

Ideological Cement for the Global Economic Order – A Gramscian Analysis of the Third Way

This discussion on Third Way politics takes as self-evident the two primary functions of the modern state within capitalist society: (1) that it acts as the central body for administering the affairs and representing the interests of those groups who hold sway over the major means of economic production in society, and (2) apart from exceptional circumstances it functions to exclude, as far as possible, the masses from any form of political participation that may disturb this function. Following these principles it is possible to employ a conceptual framework derived from knowledge of the capitalist state's basic social role which allows us to plot a predictable pattern of action that it will undertake in order to maintain authority, address crises, and secure the public's ideal position of passivity.

If we can understand the basic logic the state will follow when faced with certain challenges and crises, usually taking the form of the public venturing too far into the realms of power and attempting to exert too great an influence on the economic and political forces which constitute their lived reality, it is also possible to go some way in predicting future paths of reaction the state may pursue in order to circumvent challenges to its legitimacy or interests. If we can expose and understand these basic patterns, we can also learn to subvert them. Here, of course, Antonio Gramsci will be eternally relevant.

At base, The Third Way was essentially an effort to deflect a challenge posed to the authority of global capital by seeking to humanise the neo-liberal agenda through a philosophically promiscuous marriage between the values of socialist humanism and the logic of neo-liberal market ideology. Third Way politics can be understood as an ideological legitimization of neo-liberal monetarist policy during a period when populations who had long endured its socially destructive consequences demanded reform. These processes articulate well with Gramsci's concepts of hegemony and passive revolution, which will form the theoretical context for the remainder of this discussion on The Third Way as ideology. Firstly, a brief outline of terms is required.

The Gramsci Method

Hegemony refers to the processes whereby certain social groups maintain social authority through the manufacturing of 'common sense', that is, achieving a level of ideological dissemination that is so extensive they are able to frame all competing definitions within their own discourse, so that subordinate groups, while not necessarily controlled, act within an ideological framework that is essentially invisible. By securing a level of ideological saturation throughout all dimensions of social life the dominant discourse appears natural, "to lie outside history." (1) Ideology is rendered inescapable and becomes a framework for making sense of the world, so that its very taken-for-grantedness makes it a completely lived relation.

A hegemonic order does not simply determine the content of ideas, but it does attempt to set the boundaries within which the ideas and conflicts of

subordinate groups are articulated and resolved. When these boundaries are respected, hegemony is strong; when they are challenged or transgressed, there is a crisis of hegemony. In this way hegemony attempts to naturalise the prevailing structures of power, it serves as the foundation of their legitimacy. The burden falls on the critical analyst (ie. everyone) to pierce this taken-for-granted veil of normalised forms, to expose the set of rules and conventions that are at any time 'given' and 'natural' for all of society.

One such example of manufactured common sense is the widespread belief that the communist project has been proven bankrupt by the totalitarian versions of socialism witnessed in Russia, China, Korea and elsewhere, a form of state capitalism which is today termed 'really existing socialism'. On this account, history itself has proven the superiority of capitalist democracy over the socialist alternative, and all alternatives to the Western social model, anarchism included, are defined under this mantra of 'really existing socialism'. When a discourse reaches this level of ideological ascendancy, we may define it as hegemonic.

A passive revolution is the path a state will usually follow when faced with what Gramsci termed an 'organic crisis': "immediate and fundamental political and economic problems requiring a reformation of state institutions and the dissemination of new ideologies, and characterised by incessant and persistent efforts which are made to conserve and defend the existing system." (2) The most acute form of organic crisis is a crisis at the level of legitimacy, a revolutionary crisis.

This is a notion derived from conservative tradition going back to Burke who argued that society had to change in order to stay the same, that sometimes superficial institutional and ideological reorganisation is required in order to preserve the essential features of a status-quo. (3) The key point on passive revolutions is that while they are an attempt to recast hegemony, any required institutional or ideological modifications are usually made from above, through the agency of the state apparatuses, without relying on the active participation of the population.

Third Way as Ideological Cement for Neo-Liberal Hegemony

It should be stated plainly that the developments that prompted the emergence of Third Way politics cannot be described as an organic crisis in the fullest sense. Over the past 25 years the legitimacy of the democratic-capitalist social system has not been seriously threatened within hyper-industrialised western society, opposition to the effects of globalised capitalism have been adequately channelled into hegemonic structures (through elections, legislative reform, media propaganda etc), and radicalism has remained fragmented and weak.

Nevertheless, while the full implications of globalised capital are rarely grasped as a totality outside dissident circles, dissatisfaction with their effects are most keenly perceived on a domestic level within western society. This dissatisfaction manifested itself most forcefully in the political realm during the

late 1990's in response to the dire social and economic consequences of the Thatcherite/Regenite neo-liberalist era. We witnessed a quite remarkably homogeneous shift to the left throughout the western world. After long periods in political exile parties traditionally situated on the centre-left of the political spectrum were voted back into office in New Zealand, America, Britain and Germany.

While this shift certainly did not signal a crisis at the level of legitimacy for democratic-capitalism, it did point to a growing disillusionment with the ability of neo-liberalism to provide a desirable form of human existence, many voters expecting, if not a U-turn, then at least a markedly different direction from a leftist administration.

In response, the governments of Schroeder, Blair, Clinton and Clark were faced with the uncomfortable dilemma of both being in popular ascendancy, while also having to reform, or be seen to reform the economic forces which provide the basis of state power. An ideological framework was required whereby centre-left parties could simultaneously claim that they were abandoning the socially destructive elements of neo-liberalism, while also engaging a consolidation process, stabilising neo-liberalism's hegemony as the only viable economic system of the contemporary era. Thus the Third Way was born, "Thatcherism without the handbag" (4), neo-liberalism infused with the values of socialist humanism, globalisation with a smiley-face.

The Third Way found its most prominent intellectual canon in bourgeois sociologist extraordinaire Lord Anthony Giddens. For those not familiar with the crystal palace of academic sociology, in a previous life, Giddens was renowned for his secondary writings on classical sociology, is highly distinguished, and can be generally credited with inventing Third Way politics. He is an adviser to Tony Blair, and has served as the primary source for the left-wing governments of the U.S, Germany and New Zealand in their attempts to intellectualise their new approach.

In his book, *The Third Way: The Renewal of Social Democracy*, Giddens employs the Hegelian method of dialectic, the resolution of an oppositional dualism by elaborating a third element which has the strengths of both but the weaknesses of neither. Giddens' triad is composed of what he terms 'old-style social democracy', which had excessive faith in the state, neo-liberalism, which has put equally misplaced trust in the unregulated market, and The Third Way, which transcends both old-left and old-right. Thus The Third Way was said to seek out the middle ground between the command economies of 'really existing socialism', and the socially destructive elements the Thatcherite free-market fetish.

In order to make this method work, Giddens is forced to make some rather astounding vulgarisations regarding socialism and social democracy, as well as ignore some rather rudimentary fundamentals of capitalist society, such as class and hierarchy. In this way the book stands as a lucid example of the hegemonic process whereby competing discourses are framed within the dominant discourse and thereby stripped of their oppositional content.

Today it is 'common sense' that really existing socialism was a failure. Giddens explicitly links the rise of The Third Way to the "death of socialism". (5) His account of what socialism actually is however, is hegemonic from top to bottom. Thus he writes, "The notion that capitalism can be humanised through socialist economic management gives socialism whatever hard edge it possesses." (6) Most of the left, from Stalin to Goldman, would agree that capitalism cannot be humanised, although they would of course disagree on the method and form of the replacement.

The alternatives from the leftist paradigm that The Third Way seeks to transcend should therefore be termed 'economic statism', what many of the most prominent contemporary leftist commentators such as Chomsky and Kagarlitsky would today flatly place on the extreme right. But Giddens is not this specific. Indeed, even Marx would have dismissed the expression 'state socialism' as an oxymoron, as he wrote in the 'Critique of the Gotha Program', "Freedom consists in converting the state from an organ superimposed on society into one completely subordinate to it". (7)

No such concessions are granted in The Third Way however, alternatives to globalised capitalism are reduced to an amorphous blob that have already been consigned to the dustbin of history, a more sophisticated analysis of the leftist paradigm would be an elision of the prevailing hegemonic categories. Alternatives to state directed capitalism are ejected from ideological frame of reference, and therefore outside analysis. As Giddens states:

"In hindsight we can be fairly clear why the Soviet Union, far from surpassing the U.S, fell dramatically behind it, and why social democracy encountered its own crises. The economic theory of socialism was always inadequate, underestimating the capacity of capitalism to innovate, adapt and generate increasing productivity. Socialism also failed to grasp the significance of markets as informational devices, providing essential data for buyers and sellers. These inadequacies only became fully revealed with the intensifying process of globalisation and technological change from the early 1970's onwards." (8)

And further:

"The left is defined by its concerns with the dangers of the market, whose excesses need constantly to be reigned back by the state. Today, however, this idea has become archaic. The left has to get used to markets, with the role of business in the creation of wealth, and the fact that private capital is essential for social investment." (9)

This is a process of naturalisation that is central to Third Way ideology. Here the policies of the 'Washington Consensus', enforced globally by the U.S treasury and the International Monetary Fund, and employed and consolidated at a domestic level through the machinations of state power are talked of like weather. Globalisation ceases to be a finely tuned process carried out by capital with specific ends and interests in sight, instead it stands for objectiveness of historical progress, left-Hegelianism rides! On this

account, globalisation exposed the flaws inherent in socialism just as a rainy day exposes the cracks in a leaky roof. Here we may say Giddens's definition of socialism is the hegemonic definition.

So, while the spectre of Europe has been exorcised, its memory lives on as a set of values. As a political program, The Third Way implicitly accepts the two fundamental principles of the First Way, that the primary objective of government is to facilitate economic growth, and that the best way to achieve this is through the free operation of private markets. The global neo-liberal economic order is a 'given', a Third Way government's role is to pilot its citizens through this new terrain.

In rhetoric, The Third Way should take a positive attitude to globalisation, while addressing its destructive effects. It should preserve social justice, while defending individual autonomy of action. It should reconstruct authority to involve active participatory democracy. And it should promote a modernising strategy that is based on the principle of ecological conservatism. (10)

This approach takes as an unstated starting point the belief that the economic dislocation and social disintegration witnessed during the reign of Reagan and Thatcher can be addressed without transcending the current system, that is, these contradictions can be articulated and resolved within the hegemonic apparatuses. In order to take this position, Third Way ideology is forced to restrict its critical analysis of capitalist society within very disciplined limits.

In contrast to traditional socialist and social democratic programs, The Third Way negates any discussion of classes, exploitation, the influence of the profit motive, the power of transnational corporations, the division of labour, the myth of free markets, the alienation of consumer society, and the viability of infinite growth on a planet with finite resources. Because Third Way policies must operate within the strict boundaries set by capitalist reproduction, in order to maintain ideological integrity it must banish these boundaries from the scope of discussion.

Giddens is quite explicit about The Third Way's desire to reject class and eschew any discussion on the power relationships that are the building blocks of capitalist society. His belief is that technology has so transformed the nature of capitalism today that historical notions of class have become redundant, and that the only existing option for the contemporary social democratic tradition is to facilitate the globalisation of capital and assist individuals to cope with the consequences through education, training and employment subsidies. (11) As Kelsey writes, "The Third Way does not disturb any existing interests and has no enemies. Uncomfortable constructs such as class, colonisation, racism and patriarchy can be ejected from the political lexicon." (12)

There Is No Alternative

This is all intertwined with an ethic that is central to Third Way ideology, and to the phenomena of globalisation in general: the ethos of inevitability. Neo-

liberalism may not have succeeded in persuading everyone that markets are inherently good and state intervention is inherently bad, but perhaps its most fundamental success has been its ability to construct an aura of inexorability around the globalisation process, the idea that once markets are opened up, governments, and therefore civil society are powerless to change them. As Giddens writes, the Third Way “refers to a framework of thinking and policy making that seeks to adapt social democracy to a world that has changed fundamentally over the past two or three decades.” (13) And as Helen Clark pointed out in June 2000:

“You don't have a choice whether you ride the tiger of globalisation or not, but you can't ride it if your citizens are not educated, your infrastructures are not good enough, you're not using technology enough, and you haven't moved on upwards to a new economy. That's the challenge facing New Zealand and everyone else” (14)

This is the hegemonic process of naturalisation, framing something within the dimensions of 'common-sense' and thereby abrogating alternate discourses. In order to secure acquiescence to the hegemony of global capital it is necessary to convince people of their relative powerlessness and the limitations imposed on the sovereignty of the nation-state, so that they are reduced to performing a technocratic role within very limited parameters. This image of the disempowered state helps depoliticise economic policy and obscure the state's active role in promoting globalisation, and indeed, its essential societal function as the representative of capital.

The point that the processes of globalisation have depended on state intervention has been made quite forcefully by Manuel Castells. As he argues, economic globalisation “was made possible, and, by and large induced, by deliberate government policies. The global economy was not created by markets, but by the interaction between markets and governments and international financial institutions acting on behalf of markets – or of their notion of what markets should be.” According to Castells, three state policies – deregulation, trade liberalisation and privatisation – “created the foundations for globalisation” and therefore “the global economy was politically constituted.” (15)

This is not to deny that over the past 25 years the scope for political action has been significantly reduced, the basic point here is that this is less indicative of the impact of globalisation than of the state following its essential logic and functionality within capitalist society. Even the briefest glance at the history of statecraft will reveal the fundamental constraints on governments to act in ways that conflict with the interests of capital – and most of the discussion on globalisation and the perceived death of democracy is vitiated by a disinclination to distinguish between the genuine effects of greater economic integration and the basic principles of action the state must follow within capitalist society *tout court*. The fact that the Blair regime is the first Labour government since 1924 not to face financial crisis is illuminating. In this way, as Callinicos writes, “adapting Lenin's maxim that ‘the democratic

republic is the ideal political shell of capitalism', we could also say that The Third Way is the best ideological shell of neo-liberalism today." (16)

Conclusion: Predictions on Praxis

So, in concluding it will be useful to return to an important proviso in Gramsci. A key point with the concept of hegemony is that the consent it aims to create and sustain is not simply a false consciousness in the Marxian sense, but is built on real albeit limited concessions and negotiations - it is more concerned with the incorporative deflection of opposition, rather than simply ushering it out of existence with 'ruling class ideas'.

Hence for a passive revolution to be successful, it depends on the flow of real resources within the hegemonic system, and they serve to encumber and deflect the development of a counter-hegemony. When a hegemonic power structure is faced with a crisis at the level of legitimacy, we would expect to see far reaching ideological modification and a substantial redistribution of resources, one such example demonstrated during the passive revolution carried out by the fourth Labour Government in response to the increasingly militant assertion of Maori rights as guaranteed under the Treaty of Waitangi.

While the wave of dissatisfaction Clinton, Blair and Clark rode into the realms of governance did not signal an organic crisis for democratic capitalism, but we may make the generalisation that this shift to the left indicated a desire for the mitigation of its harshest social effects, mitigation that if actually carried through would have caused serious disruption to the agendas of capital. Because this was not a crisis at the level of legitimacy however, extensive ideological reorganisation sufficed to counterbalance the lack of any tangible resource re-allocation.

In Britain, New-Labour was able to implement policies - privatisation schemes, social spending targets, relinquishment of interest rate control to the Bank of England and palpably orgasmic enthusiasm for free trade - that a Tory government would have had immense difficulty selling to a public traumatised by the legacy of Thatcherism. Blair has also benefited from all the considerable achievements that Thatcherism secured for the business class, both in the restructuring of the economy as well as the humbling of organised labour, and his government inherited a socio-political context in which state hegemony was muscular. Nevertheless, some token institutional reorganisation was offered, packaged and sold in the form of minor constitutional reform and some token democratisation. (17) In America, where gross inequality and poverty are deeply embedded within the cultural psyche, resource re-allocation was for all accounts non-existent.

Surprisingly, in New Zealand, a country characterised by a conspicuous lack of popular dissent we saw perhaps the most substantial levels of resource re-allocation of any Third Way regime, probably more attributable to the energy and freshness of Helen Clark's cabinet, as well as Clark's personality than anything else. Social Policy initiatives included raising the minimum wage, ending the bulk funding of schools, establishing partly elected district health

boards and some minor income redistribution. The economic fundamentals of Rogernomics radicalism have not been brought into question however, and despite the country's excessive foreign debt, major deficit in the current account of balance payments, and an annual net deficit in foreign investment earnings, Labour's two term reign has been marked by extremely light handed commercial regulation, a monetary policy focused solely on inflation, across the board trade and investment liberalisation and only tepid, inconsistent regulation of labour markets. (18)

While many leftist commentators have been content to dismiss the vacuousness of Third Way politics and ridicule the glaring contradiction that exists between rhetoric and policy, this attitude fails to recognise a state will reorganise itself only to the degree required to diffuse a threat that disrupts its normal functioning. The intellectualism of Third Way politics is flabby and simplistic for sure, but only because the legitimacy of the Western social model is at a level of hegemonic ascendancy that is quite historically unique. The status-quo can afford to be flabby.

Moreover, the emergence of The Third Way has inspired many leftists to talk in optimistic tones about a 'crisis of western ideology'. Just as capitalist democracy has reached its apogee, precisely because of its marriage to international capital and the growing and luminous breach between ideal and practice, it is quickly exhausting all of its ideological possibilities. (19) Indeed, this crisis may be real, but underestimating the capacity of power to adapt and innovate has been a perennial weakness of the left. As stated above, power will only reorganise as much as it has to, and over the past ten years the opposition it has faced has been feeble, and its response reflects this.

When global capital is faced with a real organic crisis, whether this is brought about by ecological disaster, financial collapse, the development of an organised and truly global counter-hegemony, or the widespread recognition of the subversion of democracy at its most basic level, western states will be forced to engage a much more forceful passive revolution that aims to diffuse crisis and channel dissent back within the hegemonic apparatuses where they can be efficiently contained. We can expect a much more sophisticated recasting of liberal democratic ideology, a much more extensive re-allocation of resources, and much more pronounced institutional reorganisation, perhaps even movements towards the democratisation of the world economic bureaucracy, which has until now enjoyed almost total impunity from world public opinion. We may also speculate that while this passive revolution will be significantly broader, it will display many of the same characteristics as the nascent one discussed in this essay. If we can understand and theorise on these patterns of hegemony, we can learn to encumber and subvert them. The autonomy project will be greatly strengthened.

– Matt Russell, **Aotearoa Dissident Voice**, Issue 6, October 2004 (Notes and references available at Aotearoa Anarchist Por