



DEMOCRATS **NEOLIBERALISM** **THE '90S** **DECEMBER 26, 2022/JANUARY 2, 2023**

How the Third Way Made Neoliberal Politics Seem Inevitable

An overhyped new paradigm proved to be a slogan without a movement.

By Lily Geismer

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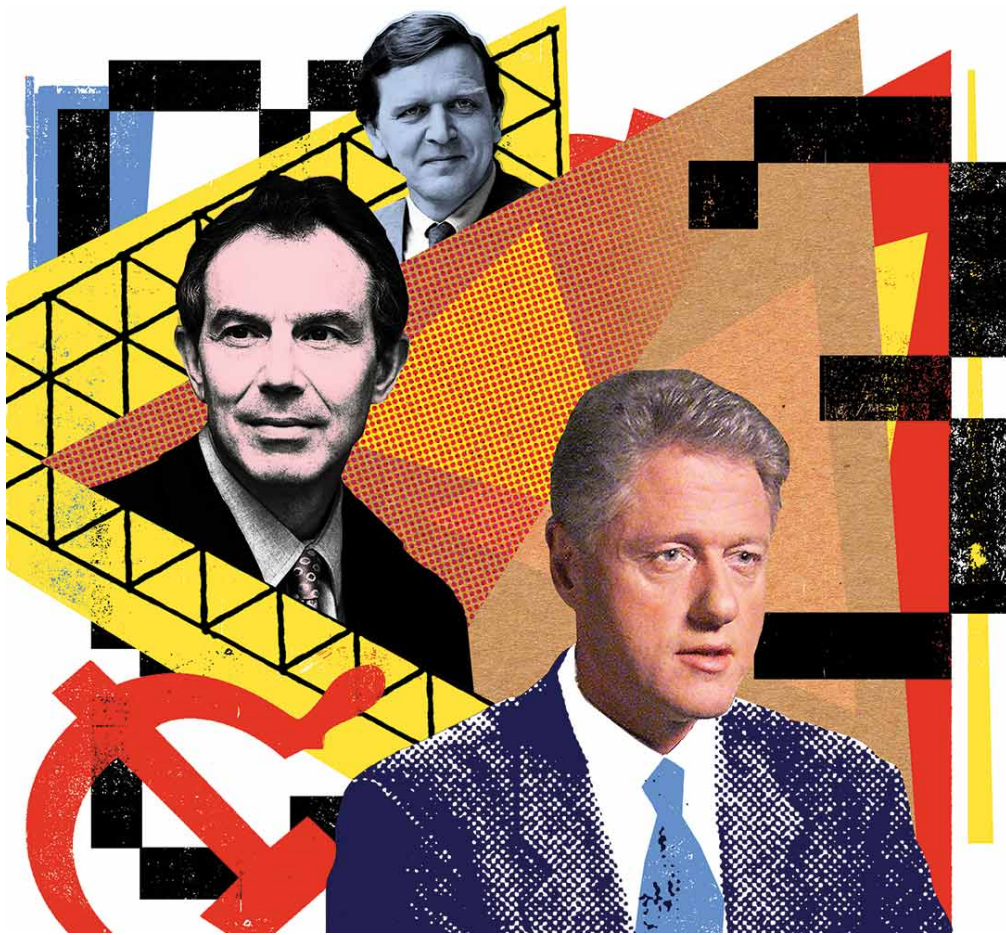


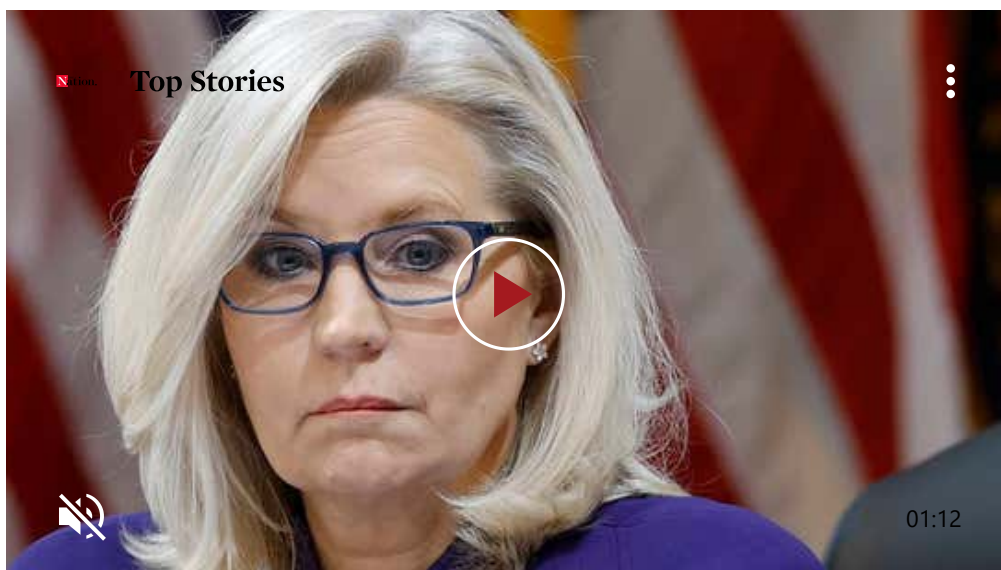
Illustration by Tim Robinson.

“**E**ach age has its cliché,” the historian Tony Judt declared in *The New York Times* in 1998. “Ours is the ‘third way.’” Judt’s pronouncement seems slightly strange from the vantage of 2022, when the “third way” has largely vanished from political discussion, even when it addresses the legacy of the ’90s.

Still, Judt’s comment captured how much the term loomed over everyday political discourse at the turn of the 21st century. It signaled the coming of age of a new generation that yearned to break free from the brittle orthodoxies of the old political order and develop a triangulation (to borrow another term from the ’90s centrist lexicon) of policy and rhetoric. This new formulation could purportedly resist both the laissez-faire orthodoxy of the right and the rigid statism of the left, particularly after the collapse of the Soviet Union

and the long-standing hostilities of the Cold War. As British Prime Minister Tony Blair euphorically announced, third-way thinking was “not old left or new right, but a new center and center-left governing philosophy for the future.” In the late 1990s, Bill Clinton would join Blair and other European leaders at a series of international retreats that sought to solidify this project and create a new global political consensus.

But even as it gained cachet among this emerging class of centrist-minded visionaries, the third way drew skeptical appraisals from detractors both left and right, who justly assailed its ambiguity and lack of substance. The Economist derisively stated in 1998, “Trying to pin down an exact meaning is like wrestling an inflatable man. If you get a grip on one limb, all the hot air rushes to another.” Jeff Faux of the Economic Policy Institute likewise noted that while “Clinton and Blair are two of the most articulate politicians of the age...their definitions of the third way leave the observer without a clue as to what it means.”



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to Call for Abolition of the Electoral College**

Still, it would be a mistake to dismiss the third way as just another errant fad in a fickle decade. For all its imprecision and shallowness, the third way represented a genuine shift in thinking about the role of government and ideology. It emerged from the efforts of political thinkers and leaders across the West to move beyond the divisions of the Cold War and face the new challenges of globalization and the information age. Through it all, third-way thinkers and leaders insisted that they had also transcended the stingy and regressive neoliberalism of the Reagan and Thatcher revolutions. In reality, the third-way legacy clearly upgraded the policy assumptions of neoliberalism for a new era of information-age capitalism—and many of its central goals, from public-private economic partnerships to the lax regulation of the financial and tech sectors, continue to drive policy-making across the globe.

The third way also proved instrumental to another key post-Cold War undertaking: discrediting and marginalizing movement-based coalitions on the left, stigmatizing them as holdovers from the recently resolved—in capitalism’s favor—postwar clash of ideologies. In many ways, the most lasting legacy of the third way may well be its determination to consign the political left to the dustbin of history, setting the stage for the new millennial age of reaction and crisis.

This isn’t a turn of events that was wholly foreseeable as part of the late-20th-century bid to reinvent modern liberalism. Indeed, that effort hadn’t initially presented itself as a new post-ideological consensus; it was, rather, another in a long series of efforts to nudge the Democratic Party rightward. The Democratic Leadership Council (DLC) spearheaded this effort after party strategists founded it in

1985 to reclaim the White House after Ronald Reagan's landslide reelection. It was only after Clinton, the DLC's chair in 1990 and '91, won the presidency in 1992 that this new cohort of party leaders deemed themselves adherents of third-way politics.

Since the 1970s, centrist-minded Democrats had been trying to shift the political and ideological direction of the party in a more conservative direction. They still championed economic growth, but they distanced themselves from Great Society liberalism, which they caricatured as a disastrous lurch into statist bureaucracy and inefficiency. DLCers advanced this critique by targeting a stronghold of New Deal and Great Society reforms and politics: the industrial manufacturing economy and the labor unions that undergirded it.

Members of the DLC's founding faction—who started calling themselves “New Democrats” once Clinton took the label up in his 1992 campaign—argued that the rise of a postindustrial economic order had shifted the focus of social progress. Democrats could now look to signature “New Economy” sectors like finance and tech to produce a new model of widely distributed global prosperity. They contended that the United States should harness the potential of the postindustrial digital economy with market-based policies and global trade accords, not only to create economic growth but also to deliver greater justice, increase individual opportunity, and expand human rights.

Meanwhile, in the realm of campaign politics, the DLC insisted that the Democratic Party had to modernize its base. Democrats could no longer afford to appear captive to the

“special interest” groups that made up the old liberal governing coalition—and especially not organized labor. Al From, the former director of the House Democratic Caucus, helped found the DLC by bringing together a group of white, male, and mostly Southern Democratic politicians who shared the explicit mission of devising a new electoral strategy, policy agenda, and ideology for the nation’s new political economy. The DLC’s goal was to introduce “fresh ideas” that would be distinct from those of both the “Old Guard Democrats and the Republicans,” as the DLC’s literature explained. Within the next decade, the movement’s leaders would dub this approach the “third way.”

In 1990, the DLC issued the New Orleans Declaration, a key component of the group’s bid to stage a “bloodless revolution” within the Democratic Party. Their strategy was to present a political program that would appeal to swing voters who had been drifting away from the Democrats ever since Reagan’s first campaign.

The declaration did not mince words. “The fundamental mission of the Democratic Party,” the document declared, “is to expand opportunity, not government,” because “economic growth is the prerequisite to expanding opportunity for everyone.” From there, it followed that the “free market, regulated in the public interest, is the best engine of general prosperity.”

The declaration laid out other key departures from liberal orthodoxy as the DLC understood it. It endorsed “equal opportunity, not equal outcomes”—a not-so-subtle rejection of affirmative action. It called for implementing social welfare programs that “bring the poor into the nation’s

economic mainstream, not maintain them in dependence”—a clear swipe at general welfare programs like Aid to Families With Dependent Children, which conservative critics claimed discouraged work and saving. It argued that the purpose of the criminal justice system should be “preventing crime and punishing criminals, not explaining away their behavior”—a repudiation of the liberal plea to address the “root causes” of crime in material deprivation. The declaration also spoke of reinventing government by eliminating bureaucracy, empowering people, and increasing accountability—all phrases that would become watchwords of Clintonian policy-making.

Indeed, Clinton offered the ideal fusion of the DLC’s policy ideas and political strategy, and his appointment as chair marked an important turning point for the organization. But Clinton made it clear that he would not be a puppet or figurehead; he intended to play an active role in shaping the DLC’s message and policy proposals. At the DLC’s 1991 convention in Cleveland, he delivered a draft version of his 1992 stump speech, declaring that the Democrats had “to give people a new choice rooted in old values” and align behind a new political compact that “offers opportunity, demands responsibility, gives citizens a say, [and] provides them with responsive government.” The speech laid out clearly and concisely the messages and themes the DLC had been trying to promote for years. In fact, the DLC’s leaders decided that Clinton’s three key themes—“opportunity, responsibility, community”—so powerfully distilled the group’s philosophy that they made it their official slogan.

That policy mantra would form the basis of Clinton's presidential run, which he formally launched just a few months later.



Power circuits: Bill Clinton and Tony Blair at a 1999 conference in Florence. (*Herbert Knosowski / AP Photo*)

A few enterprising politicians from Great Britain took note of Clinton's rise and the DLC's role in it. Soon after Clinton won in 1992, Tony Blair, Gordon Brown, and Jonathan Powell of the Labour Party flew to Washington to meet with From, who was leading Clinton's domestic policy transition team. During the long meeting, Blair queried From on how influential the New Democratic themes and issues had been in reshaping the Democratic Party and winning the election. Since the early 1980s, when Labour had first fallen out of power, Blair had been developing his own inchoate third-way critique of the party, railing against its stubborn allegiance to the industrial-age past. He was keen to adapt the DLC's stances on issues like private-sector growth and crime in order to modernize Labour's policy-

making. In the process, he also hoped to mimic the DLC's success in courting new constituencies to extend the party's appeal beyond its traditional working-class base into the affluent middle class.

The three-hour meeting deeply impressed Blair, who upon his election as Labour's leader the next year rebranded the party as "New Labour" in order to distance it from its leftist, socialist, and union roots. Against the backdrop of a banner with the slogan "New Labour, New Britain," Blair announced in his first speech as party leader that he wanted to rewrite an 80-year-old clause in Labour's Constitution that committed the party to "the common ownership of the means of production, distribution, and exchange." Blair's redraft of the clause called for "a dynamic economy" built on the "enterprise of the market and the rigor of competition." He announced as well that trade unions should expect "no favours from a Labour government"—a bold assertion indeed, given the party's history.

Blair would also enthusiastically adopt the signature New Democrat ideas of opportunity, responsibility, and reinventing government. He framed them as an alternative to the heartless market neoliberalism of Margaret Thatcher and the now-discredited statism of the old Labour Party. As he made his pitch to become prime minister, he started calling this difference-trimming vision "the Third Way." In the 1997 election, Blair and the Labour Party won by a decisive margin.

In November 1997, just a few months after moving into 10 Downing Street, Blair hosted a small transatlantic retreat for New Democrat and New Labour leaders at Chequers, the

British prime minister's country manor. The group was tasked with developing a strategy to convert voters' allegiances, as Blair feared the third-way movement would "win power but not the battle of ideas." Hillary Clinton led the US delegation, which included From, Treasury Undersecretary Lawrence Summers, Housing and Urban Development Secretary Andrew Cuomo, and White House adviser Sidney Blumenthal. The British delegation included Gordon Brown (Blair's successor as prime minister), Peter Mandelson (a trusted adviser to Blair), David Miliband (Blair's head of policy), and the eminent sociologist Anthony Giddens.

Blair kicked off the gathering by waving his notes from his meeting with From almost five years earlier, showing where he had scribbled in large print "Opportunity, Responsibility, Community." He went on to outline his understanding of these terms and their significance for the consolidation of third-way power across the Atlantic. As From recalled, Blair urged the gathering that "we need to brand our politics so we can occupy the territory." It was an odd choice of words for the leader of one of the modern world's most notorious territorial empires, but it captured Blair's fierce determination to claim both the center and the left as proper domains of the savvy new third-way leadership cohort.

It was also a strange moment in what 1990s management consultants would call "synergy." Blair was, after all, preaching the New Democrat gospel to the appreciative choir of Hillary Clinton, Al From, and the rest of the DLC. "The Third Way should seem very familiar to New Democrats," From would soon report back to DLC members.

“It is our politics.” Until then, the DLC had erratically tried out the term—but now Blair had embraced it and essentially defined the group’s vision. In particular, he had clarified the DLC’s mandate as something more than just winning elections; it was committed to changing the core ideas underlying the Democratic Party’s agenda. An excited From returned from Chequers eager to launch the project Blair had outlined.

During the late 1990s, Blair proved to be the most enthusiastic promoter of the DLC’s philosophy and policy agenda. In his first years in office, he implemented a series of initiatives right out of the DLC’s “reinventing government” playbook. He arranged to contract out essential public services such housing, education, and the National Health Service to private-sector brokers. He also consolidated Britain’s regulatory regime. He would go on to enact programs like a children’s savings trust (or “baby bond”), which gave every child a small investment fund and had long been a pet idea of the DLC. Yet he was always careful to frame these policy reforms as more than just an extension of Margaret Thatcher’s privatizing neoliberal regime.



Third-way roadblock: The 1999 anti-World Trade Organization protests in Seattle. (Christopher J. Morris / Corbis via Getty Images)

Blair's approach didn't win everyone over. Many British citizens resisted what they saw as an off-the-rack plan to Americanize British politics. Labour Party die-hards in particular chafed at Blair's efforts to emulate a country with such rapidly increasing socioeconomic inequality. And a growing chorus of observers questioned whether the third way was actually all that new. Others deemed it "warmed-over neoliberalism" or, more pointedly, "Thatcherism with a human face." Still others assailed third-way politics for its lack of depth and its refusal to stand for much of anything; they complained that its partisans defined themselves by what they weren't rather than what they were.

Still, Blair and the third-way movement in Britain gained a good deal of legitimacy in 1998, when Anthony Giddens published *The Third Way*, a tract that sought to provide theoretical underpinnings to Blair's rhetoric while also synthesizing the past generation's effort to pull Labour out of its industrial-age posture of militancy. Giddens claimed

that the term was valuable as a “framework of thinking and policy-making that seeks to adapt social democracy to a world which has changed fundamentally over the past two or three decades.” He contended that the aim of third-way politics “should be to help citizens pilot their way through the major revolutions of our time: globalization, transformations in personal life and our relationship to nature.” Giddens stressed that social democrats should “take a new look at the political centre,” but he also suggested that this center shouldn’t be regarded as empty of substance or as another term for milquetoast moderation. Instead, he argued, British politics should pivot on a “radical centre” that focused on “radical solutions” to meet the problems of the age. Blair would embrace this oxymoronic framing with a characteristically exultant gloss: “Our center is a dynamic center. It’s not the soggy center. It’s not just the lowest common denominator between left and right.... And I truly believe that it offers a new, different, radical, and better way forward for politics in the 21st century.”

Overblown rhetoric aside, it did appear that third-way thinking was migrating beyond the axis of Anglo-American power into the heart of continental European politics. When Germany’s prime minister, Gerhard Schröder, announced his own allegiance to the third-way project, its backers thought they were on track to forge a new global political order. Just before he won the 1998 election in Germany, Schröder—who espoused what he called the “new middle” in the reunited German republic—joined Blair in releasing a statement titled “Europe: The Third Way / *Die Neue Mitte*.” It drew on Giddens’s work, citing the need to modernize “social democracy” in order to meet “the challenges of the 21st

century” and to ensure that left-wing ideas did not become an “ideological straitjacket.” The manifesto called for extensive reform of the British and German welfare and pension systems and criticized the third-way movement’s center-left counterparts in Europe for failing to adapt to the inevitability of globalization. These claims had different valences in continental Europe, where the legacy of socialism was far stronger and fresher than in the United States or Britain. As political science scholar Curtis Atkins has observed, “The replacement of long-standing left commitments to equality, economic security, and solidarity represented a thorough ideological repudiation of the foundations of social democracy.”

Stateside, the DLC and the Clinton administration were preparing to make a similar move. Echoing Blair, Al From recognized that the international embrace of the third way could help them “occupy the territory” of the entire Democratic Party. In the summer of 1998, following up on the Chequers retreat, Hillary Clinton hosted a summit of sorts between representatives of the DLC and groups on the left, including the staff of *The American Prospect*, fellows at the Economic Policy Institute, and AFL-CIO head John Sweeney. The event was less an effort to find common ground than an attempt to recruit these skeptics to the third-way project. It brought home an increasingly apparent truth of the Democrats’ institutional realignment: The claim to represent the center-left was largely a ploy by the center to overpower and subsume the left.

The New Democrats’ appropriation of the term “progressive” was part of this strategy as well. In the late 1990s, From began calling the third way the “worldwide

brand name for progressive politics for the Information Age.” By describing the third way as “progressive,” the New Democrats ensured that the left lacked a key term to define its own politics. It meant that groups on the left had little room to create meaningful dissent from the third way or the agenda it represented. Robert Reich, who was freer to speak his mind after resigning as Clinton’s labor secretary, observed in an interview with *The Nation*’s David Corn that if the third way did not gain more substance, it would “leave the progressive left in tatters and do little to rectify the social injustices experienced by modern capitalism.” An even bigger skeptic might think that was the strategy all along.



Three’s company: Tony Blair, Bill Clinton, and now-disgraced cryptocurrency mogul Sam Bankman-Fried. (*Trustnodes*)

From and Clinton both recognized that securing the branding and legacy of DLC governance also meant promoting the third way as a global movement. In April 1999, the DLC hosted an event at the National Press Club called “The Third Way: Progressive Governance for the 21st Century.” It was a panel discussion moderated by Clinton,

with Blair, Schröder, Netherlands Prime Minister Wim Kok, and Italian Prime Minister Massimo D'Alema all taking part. From proudly observed that the conversation showed how “the values, ideas and approaches to governing of the Third Way are modernizing center-left politics around the globe.” In contrast to such PR boilerplate, D'Alema, a former activist in the Italian Communist Party, delivered a far more incisive appraisal: “The third way is the result of a crisis of ideologies,” he argued, “not the victory of ideologies.” The remark fell flat before the Press Club crowd; the main run of the discussion followed the appointed rounds of end-of-history speculation. At most, the realignment of Western liberalism would give the left a token seat at the table, but not much of a real voice.

Third-way leaders held a series of events between 1997 and 2001, all ostensibly forums on the idea of “progressive governance.” In reality, they were mostly Blairite exercises in branding. The effort peaked at an opulent Renaissance palace in Florence, Italy, in November 1999. At this two-day summit, Clinton and Blair discussed the virtues of global trade and information technology in realizing third-way ideals of opportunity. Clinton stressed how companies like eBay offered “opportunities for people who don't have access to traditional jobs to make money.”

Just a week after the Florence conference, the World Trade Organization protests in Seattle began. The protests' organizers focused on trade bodies like the WTO and the International Monetary Fund, but the large demonstrations reflected a broader left-populist frustration with a global governing regime founded on closed-door conversations among elite world leaders. The contrast between the

protests and the Florence summit brought a crucial point into sharp focus: Unlike the WTO protests, the third way was never a genuine popular movement. Indeed, it tended to thrive mostly as a means of countermanding and discrediting popular movements from the left, such as Germany's Green movement, the Bennite radicals aligned with the British Labour party, and the Rainbow Coalition that galvanized behind Jesse Jackson's presidential runs in 1984 and 1988. Now that the third way's brand of trade-based global capitalism was drawing mounting protests, it became clear that whatever residual support existed for the third-way vision was quickly fading.

After Florence, third-way proponents staged a few more forums and managed to incorporate leaders from Brazil, New Zealand, and South Africa in their efforts. But these gatherings felt increasingly hollow and lacked the sense of urgency that From, Clinton, and Blair had brought to the project. The debacle of the 2000 election in the United States, followed by the trauma of 9/11, made the notion of a globalized center-left political consensus very much a dead letter. In the ensuing years, most New Labourites and New Democrats quietly dropped the "new," since their ideas no longer seemed that fresh. History wasn't ending, and the apostles of information-age global capitalism were not the fearless and innovative vanguardists of their fond imaginings; instead, they represented a status quo wracked with deepening inequality, bitter sociocultural divisions, and resurgent right-wing nationalism.

Still, the next two decades saw efforts to revive the flagging faith, including the 2005 launch of Third Way, a D.C.-based think tank that would take up the standard after the DLC

dissolved in 2011. In 2016, Global Progress, an offshoot of the lavishly resourced liberal think tank the Center for American Progress, kicked off with a reunion tour of sorts, bringing together the foremost promoters of the third way, including Tony Blair and Bill Clinton. Blair claimed that the notion was more relevant than ever—especially in Europe, which was still digging itself out from the 2008 economic meltdown. There, he explained, the right was calling for cruel austerity measures and the “old left” was resisting any structural reform. Clinton argued that a global polity rededicated to the third way would overcome “the economic inequality and divisive identity-based politics” plaguing much of the world. Yet these messages fell largely on deaf ears. By 2016, the left in both the United States and Britain was on the rise—as was a new populist right. Few had much interest in the technocratic and managerial bromides proffered by Blair and Clinton, which revealed a stolid refusal to engage the core issues of the moment—especially inequality and advancing political polarization.

In his 1998 critique of the third way, Tony Judt warned that unless its adherents found a serious social vision that unified a fragmenting public sphere around a true common good, they would “open a vacuum in public life, a space that will be filled by third way-ers of the older sort, whose populist and xenophobic prescriptions are already attracting interest.” But an equally troubling legacy of the third way was its foreclosure of viable left responses to the crises wrought by a newly globalized information-age capitalism. Today, the left in the United States has finally wrested control of the term “progressive” back from the New Democrats, and across the West, revived social movements are pushing to

reclaim and redeem the neglected promise of social democracy. However, the biggest struggles of our new age of global inequality would be far less forbidding if so many leading lights in the Western liberal tradition hadn't spent the past three decades dismissing them as the relics of an obsolete industrial-age political order. **N**

Lily Geismer Lily Geismer is a professor of history at Claremont McKenna College and the author of *Left Behind: The Democrats' Failed Attempt to Solve Inequality*.

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.....- COMMENTS (II)

