

# The “Third Way” Advocated by Gerhard Schröder and Tony Blair (Retrospective account, 2010)

## Abstract

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In 1999, British Prime Minister Tony Blair and German Chancellor Gerhard Schröder published a joint policy document to outline an agenda for European center-left political parties. Ten years later, political scientist Helmut Wiesensthal analyzes the influence as well as the problems of this agenda with particular reference to the SPD.

## Source

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### What went wrong with the “Third Way”?

[...] With concepts of a “Third Way,” the Social Democratic parties tried to reinvent themselves after a longer phase as the opposition: for example, Bill Clinton’s New Democrats in 1992, Tony Blair’s New Labour in 1997, and Gerhard Schröder’s *Neue Mitte* [New Middle] a year later. The aim was to formulate an alternative, on the one hand, to Thatcherism and Reaganomics, and, on the other hand, to the failed projects of Socialism. [...]

### What is left of the Third Way

What has become of concepts of the Third Way or the *Neue Mitte*? Social Democrats did incorporate a few of their elements into their governing practice, but later dropped them again when they were in the opposition. That is true above all for the acceptance of flexible markets suggested by globalization, the supplementation of the preferred demand policy with a competitive supply policy, and a closer partnership between government and business, manifested in lower corporate taxes and better investment incentives. Unlike before, Social Democrats were also willing to designate themselves advocates for the middle class and supporters of self-employment. To lower unemployment, in keeping with the slogan “work before welfare,” the focus was on flexibility and the reduction of “over-regulation.” Low-grade forms of employment were explicitly approved, because every variant of paid work was seen as better than joblessness.

If one inquires into issues and aspects from the “Third Way” discussion that have remained topical also in times when Social Democrats were in the opposition, one finds, first of all, the lasting enhancement of education policy, which, for one, places more emphasis than before on public support for early childhood education and training, and, for another, attaches great importance to the international competitiveness of universities. More self-evident than in the past is also the imperative of social inclusion through participation in gainful work, which is expressed, on the one hand, in the rejection of proposal for state support in the vein of an unconditional basic income, and, on the other hand, in the willingness to demand from individuals a certain degree of personal responsibility with respect to their readiness to learn and change. Formulas such as “no rights without responsibility” or “supporting and demanding” seem compatible today with the postulate of solidarity.

The establishment of a “private” pillar of social security – in the form of supplementary insurances for old-age pensions and health care benefits has also been accepted. This amounted de facto to a departure from the idea of the state with all-encompassing responsibilities. The state no longer has to act as the sole provider and financier, but may limit itself, as organizer and guarantor, to the function of providing a guarantee: “legal welfarism” instead of “fiscal welfarism.” Moreover, in competition with the

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Greens there emerged an expanded understanding of environmental and energy policy, one that was no longer concerned solely with jobs, but also with protecting the foundations of civilization. Finally, New Labour's media-oriented form of political-cultural communication ("spin doctoring") also rubbed off on the SPD.

### **The Third Way According to Schröder and Blair**

Other elements of the Third Way were soon devalued in their importance for social democratic policies. That applied especially to the precedence of labor market inclusion over transfer entitlements. In the sense of a strict outsider orientation, the Schröder/Blair paper postulated that "part-time work and marginal work are better than no work." The electoral defeats evidently spurred a return to the core electorate, the overwhelming majority of which is in regular employment and feels threatened by a decidedly outsider-oriented policy. The change of course toward insider protection is manifested in the appeal for minimum wages and "good work" as well as in the rejection of all non-typical ("precarious") jobs.

Another thing that disappeared is the positive assessment of individual "entrepreneurship" in the sense of (the ability for) successful self-assertion in the marketplace. Where the Schröder/Blair paper still maintained that the goal was to "transform the safety net of entitlements [to social safeguarding, H. W.] into a springboard to personal responsibility," today preserving the level of safeguarding that emerged during boom times and before the demographic turnaround takes precedence.

Other issues that attracted attention in the British variant of the Third Way remained from the outset marginal or meaningless within German Social Democracy. [...]

### **Learning from the fate of the Third Way**

[...]

Where the electoral success of the SPD in 1998 was driven in no small measure by the desire for an end to the "social dismantling" of the Kohl government, the Schröder/Blair paper provoked – a few months after the withdrawal of Oskar Lafontaine – a shock in the SPD. Because of the oppositional rhetoric of the previous years, members and unionists were very poorly prepared for a proactive position on globalization and technological-structural change. What might have been useful before the election as a badge of modernity seemed, a year after the election, as the cynical staging of a break with tradition, for which no irrefutable necessity could be discerned. And so some lamented the "transformation of the SPD into a party . . . that is turning away from its history for good." (Arno Klönne).

At most a minority understood why previous basic convictions should be relinquished: the notion of social justice as equality of outcome; a notion of progress that exhausts itself in the growth of public expenditures; the proposition that the state could protect individuals at all times from the risks and consequences of economic change and spare them the personal responsibility of making provisions; and not least an embarrassingly truncated time horizon in which the growing proportion of pensioners can be ignored.

Foregoing the difficult process of self-enlightenment had disastrous consequences. They manifested themselves in the fate of the Agenda 2010 and in the enormous turnover of party leaders. [...]

How much the SPD's partly failed, partly missed self-enlightenment reverberated back upon society is evident from the founding of WASG and its merger with the PDS. This produced today's five-party system with its changed coalition options. They are prompting the SPD to draw closer to the positions of the criticism from the orthodox Left. Similar to the Left Party – but often against its better judgment – the SPD leadership now denies that the concepts of the Third Way were suited (or still are) to getting closer

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to the goals of social justice and economic prosperity. The following are mentioned as supposedly better alternatives: less market and more political intervention, stricter regulation of employment relationships, higher taxes on corporations and wealthy households, a return to the policy of shorter working hours, and, last but not least, the not very realistic prospect of escaping the limitations of national economic and social policy through closer coordination within the framework of the EU.

Under pressure from a leftist party and a Union with a trend toward being social democratic, the SPD no longer considers the focus on the “median voter” to be suitable. The aim is to recapture the left fringe of the party by returning to traditions critical of the market and capitalism, and at the same time regaining power in an alliance with one or two parties of the center. But this “strategy” has a price, namely, that of once again postponing those difficult processes of clarification which enable the party to conduct economic, social, and societal policies in keeping with the times.

Without a discursive preparation for the world as it is, the only thing that looms is a repetition of the pattern of misunderstood reforms, painful voter disappointment, an identity crisis of the party, and the inevitable loss of power – in other words, a new march through the swamp of the dilemmas described above. Now would be time to learn the lessons from the fate of the “Third Way.”

Source: Helmut Wiesenthal, “Was ist schiefgelaufen auf dem ‚Dritten Weg‘?,” Heinrich Böll Stiftung, 21 June 2010,  
<https://www.boell.de/de/navigation/akademie-dritte-weg-sozialdemokratie-9474.html>

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