*
[429] Sassoon, *One Hundred Years of Socialism,* p. 15.

Ever since the foundation of the Labour Representation Committee, moreover, mainstream Labour socialism – again like Labour social democracy – has been mediated through the institutions, values and collective memory of British labourism. It is this fatal combination of centralism and labourism which shackles the Labour Party to the past, and prevents it from addressing the crises to which Thatcherism is a response. So long as that combination lasts, it has no hope of building a new, and appropriately radical, equivalent to the progressive coalition of 1910–1914.[430]

Or, as another commentator, David Coates, puts it, the Labour Party has always been a 'broad coalition of two main groupings, two projects, two political universes: a coalition of social reformists (keen to subordinate power of private capital to progressive social ends) and bourgeois radicals (keen to modernise the local industrial base) ... there has always been Old Labour and New Labour'.[431]

Labour response and reform

The idea that 'the 1990s are hard times for socialists. A dynamic capitalism is no longer much restrained by labour, or by the constraints imposed by socialism's presence'[432] was a common sentiment of the wider debate on 'whither socialism' that reached its climax in the late 1980s and early '90s. This period of self-doubt and examination fed directly from the international to the domestic arena both in ideological and economic terms. This urgent international climate provided a necessary part of the backdrop to the reshaping of British politics and also provided context for what would become the 'global Third Way debate' that will be discussed in detail in Chapter Eleven.

Domestically, the Labour Party had been resoundingly defeated at the polls over thirteen years at four general elections, including a particularly painful defeat in 1992. Its electoral base was literally ebbing away. As Davey in 'Waking up to New Times: Doubts and Dilemmas on the Left', points out:

The working class, as traditionally represented in the folklore and fantasies of the left, really is disappearing, numerically and politically. Given the institutional structure of the British left, the erosion of trade unionism and

[430] Marquand, 'Beyond left and right', p. 376.

[431] Coates, David. 'Labour Governments: Old Constraints and New Parameters.' *New Left Review* 219 (1996).

[432] Eley, Geoff. 'Socialism by any other Name? Illusions and Renewal in the History of the Western European Left.' *New Left Review* 227.1 (1998): 97–115, p. 97.

its decoupling from the political has been particularly significant ... Four million members simply vanished from the public sphere into a twilight zone of unemployment, casualisation, non-unionised workplaces and the informal economy. Like the party they have sponsored for the best part of the century, the unions now suffer from falling membership, diminishing income and reduced political influence.[433]

Union membership dropped from 13 million in 1979 to around 7 million by 1997.[434] This basic union membership issue also covers other social trends. For example, the number of women in work rose to the point that it was nearly equal to that of men, though often in non-unionised, service-sector, part-time employment.[435]

However, the lesson Labour learned, particularly from 1992 was that, unlike the New Liberals at the end of the previous century, they needed more than their links with the working classes; they needed to create links with the new rising professional class. Therefore, they sought those 'information technology professionals' and moved to position themselves as not of the manufacturing working class but of the new middle class. They knew that the socialists would come with them in any case, but they needed a new coalition. The de-industrialised or post-modern society or even 'post-industrialisation' – the terms used for the current economic framework – in essence meant that the class divide and the core of the Labour Party had been eroded.[436] As Lindsay German calls it, the 'logic of electoralism' enabled the modernisers to move the party to the right and to keep the left in line.[437]

Blair himself, however, claimed in 1995 that the modernisation project, or 'New Labour', was not his initiative, but that of his predecessor, Neil Kinnock, and could be dated as early as 1983 – long before the 'real crisis' of 1989.[438]

Legacy of Kinnock

Neil Kinnock began the moves to modernise the Labour Party and introduced major organisational and policy reforms. While the 1992 defeat was painful, it was testament

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[433] Davey, 'Waking up to New Time', pp. 206–07.
[434] Seldon, Anthony. *The Blair Effect*. London: Little, Brown and Company, 2001, p. 586.
[435] Driver and Martell, *Blair's Britain*.
[436] Newman and de Zoysa. *The Promise of the Third Way*; Lavalette, Michael and Gerry Mooney. 'New Labour, new moralism: the welfare politics and ideology of New Labour under Blair.' *International Socialism* 85 (1999): 27–47.
[437] German, Lindsey. 'The Blair project cracks.' *International Socialism* 82 (1999): 2–37, p. 26.
[438] Blair, quoted in Kenny, Michael and Martin Smith. '(Mis) understanding Blair'. *Political Quarterly* Vol 68 No 3 July–Sept 1997. 220–30.

to the distance that had been travelled since 1983. Kinnock managed to split the Marxists and the socialists on the left of the party and re-establish direct links between the party leadership and the unions. A far-reaching policy review reoriented the party towards Europe, markets and industrial relations and away from public ownership and protectionism.[439]

Roy Hattersley, Kinnock's deputy, was also important in this foundational work as he and Kinnock both sought to counter the perceived rise of Marxism and militancy. Long before Blair and others publicly identified their political roots in the work of the New Liberals, Hattersley was drawing from what he saw as the legacy of Hobhouse and Green as well as ethical socialists such as R.H. Tawney, to bring the party back to the idea of a 'conjoining of liberalism and social democracy'.[440] As the history of the party attests, however, they could not travel fast enough and far enough to win in 1992. It was the fourth election defeat that galvanised the party into accepting the modernisation.

Social democracy and the Third Way

Blair took on the modernisation mantle from Kinnock but made a significant change to the analysis in light of the prevalent societal critiques and the political environment. His vision overtly moved the party towards a reformist social democracy that was politically, culturally and philosophically situated between strains of socialism and liberalism.

Arguably, this was, in fact the 'real' position of the party. Geoff Eley and Sassoon agree that socialism's objective, at least in the UK context, was not:

> ... an alternative society or the vision of an anti-capitalist revolution, but the pursuit of small changes ... From the very beginning – the founding of the socialist parties and the launching of the Second International ... there was a tension between the movement's end-goal, the abolition of capitalism, and the immediate push for improvement ... Consistency with the end goal of revolution gave way to the immediate or 'transitional' goals of reform.[441]

This has been recognised by others in Labour and socialist history, as Chris Harman points out in his article, 'From Bernstein to Blair: one hundred years of

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[439] Gamble, Andrew, 'Loves Labour Lost', in Perryman, *Altered States.*

[440] Driver and Martell, *New Labour: Politics after Thatcherism.*

[441] Eley, 'Socialism by any other Name?' p. 99.

revisionism'.[442] It is precisely this point of reform that both Bernstein and Crosland take up in their respective timeframes as they adjust their views of socialism to the context in which they find themselves. Bernstein has already been discussed, but Crosland is interesting in that he was consciously attempting to prove the arguments of the original revisionists, and faced similar demographic and electoral changes. Essentially both were instrumental in altering the direction of the party to the reformist view though in the previous timeframes the revision was that the economy was becoming more controllable by the state, and therefore only needed reform, whereas the view today is basically that globalisation is uncontrollable except in an international framework; national states have little ability to stand in the face of such forces. So, Blair turns the revisionist project on its head but within the reformist mould.

Schölte argued that it is this reformist approach or 'social democracy' which 'presents the strongest challenge to neo-liberal policies on globalisation'[443] and suggests that it is more successful in terms of international governance, explaining why parties such as Labour have called for a renewal of social democracy as synonymous to the Third Way. In a similar vein, others, notably Paul Hirst, co-author with Grahame Thompson of *Globalisation in Question*, have called the Third Way 'the original third way between laissez-faire capitalism and state socialism', with the aim 'to stabilise and humanise capitalism, containing the scope of market forces',[444] or, alternatively, as a 'hybrid political tradition composed of socialism and liberalism ... inspired by socialist ideals but heavily conditioned by its political environment and incorporating liberal values.'[445]

This shift from the transformative political ideology to the openly reformist approach is crucial to the development of the Third Way, although, as we shall see, the Third Way strives to take this project even beyond that combination of forces and history. As Driver and Martell suggest, the 'novelty' of the Third Way lies in the 'combination of left and right', or 'a mixture' of some kind such that:

> The third way offers a politics which is beyond the closed ideological
> systems of left and right but which still combines them both and remains
> within the tradition of middle way politics which has been a feature of

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[442] Harman, Chris. 'From Bernstein to Blair: one hundred years of revisionism.' *International Socialism* 67.2 (1995): 17–36.
[443] Schölte, *Globalisation: A Critical Introduction*, p. 35.
[444] Hirst, 'Has globalisation killed social democracy?' in Gamble and Wright, *The New Social Democracy*.
[445] Clift, 'New Labour's Third Way and European Social Democracy', p. 55.

much of 20th century British politics – most notably new liberalism, post-war social democracy and one-nation conservatism.[446]

Or in a more abstract form, the Third Way is something between the 'European model and the Anglo-Saxon models' which is able to reconcile the best strengths of the market, i.e. efficiency and dynamism, but not leave behind a concern for social cohesion and equality.[447]

At the turn of the twentieth century the Third Way represents New Labour's response to a transformative moment, as social democracy moves from a period of economic expansion to a concern for other more socially orientated values such as community and equality or social justice. The Third Way constitutes 'a paradigm shift in the organisation of economic relations'[448] or a 'new paradigm'.[449] Or even more, its language represents a 'new synthesis' as it comes to terms with the 'period of profound social geopolitical and economic change'.[450]

Though some resist quite such huge claims and argue instead, that, rather than a synthesis of transcendence, the Third Way represents 'an attempt to combine them [left and right] into interdependence with one another or mutual reciprocity – a balance of the old rather than a surpassing of them', such that 'the new politics is a management of the old opposites: both are still there in tensions with one another … it is not a reconciliation, synthesis or transcendence'.[451]

The left/right dilemma

Fundamentally, we return to the dilemma of the left/right divide. Politicians and commentators alike stumble over whether or not 'left' and 'right' exist, and to the extent that they do, whether or not any specific approach is beyond that division..

In old terminology, the Third Way begins from the 'left' of British politics. There were deliberate positional claims to a mixed political ancestry, but there was also a clear attempt to create a 'new', even perhaps a unique, position. This perspective has

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[446] Driver and Martell, 'Left, Right and the third way' in Giddens, Anthony, ed. *The Global Third Way Debate*. Cambridge: Polity Press, 2001, p 42.

[447] Clift, 'New Labour's Third Way and European Social Democracy'.

[448] Watson and Hay, 'The discourse of globalisation'.

[449] Marquand 'Premature Obituaries', in Gamble and Wright, *The New Social Democracy*.

[450] Hargreaves, Ian and Ian Christie. *Tomorrow's Politics: The Third Way and Beyond*. London: Demos, 1998, p. 1.

[451] Driver and Martell, *New Labour: Politics after Thatcherism*, pp. 178–79.

been claimed by various players to be simultaneously 'between' the more traditional historical approaches found in socialism and liberalism, 'above' the struggle by proposing not an ideological but a pragmatic approach and 'beyond' the left–right spectrum by claiming primacy for the inescapable modern reality represented by the term 'globalisation'.

Blair reflected more of than an echo of the New Liberals when he declared that the Third Way is 'not simply a compromise between left and right'.[452] Nor, he argues, is it 'an attempt to split the difference between Right and Left'; instead, it is 'about traditional values in a changed world.[453]

In what might be a self-conscious awareness of the debates at the end of the nineteenth century, Giddens also points out that the Third Way cannot just be a 'reversion to ethical liberalism' not least, as he points out, because ethical liberals wrote during the rise of socialism, while the Third Way and the 'new politics' are being developed in an age after its demise[454] – an age coloured by the end of all things that seem to be relevant to the political environment, though the beginning of a new kind of politics influenced by the new age.

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[452] Blair, Tony. 'Third Way, Better Way.' *The Washington Post* 27 September 1998.
[453] Blair, Tony. *The Third Way: New Politics for the New Century*. Fabian Pamphlet 588. The Fabian Society London, 1998, p. 1.
[454] Giddens, *The Third Way and its Critics, p. 87.*

Chapter 10

The Third Way

As indicated in the previous chapter, the economic realities of the 1970s and '80s created domestic political difficulties. The end of the Cold War changed the debate in a number of dimensions. For some socialists – even democratic socialists – the collapse of communism, combined with de-industrialisation and globalisation was the final straw necessitating a fundamental re-examination of purpose and philosophy. The twin foundations of economic and social structures gave way and social democracy was left struggling for a base from which to assert a new identity as the 'modern' gave way to the 'global' age.

The modern media is similar to the early social sciences at the turn of the previous century, in that it brings information and images from distant places back to the individual. It also provides more graphic information about the domestic realities of poverty and crime. Issues of social exclusion, both at home and abroad, became key subjects of debate while pressure for self-governance created an issue of state, national and individual identity. The individual's relationship to the state, through both political and economic means, was under scrutiny, as was the state's ability to protect its citizens militarily or economically. As life expectancy lengthened (and life expectation rose), the cost of welfare state provision rose while the state's ability to maintain that support was being eroded.

The Third Way was consciously used to position the Labour Party – or New Labour – on three levels. Internally, a political elite of modernisers within the Labour Party used the Third Way as a means to force the pace of party development. Kinnock and Smith had started the process but the fourth defeat at a general election, in 1992, proved that the project had not yet succeeded. Externally, the Third Way, and its portrayal of globalisation as the crucial economic and international threat, were used to shore up support for domestic policies likely to be unpopular with the party faithful. Party supporters were uneasy, but the leadership needed to take the gamble that the left would remain loyal as the party moved towards the increasingly important non-unionised, professional voter. To do that, the party needed to present answers to the significant questions and demonstrate that it was moving away from a collectivist/socialist ideology, and perceived trade-union domination, towards a more open and responsive form of government.

Internationally, Labour leaders used the Third Way to engage like-minded parties on a bilateral basis and in summit meetings in the name of 'progressive governance'. Fellow European leaders were actively recruited to the project. The New Democrats of the US had found themselves in a similar position and were therefore advocates, if not leaders, of the project. These meetings involved a range of political and academic participants, though often from the more 'popular' strains of debate. Emphasis was on new ideas rather than established ones. The conferences made claims to work on both domestic and international issues; they were specifically designed not to focus on traditional international issues, but instead on the Third Way and domestic issues – or those issues now deemed to be more suitable to global than to single state action. They were also geared to garner international recognition and add credibility to domestic leadership. This work on the international stage helped to blur the international/domestic divide further and had an impact on both sides of these debates.

The result of this transformation was a new political approach. In this chapter, the background of the Third Way will provide the context for an exploration of its values and approach as understood by Blair and Giddens, the main protagonists of its philosophy. This will be followed by a discussion of Blair's own understanding of the crucial issue of globalisation, and the ensuing economic discussion. Key concepts of definitional features such as 'equality', 'stakeholding', 'community' and 'competitiveness' will then be investigated in more detail, with a view to examining the domestic/international links in the following chapter.

Thatcher's long shadow

The Conservatives generally, and Margaret Thatcher specifically, undoubtedly changed the terms of political debate during their long hold on office. Thatcherism was, though many on the left could not see it, a modernising project from the right and one with a variety of 'irreversible consequences'.[455] There was literally, in many areas, 'no going back'. The Tories proved that radicalism and progress were not the prerogatives of the left.

This created a new domestic context for the Labour Party and, combined with the changes around the globe, broke the party's confidence that its established political approach would soon return it to power. Thus, New Labour was granted effectively a

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[455] Gray, 'After Social Democracy'.

clean slate. Rather than attempting to undo Thatcherism, they chose to work from that base. The Conservatives were caught in the internal machinations that attended the end of their revolutionary economic era and were therefore unable to move their party's thinking forward. They believed that it was a leadership issue not a positioning issue and thus lost their advantage. The Labour Party on the other hand, at least in some quarters, recognised that as well as the end of Thatcher it could be the end of the Conservatives – though not the end of Thatcherism per se.

The term 'post-Thatcherism' as used here, is therefore not intended as an ideological category as much as an indication of a new domestic political landscape. A new starting frame had been established by that radical approach. As Driver and Martell put it:

> Our interpretation of New Labour as shifting from social democracy to neo-liberalism and conservatism does not amount to an equation of New Labour with Thatcherism Mark II. We do not see Tony Blair as the 'son of Margaret'. New Labour is not Thatcherite, but 'post-Thatcherite'. It has left behind the pre-Thatcher days of Old Labour and accepted much of the terrain left by Lady Thatcher. Yet it takes this as a starting point beyond which there are elements which make New Labour different from and beyond Thatcherism.[456]

This also enabled the Labour Party, for the first time, to think the unthinkable about its political future. Production and ownership were no longer unshakeable. The party continued to stress that the old 'left – right' debate was out of date and the new politics went 'beyond': beyond left and right, and well beyond Thatcher. Political commentators began to agree that the big questions of politics were not answerable in the old language. International events provided the catalyst and domestic foundation for a new lease of life to the modernising, overtly progressive agenda. Thus, the Third Way was born with a view to reclaiming the language of progressive politics. Not particularly *new* language, but infused with its own meaning.

Ultimately, the Thatcher revolution damaged the socialist or labourist approach beyond repair. Thus, the Third Way moved towards a reinvention of social democracy. As Andrew Gamble and Tony Wright put it in their introduction to *New Social Democracy*, 'In other words, the third way had to be about a new social democracy or it was nothing. It had to be about a new social democracy for new times ... Yet it is a moment for understanding that social democracy's traditional mission of domesticating capitalism at the national level now has to be applied to the

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[456] Driver and Martell, *New Labour: Politics after Thatcherism*, p. 165.

continental and global level too.'[457] Their reading of the debates discussed in Chapter Nine was that they had to link their own efforts to those in other countries if the project was to be a success. Economic globalisation and political internationalism were, they argued, part of the same response to transformation.

Will Hutton puts it slightly differently:

> Socialists may be unwilling to concede it, but socialism, at least as conceived by its founding fathers, is in its death throes … At the end of the twentieth century socialism is alive only to the extent it has adopted the softer, pluralist and more capitalist-friendly values of its near sibling – social democracy … For social democrats the political task is to find an accommodation between current capitalism and socialist values and build a political alliance with the centre that can prosecute the consequent economic and social programme.[458]

Driver and Martell provide a good summary of the Blair/New Labour project. It could be suggested that New Labour and the Third Way are not synonymous, but in the main they are taken to be a fairly consistent proposition:

> Community and social justice combine in New Labour thinking to provide the basis for what is hoped is a politics beyond Thatcherism. Three themes – ethics, economic efficiency and social cohesion – are interwoven. Economic success – particularly more jobs – will bring greater social justice and social cohesion; which is further strengthened by a more dutiful and responsible citizenry; and more social cohesion will in turn help create a more viable market economy. The idea of stakeholding … bridges community and social justice. For Labour modernisers, stakeholding gives a sense of being a part of a community; of being included, of having a stake in society which throws up rights as well as responsibilities; of there being greater opportunities, more fairness and social justice; and of there being more democracy and accountability in government and politics.[459]

We will return to these concepts when we come to discuss the core values and approach of the Third Way.

The details of the modernisation of the Labour Party have been discussed at length elsewhere – the relevance here is the urgency this debate gained in the late 1980s and early 1990s. This was driven forward by the sudden death of John Smith, which provided an unexpected opportunity for fast-track movement by the new leader,

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[457] Gamble and Wright, *New Social Democracy*, pp. 6–7.
[458] Hutton, Will. 'New Keynesianism and New Labour', in Gamble, Andrew and Tony Wright, eds. *The New Social Democracy*. Oxford: Blackwell Publishers, 1999, pp. 97–98.
[459] Driver and Martell, *New Labour: Politics after Thatcherism*, p. 30.

Tony Blair.[460] Blair also seized the chance to use the favourable 'wake' created by the Clinton victory in the US to take the party into the debate on globalisation and the creation of a third way.

The US comparison will be discussed at length in the following chapter but it is important here to note that both Blair and Gordon Brown had visited the US and concluded that the situation of the Labour Party and the Democrats was broadly similar. As early as 1984 Gordon Brown went to the Democrat convention in San Francisco and met with Clinton well before his Presidential nomination. Blair had also been to the US with the all-party tax campaign followed by a study-tour trip in the same year, paid for by the US government. They came to the US together for the Democratic Convention in 1988.[461] Over this time they developed their analysis of the commonalities between the Labour Party and the Democrats and shared this with Clinton at his first meeting with Blair[462] (see Chapter Eleven).

Ultimately, the gamble paid off in 1997, as Labour won back a sizeable chunk of the 'middling working class – the so-called C2 skilled manual workers and the C1 non-managerial office workers – who had deserted Labour in 1979.'[463]

Moving the Labour Party

From the outset, globalisation and the importance of international comparisons featured in the positioning of the Third Way. For example, Mandelson and Roger Liddle argue that the Third Way starts from the recognition of five 'insights' that cross this international/domestic frontier:

> First, people feel increasingly insecure. This is caused by rapid economic and technological change throughout the world and breakdown of society in Britain ... Secondly by comparison with other countries Britain is badly equipped to meet the challenge of change ... Thirdly, New Labour understands why the New Right failed ... their ideology has taken them too far and their own incompetence has cost Britain dear ... Fourthly, New Labour is fundamentally different from old Labour in its economic, social and political approach ... Fifthly, New Labour has a distinctive

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[460] Gould, Philip. *The Unfinished Revolution: How the Modernisers Saved the Labour Party*. London: Abacus, 1998; Mandelson, Peter. *The Blair Revolution Revisited*. London: Politico's Publishing, 2002.
[461] Seldon, Anthony with Chris Ballinger, Daniel Collings and Peter Snowden. *Blair*. London: Free Press, 2004.
[462] Blumenthal, Sidney. *The Clinton Wars*. London: Penguin Books, 2003, p. 305.
[463] Blackburn, Robin. 'Reflections on Blair's Velvet Revolution.' *New Left Review* 223 (1997): 3–16, p. 4.

message of its own that goes beyond the nostrums of old Labour and New Right.[464]

Clause IV

Internally, Blair began with the radical step of challenging Clause IV – a totem of socialist idealism. Despite the fact that Hugh Gaitskell, then Labour leader, had attempted the same task in 1959 and lost resoundingly,[465] Blair set his sights on reclaiming the social democratic project in the new context of post-Thatcherite Britain. If Labour was to make this pact or new 'social contract' with the changing electorate, he needed to win the middle-class voter; he also knew that the more traditional left had nowhere else to go.

Blair was faced with a situation that would have looked familiar to Ramsay MacDonald. For MacDonald the issue was to present socialism as reformist, or evolutionary, and for Blair it was a case of creating something he was determined to call progressive politics. MacDonald accepted the frame of capitalism – though many around him at the time, including many in his own party ranks, did not – and Blair accepted the basic individualistic economic model of Thatcher, though he renamed it globalisation. To both leaders, the three traditional strands of Labour Party thought were clearly in tension. However, both pushed these groups within the party to follow their lead towards the middle ground using arguments of efficiency and competitiveness as solutions to global pressure.

Some hoped that these moves on the part of both leaders were just a right-wing smokescreen for electoral purposes, and that each would eventually revert to real socialism. MacDonald, for example, was ridiculed for taking to a frock coat and hat and taking more care over his personal grooming. A more substantive point in the case of Blair is made by Paul Foot, a left-winger of many years' standing, when he pointed out that in fact the original proposal for the wording for Clause IV approved by Blair was more right-wing than the final version, not less.[466]

As symbolic as the Clause IV battle was, Blair also needed to redefine a whole set of key words in the political script. Where these words could not be refined or were inadequate, he sought new ones. Phrases such as 'social-ism' have already been

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[464] Mandelson and Liddle, *The Blair Revolution,* p. 4.
[465] Raymond Plant in Seldon, *The Blair Effect,* p. 556.
[466] Foot, Paul. 'When will the Blair bubble burst?' *International Socialism* 67.2 (1995): 2–17.

referred to, but 'equality', 'stakeholding' and 'community' are key concepts, as well as examples of what are termed the values of the Third Way.

It is to these values that we now turn, as understood by both Blair and Giddens. This will be followed by a discussion of Blair's understanding of globalisation, and the domestic economic consequences of the New Labour positional attitudes in these areas. Four key Third Way concepts will then be investigated.

The Third Way and its values

As noted above, the Third Way was effectively the project of the leader and a close coterie of senior advisers and ministers. This is clear from its development and amply demonstrated in the discussion of the foreign implications in Chapter Eleven.

Looking back on its development, the consistency and cogency of the messages and the careful orchestration of its introduction and development were impressive. While this may have been a luxury of opposition it is clear that the New Liberals suffered from a lack of the kind of support from the party leadership that was so evident in the case of the Third Way. It was conceived and organised as a crucial part of the Labour Party's campaign for election. As such, each element of the campaign was constructed to form a coherent whole, rather than is often the case for parties in government, where the overall vision becomes more difficult to project next to ongoing business. The Labour Party is no different in this regard and once it entered government this level of coordination became more difficult. It is a tribute to the original design of the campaign that the reasoning, logic and key concepts were used as long as they were. It was only as the initial circle of Blair cabinet colleagues began to be reshuffled from their original posts that the Third Way lost much of this consistency.

In its initial phase, Blair was deliberately the main spokesperson for the Third Way. Other political figures were not nearly as prominent, though two of Blair's advisers, namely Mandelson, his campaign right hand, and Giddens, adviser and academic credibility check for the project, were also publicly involved. This line-up supported the positional attitude of a party with a new leader with a vision and big ideas. It demonstrated an appreciation of history and tradition combined with an inclusive and forward-looking project. Blair was a man with international credibility and clout.

Blair often placed the Third Way in the context of his own personal, almost religious, values as well as his political views. He also spoke with an evangelising zeal of

expanding the Third Way to other countries, particularly in Europe. Like New Liberalism, for Blair at least, the Third Way was a moral compass as well as a political one. Given this almost missionary approach Blair was well placed to paint a kind of traditional view of life in Britain while at the same time promoting a particular view of globalisation. This tone appealed to the disillusioned Tory voters so desperately needed by the Labour Party at the time. It is interesting to note that this also created a tension with the concurrent portrayal of Blair as the moderniser.[467] In Giles Radice's book, *What Needs to Change: New Visions for Britain*, Blair set out his vision as:

> One nation, where we work together to prepare ourselves for massive economic and technological change; to extend opportunity in a world of deep insecurity, to create a genuine civic society where everyone has a stake, where everyone has a responsibility, and where power is pushed down towards the people ... and to secure our place in the world as a nation cooperating with others in Europe and elsewhere.[468]

While he stressed values, he also made two points that seem contradictory. He argued that his 'conviction' is 'that we have to be absolute in our adherence to our basic values', while, at the same time – indeed in the same speech to the French National Assembly, the Third Way sceptics of Europe – that we must also be 'infinitely' imaginative and adaptable in the applications of values because 'what counts is what works'.[469] There was an interesting dilemma being set up as to the immutability of the values he is projecting or whether pragmatism overrules values.

Blair often listed his 'core values', and while they obviously varied in light of time and circumstance, they were all recognisably related and a fairly limited range. The core generally included: (equal) opportunity, responsibility and community. Others such as justice, equal worth, society, solidarity, tolerance, democracy, mutual obligation, and internationalism are also part of the collection.[470] From the perspective of social democracy as the combination of socialism and liberalism, the general lack of emphasis here on liberty and freedom became a point of interest and contention for many both inside and outside the party.

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[467] Lavalette and Mooney, 'New Labour, new moralism'.
[468] Radice, *What Needs to Change*, p. 3.
[469] Blair, Tony. 'The Third Way', speech delivered to the French National Assembly, 24 March 1998.
[470] Blair, *The Third Way: New Politics for the New Century;* Blair, Tony. 'Facing the Modern Challenge: The Third Way in Britain and South Africa', speech delivered in Parliament Building, Cape Town, 8 January 1999; Driver and Martell in Giddens, *The Global Third Way Debate;* White, *New Labour: The Progressive Future?*

Giddens and the Third Way

Giddens has already been discussed at some length in the context of globalisation, and in particular his 'academic' approach to the subject. However, given that he also has a political role in this discussion as Blair's adviser, and probably the most significant contributor to the development of the Third Way other than Blair, it is also worth looking at his approach from the overtly political point of view.

The Third Way: The Renewal of Social Democracy was written a year after the general election that brought New Labour to power. It was, in Giddens' words, designed as 'a contribution to the debate now going on in many countries about the future of social democratic politics'.[471] It was the result of previous work (presumably prior to the election, during the planning of the campaign) and what he calls a summary of 'informal evening discussion meetings' with New Labour thinkers such as Geoff Mulgan (the Director of Demos, the left-of-centre think tank, brought into the Number 10 Policy Unit immediately after the election), and Ian Hargreaves (the former editor of the *New Statesman*). The importance of policy is demonstrated by the fact the Downing Street Policy Unit doubled in size when Blair came into office and 'Headed by the youthful David Miliband, it is a testament to Blair's desire, expressed while leading the opposition in Parliament, to draw on a coalition of thinkers, including people outside the party'.[472]

Giddens states in the preface to his first book that the reasons for this debate seem clear enough and echoes the debates discussed in Chapter Nine – 'the dissolution of the "welfare consensus" that dominated in the industrial countries up to the late 1970s, the final discrediting of Marxism and the very profound social, economic and technological changes that helped bring these about'.[473] And while he makes no special claims to the name, 'the Third Way', he nonetheless feels that it is a useful way to demarcate the task ahead, namely the 'periodic re-thinking' necessary to bring social democracy up to date. Well after he has outlined what he believes to the shortcomings of the current political frameworks, he refines this initial statement by suggesting that, 'I shall take it that "third way" refers to a framework of thinking and policy-making that seeks to adapt social democracy to a world which has changed

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[471] Giddens, *The Third Way: The Renewal of Social Democracy*, p. vii.

[472] Philpot, Robert. 'The Brains Behind Tony Blair' *The New Democrat*, March 1 2000.

[473] Giddens, *The Third Way: The Renewal of Social Democracy*, p. vii.

fundamentally over the past two or three decades. It is a third way in the sense that it is an attempt to transcend both old style social democracy and neo-liberalism.'[474]

His notion of the renewal of social democracy starts from his presumption that 'pre-existing political ideologies have lost their resonance' and talk only of Marxism, communism and Thatcherite neo-liberalism. If it is a new political ideology he seeks, it seems a lapse of historical understanding that he does not look at the philosophical roots of his project – namely Liberalism and its variations, found in socialism and Conservatism. Social liberalism seems to be avoided, as do the New Liberals, in this analysis.

The importance of the work lies in the fact it draws out what became consistent New Labour themes and ideas. Giddens, in a refrain that will become recognisable as part of the same list used by both Mandelson and Blair, outlines what he sees as five dilemmas facing the country:

- Globalisation – what exactly is it and what implications does it have?

- Individualism – in what sense if any are modern societies becoming more individualistic?

- Left and right – what are we to make of the claim that they no longer have meaning any more?

- Political agency – is politics migrating away from orthodox mechanisms of democracy?

- Ecological problems – how should they be integrated into social democratic politics?[475]

These dilemmas are then discussed not so much with a view to concrete solutions but with a view to forming an approach supporting his thesis that a new, radical kind of politics is required. He returns again and again to the theme that it is no longer enough to 'reform' but to 'rethink' government.

Giddens makes it clear in all his work that he is attempting to take the three competing strands of the Labour Party and direct them towards a reformed social democracy. In the same way in which he avoids Liberalism as an ideology, he sets up

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[474] Ibid., p. 26.
[475] Ibid., p.28.

the older aspects of the Labour programme as unworkable and out of date. The Third Way for Giddens is really being suggested as the only way.

A common juxtaposition for Giddens is social democracy versus a 'pure marketplace'. As he indicates:

> The term [third way] has been around for a while but it is used to mean the core traditions of parliamentary socialism and social democracy. Now it means something very different; trying to steer between the two dominant philosophies that have failed us, Thatcherism and Reaganism in the US. You simply can't run the world as though it were a gigantic marketplace.[476]

He similarly argues that:

> Social democrats should seek a new role for the nation in a cosmopolitan world. The emerging global order cannot sustain itself as a 'pure marketplace'... A reassertion of the role of the nation is important as a stabilising force, a counter to endless fragmentation.[477]

At the same time, however, he promoted the notion of the market and argues that, 'Social democrats ... need to overcome some of their worries and fears about markets'.[478] In the *New Statesman* he suggests that:

> The Third Way is a positive social democratic response to globalisation. In contrast to neo-liberals, Third Way thinkers argue that globalisation needs collective management. It calls for active government on all levels – global, national and local.[479]

Finally, returning to the point made in relation to the discussion of Giddens on globalisation he suggests that:

> The overall aim of Third Way politics should be to help citizens pilot their way through the major revolutions of our time: globalisation, transformations in personal life and our relationship to nature. Third Way politics should take a positive attitude towards globalisation but crucially only as a phenomenon ranging much more widely than the global marketplace.[480]

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[476] Giddens, 'Third Way's the Charm'.
[477] Giddens, *The Third Way: The Renewal of Social Democracy*, p 129.
[478] Giddens, *The Third Way and its Critics*, p. 32.
[479] Giddens, Anthony. 'Better than warmed-over porridge'. *New Statesman.* February 12 1999.
[480] Giddens, *The Third Way: The Renewal of Social Democracy*, p 64.

It's the (global) economy, stupid

If the values of the Third Way are important, the crux to the project is globalisation. As Blair argued:

> Over the last fifty years two major political projects have dominated politics in Britain and many other Western democracies: neo-liberalism and a highly statist brand of social democracy ... Britain has experienced both in a full-blooded form. That is why the third way has a particular relevance in Britain.[481]

Essentially, the Labour Party had a specific understanding of globalisation that was set out as a driving force behind the Third Way. This, modernisers argued, meant that there was a need for a new kind of politics, both domestically and internationally. While suggesting that Blair, New Labour and the Third Way are consistent propositions, it is worth exploring Blair's own perspective of this debate.

Like the Third Way, globalisation was carefully positioned by the party and by key players within the party. Blair and Gordon Brown, the Shadow Chancellor at the time, set about reorienting the party's economic policy as a response to the challenges of globalisation.[482] This enabled the Labour Party to re-interpret the economic arguments in the light of the post-Thatcher era on the one side and the collapse of communism on the other. Colin Hay argues that this amounted to a 'paradigm shift':

> We are witnessing the unfolding of a new state regime, a new settlement reflected, to at least as great an extent as in the post-war years, in a new convergence and consensus. We have moved, or are in the process of moving, from a Keynesian welfare settlement towards a neo-liberal post-Thatcher settlement.[483]

Colin Crouch echoes this sentiment in his article, 'The Terms of the Neo-Liberal Consensus', and goes on to suggest other implications of this convergence in domestic politics:

> From now on both major contending parties in the British state accept the essential neo-liberal tenets: markets should rule under the guidance of entrepreneurs, with minimal intervention from government; taxes and public spending, and in particular the redistributive effect of direct

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[481] Blair, *The Third Way: New Politics for the New Century*.
[482] Watson and Hay, 'The discourse of globalisation'.
[483] Hay, Colin. 'Blaijorism: Towards a One-Vision Polity'. *Political Quarterly* Vol 68 No 4 Oct–Dec 1997: 372–78, p 372.

taxation, should be kept down; and trade unions should have as marginal
a role as possible.[484]

This enabled Blair and Brown to replace older features of the Labour platform and, controversially, to accept the spending plans of the Conservative government prior to the 1997 election. Importantly, this also took the party in a new direction in terms of economic policy, as well as proposing a new relationship between the state and the citizen through that economy. As Marquand points out:

> The tension between economic conservatism and political radicalism is
> the easier to define. Both, in an odd way, are legacies of the old regime.
> Like David Owen in the 1980s, New Labour in the 1990s has accepted
> the foundational assumptions of the Thatcher counter-revolution in
> political economy. Indeed that is its defining characteristic. It is what
> differentiates Tony Blair from his two most recent predecessors; it is what
> makes New Labour new.[485]

Positionally, the party's approach to the economy served to calm the fears of the right-leaning electorate that the Labour Party was still a tax-and-spend party and reinforced the idea it could be trusted with the economy. Of course the Conservative Party had not helped their own case in this regard, as John Major's government stumbled into 'Black Wednesday' in September 1992 – this single event shook the electorate's confidence irreparably in the area Tories had been able to dominate for over twenty years.

Blair on globalisation

The Labour leadership had recognised that the traditional party support was dying out. As the economy shifted from manufacturing to services and information, the white, male, un- and semi-skilled employees (and the trade unions that represented them) were diminishing in their power and numbers. As Blair argued to the Fabian Society:

> The industrial order of the last century was built on raw materials, heavy
> industry, unskilled manual employment, great concentrations of
> economics power and antagonism between capital and labour ... But the
> old politics of the Left was an expression of old industry ... just as the old

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[484] Crouch, Colin. 'The Terms of the Neo-Liberal Consensus', *Political Quarterly* Vol 68 No 4 Oct–Dec 1997: 352–60, p. 352.
[485] Marquand, David. 'After Euphoria: the Dilemma of New Labour'. *Political Quarterly* Vol 68 No 4 Oct–Dec 1997: 335–38, p. 335.

politics of the Right retained a strong aristocratic and paternalistic streak.[486]

In the same speech, Blair goes on to identify what he considers to be the issues. The changes that he listed have a familiar note; they match those of other observers of late modern society. Similarly, they are not all features of globalisation but linked to a variety of social trends. Blair identifies globalisation as a potentially useful and progressive force but at the same time compresses a range of features of modernisation and locates them all under the rubric of globalisation:

> The growth of global markets and global culture ... Technological
> advance and the rise of skills and information as key drivers of
> employment and new industries, destroying old patterns of employment
> ... A transformation in the role of women ... Radical changes in the
> nature of politics itself, with the growth of the European Union and a
> popular loss of faith with distant, unresponsive and often ineffective
> political institutions and those who work for them.[487]

Norman Fairclough, in *New Labour, New Language?*, identifies this kind of discussion about globalisation by New Labour, and particularly by Blair, as what he calls 'a pervasive presupposition'.[488] By this he means that New Labour uses some terms as things to be taken for granted – 'something we all know'. Globalisation in this kind of discourse is both 'given and achieved'.

Blair also discusses globalisation specifically and, like Giddens, points out that he feels the phenomenon is not simply economic and highlights two aspects of the debate. First, the internationalisation of certain issues, e.g. security and terrorism, environmental concerns, migration[489] and the pressure on the state of the international flows of trade and investment. Blair portrays this pressure as something that the state must be aware of and deal with, but also hints at the idea that there may be a limit to what the state can do and so must be careful as to what it offers.[490] In a passage that echoes both Harcourt and Wallas in the previous century Blair concludes:

> Many of our domestic problems are caused on the other side of the
> world. Financial instability in Asia destroys jobs in Chicago and in my
> own constituency in County Durham. Poverty in the Caribbean means
> more drugs on the streets in Washington and London. Conflict in the
> Balkans causes more refugees in Germany and here in the US. These

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[486] Blair, *The Third Way: New Politics for the New Century*, p. 8.
[487] Ibid., p. 6.
[488] Fairclough, Norman. *New Labour, New Language?* London: Routledge, 2000, p. 27.
[489] Blair, Tony. Untitled speech delivered at Lambeth Palace, 28 July 1998.
[490] Blair, Tony. 'Doctrine of the International Community', speech delivered at the Economic Club of Chicago, 22 April 1999.

problems can only be addressed by international cooperation. We are all internationalists now, whether we like it or not.[491]

Thus he illustrates an inevitablist view of globalisation and proposes to cope with the consequences by developing the competitiveness of the country and enhancing cooperation. If economic convergence is what fundamentally made New Labour new, the consequent changes in the roles of the state and individual in this economic reality become a matter of negotiation. As has been shown in this and previous chapters, the key to the debate was the inevitability of globalisation that was being conveyed and the necessity of action by the government to respond to the changes being wrought on both the international and domestic levels.

This created a tension within the Labour Party as those who 'support' globalisation were seen to be on the right, whereas those concerned with the implications, or those who are 'losers' in the global marketplace, were generally deemed to be on the left – e.g. anti-globalisation protestors. However, New Labour and the Third Way argued that while they were not 'in favour' of globalisation, it can be made to work for the benefit of everyone and can be a force for progress. This will be discussed further in Chapter Eleven.

Critique

It was clear from the outset, however, that not all commentators were convinced. Some academics accused the Third Way of an absence of historical understanding and lack of ideological foundation, while political opponents have ridiculed it for lack of substance and consistency. On the point of Thatcher specifically, Marquand writing in *Prospect* on the first anniversary of a Labour government, opined that:

> We know what the new regime is not; we don't yet know what it is.
> Patently it is not socialist. It is not even social democratic or social liberal
> … The Thatcher paradox: liberal economics combined with Tory politics
> – has been followed by the Blair paradox: economic continuity combined
> with political discontinuity.[492]

This is a point taken up by Alex Callinicos in *Against the Third Way*. Despite the attractiveness of the Third Way as an 'escape' from the 'dead ends of the past', he argues forcefully that rather than being 'renewal of social democracy' or a break with

[491] Ibid.
[492] Marquand, David. 'The Blair Paradox.' *Prospect* May 1998.

neo-liberalism, the Third Way, in fact, 'embraces neo-liberalism' and 'abandons substantial reform altogether'.[493] Finally, as Alan Ryan puts it:

> The Third Way rests on the assumption that the ownership of the means of production is not the central issue in politics ... Tony Blair's version of the Third Way amounts, rhetorically speaking, to 'neither/nor'. That is to say neither state socialism nor libertarian conservatism; it neither puts its trust in the state's control of increasingly large areas of human life nor does it wish to reject state action in principle.[494]

The Third Way and its critics

After the publication of the basic volume on the Third Way, a range of commentators provided a critique of Giddens. This produced a response from Giddens in 2000 in the form of *The Third Way and its Critics*, useful here in that it provides both a summary of the critique and the Third Way response to some of those criticisms. Written, as it was, after a round of elections throughout Europe in which parties broadly of the same social democratic hue had come to power, Giddens was able to argue that the Third Way agenda had become the core of political dialogue across developed democracies, not just in Britain. As he states, 'third way politics will be the point of view with which others will have to engage.'[495]

Perhaps emboldened by this success, Giddens goes further on the role of the Third Way. In his first book he had hesitated as to what it constituted, but in this second he paints a grander picture: 'Third way politics is not a continuation of neo-liberalism but an alternative political philosophy to it'.[496] In more classic terminology, he suggests that this is 'a new social contract, appropriate to an age where globalisation and individualism go hand in hand. The new contract stresses both the rights and responsibilities of citizens.'[497]

The arguments against the Third Way fall, according to Giddens, into a relatively small number of categories. They are that it: 1) Is an amorphous project, difficult to pin down and lacking direction; 2) Fails to sustain the proper outlook of the left and hence ... lapses into forms of conservatism; 3) Accepts the basic framework of neo-liberalism especially as concerns the global marketplace; 4) Is essentially an Anglo-

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[493] Callinicos, Alex. *Against the Third Way*. Cambridge: Polity Press, 2001, pp. 122–23.
[494] Ryan, 'Britain: Recycling the Third Way', p. 78.
[495] Giddens, *The Third Way and its Critics*, p. vii.
[496] Ibid., p. 32.
[497] Ibid., p. 165.

Saxon project, bearing the hallmarks of societies in which it originated; 5) Has no distinctive economic policy other than allowing the market to rule the roost; 6) In common with its two main rivals, has no effective way of coping with ecological issues.[498]

In the same style that Giddens used to set up the Third Way as the 'only way', or in the course of the globalisation debate to dismiss his opponents, the critics' argument are framed in such as way to enable Giddens to argue his way through them with some ease. The inevitability of issues such as the knowledge society and globalisation are relied upon to make the necessity of change non-negotiable. It is fundamentally an argument being made to the discontented (and in his view discredited) left. He suggests that he is only trying to better explain his views and close stale debates. He also attempts to reinforce closure on debate by raising the spectre of a divided left and electoral defeat.

> The fundamentals of third way politics, as I would see them, can now be briefly stated. The third way:
>
> 1   Accepts the logic of '1989 and after' – that while left and right still count for a good deal in contemporary politics there are many issues and problems that this opposition no longer helps illuminate. The attention which the third way gives to the political centre stems, from this fact. This emphasis is wholly compatible with the claim that third way politics should involve radical policies.
>
> 2   Argues that the three key areas of power – government, the economy, and the communities of civil society – all need to be constrained in the interests of social solidarity and social justice …
>
> 3   Proposes to construct a new social contract, based on the theorem 'no rights without responsibilities'…
>
> 4   In the economic sphere, looks to develop a wide-ranging supply-side policy, which seeks to reconcile economic growth mechanisms with structural reform of the welfare state …
>
> 5   Seeks to foster a diversified society based upon egalitarian principles. Social diversity is not compatible with a strongly defined egalitarianism of outcome. Third way politics looks instead to maximise equality of opportunity …
>
> 6   Takes globalisation seriously … Third way social democrats should look to transform existing global institutions and support the creation of new ones.[499]

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[498] Ibid.
[499] Ibid., pp. 50–53.

Thus laid out, the Giddens proposition is relatively simple. The politics of the previous age are not up to the challenges of the modern world. Solutions that, in a previous time, may have sufficed, are no longer adequate and even potentially dangerous. The nature of the way in which we construct our identities is being altered, not least in terms of how we address the economic sphere. In the globalised world, each action has a more immediate impact. Moreover, for the first time in history we can see that impact immediately. Telecommunications in particular, have created an essential shift in time and space that changes human interaction. This should be reflected, Giddens argues, in the ways in which we govern ourselves as much as it has already changed our relationships with the society around us.

David Walker summarises the argument:

> An admirer still of Marx, Giddens was none the less a premature Blairite moving 'beyond left and right' before Mr Blair became leader ... The line of argument goes like this. We live in a new age which demands a new politics emanating from a radical centre located in an active civil society based on a democratic family supported by positive welfare whose watchword is equality as inclusion within the cosmopolitan nation.[500]

As he puts it elsewhere in the same article, referring to Giddens' participation as the speaker for the annual BBC Reith Lecture series:

> There's Tony Giddens in a nutshell: globalisation, emancipation, anxiety, escape from 'fate'. It's the Sixties all over again ... Here with the BBC's accolade, that great Sixties intellectual ambition of reconciling individualism (freedom to love and live as we please) with materialism (the inexorable force of history as discerned by Karl Marx) is achieved.[501]

New Labour, new concepts

New Labour built the Third Way as a response both to its global environment and its domestic political context. Its positional attitudes and definitional features have been set out, but to understand these fully there are four key concepts that form the structure for the New Labour and the Third Way: equality, stakeholding, community (or communitarianism) and competitiveness. Each of these defining features of the Third Way will now be set out and addressed in turn.

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[500] Walker, David. 'Sixties' Man of the World'. *Guardian*, 23 March 1999.
[501] Ibid.

Equality and its relations

Equality and opportunity, or 'inclusion' and 'exclusion', are complex concepts. As such, they are particularly interesting because they lie at the heart of many battles between the different strands of Labour. There is a fundamental tension between equality of opportunity and equality of outcome as they relate to liberty and the individual – all important areas for the Third Way.

Full employment and equality of outcome were the guiding lights of both socialist and Labour thought. Social democrats embrace the market as an engine of society, and potentially of the good life, but cannot promise equality of outcome, only an attempt to offer equality of opportunity. They also stand as points of differentiation between right and left as the left traditionally held up equality as its societal objective while the right tacitly supported hierarchy. The New Labour understanding of equality was not that of outcome but of opportunity. Education and employment then became key to that opportunity as well as to an individual's identity. This is important, as it also feeds directly into ideas of stakeholding and community.

As we saw with New Liberalism, the concept of human nature dictates much of a political philosophy, and the Third Way represented a major shift from the state as guarantor of equality to the state acting only as guarantor of opportunity while the individual's responsibility was to take up that opportunity was linked directly to the world of work.

These subtle but crucial defining features of the Third Way are also linked to the concept of liberty – a term, it was suggested, that gets left out of many discussions, as it divides rather than unites progressive thought. The tone of this debate should sound very familiar, as they echo New Liberal discussions.

Tactically, Third Way thinkers tread gently around the ideas of equality and liberty as they are all too aware of the dangers they present to party equilibrium. There is deep philosophical disagreement within their own ranks, as well as a split across the wider spectrum that could potentially damage Labour. Conservatives traditionally support opportunity but not equality of outcome, believing as they do that it is the individual's responsibility to seize opportunity, while for the persistent liberal strand of thought, it is a more philosophical argument in that the difference lies in the interpretation of liberty and the limiting of freedom that is associated with attempting to ensure equality of outcome.

Giddens argues that while equality and liberty can come into conflict, meritocracy amounts to a neo-liberal model of equality as the promotion of the equality of opportunity. This, he suggests, creates very disparate levels of outcome. While not resolving the dilemma he has posed, he goes on:

> The new politics defines equality as inclusion and inequality as exclusion, although these terms need spelling out given their history within the party. Inclusion refers in its broadest sense to citizenship, to the civil and political rights that all members of a society should have not just formally but as a reality of their lives. It also refers to opportunities and to involvement in public space.[502]

Thus, rather than improving the neo-liberal idea of equality of opportunity, the new politics attempted to square the circle by ensuring a concept of equal citizenship; or, as Giddens specifically points out, 'In a society where work remains central to self-esteem and standard of living, access to work is one main contact of opportunity. Education is another and would be so even if it weren't so important for the employment possibilities to which it is relevant.'[503] The new politics places the economic value of the citizen in prime position rather than the older New Liberal idea of the fundamental improvement or worth of the individual as prior to all other concerns.

Other Third Way thinkers take up this dilemma of equality and retain the formula in which equality equates to 'inclusion' – generally taken to mean inclusion in the economic sense – while inequality is 'exclusion'. For example, Samuel Beer posits that the 'vision of the good life' as not 'equality' but 'opportunity'.[504] While Hargreaves and Christie attempt a definition of equality that simply states that 'the new politics defines equality as inclusion and inequality as "exclusion"', they do concede that these terms need some further clarification and set out the refined terms as:

> Inclusion refers in its broadest sense to citizenship, to the civil and political rights and obligations that every member of the society should have, not just formally, but as a reality of their lives. It also refers to opportunities and to involvement in public space. In a society where work remains central to self-esteem and standard of living, access to work is one main context of opportunity.[505]

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[502] Giddens, *The Third Way: The Renewal of Social Democracy*, pp. 102–03.
[503] Ibid.
[504] Beer, Samuel. 'Britain After Blair.' *Political Quarterly* Vol 68 No 4 Oct–Dec 1997: 317–24, p. 318.
[505] Hargreaves and Christie, *Tomorrow's Politics: The Third Way and Beyond*, p. 27.

Thus the argument is brought back to economic concerns, and the relationship of the individual to the state, one in which the individual has rights but is also duty bound to fulfil their responsibility to perform an economic function for the state.

Stakeholding

Stakeholding was an early attempt to bridge the potential gap, later identified by Amitai Etzioni, between the individual and the market or the bigger economy. Stakeholding enjoyed a fairly major introduction into Third Way thinking through a number of domestic and international speeches by Blair early in 1996. The most famous of these 'stakeholding speeches' was the 'Singapore speech'.[506] Interestingly, as early as 1920 the New Liberal C.F.G. Masterman identified an early notion of 'stakeholding' when he said:

> The New Liberalism does not advocate these reforms as a means of 'buying off Socialism'. It has no belief in the policy of Ethelred to the Danes. It advocates these reforms as being right in themselves, and as being the only alternative to Socialism. It believes in property, possession, and competition for attainment above a standard of life. It believes in a Capitalism widely diffused amongst a whole community, with each man and family owning a 'stake in the country,' some concern in its future, some pride in its possession.[507]

Essentially, both stakeholding and communitarianism (which will be discussed further below) were pre-existing ideas that were co-opted by the Third Way and redefined to a certain extent for their own purposes. Driver and Martell, as well as Wright and Gamble, suggest that it played a crucial role in the structure of the Third Way framework. 'Stakeholding', to New Labour, acts as the bridge that connects the community to its notion of social justice[508] and 'the requirements of a contemporary programme of equality and social justice'.[509]

As stakeholders, individuals and, to a considerably lesser extent, corporations, are connected by virtue of the fact they have a stake in the society around them. The idea is that this stake ensures a longer-term perspective rather than a short-termist approach that can be damaging to the community and also, for example, to the environment. To Mandelson and Roger Liddle, the terms 'community', 'stakeholding' and

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[506] Fairclough, *New Labour, New Language?*
[507] Masterman, *The New Liberalism*, p. 202.
[508] Driver and Martell, *New Labour: Politics after Thatcherism*.
[509] Gamble, Andrew and Tony Wright. 'Commentary' *Political Quarterly* Vol 68 No 2 1997: 125–27, p. 126.

'mutuality', go 'hand in hand' and it is the combination of these ideas, that they suggest, mean 'justice'.[510] Stakeholding then creates a virtuous cycle of investment and concern for the more human costs and benefits of decision-making. These are part of the responsibilities that are partner to the rights enjoyed by the society.

To Blair, the community was the environment of the private individual while the stakeholder economy was the context in which they operated in the business or working world. This related directly to the theme of inclusion as an objective both for the individual and the state. The notion of the 'stake' suggests a long-term timeframe that should encourage both to approach issues that require more basic reform such as structural unemployment, and the underclass, which is 'cut off' and thus, in his view, contributing not to the good of the community but to the unravelling of civil society.[511] Blair set out his vision of the stakeholder economy thus:

> I believe in a stakeholder economy in which everyone has the
> opportunity to succeed and everyone has the responsibility to contribute.
> It is based on the idea that unless we mobilise the efforts and talents of the
> whole population, we will fail to achieve our economic potential, and
> continue to fall behind. A stakeholder economy is one in which
> opportunity is extended, merit rewarded and no group of individuals
> locked out ... a stakeholder economy has as its foundation the economic
> stability that is necessary to plan and invest ... It requires more investment
> and better investment – notably capital spending through public-private
> partnership to regenerate our infrastructure, investment by industry,
> funded by patient and committed provision of capital from the financial
> sector.[512]

This kind of approach leaves itself open to the accusation that New Labour has created a moral imperative for the strong community and individuals, but that the parameters for industry and business are much less strident. Personal responsibility has come to the fore while the potentially more radical notions of corporate responsibility have moved to the background.

The idea of stakeholding is useful in that it provides the connection between the community and the economy and the state. Again to refer to Blair:

> The rights we receive should reflect the duties we owe. With the power
> should come the responsibility. This principle applies to us as individuals.
> We should take responsibility for our own actions, for our family. There
> are 'negative duties' not to infringe the rights of others. But positive

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[510] Mandelson and Liddle, *The Blair Revolution*, p. 19.
[511] Blair, Tony. 'The Singapore Speech'. 7 January 1996.
[512] Radice, *What Needs to Change*, p. 11.

duties exist also, towards the broader community. If society provides the chance to work and prosper, we have an obligation to take it and to contribute something back ... Then we have the duty collectively as society to create the opportunities for all to share in our prosperity. Without a stake in society there is precious little hope of people feeling responsibility towards it.[513]

First, the basic acceptance of the market-led economy implies that individuals must be prepared for the increased competition and different skill requirements of the market. To a certain extent, Blair concedes that the state cannot protect its citizens without their agreement to supply the flexibility required for a competitive economy. This is a crucial change in the balance of relations between the individual and their state or community.

Second, the difference between the individual as citizen and the individual as consumer or employee becomes a point of potential concern, as more responsibility falls on the individual. This feeds into other areas such as education, welfare provision and even the government's devolution agenda. Crouch, in his analysis of the emerging neo-liberal consensus, has clearly identified this shift in the balance between the market and in the individual:

> Stakeholding became little more than commending to employers the value of consulting their workforces. Nothing that might displease the neo-liberal business community, especially the financial community, could be risked. What could remain were policies to equip the population with first-class work skills, since this part of the institutionalist strategy involved adaptation of people to the needs of the markets rather than vice versa.[514]

But this goes to the heart of the relationship between government and the individual, at least as conceived by New Labour. Part of the new politics generally is deemed to be the empowerment of the citizen. New Labour has argued for more responsibility for the individual (while taking advantage of what that implies in terms of the ability of the state to retract).

New Labour argues that the market-driven economy is the engine of a successful country and therefore, that citizens need to be able to adapt to that rapidly changing environment if the country is to remain competitive. It is a circular argument. The country cannot be successful if the people do not take responsibility and if they do not

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[513] Blair, Tony. 'The Conservative Party seems neither to understand nor to act upon the concept of duty.' *The Spectator* 25 March 1995: 18.
[514] Crouch, 'The Terms of the Neo-Liberal Consensus', p. 358.

take responsibility the state will hold them accountable. There is a fundamental tension between the perceived needs of the market and the abilities of the individual to fulfil the expectations placed upon them by the state. The government wants to maintain the perception that it can retain control over its economic fate but argues that that control rests on the ability of the citizenry to change. Individuals and communities must endlessly adapt to the market or be held responsible for the consequences. Marquand rightly points to the weakness of this line of reasoning:

> In strict logic, perhaps, employee subordination may be compatible with citizen empowerment. The market realm and the political realm are distinct, and the norms that apply in one are not bound to apply in the other. But strict logic is rarely a good guide to politics, and there are at least two reasons for thinking that is it not the good guide in this present case. In the first place, the vision of the human self-implied by citizen empowerment differs radically from the vision implied by employee subordination. The citizenship ideal is one of participation, activity and self-development, and by the same token, of accountability, transparency and scrutiny. Good citizens debate, argue and question; they don't simply accept what is handed out to them. And they cannot switch off their citizen selves when they go to work. That of course, is what the early social democrats meant by social democracy. A democracy confined to the political sphere was no democracy; it has to embrace the social sphere as well. Citizenship was indivisible.[515]

This notion illustrates in some fundamental ways the core of the approach of New Labour to the role of both the individual and the state. To refer to Driver and Martell again:

> Stakeholding is expressed more as meaning, in a weaker sense, giving the un-employed a stake in society by helping them back to work; a leg-up into the economy through Labour's supply-side education and training proposals. Worthwhile as this may be, it is some distance from the radical stakeholding about corporate accountability.[516]

Ryan also points out this tendency in his article, 'Britain: Recycling the "third way"': 'the emphasis on work as a means to membership in the wider society is itself a "third way" thought'.[517]

The state appears to have a role as neither provider of first nor of last resort. 'The role of Government is not to command but to facilitate, and to do so in partnership with

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[515] Marquand, 'After the Euphoria: The Dilemma of New Labour', pp. 336–37.
[516] Driver, Stephen and Luke Martell. 'New Labour's Communitarianisms.' *Critical Social Policy* 17.3 (1997): 27–46, p. 42.
[517] Ryan, 'Britain: Recycling the Third Way', p. 78.

industry in limited but key areas.'[518] This illustrates the macro view of the state but this individual/state split is further illustrated by his list of the characteristics of the welfare state:

> Tackling social exclusion, from decayed communities to drugs and
> unemployment; mutual responsibility – a hand-up not a hand-out; help
> focused on those who need it most; an end to fraud and abuse;
> public/private partnership on welfare delivery; a re-emphasis on active
> welfare, schools and health, not just benefits.[519]

The overriding image is that rather than a partnership between the employed and the employer with rights and responsibilities accruing to each, work has become almost a kind of key to membership in society as a whole. The state is limited to providing the tools of opportunity and equality but the individual is held up to a state-devised standard with the sanction of withholding support.

Though it was one of the more popular of the New Labour ideas, the stakeholding concept was ultimately dropped before the 1997 election. This may have more than one explanation. Employers saw at least part of this agenda as being a step towards a more continental employee consultation process and therefore shied away from it. Charles Leadbeater and Geoff Mulgan suggest it was a difficult concept and not clear enough. They did try to clarify its strengths in their pamphlet: '"Mistakeholding" – whatever happened to Labour's big idea?',[520] but given that the main thrust of their argument is the deconstruction of the arguments of Will Hutton and John Kay – the 'stakeholding economists' and previously advisers to the Labour Party – it may also be safe to assume that the language changed because there was a disagreement between those who developed the language of stakeholding and those who wanted to change it to suit their political agenda. Whatever its exact provenance or continued usage, the concept behind stakeholding continued to pervade thinking.

Community

Stakeholding implies a sense of community, be it a community of individuals or of groups, corporations or even the state. To have a stake in something suggests a wider group in which there is something to be held in esteem, or of value as a stake. In

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[518] Blair, Tony. Speech to the CBI, 13 November 1995, quoted in Blair, *New Britain: My Vision of a Young Country*, p. 110.
[519] Blair, quoted by White, Michael. 'PM's 20-year target to end poverty.' *Guardian* 19 March 1999.
[520] Leadbeater, Charles and Geoff Mulgan. *Mistakeholding: whatever happened to Labour's big idea?* London: Demos, 1996.

Blair's mind it is clear that this is where the community comes into its own. To Blair, 'community' is strongly linked to ideas such as a new social contract and the rights and responsibilities of the citizen. Even more basic to his notion of community however, is his idea of duty. Duty, in Blair's terms, almost precedes community, forming, as it does, 'an essential Labour concept', and, being 'at the heart of creating a strong community or society'.[521]

The link can be seen more clearly in his argument to the Institute of Public Policy Research:

> The new centre left recognises the importance of community, of the cultural and moral bonds which unite us. We understand that individuals need the common boundaries and mutuality of communities. Based on duties as well as rights.[522]

Again, this was a fault line with Labour Party history as the 'rights culture' was deemed to be a problem of 'old Labour'. Gordon Brown was also involved in the discussion of community as part of a responsible civic society and the confessional tone that the left, however constructed, needed to somehow admit that responsibilities were part of the social contract:

> In other words the left have accepted that personal responsibility is necessary to social progress ... a more balanced approach has emerged, one that sees the individual enhanced by a supportive community and envisions a strong and effective civic society.[523]

The idea of community is applied to almost any situation. Giddens and Mandelson both suggest that it can be used synonymously in a range of applications. Mandelson argues that the concept should not have been conceded to Labour's political opponents as the principles of 'working together, mutuality and justice start with the family itself',[524] while Giddens lifts it to the larger scale of globalisation and identifies 'community' as an important part of the shift of power both upwards and downwards as community then forms a necessary link in that change so that local people and areas can take control back to themselves.[525]

But it is Blair that specifically set out a notion of community that includes not only the individual but goes on to apply the same logic to the international community. In

[521] Blair, 'The Conservative Party seems neither to understand nor to act upon the concept of duty', p. 18.

[522] Blair, Tony. Untitled speech delivered on the 10th Anniversary of the Institute of Public Policy Research, 14 January 1998.

[523] Brown, Gordon. Untitled speech at the NCVO Annual Conference, 9 February 2000.

[524] Mandelson and Liddle, *The Blair Revolution*, p. 20.

[525] Giddens, *The Third Way: The Renewal of Social Democracy*.

his famous 'Chicago speech' in 1999, Blair personifies the state and suggests that states should, in effect, act like individuals. If the state becomes aware of some immoral or unjust act it should use its powers and intervene. This approach represented a departure both for British foreign policy as well as for basic theories of international relations. Traditionally, the state is seen as being different in fundamental respects from individuals. The community of states is similarly different. Not much progress has been made on this statement since it was made, but its aspirations are evident in the work of other Third Way thinkers. (see more below)

As indicated, David Held has been involved in the development of the Third Way. His primary focus has been on the issue of global governance and responsibility. As suggested in Chapter One, his views of globalisation support the idea of an inevitable and multi-faceted process that will only be contained by a change in state role and more coordinated efforts across borders. The result, in his view, is a global civil society that is able to contain globalisation for the benefit of the people.

In a similar vein, Mary Kaldor, an adviser to Robin Cook while he was Foreign Secretary, argues that countries which are democratic, are also peaceful – at least with each other. In an argument that sounds remarkably like the free-trade supporters at the end of the nineteenth century, Kaldor argues that by enmeshing states in networks of trade and commerce, as well as through building their democratic institutions, the world becomes a safer place. This current version of what is termed 'democratic peace theory' has gained support within the International Relations discipline, and particularly in the US, where it supports the government's view of promoting free markets across the world.

Communitarianism

It is a short step from the notions of 'community' to the approach of 'communitarianism'. The term was coined in 1841by the founder of the Universal Communitarian Association. Ironically, to him and others in the critical period at the end of the nineteenth century, it meant (as defined for the first time in Webster's dictionary of 1909) 'a member of a community formed to put into practice communistic or socialist theories'.[526] More recently, it gained popularity in the US at the time of the Third Way debate and positionally provided more links between the Labour Party and US thinking – examined in depth in the next chapter.

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[526] Etzioni, *The Essential Communitarian Reader*, p. ix.

For the Labour Party it represented a considerable shift in both language and intent. This more specific understanding of the term community was built into the New Labour project as fundamental. Like the Third Way, the flexibility of the term has enabled New Labour to fill the concept with its requirements. In this case, they have used a relatively moralistic and prescriptive approach. The beauty of such a concept for the Labour modernisers is that communitarianism provides at one and the same time a critique of social democracy and of liberalism.

The language used by Amitai Etzioni, another influence on the Third Way from the US, established 'duty' as a fundamental aspect of the new politics as a powerful counter to the 'rights culture' of Old Labour. As Driver and Martell argue:

> New Labour sell community as the hangover cure to the excesses of Conservative individualism. Community will create social cohesion out of the market culture of self-interest. And in Labour's dynamic market economy, community will also be good for business, underpinning economic efficiency and individual opportunity.[527]

Etzioni's communitarianism

Etzioni's work on a resurgent communitarianism, with its strong moral tone, coloured the Third Way. He argues, that the web that is society, and more specifically the communities in which we live, have not been given enough of a voice in the debate between market and the state and suggests that the balance between individual rights and social responsibilities, or autonomy and the public good, has been skewed:

> There have been marked change in the public vocabulary and dialogue; the term communitarian and communitarian concepts have been added to that of both liberals and conservatives as a recognised 'third way'... the new communitarians have been concerned from the onset with the balance between social forces and the person, between community and autonomy, between the common good and liberty, between individual rights and social responsibilities.[528]

However, what seems to be left out is the way in which these communities reflect diversity or pluralist ideals. Despite the fact the communitarian platform indicates that the 'responsive community' recognises the human needs of all of its members, it has little to say on how the community is defined, who establishes its membership, the sanctions it is enabled to apply, and the ability of those who disagree to do so and still

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[527] Driver and Martell, 'New Labour's Communitarianisms', p. 27.
[528] Etzioni, *The Essential Communitarian Reader*, p. x.

remain in good faith. In short, the concept of the legitimacy of the community is so strong that it leaves room for the abuse of those who are not somehow deemed to be of the community.

This kind of reservation is made by the likes of Marquand, who argues that in the face of globalisation, there may indeed be a crisis of community but that the Etzioni approach is more akin to a 'counsel of despair'. He proposes that rather than communitarianism of this variety the answer lies more in what he calls the Christian socialist approach of 'subsidiarity'. The principle of taking decisions as close as possible to the community most affected, is, to Marquand, more just, more cohesive and more legitimate.[529]

Outside the party, there was also scepticism as to the usefulness of a concept that could be so differently interpreted. The main concern of such commentators was the creeping coercion within the New Labour notion of community. Driver and Martell suggest that such strength given to 'community' somehow ends up shaping the individual or that the individual only has value 'within the context of society'[530] or perhaps worse, that community 'may just be a synonym for the state',[531] though Blair specifically suggests that that is not his intention. He argues that 'community cannot simply be another word for "state" or "government". Both of these have a role to play, but we should aim to decentralise power to people, to allow them to make important decisions that affect them.'[532]

However, Freeden is similarly concerned that community 'has lost the inclusive organic nature typical of mainstream social democracy and has become startlingly majoritarian ... communal membership is not ascribed but earned; it is not a status but an activity.'[533] This fear of authoritarian power to the community was also clear, as Martin Powell has pointed out. While community is central to the goal of inclusion for the Third Way, there are potential contradictions in the approach, as inclusion needs to be reconciled with its potential implications. In other words, who will be excluded if they do not live up to community standards? As he puts it: 'Labour has claimed that the third way is a new and distinctive concept that can be mapped out for different policy areas. However, despite some central themes, it is not a coherent concept...Instead it appears to be all things to all people...Neither does it appear to be new: arguably some of its key components...have their roots in the New Poor

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[529] Marquand in Radice, *What Needs to Change*, pp. 76–77.
[530] Driver and Martell, *New Labour: Politics after Thatcherism*.
[531] Driver and Martell, 'New Labour's Communitarianisms', p. 36.
[532] Blair, *New Britain: My Vision of a Young Country*, p. 298.
[533] Freeden 'True Blood or False Genealogy', pp. 161–62.

Law and in the writings of New Liberals...'[534] The rhetoric of inclusion, however commendable, leaves some unanswered questions. Who is part of this included group? Citizens are an obvious category, but what about those applying for citizenship, such as asylum-seekers or refugees. Using the oft-used exhortation of the duties and responsibilities of the individual, how far does this global citizenship also require responsibilities from the nation state and, if so, what are those requirements?

Finally, Callinicos takes issue with the idea that community can be some kind of 'master concept' that can be applied 'on the international as well as the national level', that the 'doctrine of international community implies, according to Blair, that the principle of non-interference implied by the notion of national sovereignty can, in certain circumstances, be overridden'.[535]

Competitiveness

Closely linked to the key position given to globalisation and stakeholding is the idea of competitiveness. As discussed previously, this idea operates in much the same way as the idea of 'efficiency' did in the late nineteenth century.

The serious threat of globalisation could only be countered, according to the Third Way analysis, by becoming more competitive. This worked entirely in line with other notions of stakeholding and community, as well as responsibility and rights. The government or the state's job was to provide opportunities and favourable conditions, but it was down to the individual to take advantage of those opportunities and compete in the global marketplace. In effect, it was the state's function to provide welfare, but to make the world of work the place to be. Work was the individual's passport to belonging – thus it becomes their job to get off welfare.

Blair made this point consistently, including to the Commonwealth Heads of Government, where he stated that the UK's goal was 'to combine a highly creative modern economy, able to compete with all comers in the global market with a decent one-nation society',[536] and again to a domestic audience at the Lord Mayor's banquet, in almost exactly the same terms: 'We compete on brains not brawn ... Britain must reinforce its position as champion of free trade throughout the world. We are above

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[534] Powell, Martin. 'New Labour and the third way in the British welfare state: a new and distinctive approach?'. *Critical Social Policy* Vol 20(1) 2000:39-60, p. 57.
[535] Callinicos, *Against the Third Way*, p. 70.
[536] Blair, Tony. 'Building a Commonwealth for the 21st Century', speech delivered at the opening ceremony of the Commonwealth Heads of Government Meeting, 24 October 1997.

all, a trading nation, open to the world and ready to compete on a level playing field with all comers.'[537]

Education and the welfare state were crucial to this analysis, as Blair pointed out to the French Assembly – a country with a very different understanding of globalisation:

> The role of government becomes less about regulation than about equipping people for economic change by focusing on education, skills, technology, high-quality infrastructure and a welfare state which promotes work and makes it pay, this is the third way: not laissez-faire, not state control and rigidity, but an active government role linked to improving the employability of the workforce.[538]

Finally, he made the same point again at the Economics Club in Chicago by arguing that only by 'competing internationally can our companies and our economies grow and succeed'.[539]

The imperative of globalisation argues that the state can only help prepare its citizens for the domestic marketplace, which flows into the global marketplace. As Lindsey German pointedly comments in 'The Blair Project Cracks':

> All that governments can do is create skilled and educated workforces, prepared to work flexibly to suit the demands of global capital, which can only be subject to minimal controls or regulation – for example, a minimum wage, but one set at a sufficiently low rate so as not to deter capital. Tax and wage rates have to be 'competitive' in order to attract investment; hence the boast that corporation tax is one of the lowest in the world.[540]

This is put into the language of both competition and cooperation. The Blair's internationalism is contrasted with the narrow nationalism of the Conservative Party, but both the international and the national remain 'two aspects of the new global order'[541] as states must compete and cooperate in the modern world if they are to be successful and at peace.

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[537] Blair, Tony. 'The Principles of a Modern British Foreign Policy', speech delivered at the Lord Mayor's Banquet, 10 November 1997.
[538] Blair, 'The Third Way', 24 March 1998.
[539] Blair, 'Doctrine of the International Community'.
[540] German, 'The Blair project cracks', p. 8
[541] Fairclough, *New Labour, New Language?*, p. 32.

Conclusion

The Labour Party was faced with a transformative moment in which there was change at all levels. The domestic political environment had been fundamentally changed by the Conservatives, and particularly by Thatcher. Her links to the US had compounded this change by giving it an international focus and support. Europe was in flux as the fall of the Berlin Wall created new dangers, but also a new frame for political debate. The Labour Party was thrown back on its own devices and forced to develop a new frame.

While accepting the core framework of globalisation and Thatcher's basic economic position as a starting point, the modernisers within the Labour Party created not only New Labour as a vehicle, but also the Third Way as a specific response to the dominant issues.

The concepts outlined provided the positional attitudes and definitional features needed for a new domestic political approach. However, from the outset, New Labour and the Third Way also claimed that the renewal of social democracy had European and even global relevance. The blurring of the boundary between the domestic and the international that was part of the 'global order' affected not only 'high' foreign policy but other areas of foreign involvement, such as development.

In the next chapter the impact of the Third Way approach on definitions of sovereignty and state boundaries will be examined using the statements of players in the development of that policy. This provides background and a link to an examination of the 'global' Third Way. The US and Germany provide advanced and relevant examples. Finally, New Labour involvement with a wide range of other states identified as collaborators in the Third Way philosophy will be looked at through the progressive government summits in which the UK was instrumental.

Chapter 11

The domestic/international frontier of the Third Way

In the previous chapter the basic building blocks of the Third Way were examined for the way in which they formed a synthesising philosophy in response to a dramatic transformation.

The concepts, held in common with the New Liberalism, were part of an overall political narrative designed to maintain the state's credibility in the face of a potential crisis of legitimacy. A conflated concept of globalisation acted as a crucial explanatory feature of that narrative, and provided both a domestic and an international point of departure for the debate within the UK, and between the UK and other countries, particularly in Europe.

This chapter will look at the impact of the understanding of globalisation as a concept in the externally facing areas of government, i.e. foreign affairs and development policy, where the boundaries between domestic and international meet in terms of practical policy. Rather than case studies, the chapter will examine New Labour's concept of globalisation as it impacted three things: the government's understanding of the interplay between 'domestic' and 'foreign'; its working notions of sovereignty; and finally, its perception of the potential role of the UK in its understanding of international community.

The global nature of the Third Way will also be examined with a look at two close cousins of the UK debate, the US and Germany. The relationship between the US and the UK, as effectively the co-founders of the concept, is particularly important, while the German version of the Third Way will be explored as the continental counterpart. The German example is also relevant given that country's importance in the development of social democracy, as demonstrated in previous chapters.

An illustration of the international influence of the Third Way will also be examined through the development of the progressive summit meetings instigated and promoted by the UK. These events initially tended to take place in the margins of other global governance occasions, for example the G8 or the UN Millennium Summit. However, more specific Third Way events were also developed to discuss shared issues and best practice. These were not in the same vein as the Internationals of the late nineteenth century, as they were designed for elite groups of leaders, academics and others deemed to be 'within' the project – initially from the US and

the UK. However, as they expanded they became more similar to these previous events in that they provided an opportunity for ideologically like-minded parties to reach across international boundaries on common issues. They demonstrate the new politics of the frontier possible at times of transformation.

'Foreign' starts at home – sovereignty and globalisation

As discussed in Chapters One and Two, globalisation has a significant impact on notions of sovereignty, at least as traditionally understood by the International Relations discipline. The discipline's idea that the state cannot or should not interfere with other such entities is under pressure. Many globalisation theorists argue that forces outside the state will compel it to act in ways that are not in the interests of the state or its citizens, but those of capital markets or business.

For Labour leaders, globalisation presents a modern Pandora's box. They needed an external challenge to create an imperative for internal and domestic change but they also wanted to retain their credibility and perceived ability to deliver protection to their citizens. They opted to open the box, freeing arguments of global forces and diminished state control. However, they responded with new ideas of sovereignty and international community that suggested that globalisation could be harnessed as long it was understood and dealt with at the right level. This put the Labour Party in a powerful position by enabling its leadership to portray themselves as the party best prepared to help the UK (and other countries) through the transition.

As Giddens points out, the idea of a traditional Realist approach to states and the society of states seems out of date. Giddens argues that the 'enemy' is no longer states or people, but issues and forces in the global world. His line is that any state operating with a traditional view of power will be out of step and, more importantly, unable to recognise the correct approach to the problems they face. In the same way in which the Third Way often compresses levels of analysis by conflating terms such as civil society or community and applies them to all levels despite the different prominence of the various actors at these levels, he argues for the creation of a 'global civil society'. He does not clarify whether or not it is comprised of individuals, organisations or states, but he does want it to recognise 'risks and dangers': 'Realism is the wrong term, since the beliefs to which it refers are becoming archaic'[542] To Giddens, globalisation is not just about closer ties between nations, or a kind of

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[542] Giddens, *The Third Way: The Renewal of Social Democracy*, pp. 137–38.

'internationalism', but a different kind of sovereignty. He accuses Realism of being a 'self-defining theory' and thus out of date in the global age.[543]

Similarly, Jean Grugel suggests that the blurring of the boundaries between the domestic and the international also challenge the nature of democracy. She calls this a 'post-sovereign citizenship' and, like Giddens, indicates that there seems to be a global constituency that is no longer held within the confines of a nation-state. This disconnect between the state and its people creates a challenge to the basic Realist assumptions of a self-contained state.[544]

These issues put the state 'on the horns of a dilemma' as Jürgen Habermas put it, in a very practical way. States need revenues to deal with the implications of the global economy and to ensure continued state growth lest they risk being overtaken in terms of their competitiveness. This is increasingly difficult to achieve within the confines of the nation-state, as areas from which states would traditionally raise such funds are no longer located within their territory or control.[545]

Globalisation therefore presents a problem, not only on a global level but also for day-to-day politics because it potentially threatens the taxing power of the state and thus its ability to provide welfare. It suggests that forces outside the state impel governments to respond if the state is to be able to support the economy and thus the well-being of the citizens. In a globalised world, this is often done through multilateral negotiations or agreements rather than traditional state-centric action. However, that inevitably means that the state has conceded power to those outside the state – a difficult position for a government to sustain if traditional notions of sovereignty are applied.

Domestic/international frontier

For politicians, problems along the domestic/international boundary are usually considered part of 'foreign policy'. As we shall see, certain ministers played a role in presenting the Third Way understanding of globalisation by their response to the problems in their externally facing departments where sovereignty is a daily issue.

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[543] Ibid.
[544] Grugel, Jean. 'Democratisation studies and globalisation: the coming age of a paradigm', *British Journal of Politics and International Relations* Vol 5 No 2 May 2003: 258–83, p. 261.
[545] Habermas, 'The European nation-state and the pressures of globalisation', p. 50.

Blair set out the basic view that 'foreign' could no longer be considered to be something 'out there', apart or separate from the rest of government policy. As discussed previously, this was due to the fact that the communications revolution made foreign events a part of domestic debate. Any perceived inconsistencies in government policy could be instantly brought back to constituents. It was no longer possible that foreign policy might remain unseen by the electorate. Thus, it was argued, that it became even more necessary to ensure that foreign policy formed a whole with the rest of government policy.

Effectively, government reputation could potentially be damaged if it could be shown that foreign and domestic policy did not match. As Blair argued within months of taking office, 'Foreign policy shouldn't be seen as some self-contained part of government in a box marked "abroad" or "foreigners". It should complement and reflect our domestic goals. It should be a part of our mission of national renewal.'[546] However, it should be pointed out that, by and large, people are still motivated more by domestic issues than foreign. It is the instances in which government is perceived to be inconsistent that create electoral issues.

The blending or complementarity of foreign and domestic is also present in Christopher White's suggestion that one way through the problem for Blair and Cook in particular was to suggest the idea of 'pooled sovereignty', a notion used by Geoffrey Howe while Conservative Foreign Secretary under Thatcher. This idea enables the state to overcome the difficulties of forces acting on the single state by sharing their impact. In other words, though the individual state may not be able to confront or defeat these forces, by pooling sovereignty states were once again able to withstand the pressures in the global system.[547] States were no longer able to implement 'go-it-alone' national or state-centric policies but they were able to retain more control if they cooperated — a central theme to Blair.

Peter Hain, while Minister for Europe at the Foreign Office, made this point in a major set-piece speech on the 'end of foreign policy' in 2001. He argued that the 'blurring … sometimes to vanishing point' of the difference in the interests of various states or even between what had been understood as foreign or domestic policy, required a new approach by states as to the best way to achieve their domestic — and foreign — objectives. This was achieved, he suggested, through linkages between states on a common purpose. This was presented as a political as well as a policy challenge,

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[546] Blair, 'The principles of a modern British foreign policy', p. 5.
[547] White, *The Function, Significance and Limitations of 'Globalisation' in the New Labour Discourse*.

thus making an obvious connection between the international and the domestic, but also between the theory and practice of politics.

Hain argued that the traditional levers of statecraft are not suited to a world in which territories and boundaries are no longer as relevant as before. In a phrase which became popular he contended that the new politics needed 'joined-up thinking' along several axes. Domestic departments needed to communicate more on issues that were no longer held within departmental confines and the internal and external 'faces' of the state needed to communicate more as well as communicating more with other states on issues that are more about domestic than foreign policy. Immigration, drugs, the environment and, more recently, terrorism are often held out as issues that have no boundaries within governments or between states. He suggests that only through these new 'organising principles' would it be possible to 'once again shape events rather than be buffeted by them'.[548]

UK as pivotal

Blair takes up this idea that sovereignty gains in strength through a more effective use of the linkages in the new global system to develop a specific role for the UK. He felt the UK role was as a pivot point: 'building on the strengths of our history, it means building new alliances; developing new influence, charting a new course for British foreign policy'.[549]

While he appreciated that there was little scope for a medium-sized state in an 'enemy-dominated' world, there was potential for influence in an issue-dominated one, by linking with other states in order to display and deploy power. Those links would help the state achieve both international and domestic objectives not possible operating alone. Of course, this positional attitude also dealt neatly with the reality of the UK's position and its inability to compete in a more traditional military way. Blair clearly sees this as part of modernity, or of the modern state generally, as well as his notion of a modern UK.

At the outset of the Labour government, in an opening speech to the Commonwealth Heads of Government, reminiscent of Winston Churchill's famous

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[548] Hain, Peter. *The End of Foreign Policy? British Interests, Global Linkages and Natural Limits*. London: The Royal Institute of International Affairs, 2001, p. 25.
[549] Blair, Tony. 'Britain's Role in the EU and the Transatlantic Alliance', speech delivered at a luncheon to mark the 150th Anniversary of the Associated Press, 15 December 1998.

'three circles of influence' speech, Blair stated simply: 'Our aim is to be pivotal. To use our unique position at the cross-roads between so many international bodies ... We will be measured by what we are and what we stand for, not by what we were.'[550] Blair identified this as the UK's best position in its 'post-empire days'. The UK was no longer a superpower and lacked military might, but that need not mean the country remained without power or influence. 'We can make the British presence in the world felt ... we can be pivotal. We can be powerful in our influence – a nation to whom others listen.'[551]

International community

Blair also sets out his understanding of the term 'community' in the international context, which is rather different than that commonly used in UK foreign policy. In his Chicago speech discussed in Chapter Ten, Blair argues not along the traditional British lines of pragmatism but for a new 'doctrine of international community' which encompasses both cooperation, and potentially, competition but within a clear rules-based frame. It is worth looking at his programme in some depth.

> On the eve of the new millennium we are now in a new world. We need
> new rules for international co-operation and new ways of organising our
> international institutions...We need to focus in a serious and sustained
> way on the principles of the doctrine of international community and on
> the institutions that deliver them. This means:

> 1   In global finance, a thorough, far-reaching overhaul and reform of the
>   system of international financial regulation ...

> 2   A new push on free trade in the WTO ...

> 3   A reconsideration of the role, workings and decision-make process of
>   the UN, and in particular the UN Security Council.

> 4   For NATO, once Kosovo is successfully concluded, a critical
>   examination of the lessons to be learnt, and the changes we need to
>   make in organisation and structure.

> 4   In respect of Kyoto and the environment, far closer workings between
>   the main industrial states and the developing world as to how the
>   Kyoto targets can be met and the practical measures necessary to slow
>   down and stop global warming; and

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[550] Blair, 'Building the Commonwealth for the 21st century'.
[551] Blair, The principles of a modern British foreign policy'.

5   A serious examination of the issue of Third World debt.[552]

As well as a discussion of these international institutions, Blair also proposed a new version of what constitutes a 'just war'. Given the arguments of Gladstone and Harold Wilson before him, some argue his version of community and the 'ethical dimension' was 'not new, merely the latest development of this tendency,'[553] or part of the long Idealist, progressive tradition, while others suggested that the Chicago speech may well be looked upon as a significant turning point for British foreign policy, as it extended Blair's ideas of a moral and enmeshed community to the international level. It was, in Blair's view, simply the result of globalisation.

> In other words, the changing global context is inducing economic and social reform 'at home' as well as shining a spotlight on the 'common problems' facing all states and peoples. Blair's way of dealing with this challenge is by developing the institutions and rules for collective action among the members of the international community. As noted at the outset, the parallels with these arguments and an English school approach to international relations are striking.[554]

As Dunne and Wheeler point out, Hedley Bull argued that 'solidarism' (Bull's term for international community) was, in his time, premature. However, they suggest that the end of the Cold War, combined with the forces of globalisation, could mean that the kind of international community proposed by Bull and taken up by Blair had become possible.[555]

However, most observers also suggest that this high ideal for foreign matters has not been delivered. Christopher Hill, for example, suggests that the Chicago speech in particular should be 'commended for its thoughtful approach'[556] but, concludes that, as yet, there has been 'little follow-through in terms of the doctrine or efforts to obtain international consensus around it'.[557]

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[552] Blair, 'Doctrine of the International Community'.
[553] Vickers, Rhiannon. 'Labour's Search for a Third Way in foreign policy' in Little, Richard, and Mark Wickham-Jones eds. New Labour's Foreign Policy: A New Moral Crusade? Manchester: Manchester University Press, 2000, p. 36; Hill in Seldon, The Blair Effect.
[554] Dunne, Tim and Nicholas Wheeler. 'The Blair Doctrine: advancing the Third Way in the world' in Little and Wickham-Jones, New Labour's Foreign Policy, p. 63.
[555] Ibid.
[556] Hill in Seldon, Anthony. The Blair Effect, p. 342.
[557] Ibid.

Mission statements abroad

These perspectives can be illustrated by two specific areas of government: traditional foreign policy and development policy.

Within days of taking government, New Labour set out this departure as Robin Cook, the new Foreign Secretary, presented a 'mission statement' for the Foreign Office. He declared that the government would pursue an 'ethical dimension' to foreign policy. This attracted comment from journalists and politicians over the coming months, including the previous Conservative Foreign Secretary Douglas Hurd, who declared it 'a nonsense'.[558] Cook denied that he had intended that all policy would be set against some ethical criteria, rather that the ethical dimension would be considered alongside the practical and tactical implications – but the media was hostile, or at least sceptical. Meanwhile, also within days of taking power, Clare Short, the new Minister for International Development, set out her mission statement of sorts – Short's speech gained almost no coverage.

We must leave to one side the value of ethical foreign policy, which resonates with the idealist tradition, but appeared naïve to modern observers, and likewise not pursue the question of whether or not Cook and Short were fully motivated by the Third Way, given their subsequent departures from government putatively on ethical grounds. The important element to bear in mind here is simply that both Cook and Short identified the same link between the domestic and the international. A shared understanding of the logic of globalisation was driving their view of their external roles and having an impact on their perceptions of Britain's role. They had taken the analysis of the UK as a 'pivotal power' within a new form of international community and applied that to their receptive areas of concern.

Thus, at the FCO launch, Cook called it an 'age of internationalism' driven primarily by information. He stated that:

> The global economy is stimulating growth in trade between nations at double the rate of growth in output within their economies. The information revolution has produced satellites and fibre-optic cables that enable us to communicate with other countries as rapidly as with the next room ... We live in a world in which nation-states are interdependent. In that modern world foreign policy is not divorced from domestic policy

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[558] Cornwell, Rupert. 'That tricky blend of realism and idealism.' *Independent* 13 November 1997; Riddell, Peter. 'Wrestling with the Demons.' *The Times* 24 November 1997; Watt, Nicholas. 'Hurd ridicules Cook's ethical policy 'nonsense'.' *The Times* 17 December 1997.

but a central part of any political programme. In order to achieve our
goals for the people of Britain we need a foreign strategy that supports the
same goals.[559]

Barely two weeks later, although not proposing an ethical dimension but certainly a
'moral' element, Clare Short declared that:

> What we want to see is a global society in which people everywhere are
> entitled to live in peace and security with their families and neighbours ...
> In brief, we want to see a global moral community ... I am concerned to
> ensure that the objectives which we now are seeking to promote in
> developing countries are fully consistent with those which this
> government wants to promote at home ... Globalisation increased the
> need for and the possibility of solidarity between people of all nations.[560]

'Globalisation' and 'foreign'

Globalisation acted as an imperative for domestic policy but the way in which it is
reconciled with areas of government whose job it is to interact with the outside world
presented a particular set of issues. The Department for International Development
crosses over the domestic/international boundary in a different way than any other
department, including the Foreign Office, because DFID operates with and through a
vast number of international institutions and aid organisations. Its main mode of
operation is not as a unilateral state acting in its own sovereign interests but as a part
of a much wider coalition of both governmental and non-governmental sources of
funding, power and information. They operate in what could be called a pluralist
paradigm rather than realist one. The department also operates on the kind of long-
term timescales that are not conducive to modern communications; thus it often
escapes public or press attention.

Short was considered by most to be more of an old-fashioned socialist or of the left,
and therefore an interesting convert. However, as she developed her role in the
department, it is less difficult to see how her proclivity towards old-style Labour state
intervention and the Third Way driver of globalisation were combined.
Development, unusually amongst government departments, and certainly unlike the
Foreign Office, tends to be able to skirt around issues of sovereignty. States accepting
aid or support can be limited in their ability to insist on their full rights as sovereign

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[559] Cook, Robin. 'British Foreign Policy', speech delivered at the Launch of the FCO Mission
Statement, FCO, 12 May 1997.
[560] Short, Clare. 'The Role and Functions of the Department for International Development', speech
delivered at the School of Oriental and African Studies, 28 May 1997.

entities, and thus Short was able to exercise her tendency to top-down approaches with little resistance from recipient states.

Unusually, Short refers to the ideological history of the Third Way and gives it a very socialist interpretation. She suggests that ideologies upon which the old politics were based – the 'omnipotent state' or the 'perfection of markets' – were both wrong-headed, and therefore a 'new synthesis' was called for. Part of that synthesis, in her view, was an appreciation that globalisation is a 'fact of life', an 'unstoppable' feature of modern life that could be used to the benefit of people – if only the benefits of it could be fairly distributed.[561]

To Short, it seemed clear that globalisation was the result of a shift in technology and economics, in the same vein as the shift from 'feudalism to industrialisation' that 'remade the whole political and economic organisation of the world'. Information technology and more general technological change had unleashed forces that countries must deal with. However, if managed carefully, they could also be used to lift more people more quickly out of poverty.[562] In a vein reminiscent to that of Blair's international community, Short also links globalisation and the need for renewed international institutions, and a more 'global' approach by individual states to such institutions. In a direct comparison to the reasons why such institutions were developed at the end of World War II, she calls on progressives to come forward to develop an international framework in which the forces of globalisation could be tamed and managed.[563]

She does not claim that globalisation is good or bad but merely, that it is a 'reality' – but one that can and must be controlled.[564] She further argues that if the benefits are not spread more equitably, there is inherent risk and uncertainty as the gap between rich and poor will inevitably become wider.[565]

George Foulkes, Parliamentary Under-Secretary for International Development at the time, echoes this point almost word for word in his speech to the Commonwealth

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[561] Short, Clare. 'Development and the Private Sector: A Partnership for Change', speech delivered at the Institute of Directors, 8 July 1997.
[562] Short, Clare. 'The challenge for the UN in a globalising world', speech delivered at the Rockefeller Foundation, 26 October 1999; Short, Clare. 'Globalisation: Meeting the Challenge', speech delivered at the Friends Meeting House, 23 January 1999.
[563] Ibid.
[564] Short, Clare. 'Shaping Globalisation to Benefit All – Better Health for the Poor and Global Public Goods', speech delivered in Geneva, 19 October 1999; Short, 'The challenge for the UN in a globalising world'.
[565] Short, 'Key drivers and channels for corporate change'.

Trade Union Council Conference, 'Responsible business: a government perspective': 'Globalisation is generating increasing wealth. But it is also generating great instability.'[566] Hain, from the Foreign Office perspective, also echoes this thought, quoting Short as saying that globalisation is 'unstoppable' and also makes the link back to technology and even to 'high' foreign policy when he suggests that it is not possible to stop globalisation any more than it is possible to 'uninvent nuclear weapons'.[567]

In this overtly political context, unlike the more academic theories of globalisation discussed in Chapter One, technology becomes the core explanation of how globalisation came into being. This is true of Hain, who agreed with Giddens that it is not a single process or some kind of 'rising tide', but 'separate but entwined forces' primarily driven by communication and the links between this kind of rapid communication and financial markets and capital. Cook, at the head of the most classically defined external department, did not generally use the term 'globalisation'. He relied instead on the more familiar idea of 'interdependence' to portray the same process. He argued that:

> Globalisation is the common term to describe how in today's world we are interdependent with each other rather than independent of each other. We are bound together by our deepening links in trade and investment, in travel and communication. What happens in one country can have a direct impact on the prosperity, the security and even the climate of countries on the other side of the world.[568]

Cook was a consistent follower of the Third Way line that globalisation is driven by communication and technology. He regularly reinforced the characterisation of globalisation used by both Giddens and Blair, that it had fundamentally altered both time and space – thus bringing the whole argument right back to those used by the New Liberals:

> Through electronic media we are more aware of each other's affairs. What happens in our homes, on our streets and in our place of work is often profoundly affected by events beyond our borders … the implication of this connection between the domestic sphere and international events is clear.[569]

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[566] Foulkes, George. 'Promoting Responsible Business: A Government Perspective', speech at the Commonwealth Trade Union Council Conference, 29 March 1999.

[567] Hain, *The End of Foreign Policy*, p. 28.

[568] Cook, Robin. 'Conflict Prevention in the Modern World', speech delivered to the 54th session of the UN General Assembly, 21 September 1999, p. 3.

[569] Cook, Robin. 'Peace and Prosperity', speech delivered at the London Diplomatic Corps Annual Reception, FCO, 12 June 1997.

Or, in language even more familiar, 'Communication around the globe is becoming faster and distance between us are becoming shorter ... Our countries are increasingly interdependent. The challenges we face are global challenges and we must face them together.'[570]

The global Third Way

The proponents of the Third Way have argued that it is not a UK-only project; it can be helpful to any European social democracy. This was possible, they argued (as discussed previously) because European social democracy grew out of similar historical conditions both at the end of the nineteenth century and at the end of twentieth century, both periods of 'revisionism'.[571]

New Labour endeavoured to portray itself as being 'in the vanguard of a new politics' and part of a new 'radical centre', a perspective that seemed to gain public support on an international level;[572] and further, that this broad international trend was unified in its desire to, 're-prioritise liberal values and practices within social democracy, in particular to make social democracy more market-friendly'.[573]

Even before Blair took up the Third Way, social democrats around Europe were beginning to move in this direction. The demise of the manufacturing working class and the rise of a professional service-oriented middle class was affecting party politics across the continent:

> Social democratic parties across Europe were talking in the 1980s about the combination of social justice with economic efficiency and individual entrepreneurialism. In the 1980s and 1990s low inflation and stability replaced Keynesianism and high employment as the main goals, leading to the rethinking of economic, employment and welfare policies. Many European social democrats were well ahead of the British in their moves in these directions. Before Tony Blair became Labour leader, the Dutch social democrats were adopting their pragmatic approach to the market and regulation, and promoting deregulation, privatisation and internal markets...Across European social democracy, nationalisation has generally been discarded. Many social democratic governments talk of constructive partnership between business and government and are pursuing more

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[570] Cook, Robin. 'A United Nations for the Twenty-First Century', speech delivered to the UN General Assembly, 23 September 1997.
[571] Driver and Martell, *New Labour: Politics After Thatcherism;* Sassoon, *One Hundred Years of Socialism.*
[572] White, *New Labour: The Progressive Future?,* pp. xi–xii.
[573] Ibid., p. 213.

ambitious privatisation programmes than Blair or their own conservative predecessors.[574]

In effect, as argued in previous chapters, it is only recently that the British Labour Party in some senses 'caught up' with other European parties by breaking with its Labourist past. Thus, it could be argued that just as its neighbours had benefited from the UK's experience of industrialisation, New Labour modernisers benefited from the continental experience of de-industrialisation and able to leapfrog over their continental partners instead of moving piecemeal towards 'a renewal of social democracy'. They were helped in that shift by working with like-minded politicians in the US; a partnership that also enabled the UK to be instrumental in bringing together instrumental players. So while it would appear that continental Europeans had been pursuing effectively a Third Way agenda, it was not until Clinton and Blair combined forces that the movement seemed to gain focus and certainly its common name.

> Tony Blair has had his moments of evangelism in trying to promote the third way abroad – and this has led to a certain degree of irritation among some listeners ... Blair has been keen to promote the third way abroad – not just through fitting in with Europe or playing a part in it, but through actively exercising leadership in creating a third-way model that other European social democrats will go along with.[575]

It would be one thing if the claims to a global Third Way were only being made by the Labour Party, but it seems clear that support became more widespread.

> Internationally many newly elected premiers or rivals for office of varying political persuasions claim allegiance to Third Way values, and saw in Tony Blair an inspirational figure. Thus a report in the *Independent* of 4 July 2000 was headed 'Mongolian ex-communists win a landslide for their "third way" while a few weeks later the same paper reported that Socialists pin their hopes on a "Spanish Tony Blair". Indeed supporters of some variety of third ways or new progressive politics extend beyond the confines of Europe and the US to include the presidents of Chile, Argentina and Brazil, while Thabo Mbeki ... also claims to be a follower.[576]

Yet, the inevitable problem of defining the Third Way arises as the concept seems to be able to speak across different countries and cultures. As Salvati points out, 'there is not one but a veritable plurality of "new third ways"; they are culturally specific,

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[574] Driver and Martell, *Blair's Britain*, p. 99.

[575] Ibid., p. 96.

[576] Newman and de Zoysa, *The Promise of the Third Way*.

national programmes, sometimes little more than catchphrases in electoral platforms'.[577]

Therefore, part of the difficulty of discussions regarding the Third Way is precisely that the language has been used in so many contexts. In an age of global marketing, when the positioning of every product is determined by local markets, is the Third Way something distinctly British and New Labour, or part of something more international, linking parties and politicians on key issues? Is it something with historical roots in the political traditions of British democracy, or just a local franchise, a kind of 'Third Way – Europe Division'?

As Al From, the leader of the US Democratic Leadership Council (DLC), put it, with characteristically American pragmatism that it is: 'the worldwide brand name for progressive politics for the Information Age. In America, the local brand is New Democrat; in Britain, it is New Labour.'[578]

This is not designed to be an exhaustive survey of a global third way, but strands of international thinking are relevant. The international use of similar, sometimes identical, language, particularly between the UK, the US and Germany, is important to establish the link between the international and the domestic spheres, and not only on what could be could be termed 'foreign policy' – as will be seen particularly in the form of the progressive summits.

US Third Way

Close to the UK debate is the shared parenthood of the Third Way by Bill Clinton and Tony Blair. Many start from the famous term, 'triangulation', coined by Dick Morris in the midst of the budget debate in Washington in 1994. Morris argued that Clinton should 'create a third position, not just in between the old positions of the two parties but above them as well … The President needed to take a position that not only blended the best of each party's views but also transcended them to constitute a third force in the debate'.[579]

The story of the creation of the US Third Way in fact goes back much further. Much like its predecessor, New Liberalism, the core of the Third Way was a collection of

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[577] White, *New Labour: The Progressive Future?*, p. 150.
[578] Faux, Jeff. 'Lost on the Third Way.' *Dissent* Spring 1999: 67–80, p. 67.
[579] Quoted in Vickers in Little and Wickham-Jones, eds. *New Labour's Foreign Policy*.

small, but crucially overlapping groups. In 1992 the Democrats had been out of power since 1981 and the party was split into various special-interest factions. These cleavages had been badly exposed by an electoral system that requires in-party fighting through the primaries before the real campaign against the incumbent party can begin. Though both parties go through this process, an unchallenged incumbent, fares much better. Thus, the splits within the Democrats had destroyed the potential of some candidates. The Democratic leadership attributed this to the fact that the electorate was changing; from blue-collar workers to a service economy.

Ronald Reagan had been hugely successful in appealing to this changing group, and had picked up the growing suburban voters. Republicans had managed to tap into mainstream concerns and developed a form of radical conservative government that combined economic and personal liberalisation.[580] This problem was not unfamiliar to the British Labour Party.

Clinton was associated with the 'liberal fundamentalists', or the intellectual liberals and minority interest groups within the party. However, he was also a canny campaigner from a heartland state, Arkansas. Thus, he was keenly aware of the sensitivities of the core Democrat vote and could appeal to both sides of the party.[581] He proposed a programme of modernisation for the party, both internally and externally, as the solution to its political malaise. His focus on new technology, communication and changing personal circumstances coalesced under the idea of globalisation and was used to support his political approach of economic stability, welfare reform and financial caution.

The American domestic Third Way brand came to be known as 'New Democrat' or 'new progressivism', to use language harking back to the New Deal in the American context. 'New Democrats', like Clinton, came largely from the southern part of the Democratic Party, where their relatively conservative approach appealed to black and blue-collar voters. However, they convinced the Democratic Leadership Council that this approach was needed to turn the party around. The DLC backed this programme of modernisation and renewal as a way to deal with the new Republican threats. The result was a distancing by Clinton and the DLC from their tax-and-spend history, and taking up a role for government that was 'enabling', based on a balanced budget and certain key values.[582]

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[580] Driver and Martell, *Blair's Britain*.
[581] Faux 'Lost on the Third Way'.
[582] Newman and de Zoysa, *The Promise of the Third Way*.

It was during that first election in 1992 that the modernisers of the British Labour Party (before they defined themselves as New Labour) and the New Democrats came into contact. The Republicans were struggling with Clinton, 'the comeback kid' and turned to the Conservative Party in London for any damaging information they might have on Clinton's Oxford student days. This prompted the Democrats to ask for help from the Labour Party so Philip Gould arrived in Little Rock and spent the rest of the campaign working with the Clinton team.[583]

Even from this first campaign, Clinton began to change the language of the Democrats distancing himself from the traditional power bases (and mythology) of the party and building a vocabulary. He presented a caring face on social issues while emphasising a strong fiscal approach, a balanced approach to spending on the budget and talk of 'a new covenant' with the voter.[584]

Other people who would later become influential in their own right also assisted in the process of bringing the Labour Party to the attention of the Democrats. One example is Jonathan Powell. He was working at the British Embassy at the time and followed the Clinton campaign. He could see many parallels in the position of the Democrats to that of the Labour Party who, just months before Clinton's victory, had suffered their fourth consecutive defeat (the first time since 1964 that the US and UK elections had coincided). Blair and Brown, both young and relatively inexperienced frontbenchers at the time, decided to make a trip to Washington to see if there were any lessons that could be learned for the make-over of the left. It was Jonathan Powell who helped to organise their trip in January 1993, and he later became an adviser to Blair as Prime Minister.[585]

> Blair and Brown visited the US together in January 1993 … It was not a
> matter of Blair (or New Labour) borrowing piecemeal from the New
> Democrats, but recognising similarities between the 'modernisers' in the
> two parties and applying 'some of the Democrats' vivid language to a
> body of ideas which he had already largely developed'. In particular 'Blair
> had at last found a populist language in which to express the ethical
> socialist ideas which had formed his political convictions'…the traffic has
> been two-way e.g. Clinton took the theme of 'one nation' from New
> Labour in his campaign for re-election in 1996 and has recently used the
> term 'Third Way'.[586]

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[583] Blumenthal, *The Clinton Wars*, p. 299.
[584] Ibid., p. 311.
[585] Ibid., p. 301.
[586] Fairclough, *New Labour, New Language?*, p. 68.

Clinton's own position was severely tested after the election of a Republican majority congress in 1994, and much of the rhetoric of equality and inclusiveness began to be sidelined as the rows about government spending and the failure of Clinton's health reform dominated debate. Thus, the American Third Way became associated with the policy of 'triangulation' or attempting to take a reasonable approach between the extremes of congressional Democrats and Republicans, rather than its original intention of a new way for progressive politics.[587] It was a period of time known as 'the era of retrenchment', in which Clinton felt he needed to sound more conservative to outflank the Republicans at their own game.[588] The day-to-day struggle for governmental control took over from the high ideals of the Third Way.

Blair had become leader of the Labour Party in 1994 but it was not until 1995 that Clinton and Blair actually met in Westminster. Clinton had given a speech in the presence of the Prime Minster John Major but then met privately with the relatively new Opposition leader. At that meeting Blair handed Clinton a summary of what he saw as the three problems facing the Labour Party and, in his view, all left-of-centre parties. The analysis in that note was to become both New Labour election strategy and Third Way positioning. Sidney Blumenthal, Clinton's aide and White House communications adviser, quotes from the document at some length:

> He (Blair) thought there should be joint meetings on the transatlantic political project. The first problem was of 'definition': 'The labels the left of centre attached to themselves ... big government, tax and spend, liberal or social issues, indifference to the family, are discredited ... The values are still relevant and popular. We have to find radically different means of meeting traditional ends'. The second problem was 'differentiation': 'The truth is the era of grand ideologies is over ... We need to colonise certain key issues as ours ... The right needs to be seen as sectarian, selfish and, in a sense, anti-patriotic, anti-one-nation.' The last problem was 'dissemination': 'The left of centre suffers from a chronic lack of confidence. One part is seen as pragmatic, out to win but unprincipled; the other just longs for the past to come back again. There is a dire lack of academic and intellectual backbone to sustain a modem left-of-centre project. The commentators often don't understand it. There is no sense of an intellectual movement for change. This feeds a cynicism and disillusion that is wholly unjustified.'[589]

Thus, the networks created two separate debates, each designed for domestic electoral concerns but to some extent 'led' by both countries. However, the discussion moved

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[587] Weir, Margaret. 'The Collapse of Bill Clinton's Third Way' in White, Stuart. *New Labour: The Progressive Future?* Basingstoke, Hampshire: Palgrave, 2001.
[588] Blumenthal, *The Clinton Wars*, p. 299.
[589] Blumenthal, *The Clinton Wars*, pp. 305–06.

in close enough proximity that they effectively developed in tandem. The progressive agenda almost became a new aspect of the 'special relationship'.

The evidence of this crucial first step could be seen back in the tone of the DLC's 1996 statement. It argued that 'The New Progressive Politics rests on three cornerstones – three ideals rooted in the progressive tradition of American democracy: equality of opportunity, mutual responsibility and self-government'.[590] After his re-election Clinton was able to come back to these principles and began to focus on a familiar list of three: 'opportunity for all, responsibility from all, and American community of all.'[591]

It was not until after Clinton had been successfully re-elected that Blair made his second trip to Washington, in 1996. Previous trips by Labour leaders, including Neil Kinnock, had not been helpful in the domestic press, not least as the US had not been particularly welcoming. But given the relationship that had been developing between the White House and New Labour, Blair was welcomed as a colleague.

The UK election the following year brought New Labour into government, with Tony Blair as Prime Minister. This was a key turning point both for the US Third Way and the global Third Way. Clinton made a point of coming to London to welcome the new Prime Minister and was asked to meet the Cabinet. The 'special relationship' was firmly back on the media agenda. This was furthered that same year when Blair hosted a meeting at Chequers of some of the most important people in the development of the Third Way.[592] The US delegation was led by Hillary Clinton and Blumenthal calls this 'the beginning of an international Third Way'. He argues that this was the moment that Clinton felt that he had a partner in the development of something bigger that could be applied to like-minded people, or progressives, around the world.

> The Anglo-American special relationship had never before been politically parallel. This parallel gave Clinton's presidency a new sense of coherence and depth, and ratified his course. Moreover, Blair's success

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[590] *The New Progressive Declaration: A Political Philosophy for the Information Age* July 10 1996 DLC/PPI Key Document, www.ndol.org.

[591] Blumenthal, *The Clinton Wars*, p. 312.

[592] The November 2, 1997 meeting at Chequers involved 20 people including the following: US delegation: Hillary Clinton, Sidney Blumenthal, Al From (president of the Democratic Leadership Council), Joseph Nye (director of the Kennedy School of Government at Harvard University), UK delegation: Tony Blair, Ed Balls (Treasury adviser), Gordon Brown (Chancellor of the Exchequer), Anthony Giddens (director of the London School of Economics), Peter Mandelson (Minister Without Portfolio), David Miliband (director of the Prime Minister's Policy Unit), and Geoffrey Mulgan (deputy director of the Policy Unit). Blumenthal, *The Clinton Wars*, p. 307.

dramatically altered the international stage on which Clinton operated ... with Blair's election in 1997, Clinton felt that he himself was leading an international movement. That encouraged him as he planned the next stage of his own Third Way politics at home.[593]

Throughout 1998 various high-level meetings were held both in London and in Washington on the development of the Third Way. In February Blair took his 'A list' of intellectual advisers to the White House, including Tony Giddens, Gavyn Davies (later Chair of the BBC Board of Governors), Geoff Mulgan and David Miliband. In the margins of the Northern Ireland discussions the Third Way was also on the agenda at another meeting at Chequers. In July there was a White House meeting designed to plan the upcoming New York University Symposium on 'Strengthening Democracy in the Global Economy' in September.

The New York University event was the point when, in Blumenthal's words, the 'Third Way went public', coinciding as it did with the publication in the UK of Blair's Fabian pamphlet, *The Third Way: New Politics for a New Century*, followed shortly thereafter by Giddens' first book, *The Third Way: The Renewal of Social democracy*. It was also the first time in which the discussions brought in more European leaders, such as European Commission President Romano Prodi, and President Stoyanov of Bulgaria.

With so much activity it is hardly surprising that Robert Reich, former Secretary of Labour under Clinton, declared in 1999 that 'we are all third wayers now'.[594] He argued that Western Europe and the US had developed a shared platform of reducing budget deficits and deregulation (in the US) or privatisation (in Europe), together with an acceptance of globalisation in trade, freedom of capital and a commitment to flexible labour markets and decreasing welfare.[595]

As Clinton gained international confidence and the Third Way gained ground, the DLC was prompted to say:

> The Third Way is a governing political philosophy and a political strategy
> that is taking root in progressive political parties throughout the world ...
> Its public ethic is mutual responsibility. Its core value is community. Its
> outlook is global ... It is rapidly becoming the most successful and
> influential political movement in the world.[596]

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[593] Ibid., p. 308.
[594] Quoted in Driver and Martell, *Blair's Britain*, p. 97.
[595] Ibid.
[596] Democratic Leadership Council, *The Third Way, Talking Points* June 13 2000 www.ndol.org.

Clinton and globalisation

From the early campaigning days to a more recent view of the Third Way, Clinton's Administration both used and developed the Third Way debate over his eight years in office. As he approached the end of his second term he came to focus on globalisation and its impact on political debate.

For example, in his final State of the Union address he identified globalisation as 'America's final frontier' and suggested that, 'we must reach beyond our own borders, to shape the revolution that is tearing down the barriers and building new networks among nations and individuals and economies and cultures'.[597] In his final speech in the UK as President, known as his 'globalisation lecture' at Warwick University, he thanked and praised Blair for his role in the development of the Third Way but primarily outlined what constituted for him the core of the debate.

As with any debate that is conducted in public on a national, let alone an international, stage, it is not surprising that the language evolved or that other, more current issues have merged into the framework. For example, at Warwick, he suggested that the Third Way was made possible by the collapse of the East. The ending of the Cold War, meant to him that 'no overriding struggle for survival diverts us from aiding the survival of the hundreds of millions of people in the developing world'.[598] Thus, in one neat turn, Clinton was able to absolve the US and the West from not turning their attention to these issues sooner, because they had been involved in a struggle for ideological survival.

Like Blair's (and Cook's and Short's) approach to globalisation Clinton strives to position his Government as pivotal to the shape of globalisation. He argues that globalisation has great potential and politicians should not try to stop, but to guide it. As he put it:

> We have worked hard in our respective nations and in our multi-national memberships to try to develop a response to globalisation that we all call by the shorthand term the Third Way. Sometimes I think that term tends to be viewed as more of a political term than one that has actual policy substance, but for us it's a very serious attempt to put a human face on the

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[597] State of the Union address, January 2000, quoted in Newman and de Zoysa. *The Promise of the Third Way*.

[598] Clinton, Bill. 'Globalisation'. Speech given to invited audience at Warwick University, 14 December 2000.

global economy and to direct the process of globalisation in a way that benefits all people.[599]

Clinton, like Blair, believes globalisation is unstoppable. He suggests that one of the main drivers of this process is the media because it enables information to be spread instantly – but more important is his reflection that it becomes the responsibility of those in the developed world to shape the force of globalisation for the rest of the world.

Echoing his domestic statements, and much in the same vein as Blair's concept of 'international community', he indicated that the practical application of that responsibility is the creation of a 'global social contract'. There is clear sense that to join this international community or to participate in this contract has clear obligations on the part of the participant. Poverty programmes benefit people but also open global markets. It was essentially an updated view of enlightened self-interest.

Although the Democrats were defeated in the 2000 election, the original values of the Third Way remained a part of the DLC mantra. Until 2003 they promoted the idea that New Democrat values and beliefs are 'neither liberal nor conservative but progressive', and 'in the vital centre of American values and aspirations. They represent a new and different course for the country that is more important than any party'.[600]

American critique

According to Jeff Faux, the American Third Way under Clinton made three primary claims:

- It provided a distinct analysis of the declining political fortunes of the Democratic left;

- It was an effective formula for rebuilding social democratic parties;

- It was a credible new strategy for addressing the issues of the post-cold war age.[601]

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[599] Ibid.

[600] Democratic Leadership Council. 'The New Democrats Declaration' *Blueprint Magazine* July 27, 2003. www.ndol.org.

[601] Faux, 'Lost on the Third Way', p. 68.

Faux analyses these three claims on the basis of Clinton's policies while in government. In general, he concludes that the Third Way was a useful device but is not 'beyond' left and right as much as a compromise between them. It has not been a campaign platform, but a platform from which to govern. It has not changed the programmatic spending realities, nor has it fundamentally changed most of the historical policies of the old liberals, but merely changed their packaging to make them more palatable to the majority. Finally, he suggests that by narrowing the debate around governance of society to the governance of the public sector, it changed the terms of engagement around issues such as poverty and the good life in general.

Faux concludes that the questions being asked by this approach are right, but the answers are still fundamentally flawed. He does not take issue with the idea that there is a real need for a new politics but he presents serious concerns that this new way in fact merely leads back to the old ways. The brand positioning is right but the product on offer has not, in fact, changed.

Die Neue Mitte

Closer to the daily UK debate, and perhaps more relevant given the need for allies in the European Union, has been the German Third Way, *Die Neue Mitte* or New Centre.

As noted in previous chapters, the German experience of social democracy is one of repeated recovery and revision. Its Marxist roots colour the debate in much the same way as the history of the union tradition in the British Labour Party colours UK debate. From Bernstein through to the 1959 reforms of the Bad Godesberg Programme, where the SPD committed itself to 'the need to protect and promote private ownership of the means of production',[602] to the policy reviews of the 1980s, led first by Willy Brandt then by Oskar Lafontaine and Hans-Jochen Vogel, it could be argued that the history of the German version of social democracy was an ideological response to Marxism[603] as well as inevitably a response to changing technology and electoral constraints.

The most recent SPD reforms of the 1980s and '90s – known ultimately as the Berlin Programme – were not undertaken by a party elite (unlike the UK) but were part of a

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[602] Albert, *Capitalism again Capitalism*, p. 18.
[603] By Driver and Martell, amongst others.

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larger deliberative process. They were attempting to find a new social democratic settlement that would move the party forward in the face of intense economic pressure both from the reunification and global economic pressure.[604]

The context of the Third Way in terms of UK politics of the 1970s and '80s has already been pointed out, but to contrast that experience with Germany is equally important. German politics did not undergo the same kind of change as the UK. Germany's relatively closed, union-based system supported by high taxes and welfare provision was not challenged until the process of reunification. Thus, it 'escaped' the process of the break-up of the 'social partnership' that Thatcher instigated in the UK as well as the breakdown of the union power-base. That is why the Berlin Programme was so important.

The political tensions within the SPD were highlighted by the ending of the Cold War and the process of reunification. While western leaders like Clinton in his Warwick speech welcomed this development as a great triumph, Germany was left to deal with the consequences of assimilating sixteen and a half million people effectively overnight. The reintegration of East Germany into the west reopened debates not only about social welfare and taxation but at a deeper level of ideology, including the role of the state and the individual. The political parties of the west were forced to try and bring their eastern electorate into western political thinking.

As Mark Leonard in his introduction to Bodo Hombach's (described as 'the German Peter Mandelson') book on the German Third Way indicates:

> The challenge now is to flesh out the Third Way/*Neue Mitte* as a governing philosophy ... to be an effective governing philosophy, a political theory needs to tell a distinctive story about the world. Marxism, conservatism, liberalism and social democracy all had four elements: 'a set of values or an underpinning ethic', 'a theory of human nature and society'; 'a sense of progress and a vision of the sort of society they aimed to create'; 'a road map or toolkit to guide political practice'.[605]

Bodo Hombach, a close adviser to Chancellor Gerhard Schröder and architect of the *Neue Mitte*, responds to Leonard's notion of conflicting philosophies by arguing in very familiar terms that the constraints of left and right are no longer applicable. The crises of the 1980s and '90s effectively broke the equilibrium of these competing political systems:

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[604] See Meyer in Giddens, *The Global Third Way*.
[605] Leonard, Mark, in Hombach, Bodo. *The Politics of the New Centre*. Cambridge: Polity Press, 2000, p. xiv.

The country was presented with a false antithesis – a philosophy of all-consuming economic growth or a hidebound defence of every aspect of the traditional welfare state. There is no way back to redistributive policies. The renewal of the social democratic model that supersedes the categories of 'left' and 'right' is an international model. There are still murmurings of discontent in Germany when responsibility is transferred from the state to the individual ... there must be a system of social security in place which encourages people to take risks...We need equality of opportunity, equality at the outset, not at the outcome.[606]

The language of a third way was not new in Germany, but provided a useful overlay and an international, cooperative dimension from the European level to the domestic debate. Thus, the Third Way was reintroduced by a Chancellor under pressure from his party and from the opposition to find a way to appeal to those same middle classes under threat from global economic change. As Thomas Meyer puts it:

The concept of the *neue mitte* developed by Schröder, of course partly an electoral label aimed at eliciting a positive response from the mass media and increasing the reach of the SPD within the middle classes ... But it also reflects the conviction that fresh ways of approaching deep-rooted political dilemmas had to be found once in government.[607]

As well as the changes created by reunification, this deliberative approach is also the result of Germany's coalitional national political system and the nature of the *Lander*. The German government must deal with the power of the strong interest groups representing both employers and unions. Power in the system is much more diffused than in the UK and certainly the relatively rapid reform that was possible in the UK between 1987 and 1997 would not have been possible in the German environment. As Driver and Martell put it:

The need to combine moderate electoral appeal with more radical appeal to coalition partners, the social-market culture and the devolved nature of the German political system and institutions lead to different outcomes there compared to other countries where institutional and cultural pressures diverge.[608]

A Third Way milestone for international cooperation followed the success of the Labour Party in 1997 and the SPD in 1998, in the joint Blair and Schröder document: *Europe: The Third Way/Die Neue Mitte* released in 1999. It was careful to take on board national cultural differences by including references to partnership with

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[606] Ibid., p. xxxiii.

[607] Meyer, 'From Godesberg to the Neue mitte: the new social democracy in Germany' in Giddens, *The Global Third Way*, p. 78.

[608] Driver and Martell, *Blair's Britain*, p. 107.

the trade unions though New Labour had been working hard to limit the perception of trade-union influence.

There is some speculation as to Schröder's commitment to the Third Way but he used it to present himself as a global player. As Blair and Schröder suggested in their statement:

> The trademark of the approach is the New Centre in Germany and the Third Way in the United Kingdom. Other social democrats choose other terms that suit their own national cultures. But though the language and the institutions may differ, the motivation is everywhere the same. Most people have long since abandoned the world-view represented by the dogmas of left and right. Social democrats must be able to speak to those people.[609]

Though the process and the response differed, the same values set out by the American and UK Third Way could also be identified in the German version: the desire to be 'pragmatic' rather than ideological, the conviction that it is equality of opportunity and not of outcome that should be ensured by the government and the importance put on the notion of rights and obligations as part of the positional attitudes of the new centre.

Their apparent commitment to the Third Way approach seemed to be related to the analysis of globalisation and an effort to align Europe on the social democratic agenda. As Blair and Schröder said in the same statement:

> The politics of the New Centre and the Third Way is about addressing the concerns of people who live and cope with societies undergoing rapid change – both winners and losers. In this newly emerging world people want politicians who approach issues without ideological preconceptions and who, applying their values and principles, search for practical solutions to their problems through honest, well constructed and pragmatic policies.[610]

The Blair–Schröder paper gained some generally favourable coverage in Britain but provoked controversy in Germany, leading Schröder to distance himself from some of its more free-market aspects.[611] This delicate balance of interests may explain why Schröder carefully sought to place the thinking of the Third Way within a national historical context. Locating the debate as something that came out of German experience rather than as an import from the US or the UK, he argued for a new

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[609] Hombach, *The Politics of the New Centre*, p.159.
[610] Ibid., p.163.
[611] Driver and Martell, *Blair's Britain*, p. 104.

politics. Simply put, because the first two 'German' ways failed. As he pointed out at the Third Way conference in Washington DC in April 2000:

> After the Second World War people tried to venture upon a path that they called the social market economy in Germany...And that was not based upon the wider masses of the population, the workers foregoing their just share of prosperity within their society and their just share of education, but it was based upon participation and involvement of the working masses ... And if you ask yourself what could be the flesh to the bones of the Third Way, then I think we have to go back to those roots. For me the Third Way means participation of as many as possible ... I say we need to make sure that as many people as possible can participate in, can share in opportunities, but also responsibilities within society.[612]

At home, Schröder officially set his government on the Third Way course in June 2000 by cutting taxes significantly and deregulating the economy, though he promised to secure pension rights.[613]

This perceived abandonment of ideology disturbed his electorate, and particularly the supporters of the SPD. While Blair's battle for modernisation of the Labour Party was a response to periods of free market approach to government, Germany began from a different place. The reforms they had attempted up to that point had not fundamentally disturbed state mechanisms of the social partnership. The Third Way represented a threat to that consensus, as the subsequent disastrous election results, polls and even a high-level SPD party commission, all seemed to concur. The commission went so far as to say that the Third Way could even be potentially dangerous to Germany's 'social peace' given that it appeared to threaten the social guarantees that had become fundamental to what citizen expectations.

German critique

Oskar Lafontaine, a senior SPD politician and one of the leaders of the policy review, objected to the Third Way as a capitulation to the market and big business. He became the lightning rod of discontent with Schröder's and the Third Way generally, and resigned as leader of the party and Finance Minister in Schröder government in March 1999[614] in protest at what he saw as the movement towards the right and the

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[612] Democratic Leadership Council. 'From New Democrat to New Labour to New Middle: The Third Way goes Global'. Transcript of conference, April 2002.
www.dlcppi.org/conferences/thirdway/transcript.htm.
[613] Newman and de Zoysa, *The Promise of the Third Way*.
[614] Lafontaine, Oskar. *The Heart Beats on the Left*. Cambridge: Polity Press, 2000, p. vii.

abandonment of social democracy. To him, the Third Way encapsulated all that was wrong with the direction of the party and explained subsequent defeats at the polls.

> Shortly before the European elections in 1999 Tony Blair and Gerhard Schröder published a joint declaration calling for a left-wing supply-side policy. Generally speaking the appeal fell on deaf ears. The SPD and the Labour Party both suffered considerable setbacks. In Europe the welfare state is seen as the prerequisite for a properly functioning democracy. It is not possible for the countries of Europe to take over the present British economic model as it stands.[615]

Lafontaine, a traditional socialist by British standards, argued that politics had become dominated by media concerns. The interests of the electorate, particularly 'the worker, the unemployed and the pensioners' had been forced off the agenda while the 'market' dominated. Ironically, in Lafontaine's view, Blair was promoting 'Thatcher-like' reforms, particularly in the area of union relations. This was to be fiercely resisted by both the left and the centre of German politics. In Lafontaine's view, profits, the market or share value should not lead policy:

> Padded with scientific jargon and supported by the media, neo-liberalism has become a kind of conservative ideology masquerading as the embodiment of 'the end of all ideologies', and 'the end of history'. The call for less state turns increasingly into a call for less democracy. Democratic political decisions are replaced by the demands of the market, and, as history has shown, many adapt to the claim of the prevailing Zeitgeist.[616]

Only time will tell if the German local franchise will be able to continue or will need to re-position itself in the local market. As Lafontaine concludes, 'we must not forget that feelings are not trade on the stock exchange. They belong to the heart. And the heart beats on the left.'[617]

French footnote

While Blair and the New Labour modernisers actively sought to promote the Third Way throughout Europe, there were pockets of resistance. France stands out as an example of a country that did not take up the Third Way with enthusiasm. As part of his evangelising mission, Blair spoke to the French National Assembly (in French) on the Third Way. It was noticeable that centre-left Prime Minister, Lionel Jospin 'was

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[615] Ibid., p. viii.
[616] Ibid., p. 205.
[617] Lafontaine, *The Heart Beats on the Left,* p. 207.

said to scowl and read his mail while all around him listened attentively.'[618] This behaviour reflects a pattern – while opinion ranged from interest to distrust they did not overtly obstruct it given that Jospin did participate, albeit reluctantly.

Unlike Germany, the French state is centralised with a high level of state involvement in all public services – though like the Germans they also promote what they call the 'active state', despite Jospin's privatisation programme. Thus:

> Jospin's rhetoric is, to some extent, an attempt to keep his five-party centre-left coalition on board. He needs to, 'talk left' to appeal to his socialist, communist and green 'gauche plurielle'.[619]

As Martin Marcussen points out, it is a matter of utilising the language of globalisation, but applying it to local political arguments. In his paper to the International Studies Association, 'Globalisation: A Third Way Gospel that Travels World-Wide', he argues:

> On one extreme the British Third Way uses globalisation to keep the state away and the economy prudent ... On the other extreme the French *volontarisme* uses globalisation to keep the state busy when it come to social regulation at both the national and international levels ... In Great Britain Tony Blair argues that globalisation demands a leaner state in a context of market competition, whereas in France, Lionel Jospin argues that globalisation requires that the role of the state should be strengthened in the economy. Both use globalisation as an argument to promote reforms.[620]

Another important element to the development of the Third Way, as mentioned, is the overlapping personal involvements of the players and high levels of mutual trust. It is in this regard that the French position was most exposed. While Jospin attended Third Way meetings he retained a distance and even criticised the Third Way for what he saw as 'creeping "Anglo-Saxon" hegemony':[621]

> His presence at Third Way meetings resulted in tensions because he was suspicious of Clinton's and Blair's intentions and clung to old socialist ways of speaking. Clinton wanted a broad, inclusive, 'floating opera' with as many participants as possible. But Jospin did not want too many leaders of parties belonging to the Socialist International to become part of the Third Way, because he saw it as a cooptation that would diminish the virtually irrelevant organisation, in which he believed he exercised

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[618] Driver and Martell, *Blair's Britain*, p. 96.
[619] Ibid., p. 106.
[620] Marcussen, *Globalisation: A Third Way Gospel that Travels World Wide*, p. 5.
[621] Blumenthal, *The Clinton Wars*, p. 673.

influence. He did not understand the historically unique opportunity that the others grasped about Clinton.[622]

Progressive summits

Unlike the Internationals at the turn of the nineteenth century, these Third Way 'summits' were not deeply divided (with some minor exceptions) but meetings of active participants. Various groupings often took the opportunity of other events that brought a range of leaders together such as NATO or the G8 – to discuss the Third Way. The most important aspect of these sessions was that they were not to discuss foreign policy per se but to discuss commonalities of domestic politics, or the new 'global' issues.

Even more intriguing from an International Relations perspective is the fact that they evolved towards a system of communication from these meetings through communiqués that focused not on foreign policies but on their domestic philosophical approach. The Third Way seems to have succeeded where reformers of the previous century had failed in that they created the framework for an agreed political programme and positional attitudes for a consensual social democracy.

These more formal summits evolved from the early meetings between Blair and Clinton – or their respective teams – and gradually developed their own agendas. From the NYU symposium where the Third Way first 'went public', the meetings were more consciously designed for external consumption, though always leaving room for private discussion. They also ranged in size – often as a result of whatever the event it was attached to. Thus, the meeting around the NATO anniversary in 1999 in Washington was relatively large[623] while the Florence meeting had a number of European leaders in attendance[624] to discuss 'progressive governance in the twenty-first century'.

Given that many of these early meetings were in the margins of other events there was relatively little formal infrastructure. Blumenthal makes it clear that Clinton felt the US was a, if not the, driving force behind their attendees and subject matter.

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[622] Ibid.

[623] Including Bill Clinton, Tony Blair, Massimo D'Alema, Gerhard Schröder and Wim Kok (ibid., p. 644).

[624] EU Commission President Romano Prodi, Hillary Clinton, Cherie Blair, EU Foreign Minister Javier Solana, Director-General of the International Labour Organisation Juan Somavia, Tony Blair, Massimo D'Alema, Gerhrad Schröder, Lionel Jospin and Fernando Henrique Cardoso of Brazil; 'prominent intellectuals from Europe and the US [also] joined the party' (ibid., p. 672).

Similarly the UK could arguably take credit for much of this early work but Blumenthal also identified this same link between the domestic and the international, as highlighted by both Short and Cook within the British context, when he says:

> Through organising the Third Way summits, Clinton's administration had encouraged the sharing of what we called 'best practices' of social policy with other governments. The most intensive cooperation existed with the British; traffic about domestic issues between British ministries and American departments became a regular part of the relationship. But discussion also began with other Europeans – and they responded in kind. Constant exchanges are obviously integral to a healthy foreign policy, but this was a new dimension in international affairs. It was also natural that the political actors would hold many conversions about politics – opening informal but regular channels on political strategy.[625]

However, by the time of the Berlin meeting in September 2000[626] Clinton was coming to the end of his second term. Thus, it makes sense that this seems to be the first meeting that involved the Policy Network, a UK-based organisation that described this meeting as ' the first large high-level summit of the network in its current form'.[627] The organisation was not officially set up until December of that year, with support from Tony Blair, Gerhard Schröder, Giuliano Amato and Göran Persson, and with Peter Mandelson as the Chair.

The communiqués that were eventually produced by these summits are very similar to each other but it is the fact they exist that is important. Between eleven and fifteen heads of government and state would gather and while the transcripts, in John Lloyd's words, have an air of 'self-congratulatory vacuity' about them,[628] they exist as joint statements between leaders of different countries.

They are also remarkably consistent – presumably the hallmark of being agreed between so many different political and linguistic traditions that statements are best left untouched between meetings, if it can be helped, rather than disturb what must be a precarious balance of language. However, they are all direct descendents of the

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[625] Ibid., pp. 668–69.
[626] Thirteen leaders: Wim Kok, Clinton, Blair, Schröder, along with the new participants Prime Minister Göran Persson of Sweden, President Fernando de la Rua of Argentina, Prime Minister Jean Chrétien of Canada, Prime Minister Costas Simitis of Greece, Prime Minister Helen Clark of New Zealand, Prime Minister Antonio Guterres of Portugal, President Ricardo Lagos of Chile, and President Thabo Mbeki of South Africa. Prime Minister Giuliano Amato replaced D'Alema of Italy. (Jospin only joined the next day rather than the opening dinner; Blumenthal claims that Clinton effectively blocked his attendance or 'trumped' him for his perceived lack of support in Florence (ibid., p. 673).
[627] Policy Network website, www.policy-network.net.
[628] Lloyd, John. 'Intellectuals and New Labour'. *Prospect*. October 1999: 22–27.

New Democrats' declaration and Third Way values. The Berlin communiqué, for example, sets out the familiar three-part structure of the basic premise of globalisation being potentially used to the good and built on the 'core values' of 'opportunity for all, responsibility from all and community of all', and all based on 'progressive governance'.[629] Blumenthal, as a lead person on this document, had drafted it before the conference with counterparts in other governments but recalls how eager Clinton was that it should be:

> A first step ... He believed the Third Way network could be used to advance a progressive agenda in other international forums such as the G8 ... the unstated yet keenly felt assumption among the leaders was that the new internationalism required at its centre a certain kind of American president.[630]

The pattern also seems to follow the Blair/Clinton idea of the extended domestic analogy. So, in the international context, it becomes the responsibility of wealthier states to actively participate in global governance structures in good faith, and the idea of community becomes the international community of states.

On the eve of the UN Millennium Summit, the Prime Ministers of Sweden, the Netherlands and the UK and the Chancellor of Germany penned a joint statement on the wider topic of progressive politics. Again, the content of the statement was not particularly new, promising as it did: 'a wider winner's circle', a 'strengthened civil society' and, a 'commitment to a global social compact' but the core of their statement was simply that:

> Although our four countries are part of many historical networks, we are today also part of a bigger political family of renewed, modernised progressive politics. Our values endure, but our approach is radically reformed. We all embrace the potential of globalisation. In fact our shared political conversation symbolised political globalisation. But we are committed to tackle the problems that come in its wake. For us there are three foundations for global progress.[631]

Though the leaders still meet in the margins of other events, the organisation of Third Way-specific events seems to have been taken up by the Policy Network. It was involved not only with Berlin in 2000, but Stockholm and the London summit of 2003 as well as a range of smaller meetings. They have also started a number of international working groups, taking on specific issues of concern. The Network's

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[629] Berlin communiqué. www.progressive-governance.net.
[630] Blumenthal, *The Clinton Wars*, p. 675.
[631] Blair, Tony, Gerhard Schroder, Wim Kok and Goran Persson. 'What the left has to offer the new world of global economics.' *Independent*, 6 Sept. 2000, 4.

stated aim is to 'facilitate dialogue between politicians, policy makers and experts across Europe and from democratic countries around the world'.[632] The infrastructure has become more stable with regular communiqués from the summits and reports of activities. They have also founded a new journal, *Progressive Politics*.

It would appear that the organised nature and focus of the Rainbow Circle has been cross-fertilised with the global reach of the Internationals to create a modern counterpart on a global scale. It remains to be seen if this organisation can sustain itself in a way that its predecessors could not.

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[632] Policy Network Website, www.policy-network.net.

Conclusion

There have been two inter-related projects of this thesis. The first is a case study or comparison between New Liberalism and the Third Way. The second is a wider discussion of the issues around globalisation and its potential impact on international relations. These are linked by the core question of whether or not we can use the process of evolution within domestic political ideologies as evidence of a particular type of shift specifically in the state's development. If we can, what, if any, conclusions can be drawn from a comparison of New Liberalism and the Third Way?

Notions of 'globalisation' have become ubiquitous in discussions of both international and domestic affairs, and thus before a useful comparison of the two political approaches of New Liberalism and the Third Way as responses to such periods could be made, the development of the globalisation debate was discussed. The business-school approach began as a primarily economic argument but then seemed to apply economic conclusions across all aspects of society. This line suggested that globalisation was overwhelming the state and severely limiting its ability to act independently or even in its own defence. The global economy, according to this approach, operated as a single entity and states would be swept in its wake. Proponents of this perspective suggested this single market is a desirable development, though this characterisation of globalisation is also used by anti-globalisation protestors given their opposition to what they see as the damage of a single global market on local cultures and economies.

Sceptics – in line with this thesis – argued this perspective failed to recognise the similarities between the current period and previous and very similar stages of rapid economic development. They comprehensively demonstrated that while current growth in international trade was extraordinarily rapid; it had happened before. Thus, they suggested that globalisation was not new or as invasive as the business case suggests, and need not be as overwhelming as portrayed by either neoliberal enthusiasts or anti-globalisation protesters.

Other aspects of the debate included the latest development which is an attempt to create a version of 'strong state globalisation'. This line is important to the argument here because its in-between position is reminiscent of the Labour Party's. This approach recognises that globalisation is taking place and identifies its threats and challenges, also commends it as having potential for good. However, they also suggest, the state (and the electorate) need to understand the process better. These

practitioners (more often than theorists) argue that states have an important role in managing this process as states remain the only entities with the necessary power. Those supporting this view are clear that the state also needs to evolve towards a new more overtly interdependent – or 'global' – form.

The frame of the globalisation debate was examined from the political perspective, particularly that of Anthony Giddens. As he and other modernisers used the implications of this debate as a political imperative for wholesale reform of domestic politics with inevitable implications for the welfare system, economic management and many areas of domestic policy. They argued that the encroachment of the international into domestic policy implied by globalisation required a political, ideological response if the country was to be protected from the worst case scenarios.

A relatively uncommon approach to the globalisation debate is also valuable in this context. Authors such as Reiger and Liebfried provocatively suggest that globalisation is not necessarily formed by forces outside a state's control. Rather than being at the mercy of unseen forces, they suggest that states are actually the authors of globalisation. The state's approach to the welfare system or chosen form of capitalism creates the context in which all states operate. This contrasting view is important, given the relevance to the question of potential causality between the domestic and international political arenas.

It was demonstrated that one of the most challenging of problems within this debate is the fact that despite claims globalisation is larger than economics, most theories continue to conflate a range of other changes and trends in society under this label. However, it was suggested that the debate's focus on whether or not the process is unique or continuing, and its impact on state control, did not reach the core of the issue. As these approaches all agree that since there was a massive change, the question that should be asked is: what is globalisation doing to the development of the state? In most discussions around globalisation, little time is spent on the dynamics of a shift in the capitalist system coinciding with technological and societal change, and what that might mean for our understanding of the development of the state.

This was then taken up in a discussion of the impact of globalisation on the International Relations discipline. International Relations, it was argued, has difficulties with the globalisation debate due to the problems identified above. The conflated types of change have different causes, points of agency and impacts on the state as both a domestic and international actor.

International Relations theory is hampered in its ability to cope with this phenomenon by three factors. First, it has spent little time on the actual process of development in individual states as it evolves from one stage to another. The 'pre-modern' and the 'modern' state as well as the 'modern' or the 'global' state are all treated simply as states. Phrases such as 'late-industrial nations' are used with little explanation as to any kind of transformative process is required to move from one stage to another. The state and its powers are generally used in a timeless sense and therefore it is difficult to differentiate relations between states at different levels of development and those between outwardly similar states.

Given that this thesis is focused entirely on Britain and western developed 'late modern' states, the issue of state development within Britain was relevant for two reasons. First, because New Liberalism and the Third Way were both instigators and products of change in the development of the state and second, because a comparison of the development of these two philosophies demonstrates the range of factors that influence state development and thus the speed at which they evolve. This is also relevant as some states take very different approaches to their power and their ability to influence their own development, discussed by Reiger and Liebfried and demonstrated by Albert.

The blurring of the international/domestic boundary was then highlighted as a second challenge to International Relations. The differing salience of issues inside and outside the state and their impact on the 'other side' is difficult for the discipline to explain. The separation between political science and International Relations has been perhaps too complete, as it has made it more difficult to understand state actions in a more holistic way. This factor is especially important in the context of the globalisation debate because, as indicated, one of its core arguments is the increasing overlap and softening of the boundaries between international and domestic.

Finally, and implied by the previous two points, is the fact that states, the primary actor within the International Relations discipline, are not monolithic entities acting of their own accord, but are led by political parties and leaders. These individuals have issues in their own particular environment with opportunities and constraints. These must be understood as filters of a state's international actions. In the case of these two political approaches, the international change in the form of globalisation was causing significant upheaval on the domestic level. It becomes increasingly difficult not to take into account domestic issues, and particularly the electoral, pressure on the individuals and parties – at least in the context of these modern/developed states.

Again, it was observed that a larger argument might be helpful to the difficulties encountered by the International Relations discipline. The idea of a type of change which could be identified as 'systemic' as the state shifts from one stage of development to another was proposed to alleviate some of the pressure caused by older, more traditional, approaches. If the international/domestic boundary is understood as something that is shaped by pressures both inside and outside that boundary, that appreciation has implications for notions of sovereignty and state development.

This kind of change was outlined with a focus on the two political philosophies to be examined. Transformation was defined as points of simultaneous social, technological and economic change. The subsequent understandings of time, speed and distance create new relations between local, national and international and between society, state and economy. It is argued that changes at all levels at both these periods created a shift first from the pre-modern to the modern, and now from the modern to a new stage of state development.

The two periods proposed and the two political responses were then set out by what were called 'positional attitudes' – or ideas that place a political approach within the spectrum of debate, as well as their 'defining features' – or those things that are not policy-specific but guide the policy decision-making processes.

New Liberalism and the Third Way share four positioning attitudes:

1   A rational or pragmatic approach to politics and policy;

2   An open or porous approach to others in an attempt or need to create a new majority;

3   A portrayal of themselves as part of the left, or progressive, tradition;

4   An overt internationalist approach to their aspirations and actions.

The four defining features outlined included:

1   A sense of duty and a self-governing morality which manifested itself in a new social contract of rights and responsibilities;

2   A notion of community based on an idea of duty and the individual's place as being not separate from, but within, the community in which they live and work as a social being;

3 A role for the state as guarantor of various forms of basic security, not as the provider of all the wants and aspirations of the electorate;

4 A response to international economic pressure by arguing that it is not the state's role to provide everything but that the state and individuals needed to be competitive, or efficient, to deal with these external economic forces.

These positional attitudes and defining features were then used as a framework in which to investigate both New Liberalism and the Third Way in some depth. They were placed within their historical context to better understand both domestic and international pressures as well as the prevailing intellectual climate of ideas.

Having suggested that these were both periods of transformation, it was demonstrated that the changes in other aspects of society were reflected in the political dialogue.

New Liberalism and the Third Way compared

In more specific terms, New Liberalism and the Third Way were compared as two domestic political approaches developed by an educated elite whose members had contact with each other over a range of activities. These relatively small overlapping groups based their philosophies on the concept of a self-sufficient individual operating within a firm, moral community – but a community that was designed to support the individual's interaction with an increasingly competitive marketplace.

Both New Liberals and the Third Way were faced with a massive change in the make-up of the voting public by enfranchisement and (de)industrialisation. These changes damaged the ability of any political party to create a majority. The New Liberals responded to these challenges by attempting to include the newly enfranchised working class as part of their efforts to broaden state legitimacy. They attempted to create a progressive coalition by working with the emerging socialists.

The Third Way had a similar problem as the economy shifted away from manufacturing to service industries. However, the Third Way attempted to win over this new class of voter by moving away from, not towards, the working class. They sought to create a 'big tent' of opinion, with support from a range of opinion formers. Their cause was progressive politics and progress more generally.

This electoral dilemma produced difficult internal party struggles for both New Liberals and the Third Way. Old Liberalism and old Liberals were part of a propertied class and reluctant to join with workers entirely, and thus their attempt at an accommodation between the evolving Liberal Party and the emerging socialists ultimately failed. The Third Way was forced to reinvent this coalition for electoral reasons and called for a reconciliation of this 'great divorce'. That process was aborted as they won a majority in the country without needing to create a party political manifestation of the coalition.

The domestic role of the state was under considerable pressure at both points in time. The New Liberals were challenged by new information on social deprivation and an electorate fed by a growing press. They were forced to abandon the idea of the 'night-watchman' state and adopt a more proactive position. This involved shifting from a negative idea of freedom to a positive concept of promoting the welfare of the individual.

The Third Way assumed the role of the state adopted by the previous Conservative government by converting the language of rights and responsibilities to their advantage and creating the enabling state. Government, in their view was destined to 'steer, not row'. While the New Liberals were adjusting to a demand for an increasing scope and size of the state the Third Way was attempting to maintain the smaller state.

They were also both forced to re-examine the UK's economic position in the world as a result of external economic factors. New Liberals had to deal with the Great Depression of the 1870s, and the imposition of tariffs by other countries, that created unemployment and hardship while the pressure of globalisation made it increasingly difficult for the Third Way to ensure domestic economic growth. A response of efficiency and competitiveness became common language for all parties at both times.

The organic analogy was also used at both times as they were convinced of the comparability of different levels of society. Through the application of the organic system they argued for a strong community for the individual, through mutualism and communitarianism, and proposed an early idea of interdependence theory in which the system of states should also be seen as a community with the same rights and responsibilities as one would expect of neighbours within a local community.

Also on the international scale they participated in debates of ideas and policies. Despite the sharing of ideas through the historic meetings of the Internationals or best

practice through progressive summits, the tension between the continental political ideas of collectivism (socialism, and communism) and those at home produced a version of a 'weak state' in Britain. While Britain retained its differences from continental political development, it was actively engaged with the process and to a certain extent attempted to lead such debate.

However, in a striking difference, the liberal 'modernisers', or New Liberals, did not enjoy the initial support of the leadership of the Liberal Party. Just after the end of the nineteenth century they did come to have more direct political influence with Lloyd George and a selection of MPs elected on a more overt New Liberalism platform, but too late for basic reform.

In contrast, the Third Way was developed as core to the leadership and campaigning efforts of the leader and the entire leadership team. Arguably, this was more necessary in the twentieth century, given the greater reliance on electronic media for communication with the electorate, but New Liberals still suffered for their lack of influence throughout the higher echelons of the party. Their influence was diffused through newspaper articles, journals, associations and academia for most of their development with little or no focus on the business of politics. Also, there was no binding consensus as to the proper analysis of the issues, nor the best approach to them.

This intermingling of ideas and actors became a more formal and overt process in both timeframes. The Internationals at the end of the nineteenth century were relatively chaotic, and ended up splitting along various lines over the period of their existence, but the same could arguably be said about the progressive summits. They appear to our current view to be more conscious and deliberate than their predecessors but they have also gone through significant change. From small bilateral meetings, they have expanded to include so many different political cultures and domestic objectives that their desire to be inclusive may have outstripped their ability to be productive. Regardless of their eventual form or dissolution, they were created out of both domestic necessity and innovative politics. In that sense, they are all examples of a kind of frontier politics possible at such transformative moments.

This complex interplay of the domestic and the international ultimately shapes both 'faces' of the state. The internal and external pressures have always, to a certain extent, been defined by each other, but this current period of transition seems to have consolidated the ideas of interdependence as the state evolved. The ways in which the

two faces of the state interact are now more transparent and exposed both to domestic politics as well as to their international counterparts.

Thus, the two faces of the state are perhaps not, as Halliday suggests, so Janus-like as a yang–yin, each containing within it the germ of its antithesis. Perhaps this is the beginning of the development within International Relations of a third face or triform Hecate – a three-faced figure used particularly in northern Europe with an eye not only on both past and future but a full face looking over the present.

The end of the Third Way?

Throughout this thesis there has been a constant underlying question as to whether or not the Third Way moment has passed. This question remains to some degree open but it is worth a brief look at what seems to be its current position. Certainly the specific language of the Third Way has fallen out of common usage, even by the Prime Minister. In some senses this is understandable given the pressure of running a government and particularly the tensions created by the war in Iraq between members of the cabinet and between the states that had been meeting regularly as part of this progressive project.

The end of New Liberalism is argued here as being the onset of the Great War. As the Liberal/Labour progressive coalition fell into disarray and the International split with the return of nationalistic state-centric sentiments, there was little scope for the ideas and ideals of New Liberalism.

While it is still impossible to say with any certainty that the Third Way is facing a similar demise, commentators such as John Gray have begun to make such predictions. He has gone so far as to write about the 'Blair project' in the past tense. In *International Affairs* he looks at the Third Way but as an analysis of where it went wrong. The relevance here is that, while he talks about the Third Way, he also hints at the idea that it was a particular response to an external change in the political environment on not only the domestic but the global political scene as well:

> The Third Way – a strategy of national development equidistant from
> old-fashioned social democracy and unfettered capitalism – was a
> metaphorical extension of Clinton's tactic. Its strength was its recognition
> that social democratic values could no longer be effectively promoted by
> the social democratic policies of the past; new policies were needed that
> reflected a world very different from that which existed when Labour was

last in power. Its weakness was its assumption – which it took from neo-liberal ideology – that capitalism had overcome its propensity to periodic crisis.[633]

More important here is the fact that Giddens and even the Policy Network – recently charged with the ongoing support of these Third Way summits – have also declared the Third Way finished. In his most recent contribution to the debate, Giddens 'officially' moved away from the Third Way and towards the language that has been developed over the course of his work and the work of the Third Way summits and the Policy Network. As well as going beyond the left and right continuum he declares that, 'We have to go beyond where the third way thinking has got so far'.[634]

His most recent book, *The Progressive Manifesto* (2003) is a collection of articles based on the Third Way summit in London 2003, one of the largest events to date for this governmental, intergovernmental, civil society, and academic approach to politics. Though Clinton is no longer in power he still looms large, while the various governments involved have become more and more focused on European neighbours who have EU as well as Third Way agendas to discuss.

'September 11' has become a date like '1989'. It is deemed to need little explanation as it seems to go without saying that these are moments of irreversible change. However, unlike 1989, which was an opening of states and ideology, 9/11 is deemed by many, including Cooper, Giddens and Gray, to mark a change towards a more closed and suspicious international society. These potential tensions are compounded, it could be argued, by the suspicions of most world governments around the conflict in Iraq. This is highlighted by the fact the US has moved considerably towards the market state and into a less cooperative mode of operation while social democrats around Europe have become more shaky. For the Third Way, the new environment ushered in by 9/11 has become the self-explanatory reason why the Third Way needs to move to a new level. Like the term globalisation, to state 9/11 as a reason is also to imply it as an explanation.

Giddens suggests that the Third Way has done its work. In exactly the same tone as many of the New Liberal thinkers a hundred years ago talked of 'old Liberalism', he is not willing to let the Third Way be entirely swept away. He seeks to acknowledge the Third Way as a transitional phase that is now coming to a close. In effect, it did its job, and therefore can be put to one side, but he argues that the work started under its

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[633] Gray, John. 'Blair's Project in Retrospect.' *International Affairs* 80.1 (2004): 39–48.
[634] Giddens, *Progressive Manifesto*, p. 1.

umbrella should continue. The electoral objectives of the Third Way are now openly recognised and the issues of economic pressure, a new citizen contract and a new form of internationalism remain crucial to the new progressive agenda. The Third Way could only go so far, he argues, but what he calls the neoprogressives (neoprogs) need to go further and deeper into reform territory.

Matt Browne, the head of the Policy Network, makes a similar conclusion in his contribution to a new collection of essays, *Rethinking Social Democracy*. He suggests that:

> One of the central themes running through this collection is that the Third Way, as it was originally formulated, has had its day. It was originally conceived in the 1990s as a response to a particular political and economic conjuncture that has since passed. The Third Way was intended to make the modernising Left politically relevant in an era where free market ideology and neoliberal doctrine appears to be sweeping all before it. Today, the collapse of economic optimism and the insecurities of the post-September 11th world have combined with a host of new challenges to make the assumptions of the mid-1990s appear wildly out of date.[635]

The contents of this book are much more consciously international than previous work on the Third Way. This is not surprising, as the Third Way has achieved considerable success in reaching out to its European counterparts. Still, it seems to cover essentially the same topics and territory as Giddens's first book, or Blair's Fabian pamphlet. Even the title suggests that not much is significantly different. Perhaps the argument is, in fact, that the only way to survive in the emerged 'global' world is by constantly re-presenting ideas as new rather than risking appearing to fall behind. It is difficult to understand Giddens' assertion that the Third Way no longer works given that he argues only that 'the world has moved on', (and thus the language of the Third Way must follow). Perhaps, like Gray, he anticipates the end of the Blair era and therefore wants to move the progressive project away from any political fallout so that it has some hope of continuing under the aegis of other left-of-centre thinkers and politicians, just as it continued on some level despite the absence of Clinton.

In Blair's speech to the most recent progressive conference in 2003, there was almost a sense of preparation for closure, as he anticipates a Third Way legacy and recounts its journey. He opens by noting that the conference now includes prime ministers and presidents from over thirty countries, not only from Europe but also from North and South America, Africa and New Zealand:

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[635] Browne, Matt and Patrick Diamond, eds. *Rethinking Social Democracy*. London: Policy Network, 2003, p. 347.

United in our belief in progressive politics. United in our desire to see the values of progressive politics shape change. United in our determination that it is progressive politics, not the right, that should prepare our countries for the future.[636]

He goes on to suggest that all countries 'face the same challenges', all of which are familiar, as they are the themes discussed thus far. They are also all domestic: 'pensions and health care reform, improving the quality of education, social exclusion, drugs and crime, how to be economically competitive and socially just'.[637]

As the war in Iraq continued to attract considerable criticism from those within and outside the party as well as from the public, Blair's domestic agenda was being obscured. It is not surprising, then, that he devoted his speech to a prestigious and international event on home territory to recounting the domestic successes of New Labour and the Third Way. His summary to that group is a good insight to understanding where he believes the Third Way to be, as it echoes all of the themes outlined here where he continues to set himself apart from at least some of his European counterparts vis-à-vis the relationship with the US:

> I want to share our experiences with you, as a progressive party, eighteen years in opposition, following a Thatcherite government that attacked virtually every value and tradition the left held dear. We have learnt much from Europe, from the Democrats in the US, from progressives round the world ... There is a risk, seen very clearly in parts of the European left, that we end up defining ourselves in economic terms, as anti-globalisation, and in foreign policy terms, by anti-Americanism. Both are a cul-de-sac. Let me focus on the former. We aren't going to stop this global change. And, in many ways, with it comes enormous opportunities. It is my conviction that only a modernised social democracy – the true description of the Third Way – can offer a sensible answer to its challenge.
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> Fundamental to this is the re-casting of the relationship between citizen and state, to one that is neither dependency nor abandonment, but a partnership between the two, based on mutual rights and responsibilities to provide opportunity and security for all in the face of globalisation. A relationship of dependency is a welfare state that simply gives to its recipients, who expect to be given to and who get what is given. It tends to be monolithic and passive. Abandonment is where much of the right want to go, where, in an increasingly insecure world, people sink or swim according to their own devices. Partnership is not a soft word. It implies

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[636] Blair, Tony. 'Opening Speech to the Progressive Governance Conference', delivered in London, 13 July 2003.
[637] Ibid.

give and take on both sides. It implies that the individual has
responsibilities as well as rights; that they have to do as well as to receive.
It changes the nature of the state from the institution that does it all,
controls it all, to one that enables. And it is far closer to what true social
democracy should be about. Solidarity is a mutual concept. What flows
from this, however, is a policy agenda that is both radical and involves
hard choices for our own supporters as well as our opponents.[638]

He argues that only through courage and self-awareness was the Labour Party able to 'become New Labour and to govern in a way that helped economic growth and social justice develop together'. He concludes not with a need for the Third Way but by arguing that simply there was 'no other way'.

Talk of the Third Way in such terms is to be expected at these dedicated summits. Party conferences are an altogether different audience and the language of the Third Way was notably absent. However, the shift to the language of the 'progressive' was much in evidence. The 2004 Labour conference was the last opportunity to promote a vision to the party and to the country before the general election widely expected in early summer 2005. Blair and Gordon Brown did not waste that opportunity, but used their keynote speeches to promote an almost identical agenda. These two early modernisers at the very heart of the reforms that made the Labour Party electable, and thus core to the development of the Third Way (and the only two left in their original cabinet posts from their first victory), had adopted a new language.

This new language was that of 'progressive politics'. Directly to the electoral heart of a pre-election conference, they reached out to the British voter and encouraged them to feel proud of their 'courage' to elect New Labour. They were also exhorted to continue towards 'progress' by finding a new 'purpose' in progressive politics. Given the New Labour managerial approach to politics, progress was made to seem almost more important than ongoing progressive politics. The ideology and aspiration of the Third Way were being put in second place behind the pragmatic electoral issues of politics.

Foreign policy is not traditionally considered to be crucial to domestic electoral success, but this may be a new feature of the next stage of state development. It is not unusual for governments to lose mid-term elections over specific disputes, and Blair himself indicated a concern for the importance of a match between foreign and domestic policy. But the strength of opinion suggests Iraq may be a general turning

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[638] Ibid.

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point for the importance of foreign policy in electoral politics if two bye-elections – one loss for the Labour Party and one near miss, are an indication of General Election voting intent.

In the meantime, Labour's domestic agenda has become bogged down and even overwhelmed by foreign policy. Thus, the party conference was a set-piece moment to point out the success stories of the government and the progress made on its key issues. Progress is not the same in ideological terms as progressive but there was a sleight of hand at work in the speeches of the Prime Minister and the Chancellor to create a sense of momentum using this as a base.

The Prime Minister talked of 'progressive politics' or 'progress' no less than seven times in the course of his speech. Progress is something achieved, something that has developed over the course of the first two terms of Labour government. Progressive parties and progressive politics are touchstones, almost articles of faith for the future and what is still to come. Interestingly, he almost recalls his proposal for a progressive coalition or reconciliation of the left as he opened by pointing out that the Labour Party faced the prospect, 'unique in their hundred-year history', of a third successive term. Having set that effectively as his goal, he then strove to create a link between what he stands for and what has been achieved. He needed to explain that the high expectations of the left are aspirations and while utopia has not been attained, progress has been gained and that progress is all any realistic government can offer.

Brown's theme was essentially the same. 'I come here ... not just to tell you what we have done but to tell you how much more we have yet to do' – in effect what progress has been achieved, but also that the future lies in a 'progressive consensus'.[639] He does not use the term 'progress' specifically but he does use 'progressive' eight times. Brown also more overtly draws on the political and ideological sense of the word, and notably draws on the historical moments of the 1906 and 1945 governments as being part of that tradition. In almost every mention of the progressive consensus he also talks of a new 'national purpose'. Like Blair, he argues that such a consensus is based on social justice and development going hand in hand – both at home and abroad.

> I believe that we had shown that when we make a compelling case and
> trust the progressive instincts of the British people we can build a shared
> sense of national purpose, we can build a progressive consensus that
> inspires the country, a consensus that prosperity and justice for all can

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[639] Brown, Gordon. 'Prosperity and Justice for All', Speech delivered to the Labour Party Conference, 27 September 2004.

advance together ... And in our generation I want us to build a shared national purpose, a British progressive consensus, much more than a set of individual policies announced by politicians but a set of beliefs that come to be shared by the British people – that Britain can lead by example as the first country of the global age where prosperity and justice advance together.[640]

A key part of that progressive analysis, returning to Giddens and Matt Browne, is the world after 9/11. They both suggest that that event created a new kind of insecurity, a rise of populism and a resurgent fundamentalist right. This is interesting in the course of this argument because it has been posited that the end of New Liberalism had been similarly optimistic, hoping and arguing for closer and closer international cooperation and economic integration. Instead, the movement dissolved in the face of nationalistic sentiment and uncertainty as states and civil society groups began to close down their international activities in favour of isolationist or internal concerns.

Polanyi's pendulum, depicting the 'great transformation' of the nineteenth century, was used by Marquand and others to illustrate the idea that the 1980s and '90s may have seen a similar process of laissez-faire capitalism being followed by long counter-movements as 'society spontaneously developed new mechanisms to subject market force to social needs'. Marquand went on to argue that the pendulum seemed to be 'swinging again', though 'at much greater speed'.[641]

This thesis has argued that this comparison may be more correct than even Marquand, let alone Polanyi, had supposed. Periods of rapid globalisation or systemic transformation create similar domestic political responses, in this case New Liberalism and the Third Way. Those domestic responses also have a significant impact on the process and development of globalisation and thus the development of the state from one stage to another – pre-modern to the modern and modern to the global. Thus the two faces of the state have a complicated inter-relationship that has not, as yet been fully explored, but is arguably demonstrated by the similarities between these two political approaches from the progressive political perspective in the UK. The frontier between domestic and international is opened by such moments of globalisation and transformation and domestic ideology responds. This, in turn, changes the form of the state and thus reshapes the international space.

Britain may offer a specific case at particular points in time, but the similarities in the context and the domestic political responses of New Liberalism and the Third Way

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[640] Ibid.
[641] Marquand in Gamble and Wright, *The New Social Democracy*, p. 11.

remain. This would suggest that there is further work to be done in the area of globalisation as to its phases or cycles, and other similarities that may be present at such times. Likewise, more could be done to bridge the gap between political science and International Relations to better understand the relationship between the domestic and international political landscapes. More work could also be done on the stages of state development: the process of transition from one stage to another and the ways in which states at different levels operate together. Or, more subtly, an investigation of the differences between states that are, ostensibly, at the same stage of overall development, but who have very different views of their own power and thus approach issues such as globalisation from different perspectives, with varying degrees of success. In effect, does the state create globalisation or does it really respond to globalisation as an outside force?

There may be other domestic political approaches or philosophies that could be used to demonstrate similar issues. It may also be possible that they would not be limited to the developed, western European world – though Indian or Asian influences were notably absent from the Third Way initiatives. Various models of capitalism are being developed as various emerging and developing countries evolve within their own cultural contexts. For Britain, New Liberalism and the Third Way provided important transitional domestic political philosophies as the state went through moments of transformation. In the same way that New Liberalism closed down, it is suggested here that the porousness that produced the Third Way has begun to close. Internationally, the question will be how this new stage of state development will manifest itself, and domestically, whether or not a repositioning of the language of the Third Way towards a 'progressive consensus' linked to a sense of 'national purpose' will be enough to carry the underlying project of progressive politics forward. It has effectively achieved a reconciliation, or at least a coalition of the left to the extent that it has achieved two elections of a Labour government, but it remains to be seen if it can be sustained into an unprecedented third successive term – albeit perhaps not as the Third Way.

Appendix A

Economic context

The assertion that this period of transformation is somehow comparable to the current phase of globalisation, requires some basic figures as context. By 1800, Europeans controlled 35 per cent of the land area of the world; by 1878 this was 67 per cent.[642] Given the advances in terms of both information and health care, the population of Europe more than doubled during the course of the nineteenth century, from 200 million to 430 million.[643]

In England, the population increased by a quarter in the twenty years between 1851 and 1871. The Empire had reached nearly 8 million square miles and 268 million people.[644] In terms of urbanisation in Britain, in 1800 only London had a population of more than 100,000; by 1900 there were twenty-three cities of that size.[645] The 1911 census of England and Wales reported that the urban population had risen from 8.99 million in 1851 to 28.16 million in 1911 – an increase from 50.2 per cent of the total population to 78.1 per cent.[646]

At the height of British power the country ruled a quarter of the world's population and a fifth of its land surface. It was also the world's biggest capital exporter; between 1870 and 1913, roughly the period of interest, the proportion of British wealth invested overseas rose from 17 per cent to 33 per cent, far higher than the comparable figure in any other country in the world at that time. The Empire was growing as new acquisitions were made in rapid succession and Great Britain came out as the overall winner of territory in both Africa and Asia. At the same time, some colonies were gaining self-governance or dominion status. As Black indicates:

> Between 1860 and 1914, Britain also owned approximately one-third of the world's shipping tonnage and by 1898 about 60 percent of the telegraph cables, a crucial aspect of imperial government and defence planning. Between 1890 and 1914 she launched about two-thirds of the world's ships and carried about half of its marine trade ... Investment abroad ensured that overseas income as a percentage of UK gross domestic product rose from 2% in 1872 to 7% in 1913, the sum invested being far more than for any other European country; in 1914, 43% of the world

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[642] Bobbitt, *The Shield of Achilles*, p. 176

[643] Briggs and Snowman, *Fins de Siecle*, p. 164.

[644] Merrell Lynd, *England in the 1880s*, p. 8.

[645] Porter, Roy. *London: A Social History*. Cambridge, MA: Harvard University Press, 1995, p. 205.

[646] Black, *A New History of England*, p. 220.

foreign investment was British and Britain was the sole state in Europe selling more outside the continent than in European markets.[647]

Technology

Rapid development in technology also had an impact on the conquest of time and space for business and production. This was true not only in the UK but right across the developed world. For example, Alexander Graham Bell was demonstrating his telephone in 1876 while Thomas Alva Edison was showing his phonograph in 1878. The first transatlantic telegraph cables were laid and German and British collaboration produced the internal combustion engine in 1885. The radio arrived in 1896, the same year that the French brothers Auguste and Louis Lumière were showing the British public moving pictures. It is important to note that many of the most important innovations were the result of a cross-fertilisation of ideas and expertise between inventors, scientists and businessmen between countries. There was a spirit of progress and internationalism at all levels.

One invention that had a reach far beyond its technology was the steam printing press. This innovation affected not only economics but the entire cultural base and social and political context in which it operated.

> Mechanical typesetting was introduced towards the end of the century.
> New technology was expensive but the mass readership opened up by the
> lower prices that could be charged after the repeal of the newspaper taxes
> justified the cost. The consequence was more titles and lower prices. The
> number of daily morning papers published in London rose from eight in
> 1856 to twenty-one in 1900, and of evening papers from seven to eleven
> while there was also a tremendous expansion in the suburban press.[648]

The rise of newspapers

The new mass readership brought newspapers into their element. For example, by 1888 the *Daily Telegraph* had a circulation of 300,000,[649] compared with the previous century when technology meant that papers were only weeklies and considered a success if they sold 10,000. *The Echo* reached a circulation of 200,000 in 1870; *Lloyd's*

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[647] Ibid., pp.190–91.
[648] Ibid., p. 197.
[649] Ibid.; Briggs and Snowman, *Fins de Siecle*.

Weekly News was the first paper with a circulation over 100,000 and was selling over 600,000 by 1879, over 900,000 by 1893 and over a million copies a week by 1896.[650]

Social reform

The new media also provided a means to disseminate information about the social conditions of the country and, by providing an overview, enabled activism. The cadre of reformers, investigative journalists and academics were quick to take advantage of this new voice and created 'modern' social awareness and reform campaigns. The Fabian Society, the Extension Movement (see further below) and the Settlement Movement[651] and every hue of religious and political organisation began to draw attention to the plight of the poor.

The proximity of these people and groups to each other played a significant role in the intellectual life of Britain, as we shall see in the next chapter. Ralf Dahrendorf points to some of this crucial overlap in his history of the London School of Economics. The University Extension Movement started with Cambridge dons before it caught on in Oxford where it soon became a movement:

> As the Oxford magazine put it in 1883: 'A new faith, with Professor Green for its founder, Arnold Toynbee for its martyr, and various societies for its propaganda, is alive amongst us' ... Attendance resembled more the later Open University mixture ... of people already on the way to semi-professional jobs, white-collar people, an aspiring middle class by education rather than money. This was not true for a venture in which the Oxford Committee joined the Revd Samuel A. Barnett in 1884, when a settlement in the East End of London was set up. It was named after Toynbee, the young martyr for the cause, who had collapsed and died after an extension lecture. Other settlements preceded or followed Toynbee Hall, but this particular combination of education and social work based on a residential centre remained the most successful of its kind. Moreover, it became almost an extension of LSE or was it, for a while, even the other way round? Certainly all those involved in the foundation of the School, without exception, had played their part in the good works of Toynbee Hall ... generations of lecturers, many from LSE,

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[650] Black, *A New History of England*, p. 198.

[651] The first settlement house was Toynbee Hall, established in 1884 by an Anglican at St Jude's, Whitechapel. Its main purpose was to place educated young men and women in disadvantaged urban areas to improve their understanding. The movement spread across England and to the United States, where the most famous was Hull House in Chicago.

were involved in community work and exposed to the poverty and later the racial discrimination of East End life through Toynbee Hall.[652]

Sidney Webb (1859–1947), founder of the LSE, a leading Fabian and social reformer, for example, used the reports of these new social sciences (see further below), as well as the media, to plead with political parties to do something about the conditions of the working classes. In an open letter to the Liberal Party, Webb quotes extensively from a document entitled, 'Facts for Socialists from the Political Economists and Statisticians' published by the Fabian Society. The facts were certainly stark:

> When one out of every five Londoners dies in the workhouse or hospital; when every year 1 in 8 of the wage-earning class has to accept pauper relief; when in some rural districts *every* aged labourer is a pauper; when 20,000 adult men are constantly unemployed in London alone; when half the children of the working men die of overcrowding and privation before reaching 5 years of age; so long as these are the facts of life in England, there can be no doubt as to the problems for the politician in earnest.[653]

Others such as Edwin Chadwick (1800–90) became a pioneer of sorts in this new science of reporting on everyday conditions. He was responsible for the Poor Law Amendment Act in 1834, which formalised the workhouse structure, and went on to author a report entitled *The Sanitary Conditions of Labouring Population of Great Britain* (1842). Laws governing the working hours of children and women soon followed and the first public health act created a General Board of Health in 1848. It was this effort that many others sought to emulate over the course of the next two decades.

It is also important to point out that this debate was far from isolated in the UK – or even confined to European or continental commentators. The American Henry George was particularly influential; his book, *Progress and Poverty: An Inquiry into the cause of industrial depressions and of increase of want with increase of wealth: The Remedy* was widely reported when it appeared in 1879 and 'sold in hundreds of thousands of copies'.[654] The book influenced a large number of British reformers, as did the author himself when he came to the UK in 1882 for a lecture tour. As Hugh Gaitskell points out from his political perspective in the 1950s, 'Like so many contemporaries, including Liberals like Lloyd George and others much further to the left, they were greatly influenced by Henry George, the author of *Progress and Poverty* – who in turn

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[652] Dahrendorf, *LSE,* pp. 30–31.
[653] Webb, 'Wanted, a Programme: An Appeal to the Liberal Party', p. 11.
[654] Flinn, M.W. *An Economic and Social History of Britain 1066–1939.* London: Macmillan, 1962, p. 326.

had taken so many of his ideas from the British classical economists, John Stuart Mill and David Ricardo.'[655]

Henry Pelling puts it more strongly, pointing out that George's writing arrived in Britain during 'the most acute phase of the agricultural depression' and with his tours particularly to areas hardest hit, Pelling suggests that:

> Scotland and Ireland were remarkably influential in setting people thinking about political economy on lines that often led them much farther than George himself would have wished. Although he was not a Socialist, he was responsible for the early political education of many of the subsequent leaders of the Socialist movement in this country.[656]

Or finally, as John Davis states in *A History of Britain, 1885–1955*:

> The dominant influence was the American writer Henry George, whose doctrines of land reform proved to be extraordinarily tenacious. George was an amateur economist who applied traditional rent theory to modern urban conditions ... The Cabinet Radicals Joseph Chamberlain and John Bright lionised George on this visit to Britain in 1882.[657]

Barker argues that the book did not contain any new ideas, but 'added new vigour' and 'hustle' to an old doctrine and suggested that 'the line of thought continued in Fabianism, though its founders drew inspiration from Proudhon in France and Marx in Germany as well as from their own soil.'[658]

Like the Third Way, the reformers were looking to other places for their ideas and applying them, perhaps inconsistently, to their own circumstances. In that light, it is worth a relatively long sample of George's work. It is interesting in that it links technological change to the economics of society and thus sounds very like current globalisation discussions.

> The present century has been marked by a prodigious increase in wealth-producing power. The utilisation of steam and electricity, the introduction of improved processes and labour-saving machinery, the greater subdivision and grand scale of production, the wondrous facilitation of exchanges, have multiplied enormously the effectiveness of labour.
>
> At the beginning of this marvellous era it was natural to expect, and it was expected, that labour-saving inventions would lighten the toil and

[655] Gaitskell, *Recent Developments in British Socialist Thinking*, p. 6.
[656] Pelling, The Origins of the Labour Party, p. 10.
[657] Davis, *A History of Britain, 1885–1939*, p. 18.
[658] Barker, *Political Thought in England 1848 to 1914*, pp. 214–15.

improve the condition of the labourer; that the enormous increase in power of producing wealth would make poverty a real thing of the past. Could a man of the last century – a Franklin or a Priestley – have seen, in the vision of the future, the steamship taking the place of the sailing vessel, the railroad train of the wagon, the reaping machine of the scythe, the threshing machine of the flail; could he have heard the throb of the engines that in obedience to the human will, and for the satisfaction of human desire, exert a power greater than that of all the men and all the beasts of burden of the earth combined... could he have realised the enormous saving of labour resulting from improved facilities of exchange and communication – sheep killed in Australia eaten fresh in England, and the order given by the London banker in the afternoon executed in San Francisco in the morning of the same day; could he have conceived of the hundred thousand improvements which these only suggest? What would he have inferred as to the social condition of mankind?[659]

There are a number of other reports that should be mentioned in this discussion of the development of social sciences, as they bear directly on the development of the public and political debate. In 1883 Andrew Mearns wrote a pamphlet, *The Bitter Cry of London,* looking into slum housing, which led to a Royal Commission. Concern over sweated labour[660] produced a House of Lord Select Committee report in 1888[661] – one of many on the problems of these industries from both select committees and Royal Commissions. Many discovered the fact – or rather avoided in their divided conclusions – that sweated labour seemed to be touchstone for a variety of other social ills.

Charles Booth (1840–1916) investigated the problem of 'worthy' or 'morally sound' individuals who seemed to work hard but remained poor. For Victorians the idea that one could work hard all day and remain unable to make progress was difficult to cope with in terms of the prevailing philosophy of progress, which was at the heart of classical liberalism. In 1889 Booth famously set out to try and disprove H.M. Hyndman's (1842–1921) figure of 25 per cent living below subsistence levels as a 'wild overestimate'.[662] He discovered it was, in fact, too modest. His report, *Life and Labour of the People of East London,* was followed two years later by his study of the rest

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[659] George, Henry. *Progress and Poverty.* New York: Doubleday, Page & Co., 1907, pp. 3–4.
[660] This phenomenon became known as the 'sweated trades', lumping together a large range of industries, including nailers and matchbox-makers as well as cobblers and piece-workers. The term gradually became more focused on the textile industry and those working at home, domestic workshops and the practice of 'putting out'. (Bythell, Duncan. *The Sweated Trades: Outwork in Nineteenth-Century Britain.* London: Batsford Academic, 1978.) The 'Sweated Movement' was a social campaign to address this problem.
[661] Davis, *A History of Britain, 1885–1939,* p. 17.
[662] McLennan, Held and Hall, *State and Society in Contemporary Britain,* p. 17.

of London, a groundbreaking piece of work in terms of analysing the sources and structure of poverty and society. It was later supplemented by Seebohm Rowntree's (1871–1954) 1901 study based on York, *Poverty – A Study of Town Life*, inspired by both Booth's and his father's work in the 1860s.

These reports detailed the impact of efforts to improve conditions and discovered that some legislation positively hindered the work of public health reforms. For example, in the area of housing the authorities were enabled to demolish unsuitable housing but not given the necessary powers to build replacement stock. Other laws created incentives for landlords to let their properties fall into disrepair, compounding the problems of sanitation and disease. Taken together, they were part of the first attempt to understand life in poverty-stricken areas of the country. They would eventually be key to political leaders such as Ramsay MacDonald (see Chapter Eight) and inform thinking both in terms of political ideology and practical policy. The cross between the practical and the political had been made.

Having mentioned the LSE in the context of various movements at the time it should also be pointed out here that the LSE was important in the promotion and dissemination of the kinds of reports listed above. It also demonstrates the level of overlap between groups – a point we shall return to. Dahrendorf argues that the Fabians who established the LSE in 1895, Sidney Webb and Beatrice Webb, Graham Wallas and George Bernard Shaw, were:

> Early representatives of a post-Gladstonian England which more often than not turned against a market-oriented, free-trade liberalism. Gladstone's last government had fallen in March 1894; now Lord Rosebery of the 'efficiency' movement was Prime Minister, and Joseph Chamberlain, the social imperialist, began to dominate public debate as well as political reality … They dreamt of an organised, well-run society rather than the free-for-all of 'Manchester liberalism', of the hegemony of well-trained benevolent experts rather than entrepreneurs. Moreover, they were convinced that the first step of the road to reform was to find out facts: 'facts shall make you free'. That is why they, Sidney Webb at any rate, wanted a London School of Economics and Political Science, and that is what they wanted this School to promote.[663]

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[663] Dahrendorf, *LSE*, p. 7.

Appendix B

James Ramsay MacDonald

Ramsay MacDonald was born in 1866 in Lossiemouth, on the Morayshire coast of north-east Scotland, the illegitimate son of Anne Ramsay and John MacDonald.[664] Though education was not a natural part of his environment, Jamie, as he was known, was bright and became, like the others discussed, a teacher or more precisely, a pupil-teacher. He read everything that passed his way in his remote village – a habit that brought him in touch with some of the most important debates of the time:

> The seeds of his evolutionary Socialism were germinating in the soil prepared for them by the labours of Darwin, Huxley, Spencer, and Alfred Russell Wallace. The storm of controversy excited by the publication of the *Origin of Species* in 1859 raged violently throughout his youth. Every year added to the intellectual ferment that went on around him.[665]

Another book that particularly impressed him was Henry George's *Progress and Poverty*.[666] (See Appendix A – social reform.)

Unlike the others listed here, MacDonald was not Oxford- or even university-educated. He was not part of the new middle classes but decidedly working class. For MacDonald, the issues of low pay or union membership were not intellectual or moral concerns but realities of his life and surroundings. This makes him unusual in that much of the discussion and debate of this time is concentrated around the educated middle classes rather than those the ideology and legislation most affected. Most of the modernisers in both the nineteenth- and twentieth-century contexts were an educated elite.

In 1885 he found work in Bristol but after about a year made his way to London, where he found a job as a clerk for the Cyclists Touring Club. He had a passion for science and was studying for a science scholarship, but collapsed, due to near-starvation, and had to give it up. He was also becoming interested in politics and the workings of the Fabian Society and the London Ethical Movement (where he met Hobson). After he had recovered his health, he became more active in these circles and went to work as a clerk for an MP.

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[664] Morgan, Austen. *J. Ramsay MacDonald*. Manchester: Manchester University Press, 1987, p. 12.
[665] Tracey, Herbert. *From Doughty Street to Downing Street: The Rt. Hon. J. Ramsay MacDonald M.P., A Biographical Study*. London: John Marlowe, Savage and Co., 1924, pp. 17–18.
[666] Ibid., pp. 22–23.

Thus, he arrived in London just a year before Hobson and entered into the same tumultuous social context. The various social reform groups and journals, however, did provide an avenue of contact between these groups and in fact it was through one of these groups that MacDonald met Margaret Ethel Gladstone, daughter of John Hall Gladstone, a chemistry professor and active Liberal (though apparently no relation to W.E. Gladstone), who became his wife and in some senses his benefactress.

In 1893 the Independent Labour Party was set up and MacDonald joined a year later, the same year in which he joined the Rainbow Circle. He became the secretary of the Rainbow Circle for the first six years of its existence and this brought him into more regular contact with Hobson, though it did not stop his other political activities. In 1895 he was the ILP candidate in Southampton but lost resoundingly – as did all of the other ILP candidates at the time.

At this time both MacDonald and Keir Hardie began to extend their participation abroad. In 1895 Hardie went to the US for fifteen weeks while MacDonald went for a similar period of time two years later. Both trips were 'more like political progresses' than holidays.[667] Back in the UK, the burgeoning socialist groups met in 1900 to discuss the way forward for the movement and the Labour Representation Committee was formed. MacDonald was chosen as the secretary and he stepped down from this role with the Rainbow Circle, though he remained active.

The international workers' movement was also expanding its activities. Hardie participated in a range of International congresses and while occasionally present, MacDonald was less vocal. However, MacDonald did participate at the congress of the Second International in 1907 in Amsterdam on the issue of colonialism. At this point it became clear that colonialism and the issues of tactics in response to a threat of war would split the Second International along national grounds, serving to highlight to MacDonald the differences between British socialism and continental strands of thoughts.

In 1910 MacDonald visited Germany, on a fact-finding trip to observe the conditions of the workers and to better understand the background to the rising competition coming from Germany. In a pamphlet he wrote for the *Daily News,* he outlined what he saw as the differences between the UK and Germany. First and foremost, he noted the differing role of government in terms of its investment in industry as well as in

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[667] James, Jowitt and Laybourn, *The Centennial History of the Independent Labour Party,* p. 307.

education and social welfare provision. He concluded from this trip that free trade, not protection, was the answer.

Darwin, evolution and MacDonald

In line with both Hobson and Hobhouse, the biological analogy of society intrigued MacDonald. Perhaps it was his similar scientific interests or the fact it was simply the prevailing framework of the day, but MacDonald also took the concept of evolution and applied it to economic and social structures. He was not uncritical of Darwin but as he noted, 'evolution, the dynamic of life, was carried in triumph into the company of accepted beliefs'.[668]

Whereas Hobson and Hobhouse used Darwin as a departure point, MacDonald kept closer to his evolutionary ideas. As Barker noted, 'Socialism under the influence of Marx came into alliance with biology, and the alliance is most conspicuous today in the writings of Mr Ramsay MacDonald who may be regarded as the apostle of a definitely biological Socialism'.[669]

In 1905 MacDonald wrote *Socialism and Society*, which became a core text for socialists across the country, commonly read in study groups. MacDonald had taken Darwin and proposed a form of evolutionary socialism. This was, for many, the 'middle way' and his popularity grew in light of his support for something other than revolution or status quo. His popularity was also helped by his frequent speaking engagements around the country and by the fact he was considered to be a platform performer that few in the emerging party could match.

'The phrase "evolutionary socialism" caught on, and provided the Labour Movement with a well-thought-out and respectable alternative to the extremists of the Social Democratic Federation and the British Socialist Party.'[670] This was particularly important as the developing rows within the international workers' movement were based almost entirely on the differences between evolutionary and revolutionary advance of the socialist cause. MacDonald refused to move with his colleagues in the SDF who became increasingly frustrated with the slowness of progress and gravitated towards continental views of anarchism and revolution. Later, Keir Hardie was

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[668] Barker, Bernard, ed. *Ramsay MacDonald's Political Writings*. London: Allen Lane The Penguin Press, 1972, p. 69.
[669] Barker, *Political Thought in England 1848–1914*, pp. 208–09.
[670] Barker, *Ramsay MacDonald's Political Writings*, p. 2.

similarly to separate himself from the SDF as its tactics and approach were becoming impossible if the socialist movement was to continue to retain the support of the trades unions – especially for their work in the House of Commons.

Thus, the organic analogy was, for MacDonald, important as a positional attitude both domestically and in his international role. It not only brought the focus back to groups but also conceived of society as an entity in its own right as well as being made up of the individuals within it. MacDonald even went so far as to claim that rather than capitalism releasing original or innovative energy, it deadened the impulse and brought about greater uniformity.[671] This may also be why Kropotkin appealed to MacDonald. His 'mutual aid' approach enabled MacDonald to contain an otherwise dangerous philosophy of anarchism within a system based on the individual placed firmly within the community.

Despite MacDonald's attempts to create something less extreme than some of his contemporaries, he did not shy away from identifying some controversial thinkers as forebears of socialism on the continent. MacDonald's history, *Socialism* (1907), was the product of a period of flux. Ideologies were changing and politics ranged over domestic and international issues. Looking at some of the personalities MacDonald included as socialists it is clear that he was not concerned by any stigma that might have attached to them at a later date. For example, in much the same way that Green has been identified as a fulcrum between socialism and Liberalism, MacDonald identified Pierre-Joseph Proudhon, a self-identified anarchist, as being 'on the border between Socialism and Anarchism'.[672] Others he charts as core included Saint-Simon, Fourier, Louis Blanc, Godwin, Robert Owen and of course Marx.[673]

MacDonald bemoaned the fact that during the 'liberal epoch' of the nineteenth century, these 'socialist pioneers were forgotten' but, he argued, 'the stream of Socialist evolution had never been altogether absorbed in the name of the liberal epoch. A section of the working class had never been liberal, because liberal stood in its eyes for the triumph of the capitalist employer, or for the destruction of inter-class personal relationships.'[674]

So, while nodding in the direction of the forerunners of socialism he was also striving towards a British school of socialism. His goal was something that would be 'post-

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[671] Freeden, 'True Blood or False Genealogy' in Gamble and Wright, eds. *The New Social Democracy*.
[672] Barker, *Ramsay MacDonald's Political Writings*, p. 73.
[673] Ibid.
[674] Ibid., p. 123.

Marxist' in terms of means and less class-dominated. It sounded much in the same vein as the New Liberals and the terms Hobhouse used, such as 'advanced liberals', for their views of social change. MacDonald was similarly looking for something that would be new and different and that would stand out as 'the most advanced Socialism in Europe'[675] – a theme that will sound very familiar in the discussion of the Third Way.

MacDonald clearly saw that the movement in the UK needed to be different from the rest of the continent in at least two other ways. As suggested previously, the British labour movement contained at least three separate strands, the ILP, the SDF and the LRC, before the Labour Party came into existence. They each took a slightly different view of issues such as the nature of capitalism and human nature and the reformability of both, and suggested varying routes to progress. This brought British socialists into conflict with their continental colleagues.

As well as the tactical differences, the final issue was the different influence of trade unions in the UK as opposed to the rest of the continent. Socialists in other countries created a political presence long before the UK Labour Party existed. Representation of the worker at an international level had been dealt with by active trade unions. The TUC even attempted to exclude socialist political parties in favour of unions in other countries at a congress they hosted. Effectively, the Labour Party in the UK developed as a union-based party more than a socialist one. This presented problems then which continue through to the modern day for the Third Way.

> The Socialist doctrine systematises these industrial changes. It lays down a law of capitalist evolution. It describes the natural history of society. It is not, therefore, only a popular creed for the marketplace but a scientific inquiry for the study. Like every theory in sociology it has a political bearing, but it can be studied as much detached from politics as Darwinism. Socialism is a theory of social organisation, which reconciles the individual to society.[676]

If New Liberals argued that the mission of old liberalism had been completed and was now undergoing change, MacDonald was arguing that it had achieved its mission but now it was time for it to retire from the field. However, he was also a very careful tactician. While he may have foreseen the overall strategy of a Labour Party eventually replacing the Liberals he did not seek an overt break amongst the progressive political forces. Socialism was the political ideology of the new era, but it

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[675] Ibid., p. 100.
[676] Ibid., p. 13.

would take time for that to evolve, or develop, and MacDonald was willing to work with others to secure his own party's fortunes until he felt ready to take that ground.

And as much as MacDonald was striving to create a clearly different position, the overlap between thinkers cannot be ignored. For example, it has been noted that MacDonald knew Hobson through the London Ethical Movement and, particularly, the Rainbow Circle. Barker argues that there is a clear line back to Hobson in much of MacDonald's thought:

> Many of the strands discussed above come together in J.A. Hobson's work, and here, at least, there is relatively concrete evidence of the influence and derivation of ideas... there is no doubt that he influenced MacDonald a great deal. *Labour and The Empire* (MacDonald, 1907) followed Hobson's *Imperialism* fairly closely, and many of Hobson's economic and social arguments are echoed in MacDonald's work.[677]

Evolution versus revolution

Like the New Liberals, MacDonald also faced serious challenges as a result of the changing political climate. As well as developing his own 'evolutionary socialism' he needed to bring the rest of what could be a very militant, revolutionary constituency with him, namely the wider collectivist, labour, socialist movement: a problem shared by Blair a century later.

To that end, MacDonald negotiated very carefully and while he did not avoid the language of revolution common at the time in certain strands of socialism, he was equally careful to argue that Britain needed something different from what had developed on the continent. He felt that there was a middle way, an approach that did not require revolution but could be part of an evolution of British politics. In a strange turn of perspective, MacDonald was arguing in a similar vein to the Conservatives when he portrayed the continental socialists as dangerous. Rather like the position of the Third Way on globalisation, he was suggesting that capitalism was a 'fact of history' and that the answer was to use the new tools of the global world to prepare for the changed future.

> The term 'evolutionary Socialism' was invented to suggest the possibility that socialism could come by other than revolutionary means, and to discredit Marx as unnecessarily fond of bloodshed and class war ... MacDonald's frequent use of biological parallels and examples has been taken as proof that he differed from Marx on precisely this point –

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[677] Ibid., pp. 38–39.

'evolution' versus 'revolution'. It seems that MacDonald himself thought that this was the centre of his difference with Marx ... It is not that MacDonald specifically set out to avoid revolution. This argument placed great weight upon the education of democracy for the higher stage of society to come, and insisted that in order to reap the benefits of an expanding technology, the people should wait and prepare themselves.[678]

New socialism?

The point captured by Bernard Barker above also speaks to what can be seen almost at the edges of MacDonald's work. In a similar vein to his Liberal colleagues, he claimed to be radical but he accepted at some level the capitalist system just as the Third Way accepted globalisation a century later. 'The Socialist, contrary to what his critics ask people to believe, does not consider that the Industrial Revolution and the consequent establishment of the Capitalist system as we know it were bad; he accepts them as historical facts'.[679]

He believed in the concept of liberty – more than the Fabian mechanistic forms would allow – but placed that liberty more strongly within a community context. With the Liberals, MacDonald suggested that liberty within the idea of socialism was the 'liberty of man to fulfil his true being'. As Freeden points out, this leaves 'little space between the concepts of individuality and community, a lack of space reproduced in Amitai Etzioni's communitarian views ... influential in New Labour circles'.[680]

[678] Ibid., pp. 28, 44.
[679] MacDonald, J. Ramsay, *Why Socialism Must Come.* London: Independent Labour Party, 1924, p. 4.
[680] Freeden, 'True Blood or False Genealogy' in Gamble and Wright, eds. *The New Social Democracy,* pp. 156–57.

Appendix C

Thomas Hill Green

T.H. Green is the earliest of the thinkers outlined here. He was born in April 1836 in a small village in Yorkshire, like Hobhouse a son of a rector. His mother died when he was one and the children were raised by a nanny. His father provided his early education and he then went to Rugby between 1850 and 1855. He did not distinguish himself either as a student but in 1855 he went to Balliol College, Oxford. It was here that he met Benjamin Jowitt, one of the first to bring Hegel's ideas to England. As Hegel became more popular in Britain he became less fashionable in Germany, being 'replaced there by neo-Kantianism and even a type of British Empiricism'. There was 'an exchange of philosophical roles between the two countries'.[681]

It was also at Balliol that he met other political students and made his life in Oxford both inside and outside the university. He joined the Old Mortality Club, a 'radical student society', as well as the campaign for access for women. He took up with a temperance society and also worked with the local Liberal association. While he was involved in local politics, he was not as engaged in national debates, even though many of his students were. Like both Hobson and Hobhouse, he rather fell into teaching when he completed his degree and became a fellow of the college in 1860. In 1865 he briefly became an assistant commissioner with the Schools Inquiry Commission, but decided to return to academic life at Balliol the following year.

Green died relatively young from blood poisoning in 1882. His impact was therefore not primarily due to his publications – though his lectures were assembled as a book in 1913 by Bernard Bosanquet, himself a student of Green's – but to the impact he made on those he taught. Herbert Samuel, also a student at Balliol and later a Liberal MP, and Hobhouse – though not directly a student of Green's – took his ideas and developed what would become the core of New Liberalism.

Green was very much a part of the Idealist tradition which, as indicated, held so much sway with his students. As was common at Oxford, many went on to become famous in their own fields. Although the Liberal Party was defeated in 1895, it enabled the generation influenced by Green to develop their thoughts and participate in the debate and eventually, as exemplified by Samuel, to enter the parliamentary party,

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[681] Hamlyn, D.W. *The Penguin History of Western Philosophy*. London: Penguin, 1987, p. 280.

bringing their arguments to the wider Liberal Party, though this did not happen until after 1900.[682]

Overview

As a philosopher Green has been put into a variety of categories, the clearest of which seems to be as the first British Hegelian 'of note'.[683] He 'attacked the empiricist or sensationalist belief in atomic sensations, stressing that reality must involve relations, which are themselves contributed by the mind ... Green also embraced the Hegelian view of the status of the state'.[684]

However, his political affiliations were slightly more diverse. He was active in the local Liberal association and with many Liberal causes, and he was also intensely Christian, all of which led him to him being claimed by a range of groups. The Liberals obviously have some expectation that he would be considered amongst their number but others identify Green as a turning point not only for socialism but particularly a form of Christian socialism that resonates more with socialists than with many Liberals. Over time, he has gradually been moved more towards the socialist side of the ledger, as more emphasis is put on his Christian and radical beliefs than his starting point of liberty.

Green is an excellent example of the flux of political thought and the way in which different currents were and could be interpreted. He is also a good example of Matt Carter's warning that caution should be used when attempting to categorise thinkers; he makes a particular case for Idealists in this context:

> Despite repeated attempts by modern commentators, the British idealists still remain exceedingly difficult to place within the different traditions of nineteenth century political thought. On the one hand, they were predominantly Liberal Party supporters and their writings regularly focused on debates about how to renew the tradition of liberalism. They are also often linked with the development of a New Liberalism ... However it is true that almost all the idealists were sympathetic to socialism in a certain form. Furthermore, the link between idealism and the Liberal Party, strong though it may have been in Green, showed signs of wear in later years, and was even broken by some idealists.[685]

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[682] Emy, *Liberals, Radicals and Social Politics.*
[683] Hamlyn, *The Penguin History of Western Philosophy.*
[684] Ibid., p. 281.
[685] Carter, *T.H. Green and the Development of Ethical Socialism,* p. 135.

Though Carter may be posthumously nominating Green for being a key to Christian socialism, Liberals have long identified his contribution to Liberal thought more than to socialist development. Ian Bradley, in the *Strange Rebirth of Liberal Britain*, considered him to be a turning point for Liberalism and the beginning of New Liberal thought by humanising, or perhaps in his case, applying his form of Christian morality, to traditional Liberal thought:

> Mill and other liberal theorists in the first half of the nineteenth century were primarily concerned with intellectual and civil liberty. In the second half a number of prominent thinkers extended this argument for liberty into other areas of life. These New Liberals, as they came to be called, never lost sight of the moral and spiritual basis of liberalism but they saw that there were other evils apart from censorship, social pressure to conform and the over-mighty authority of the Established Church and the state, from which men and women needed to be liberated. Poverty, illness, bad housing and inadequate education, they argued, were just as much of a hindrance to individual self-fulfilment and the exercise of choice, and to free people from those particular constraints would require the positive use of public authority. The founding father of this New Liberalism was the Oxford philosopher, T.H. Green. In his view of liberty he stood firmly in the tradition of Milton and Mill. 'When we speak of freedom', he wrote in 1880, 'we do not mean merely the freedom to do what we like irrespective of what it is we like. We mean the greatest power on the part of the citizens as a body to make the most and best of themselves.'[686]

The combination of Hegel and the German idealist tradition offered a more positive view of the state than Liberal thinking could accommodate. Green therefore rejected the system in which individuals were primary units and in which society was either their secondary creation or simply a group of individuals together. The community or society came into its own as individuals gained rights, but with the appreciation that rights are derived from the community and owned by individuals in and of themselves. He also took from the Idealists the idea that the Liberal concept of freedom was misconceived as it posed freedom and state action as irreconcilable opposites. He felt instead that freedom could be strengthened through the exercise of positive action.[687]

Even without the benefit of historical distance, Green was identified, if not as the father of the New Liberalism, then certainly as one who applied the principles of idealism to the current debate:

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[686] Bradley *The Strange Rebirth of Liberal Britain*, p. 26.
[687] Arblaster, *The Rise and Decline of Western Liberalism*.

Not a modification of the old Benthamite premises, but a new philosophy was needed; and that philosophy was provided by the idealist school, of which Green is the greatest representative. That school drew its inspiration immediately from Kant and Hegel, and ultimately from the old Greek philosophy of the city-state. The vital relation between the life of the individual and the life of the community which alone gives the individual worth and significance, because it alone gives him the power of full moral development; the dependence of the individual for all his rights and for all his liberty, on his membership of the community; the correlative duty of the community to guarantee to the individual all his rights (in other words all the conditions necessary for his, and therefore for its own, full moral development) these – were the premises of the new philosophy.[688]

Perhaps it is best to agree with Freeden when he points out that while it may not have been Green himself, certainly the 'immediate generation of liberal thinkers to succeed Green took liberalism into areas considered to this day by many to be so close to socialist thought as to render a clear distinction impossible'.[689]

Idealism and Darwin – a middle way?

Green was an academic and a religious man rather than a journalist or political writer. This kind of 'purity', if it can be called that, may help to explain why both Liberals and socialists look to Green as a point of departure. He was steeped in the dominant Idealist tradition not only of Oxford but of nineteenth-century thinking. Thus, he was well placed to accommodate changes in the environment without forcing them into a party political form. What Carter calls the 'unifying and synthesising nature of Idealism' suggests that in the midst of intellectual confusion and for some, crisis, 'Idealists could find a middle way'. Carter goes on:

In the debate about the state, the idealists saw no problem in supporting both state action and individual freedom. While the religious orthodox were rejecting discoveries of biology and geology, the idealists maintained a position which combined the theistic and scientific.[690]

– or, as he puts it in a similar thought elsewhere, 'They had also managed to find a third way between the individualism of the Manchester School and the socialism of

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[688] Barker, *Political Thought in England 1848–1914*, p. 11.
[689] Freeden, *Ideologies and Political Theory*, p. 194.
[690] Carter, *T.H. Green and the Development of Ethical Socialism*, p. 11.

Marx.'[691] Freeden also identifies Idealism, and Green in particular, as a kind of fulcrum of change in the debate:

> T.H. Green served in this process as an ideological halfway house towards the communitarian theories of the British new liberals. Human nature was reaffirmed as developmental, though this was now accompanied by the cultural influence of the Idealist conception of (self)-realisation, that is, of moving from a potential to an actual state.[692]

For Hobson and Hobhouse, Darwin was the point of departure. They used his biological argument as a base to develop the biological and evolutionary argument and to apply it to the individual, the community and the state whereas Green seemed to see Darwin as an obstacle; or perhaps he avoided the wider potential of Darwin's argument. As Freeden observes:

> The absence of the post-Darwinist view of evolution in Green's writings is as telling a symptom of his failure sufficiently to radicalise liberalism as is the presence of that view a hallmark of the new liberalism. It is revealing that Hobhouse swore by evolutionary theory from early adulthood. Already when being taught in an Oxford still under the shadow of the newly departed Green, Hobhouse linked evolution, progress, and individual development.[693]

Freeden identifies, instead, D.G. Ritchie as the person who best bridges this gap between Liberalism and what he calls the 'evolutionary rhythm' of Darwinian thought, but the New Liberalism was, above all, a combination of 'Idealist, utilitarian, and evolutionary perspectives'.[694]

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[691] Ibid., pp. 143–44.
[692] Freeden, *Ideologies and Political Theory*, p. 179.
[693] Ibid., p. 69.
[694] Ibid.

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