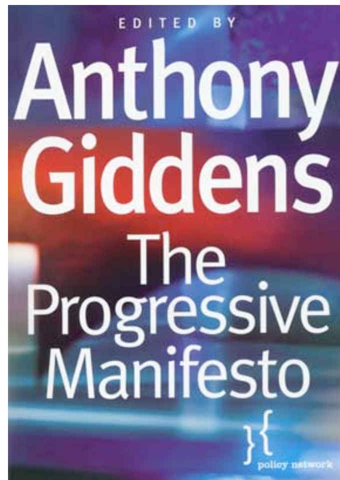

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Introduction

Neoprogressivism. A New Agenda for Social Democracy

It is said that anyone who goes to a restaurant should never make a joke to the waiter about the food or the menu. The waiter's smile will inevitably be forced, because he will have heard the same observation many times before. I feel much the same about the third way. I have been to many countries discussing third way politics. I have lost count of the number of times people have said what we really should be looking for is a fourth way. I have usually answered that we are already on the fifteenth way, meaning that the third way discussion is a continuing and evolving debate, which it is.

But now I have come to see that in a certain sense they are right. At this juncture in political thinking and policy-making, we have to go beyond where third way thinking has got so far. There are two reasons. The main one is simply that the world has moved on since the late 1980s and early 1990s, the time at which third way ideas, in their contemporary guise, were initiated. The second is that there were some weaknesses in these ideas, understandable in the context in which they developed, but that also now need to be remedied.

The Third Way: What It Was and Is

Let me first of all comment upon some misconceptions about the third way debate. The third way, at least in my understanding of it, is *not* a programme specifically linked to the New Democrats in the US or to New Labour in Britain. It is not, in other words, a label for a distinctively Anglo-Saxon approach to political analysis and policymaking. The notion stretches much more widely, to the efforts of social democratic parries across the world to rethink their policies in the post-1989 period. Another word for the third way is simply progressivism. Third way politics stands in traditions of social democratic revisionism that stretch back to Eduard Bernstein and Karl Kautsky. The third way is *not* a 'middle way' - specifically, it is not an attempt to find a halfway point between the Old Left and free market fundamentalism. It seeks to transcend both of these. Neither of these earlier two 'ways' is adequate to cope with the social and economic problems we face today. The third way is a distinctively left-of-centre project - it is about the modernisation of social democracy. When I wrote my hook *The Third Way* in 1998,[1] I gave it the subtitle 'The Renewal of Social Democracy', and that to me is what the third way means. Finally, the third way is *not* an empty PR exercise. On the contrary, from its beginnings it has been a policy-driven response to change. We live in a world marked by rapid and dramatic transformations - globalisation being the most important - and it is the role of third way thinking to seek to show how to cope with them.

Third way thinking has been directed to two main aims. One is *electoral recovery*. By the early 1990s, social democratic parties had been out of power in some of the leading industrial countries, such as the UK, Germany and Prance, for a long while. In the US, until Bill Clinton came to office in 1993, there had been no Democratic president for twelve years. Left of centre parties had been slow to adjust to a society in which their traditional constituency, the working class, was shrinking

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away. A generation ago, in the EU countries, over 40 per cent of the labour force worked in manufacture; that proportion has dwindled to 16 per cent, and it is still declining. The old industrial economy has increasingly been replaced by a knowledge-based economy, in a society where the middle class is easily the dominant grouping.

Second, the centre left had to respond to the *crisis of Keynesianism*, the counterpart in Western countries to the dissolution of East European state socialism. Globalisation was the prime force behind both of these transitions. It is not possible to have national demand management in a globalised marketplace. At that time, free market fundamentalism - the belief that most of our problems can be resolved through the spread of markets - seemed triumphant, even in those countries that did not directly experience Thatcherite or neoliberal rule. The third way developed essentially as a critical riposte to neo-liberalism, and it was a highly effective one. The emerging synthesis stressed that active government is an essential prerequisite both for successful economic development and social justice. But it recognised that some established notions and policies of the left had to be rejected or rethought.

Contrary to what some critics say, the policy framework of the third way is coherent and intellectually powerful. It can be sketched out in brief as follows. Government and the state need thoroughgoing reform, to make them faster moving, more effective and responsive, and to reflect the need for greater transparency and diversity in a society where consumer choice has become a prime force. The state should become more of an enabler rather than a direct provider or producer. 'Command and control' has visibly failed, not only in the Soviet Union, but also in its milder versions in Western societies, where it took the shape of nationalisation of the 'commanding heights' of the economy. The emphasis of the state should now be upon helping people to help themselves.

Public investment, however, has to be geared to what a society can afford. ‘Tax and spend' in the past for the left often meant 'tax and overspend'. In place of this attitude modernising social democrats place an emphasis upon fiscal discipline, and upon improving the conditions of economic competitiveness. Economic development and social justice can go hand in hand if we concentrate upon promoting high levels of job creation. A society with a high proportion of people in work is likely to be increasingly prosperous, but is also able to free up resources to pay for public investment. Having a job, above the floor of a decent minimum wage, is the best route out of poverty for anyone able to work.

These ideas presume a new citizenship contract, based upon responsibilities as well as rights. The state helps provide citizens with the resources to make their own lives, but in return they have to recognise their obligations to the community. T. H. Marshall's famous citizenship triad, the classical source for traditional social democratic thought, mentioned only rights - social, political and economic.[2] Today we should recognise that most rights are conditional. People who claim unemployment benefits, for example, should have the obligation to look for work.

We have to add a further citizenship right to those mentioned by Marshall - the right to live free from the fear of crime. In third way thinking, there should be no policy areas accepted as the inevitable terrain of the right. Voters in the past have tended to trust social democrats on issues such as welfare and education, but not with questions to do with crime, immigration and defence.

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The point is not, or should not be, for social democrats to take over rightist policies on these issues, but to offer persuasive left of centre approaches and solutions to them.

Finally, the third way framework is internationalist. It is not naively 'pro-globalisation'. It recognises that globalisation produces insecurities, tensions and conflicts alongside its benefits. Yet many of these benefits, including those generated by free trade, are real. Globalisation is also intrinsically related to the spread of democracy. It isn't only in the industrial countries that people are becoming more active citizens, wishing to have more control over what they do, and less inclined than in the past to accept the dictates of authority.

Third way type parties registered a string of successes during the 1990s. At one point, the Democrats held the White House, while 13 out of 15 EU countries were ruled by centre left parties or coalitions. As of 2003, by contrast, the Republicans rule the roost in the US, holding not only the presidency, but both houses of Congress too. Only some six countries in the EU are now governed from the left of centre. The last few years have also seen the rise of far right populism in Europe, with some far right parties polling heavily among erstwhile social democratic voters.

The implications of these changes for the third way have to be put into perspective. In the US election of 2001, the Democratic candidate Al Gore won a higher percentage of the popular vote than George Bush, and but for a few thousand dimpled chads would have been president. Some of the reverses suffered by the centre left in EU countries resulted from tactical errors rather than from swings in public consciousness. Mr Jospin, for instance, lost the chance to get into the presidential run-off in France because the left of centre vote in the first stage became too fragmented. In Italy, following the period of government of the Olive Tree Coalition, the left was also divided, allowing Mr Berlusconi to come through for victory. We should also note that centre left coalitions have recently won power in a number of East European countries, including Poland, the Czech Republic and Hungary.

The electoral setbacks of the centre left came not from the fact that the third way failed, but because it was not embraced actively enough. Governments or parties that did not move sufficiently in a third way direction either fell from power or were not able to attain it. Some governments, for example, were unwilling or unable to push through labour market reforms. As a result, unemployment remained higher than it needed to be. The Lisbon programme in the EU was heavily influenced by third way thinking, and is crucial to a resumption of economic growth and to job generation in Europe - yet it has by no means always been endorsed in practice. The Lisbon summit set a target of 70 per cent or more of the labour force in work by 2010. Progress thus far has been slow. The employment ratio of the EU countries in 2002 was 64 per cent - compared to over 75 per cent in the US.

Some parties failed to respond to voter concerns about crime and immigration. They tried to tack on new policies in these areas only after the rise of the far right had shaken them out of their complacency - and too late to register effectively with the voters. Al Gore might very well have emerged a clear winner had he stuck more closely to the policies that helped generate such exceptional economic prosperity in the US during the Clinton years.

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I have no doubt at all in my mind that many of the core ideas of the third way are valid and should be sustained. The third way was right to challenge traditional leftist thinking. It was successful wherever it managed to reach out to the new middle class groups and embrace individual aspiration. It was right to reject old-style tax and spend. It was right to relate rights to responsibilities as the basis of a new citizenship contract. It was right about the primacy of work over benefits and the welfare reforms needed to produce such a change of emphasis. It was right about the need to react to the changed economic conditions of the knowledge economy. And, filtered through all of these, it was right to argue that globalisation is altering fundamental aspects both of our own societies and the international arena, calling for new policy responses.

Today, nevertheless, we do stand at an important transition point. The challenges and the social context of 2003 are not those of 1993. Moreover, a certain degree of self-criticism is necessary. The third way was developed above all as a critique of the neoliberal right. It was defined too much in terms of what it was against rather than what it was for. Social democrats need, I shall argue, a greater *ideological breakout* from this situation than has been achieved so far. This ideological breakaway demands new *concepts* and new *policy perspectives*. We must continue to think *radically*, but radicalism means being open to *fresh ideas*, not relapsing back into the traditional leftism of the past. I shan't in fact call this new perspective the fourth way, although the idea is tempting. Instead I shall speak of *neoprogressivism* and *the neoprogressives (neoprogs)*. The neoprogs need to develop a social democratic agenda as ambitious and comprehensive as the neoconservatives have done in the US and elsewhere.

We need, as I would see it, to create more *deep support* for left of centre policies than was generated by the first wave of third way policies. We should not be content with a pragmatic appeal. Deep support means touching an emotional chord among citizens, not just appealing to their pragmatic interests. It means recovering some of that capacity the left had to a much greater degree before 1989, the capacity to inspire. It means having ideals that show what we are for, rather than only what we reject. It means conveying a notion of the type of society, and the type of world, we want to create.

Ideological Breakout

What should neoprogressives stand for? My answer, in brief, would be: a strong public sphere, coupled to a thriving market economy; a pluralistic, but inclusive society; and a cosmopolitan wider world, founded upon principles of international law. Making a renewed case for public interests and public goods (nationally and internationally) seems to me the most crucial, for it is here that the reactive nature of earlier third way thinking is most evident. A healthy economy needs well-functioning markets, but it also needs a well-developed public domain, in which the state retains an essential role.

Strengthening public life does not imply returning to the nanny state. It means rethinking what the state is, and what it is for, in relation to concepts of the public interest and the public good. I call the process *publicisation*. The early post-War period was the era of the bureaucratic state. Then we had a time of privatisation and deregulation. Now we are potentially entering another phase again - marked not by the return of the bureaucratic state, but by a more inclusive definition of the public purpose. After privatisation comes publicisation. By publicisation I mean defending the core

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importance of the public sphere to a decent society - one in which citizens can pursue their aspirations, but feel protected and secure. First-wave third way thinking was good at helping with the first, but was less well able to provide for the second.

Two concepts developed by those contributing to this collection are especially important in further pursuing these thoughts. One is the *embedded market*; the other is the *ensuring state*. I shall try to show that these notions mesh together closely. What follows, however, in this section and other sections is my own attempt at a synthesis. I draw on ideas suggested by the contributors, but put my own gloss on them, for which they should not be held responsible. As John Kay says, social democrats should look to establish their own political economy of modern capitalism. We should not be content only to react critically against that provided by the neoliberals. The idea of the embedded market, a notion originally introduced by the sociologist Mark Granovetter, is a key starting point.[3] What is the embedded market embedded in? It is embedded in culture, law and mechanisms of trust. In developed market economies, formal and informal rules have grown up, permitting coordination between the vast array of people who must coordinate their activities for markets to work. The importance of markets, as Kay makes clear, is that they allow us to organise a host of transactions that no-one fully understands, above all when they are actually enacted: ‘markets work because there is never a single voice’. New industries, products and services arise because markets are geared to experimentation. Most experiments fail, but in so doing they keep the momentum going for technological and product innovation. The left has long been very reluctant to accept that these qualities are necessary for economic prosperity, but they are in fact central to it. Markets institutionalise 'disciplined pluralism' - the opportunity to experiment, but with mechanisms that shut down experiments which fail.

From the perspective of the embedded market, there is no need for us to continue to pay obeisance to the idea of the minimal state - as Bill Clinton did, for instance, when he proposed that 'the era of the big state is over'. That notion was always a myth in any case. There is no industrial country in which the proportion of GDP taken by the state has declined significantly over the recent past. In developed economies, government and the state are almost everywhere, and have to be for people to lead decent, normal lives. Moreover, as Joseph Stiglitz points out on an international level, there are no cases of successful economic development where the state has not played a prominent role.[4]

In the wake of many experiences with privatisation around the world, I think we can be fairly confident about where the boundaries of the market economy should be drawn, although there will always be areas of contention around the edges - and the edges do shift, with technological change and other factors. Markets only operate successfully where there is competition. Natural monopolies therefore set natural boundaries to them. There is little reason to suppose that private companies are superior to public ones where a monopoly situation applies. In the case of health and education, markets could supply the services involved, but there are powerful reasons to do with social solidarity, equity and the public good, as to why they should be largely excluded.

We should not suddenly become hostile to privatisation. In any given country, there might well be industries or services that should be removed from state ownership or direct state control. We need not take a stance on whether the state 'in general' is superior to the market or the other way around. Both markets and the state should be subject to overriding tests of the *public interest*. The ideological justification is not 'what works', but how effective a given strategy is in promoting

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definable public goods. This position also implies subjecting major areas of the state and markets to continuous scrutiny. If a given service is wholly or partly privatised, for example, it does not follow that it will always stay that way. We should accept that there can be, and have been, privatisations 'too far'. For example in the UK and the Netherlands, the privatisation of what is essentially a monopoly good, the railways, proved at best problematic, and in both countries the railways have been taken back into the hands of non-profit organisations, although not renationalised.

We should distinguish between a market economy and a privatised economy - where state monopolies are simply replaced by private monopolies. To be introduced, or sustained, privatisation must go along with the promotion of competition, the possibility of entry by new firms and real consumer choice. These conditions were conspicuously ignored in many of the earlier privatisations that happened around the world. In the traditional social democratic approach, the state intervenes in cases of market failure. However, the state may often need to intervene to help markets function more effectively - by opening up new sectors to competition, encouraging technological change, and fostering flexibility in capital, product and labour markets.

The embedded market does not function most effectively by giving a licence to self-interest. On the contrary, the penetration of this view into business, especially into the outlook of many business leaders, is one of the reasons for the current crisis of public confidence in business and in stock markets. 'It is not true', John Kay remarks, 'that profit is the purpose of a market economy, and the production of goods and services is a means to it: the purpose is the production of goods and services, and profit the means.' Third way authors - again, quite rightly - dropped the hostility to business and the corporation so prominent among some on the more traditional left. Businesses, after all, are the wealth producers, and business success is necessary for economic development to occur at all. But being business friendly has sometimes meant accepting the self-definitions of business leaders themselves - including a good deal of self-aggrandising behaviour. The 1990s were a period of the worship of the business hero, a tendency from which third way social democrats were not entirely immune. But all of that looks different now. Many of the erstwhile heroes have fallen from grace altogether; some others have made massive miscalculations, losing their companies millions or billions of pounds. The corporate excesses of the 1990s have been such that they are threatening businesses very public 'licence to operate'.

The way to approach the issues, I would say, is again via the route of the public sphere and citizenship. After the years of deregulation, business is dealing with issues that concern large arenas of the public interest, but in effect denying its responsibilities in the public space. In the US, institutional investors, such as pension and mutual funds, now own some 70 per cent of all equity. Those whose money is in there, and whose futures depend upon the actions of their managers, are asking, 'who are these people running our lives?' Public pressure on business, and on massive CEO payouts, is building up sharply. I do not think this is a temporary phenomenon, to do only with the problems of the stock market and a weak economy. Something of a sea change is happening in how people view business and its legitimacy. The shareholder model of capitalism is undermining itself.

A survey carried out in the UK in 2003 by the polling organisation MORI showed major changes happening in public attitudes towards business, not just recently but over an extended period.[5] In the 1960s, nearly 60 per cent of the population agreed with the statement: 'The profits of large

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companies help make things better for everyone who uses their services.' There has been a decline year on year in the numbers endorsing the proposition since then. In 2003 the proportion of the public agreeing had fallen to only 27 per cent. Four-fifths of citizens believe that companies have responsibilities towards the wider society, but they are highly sceptical about whether most are living up to them. 61 per cent say the 'large companies don't really care about the long-term environmental and social impact of their actions'. MORI has for some while asked how important the social responsibility of a company is to individuals in their behaviour as consumers. The proportion who say it is 'very important' to them has doubled over the period 1998-2003.

I would compare the changing attitudes towards business today with what happened to perceptions of the state thirty years ago. Business is under a cloud not just because of corporate scandals and the problems of the world economy, but because it has overrun the limits of its own legitimacy. Just as in the case of the state, I don't think things can go back to how they were before. Companies that don't take their environmental and social obligations seriously will face increasingly serious resistance, both from consumers and from NGOs.

Traditional models of stakeholder value are inadequate to meet the challenge. They depend too much upon the corporation identifying its own stakeholders and defining its responsibilities towards them. I would suggest that a useful notion for neoprogs here (although not discussed by any of the contributors) might be that of the *civil economy*, a concept proposed by the business guru Stephen Davis.[6] He argues that business firms are being propelled into more public and socially responsible roles by a string of agencies now surrounding them. Government can help shape the influence such groups have, in order to create a more effective framework of business responsibility. The civil economy is an analogue to civil society, and in part an extension of it, but focused upon the marketplace. Davis starts from the premise I mentioned earlier - that, after and as a result of two decades of neoliberal dominance, the business world is threatening to erode its own mandate to operate. We need to build a civil economy in order to recover legitimacy for business activity, but also to ensure that business acknowledges its wider social responsibilities.

Nationalisation may have been ineffective and inefficient, but it did mean that services 'belonged' to the public - they were part of a wider setting of democracy and public activity. Privatised industry, and business more generally, have to respond to regulators, but regulation usually concentrates upon economic criteria. We need to recover the public space that has been ceded.

A civil economy cannot be created wholly through the state alone. Government can give the lead, through a diversity of means, including tax incentives, best practice company law, and guidelines and laws promoting accountability. But other agencies are required, and are in fact everywhere becoming more active. The agencies of responsibility in civil society are an independent judiciary, a free press, voluntary associations and so forth. In a civil economy they are active shareholders, auditors, professional associations and civil society groups engaged with marketplace issues. As elsewhere, the state should seek to intervene but not dominate.

Shareholder activists - including institutional shareholders - are likely to play an increasingly important role in the civil economy, particularly in the Anglo-Saxon countries. Executive pay packages will be one of their chief concerns. It is simply a fiction that the massive salaries now commonly paid to CEOs are the result of market forces. They are set by remuneration committees,

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usually composed of their peers from other businesses. Moreover, the severance arrangements of CEOs mean that they are protected whatever happens to the firm - they bear virtually none of the risk they ask their employees to shoulder.

A survey of the 500 largest firms in the US m the financial year 2001-2 showed that CEOs negotiated severance packages worth an average $16 million. These arrangements have become a particular focus of shareholder anger. At a whole range of firms in the US - Tyco, Hewlett-Packard, United Technologies, Alcoa, Union Pacific and many others - investors have passed resolutions pressing companies to put such deals to a vote of shareholders. In the UK, rules allowing shareholders to vote each year on executive salaries have just been introduced. One of the first results was a vote rejecting a pay package, reputed to be worth £25 million, offered to J. P. Gamier of GlaxoSmithKline.

With the passing of the age of the business hero, such deals can be seen as the scandal they are. They should be of major concern to social democrats, because they bear directly on issues of solidarity, equality and citizenship. The point is not so much the stratospheric nature of the salaries themselves, but the signals they send to employees and to society as a whole. Self-discipline on the level of salaries is an indicator of the acceptance of citizenship responsibilities and obligations.

The Ensuring State

A basic organising concept for the neoprogressive agenda should be that of the ensuring state. It is a more compelling and assertive idea for social democrats than the enabling state. The concept of the enabling state was itself an advance over more traditional conceptions. The central idea of the enabling state is that the state should empower its citizens - the state should provide resources that allow individuals to develop their own lives, rather than being told what to do or how to act. However, the notion was again formed mainly as a reaction to the neoliberal approach. It finds a role for the state beyond the minimal state, but the state is conceived of mainly as a facilitating agency. The implication is that, once having been provided with resources, citizens are going to be left to fend for themselves. The responsibilities of the state would seem to end at the point where people have sufficient resources to live autonomous lives.

We should not drop the idea of enabling, of course. The concept of the ensuring state, however, recognises that the state also has obligations of *care and protection* for citizens, and that some of these obligations should be provided as *guarantees*. The concept of the ensuring state does not mark a return to any sort of command and control perspective. It recognises that many services once delivered directly by the state are now provided by non-state agencies.

What should the ensuring state ensure? How does it differ from the enabling state? The ensuring state takes responsibility for the delivery of policy outcomes, and for the coordination of services, many of which it does not directly organise. It is not only responsible for providing citizens with resources - access to education, health care, welfare services and so forth - but for guaranteeing standards of delivery. The ensuring state is a regulatory state, but its orientation differs from the traditional bureaucratic state. Given the range of agencies involved - civil society groups, voluntary associations, not-for-profit corporations and others - 'regulation' normally does not mean direct control but standard setting and the offering of incentives for behaviour relevant to public purposes.

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'Enabling' certainly remains important, but it is recognised that the state has responsibilities after that point. These responsibilities are often 'double responsibilities' - they are responsibilities for making sure that others behave responsibly.

For example, it is very much contrary to the public interest that, as happens in the UK, a quarter of eleven-year-olds cannot read and write properly, that too many drop out of school when they are sixteen, and that 50,000 pupils a day are playing truant, many of them tangled up with the law. The state cannot directly ensure that this situation is remedied, but what it can and must do is seek to get parents and young people to take action themselves. It has to forge a contract of rights and responsibilities with them, and help - to some extent constrain - them to live up to it.

Processes of devolution and decentralisation expand the scope of the ensuring state at the same time as the directive control of the centralised state becomes less marked. 'Disciplined pluralism' is as appropriate a term here as in the sphere of the market, but it is important to see that the regulatory mechanisms are different. Except where public goods are delivered directly through market mechanisms, the 'discipline' in disciplined pluralism cannot be delivered through the fact that those who fail will go to the wall.

First-wave third way ideas about the reform of the state were strongly influenced by the New Public Management (NPM), also known as 'reinventing government'. The NPM undoubtedly marked a step forward compared to more traditional approaches. According to the NPM, state-based organisations should learn from best practice in business. They should move towards flattened hierarchies, the setting up of quasi-markets, local responsibility for budgets, and assessment by outcomes rather than process. Some of these emphases are important, but this is another area where we need to stake out a different perspective.

There are crucial differences between businesses and state agencies. Business must respond to the vagaries of the market. For the reasons John Kay describes, markets are directionless - no one knows where they will take us. Public agencies cannot be like this. They must of course react to change, hopefully in a rapid and effective way. But they also have to have a sense of purpose and direction that is adhered to whatever the external circumstances. A school system, for instance, must adapt to relevant innovations, such as the use of computers in classrooms, but is mainly reared to overall public purposes set by the democratic process.

Producing disciplined pluralism in the public services must depend upon what Schuppert calls 'regulated self-regulation'. The centre must to a large degree let go, but must regulate the conditions under which local autonomy is exercised. We should want those working in the public services to be tree to take initiatives, experiment where possible and be honest about their mistakes. Their efforts have to be audited, but auditing should be strategic - those who are doing well should be free of persistent intrusion. The experience of different countries, such as the Netherlands or the UK, shows that heavy- handed auditing methods can be actively counter-productive. Such methods produce 'Soviet-style' responses - everything becomes twisted to the meeting of targets. Targets that are set should be generated from below as well as from above. Developing the ensuring state will take a good deal of capacity building and structural transformation. Even where there is some decentralisation, in most countries bureaucracies are still driven mainly by functional specialisation and process control. They have been used to managing public

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programmes in a direct way. It is not easy to find a balance between devolved agencies and the political centre. Moreover, there can be problems of 'horizontal control' - there has to be coordination between groups working on different aspects of what used to be integrated through bureaucratic management at the top. Yet the advantages are clear and very considerable.

Take as an illustration the history of the Federal Emergency Management Agency (FEMA) in the US.[7] The agency was once a typical version of a slow-moving, bureaucratic department. One of the jokes passed around about it was that every natural disaster in fact became two. One was the disaster itself, a hurricane, flood, or earthquake- the other was when the FEMA officials arrived on the scene. Then in the early 1990s, a new administrator was appointed, who introduced more autonomy and responsibility at local level. He greatly speeded up the claims process, the arrival of relief payments, and the processing of information. FEMA officials had traditionally arrived after a disaster to provide help and assistance. The new arrangements focused much more on a preventative strategy, through combining state agencies and local groups.

For instance, instead of waiting for a hurricane to hit, FEMA worked closely with local organisations to improve prior plans for evacuation. Partnerships were developed with construction firms to design houses that would be resistant to damage in natural disasters. FEMA moved, in other words, from a limited form of direct service delivery to a complex network-based approach that stretched from the federal government into state and local governments and the private sector'. The result was said to be a '180 degree turnaround' in effectiveness.

The notion of the ensuring state, as this example implies, presumes a different concept of *citizenship* from that formerly involved with third way thinking. The third way emphasises the active citizen - summed up in the principle ‘no rights without responsibilities'. It was a crucial innovation, but we need to specify where the responsibilities come from. Do they come from the individual, or are they set by the state? One reason for a certain authoritarian element in some third way policy-making is that it has sometimes been assumed that it will he mainly set by the state.

We should instead speak of shared responsibilities, or what some have called the *co-production* of public goods. That is to say, there should be collaboration between the state and the citizen in the production of socially desirable outcomes. In the example given by Schuppert, good environmental policy is in the first instance a responsibility of everyone. How far people recycle paper, take to public transport, cycle or walk rather than use a car, and many other practices directly influence environmental goals. These goals in some part need to be set locally and collaboratively. Co-production should be taken to cover both the establishing and the implementation of policy. The state has the role of ensuring that a certain range of outcomes is achieved, but (as an ideal) through a process of local involvement and dialogue.

As David Halpern and Tom Bentley show, the issues surrounding such an approach to citizenship are complex. There are difficult problems, for example, in relation to the conditionality of citizenship obligations. Thus it is widely agreed that unemployment benefits should be conditional - but what mixture of incentives and sanctions should be used to produce effective and equitable results? As they point out, we cannot concentrate only upon the relation between the state and the individual. Individuals may have only limited capacities to produce desired outcomes - we must include social capabilities too.

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Choice, Pluralism and Inequality

Choice and *competition*, where they can be achieved, are as important in public services as in the private sector. The possibility of choice, social democrats should accept, is always in principle desirable, since it is a measure of autonomy and freedom. Competition normally expands the range of available choices and has obvious economic virtues too. However we cannot treat goods such as education and health care merely as commodities; the mechanisms for expanding choice and competition have to be different from those of the marketplace. Moreover the public services also cover natural monopolies, where choice barely enters in at all.

Consumer choice in a market context is the very mechanism of both quality and trust. Public services cannot be merely another setting for the exercise of consumer choices, for they are defined in large part by their explicit connection to rights and responsibilities of citizenship. Choice depends more upon prior guarantees of trust and involvement than it does in the marketplace. Quality and trust in the sphere of public services have to rest more than in the commercial world upon the *integrity* of those who work in them, an integrity backed directly by appeal to democratic mechanisms. The public service ethos is not just a myth. Indeed, it is difficult to see how public services could supply what citizens want without it.

In the market sphere, I want to argue, the individual functions as a *consumer-citizen*. In market-provided goods and services, there is open competition and high product diversity. The consumer regularly and continually makes choices, although neither producer nor consumer acts as a pure market agent, since all market transactions relate to, and are affected by, wider aspects of the civic and regulatory environment. In the domain of public services, by contrast, the individual is more of a *citizen-consumer*. Greater choice and diversity have to be introduced into public services, but in the context of clearly defined public purposes. We have to show that *decentralised non-market models* can be created that are both equitable and responsive to consumer needs.[8]

The issues involved can be illustrated from the field of health care. Health care cannot be provided for in the open market because there is imperfect information for consumers to act upon. No one knows when he or she might fall ill, or what treatments might be required. The consumer cannot, as in an orthodox market, find the best products at the most efficient price. Hospitals cannot be allowed to open or shut at the whims of consumer demand. Although the private sector should play a role, even a fairly important one, health care must be based on a system of public insurance, however that might be structured, and a pooling of risks.

Yet it does not follow that such a system has to be centralised or uniform. Social insurance systems allow users to choose which GP, and to some extent which specialist, to see. Parallel choices can and should he introduced into tax-funded systems; diversity can be encouraged by devolution and the expansion of local accountability. Where a system has in the past been highly centralised, as in the UK, radical changes need to be contemplated. The Labour government is quite right to push for the devolution of budgets, the introduction - and subsequent generalisation - of foundation hospitals, the tailoring of services to local needs, and the promotion of greater patient choice through walk-in centres and NHS direct.

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In Scandinavia since the mid-1990s a range of schemes has been set up to expand consumer choice, including the use of vouchers.[9] Very few if any such schemes employ physical coupons. Rather, they involve user subsidies or special tax credits. Sweden and Denmark, for example, have both introduced vouchers for the disabled, with the Swedes leading the way. The voucher schemes make it possible for disabled people to hire their own personal assistance to allow participation in social and cultural activities outside the home. Similar arrangements have been introduced for elderly people, making it possible for them to choose between different suppliers of food, cleaning or washing. Coupons that are not used can be saved. The recipient is entitled to change providers at will. Vouchers are also used in education. In Denmark, for instance, public-per-user subsidies allow disabled children to attend schools of their parents' choice.

In public services that operate in monopoly or near-monopoly conditions, such as the railways, roads or fire services, efficiency and accountability by definition cannot be facilitated mainly either through choice or competition. These qualities have to be generated through a public service ethic, good management, democratic surveillance, and effective regulation. A fundamental emphasis here must be to prevent *producer capture*.

Public sector reform in practice is a battleground. It is one that pits left against left as much as left against right. Many on the more traditional left actively resist moves towards restructuring. They are last-ditch defenders of the centralised, bureaucratic state, which they see as an instrument of equality and protection of the public purpose. Quite often they have powerful allies in the shape of the labour unions. How should the centre left respond?

Two issues should be separated here. One is the relation between public sector interest groups and the public interest; the other is that between pluralism and inequality. So far as the first of these goes, social democrats must spell out the ambiguity of the word 'public' in 'public services'. 'Public services' actually means state-based services. As with other aspects of the state, it is an open question how far such services, and the actions of those who provide them, conform to the public interest. Public service workers form vested interest groups if they act in bad faith - if they use an appeal to public goods and values to advance or protect their own sectional interests. This is what the phrase 'producer capture' means. Leftists are also in bad faith if they endorse such a position. Of course, producer groups in the public services may seek to block change for good reasons, but if so these reasons have to be articulated and defended in the public domain. Difficult though it may be, neoprogs must be prepared to take on vested interest groups - even among their 'natural supporters' - wherever such reasons do not apply.

Critics from the traditional left argue that pluralism and devolution should be resisted because they produce rising inequalities, particularly where they are coupled to greater consumer choice. But a compelling case can be made to the effect that exactly the opposite is true. Supposedly uniform systems turn out on inspection to be highly inequitable. In the UK, for example, which until now has had one of the most centralised health care systems, performance data show clearly that the poorest people get the worst services - and the least choice or control over how they are provided. The better off have more choice, since they can opt out of state-based provision. Generalising choice means that poorer people get some of the same choices available to the more affluent. Choice can also improve equity especially where an element of competition is involved, since it puts pressure upon the low-quality public providers that the poor are currently obliged to rely on.

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Finally, expanding choice and diversity is crucial to limiting middle-class opt-out. In the area of health care such diversity should include the availability of options to pay for superior services. I would propose that we should look to create a social 'effort-bargain' between the more affluent and the underprivileged. I shall call this *controlled inequality*. What I mean by it is that we should accept some inequalities in order to prevent worse ones developing.

Affluent groups normally expect a higher level of provision, and a greater range of consumer choices, in the public service arena than those offered to the majority. They should be allowed to have them, continued involvement with the public sector. It makes sense to allow for users to purchase special privileges should they wish to do so. Insistence upon bureaucratic uniformity is counter-productive, since the more privileged simply desert the state system - a consequence that not only heightens inequality, but is socially divisive too.

New Policy Perspectives

We need to rethink our policies in the area of welfare - this process should form a core part of our ideological breakout. Of course, the problems involved here are extensive, but two basic ideas suggest themselves from this collection. One is the need for social policy to focus far more than in the past upon the *life course*. There is more than one reason for this shift of emphasis. In societies marked by far higher levels of individualism than in the past people, rich and poor alike, have *life projects* that define their identities and aspirations. Policy-making that does not recognise and adapt to this change is likely often to miss the mark.

Just as important, many of the statistics upon which political thinking and policy-making rely are of the snapshot variety - they do not reflect, or even often even allow us to analyse, the different trajectories peoples' lives follow. We cannot design appropriate poverty strategies, for example, if we don't track how many people move in and out of poverty over periods of time. Recent research indicates that there is far more fluidity in most industrial countries than we used to think. Thus a study showed that 40 per cent of the population of working age in Germany have been below the poverty line at some point in their lives, although the large majority move out again after a relatively short period.[10]

A second, related idea is that, in looking for innovative strategies to combat inequality, social democrats should concentrate upon the persistence of *social inheritance* - the transfer of inequalities from generation to generation. We might even take as our slogan: abolish social inheritance! The aim might seem a wholly Utopian one - until we realise that some countries, notably the Scandinavian countries, have already come close to achieving it.

The distribution of risks, and therefore the dynamics of poverty and social exclusion, have changed greatly over the past two or three decades. A generation ago, life careers were more stable and predictable. Most men expected a long working life, often spent in the same industry or same job. Women generally left the labour force at the birth of a first child, and most did not return. Welfare provisions were slanted towards the old.

Today, when much of this has changed, welfare risks are cascading down towards the young. Children, especially in single parent families or in workless households, increasingly make up a

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large percentage of the poor. Moreover, in most industrial countries, particularly in Europe, there is an alarming fertility problem, the birth rate in some societies having fallen to less than 1.2 children. The implications for future welfare funding, particularly of pensions, are fearsome. Esping-Anderson points out that this situation is not because people don't want larger families - surveys show that Europeans want on average more than two children per family. Their economic circumstances deflect them from this goal.

The new welfare risks, it is important to mention, are not only the result of economic globalisation. Some of the societies coping best with them, such as the Netherlands, Denmark or Sweden, are among the most open of industrial economies. They are the result also of the demographic patterns just mentioned, in combination with technological change.

In reforming the welfare state, Esping-Andersen argues, we should move away from income transfers and concentrate more upon the needs of families. We should focus in particular on the *employed mother*, since the large-scale employment of women is the single most important change affecting family structure today. The causes of disadvantage, especially in terms of social inheritance, today cluster around these family circumstances, as of course do problems of low fertility.

In third way thinking, investment in education was seen as the prime means of contesting inequality of opportunity. 'Education, education, education' was the watchword. No one would gainsay the importance of high educational standards. But the weight of the sociological evidence is that educational reforms do little to weaken social inheritance. We should therefore turn our attention to what happens in children's lives before they get to school, in their families of origin.

In Denmark or Sweden, social inheritance is remarkably low. Why? Their low levels of child poverty are certainly a factor. But the most significant influence is the almost universal system of day care for pre-school children. Investment in day care has multiple benefits, short- as well as long-term. It helps women get into work - and having a high proportion of women in work is the best protection against poverty, above all for single mothers. Moreover, it is also directly relevant to the fertility problem. Women have twice as many children in Denmark as in Italy, since the level of social and economic sacrifice is significantly lower. These considerations also point up the importance of policies for flexible working conditions. To make sure that parents are not denied time with their children, liberal and flexible parental leave provision is needed.

It might he objected that the Scandinavian welfare state cannot be reproduced anywhere else - Esping-Andersen himself has emphasised this point in his *Three Worlds of Welfare Capitalism*.[11] It is not just that tax levels are higher in Scandinavia than elsewhere, but that there are structural differences also from other welfare systems. How far other countries can duplicate what has been achieved in Scandinavia is of course questionable; but the proposed policy framework - concentration on working women, pre-school children, universal day care and work flexibility - forms a policy framework of relevance to a diversity of societies.

Although Esping-Andersen does not stress the point, concentration upon women and children does not mean ignoring the problems faced by boys and young men. However, young men are not helped by the traditional emphasis of welfare policy upon the male breadwinner. In impoverished

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areas they are becoming marginalised precisely because that role is no longer available to them. For them, too, early childhood experience is decisive, strongly affecting how far they can make the adaptations needed to achieve a different identity and outlook.

One should also stress that such an emphasis does not mean downplaying lifelong learning, or what I would prefer to call a politics of *second chances*. We have to be concerned nor only with early experiences, but with the many situations in later life where individuals have to overcome barriers and move on. In a society that has become much more aspirational and fast moving than in the past, we must try to ensure that people do not become locked into situations from which they could and should escape. This principle applies to schooling, personal relationships, unemployment, urban deprivation and many other life circumstances. A politics of second chances has to combine structural policy with the fostering of individual capacities. Thus it was a necessary step in educational reform in the UK to abolish the 11+ examination. Those who failed the 11+ were essentially condemned to an educational ghetto - there was no second chance of getting into the higher reaches of the educational system. But success in education is also a function of motivation and cognitive skills. The importance of Esping-Andersen's analysis is that he demonstrates how early on some of these traits are established and how resistant thereafter they are to change.

Globalisation, Cultural Diversity, Technology

Globalisation, cultural diversity, technology - those who initiated third way thinking can say: we were there first with these themes! A concern with the nature and consequences of globalisation was the driving force of third way revisionism. It is hard to remember now, but in the late 1980s the term globalisation was not in wide currency. Many, particularly on the left, doubted that the phenomenon is real. To show their reservations, they used to put the notion in quote marks. Some who were dubious about the reality of globalisation have since declared themselves hostile to it, but very few now doubt its significance.

Many of those who are 'in favour' of globalisation, and most of those who are 'against', define the phenomenon in terms of the world marketplace. We should recognise, however, that globalisation is by no means wholly economic. Its origins, in my view, are not to be found primarily in the economic sphere at all, but in the impact of electronic communications - more accurately, in the marriage of satellite and information technology that dates from the early 1970s.

From this point onwards, instantaneous communication became possible from any part of the world to any other. Even the most isolationist regimes have found it hard to keep back the satellite dish, let alone the transistor radio. Different cultures are brought far closer together than ever before - producing that clash between cosmopolitanism and fundamentalism that is one of the distinctive features of our age.

Do third way policy makers need to revise their outlook towards globalisation? I would say yes - we need new ideas here too. We may have been there first, but a good deal of third way thinking about globalisation has also been too reactive - too influenced by the need to contest the ‘Washington consensus'. We should form our own concept of and approach to globalisation today.

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Many on the centre left have seen globalisation essentially as an external force, as a synonym for international relations - even as a synonym for issues to do with the developing world. But these emphases are quite misleading. Globalisation is not a force that simply comes to us from the outside. We are virtually all participants in globalising processes - every time we watch television, turn on a computer or buy an item of clothing. Globalisation, in its various guises, is influencing the industrial countries just as much as the less industrialised ones. Most of the domestic issues we debate reflect it, as do the hopes and anxieties of citizens.

A key example is migration. Like globalisation itself, processes of migration at first sight look like a repeat of the late nineteenth and early twentieth centuries. There were as many people moving around the world then as now. But in both cases the differences are more important than the similarities. Current migration flows have different patterns from the past. A century ago, there was mass migration from Europe to the Americas. Today there is large-scale migration into Europe, especially into the countries of the EU. In the mid-1990s there were some 700,000 official immigrants into the US each year, compared to 1.2 million coming into the EU. A much higher proportion of immigration into both these continents is illegal than it was a hundred years ago - estimated at 500,000 a year entering the EU. Moreover, immigrants come from a very wide range of states, making the flows much more global than in the earlier period.

Just as importantly, migration has changed its very nature as a result of the globalisation of communications. Migrants at the turn of the twentieth century were forced by and large to cut themselves off from their countries of origin, as well as from the family and friends they left there. Modern communications, however, mean that many can keep in touch with their families or acquaintances almost on a daily level, or certainly when they need to. This fact is essential to understanding what immigration and cultural diversity now signify. Many immigrants are part of networks that cut across the national societies in which they find themselves. They may feel themselves part of religious or cultural diasporas covering wide swathes of the world. This point connects to what was said earlier about the life course and life projects: migration is not cut of a single cloth and cannot be reacted to as such.

Immigration and assimilation have of course emerged as core questions for the centre left, especially in Europe, given the rise of far right parties there. The questions raised for the centre left are well analysed by Nicola Rossi in this volume - I shall nor pretend to cover them in any detail. Immigration is one of the main issues where the principle 'look for left-of-centre solutions to right-wing problems' applies. But it is yet another area where we should not be primarily reactive - and so far we have been. The agenda on immigration has been driven from the right, both from the far right and the more moderate right. It is also another field where the centre left could justly be accused of having little vision of the society it wishes to help create.

We should recognise that some of the worries citizens have about immigration are real. An influx of migrants can threaten the job prospects of indigenous unskilled workers, for example, in specific urban neighbourhoods. Where migrants are culturally distinctively different from locals, pre-existing habits and ways of life can come under strain. Yet many of the anxieties people have about immigration are not well founded - myths abound. For instance, it is not true that most migrants abuse the social security system, or place a major new burden upon it. Policy makers need to recognise and respond to these types of worries differently.

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Managed diversity, the concept suggested by Rossi, is surely a helpful theme for the centre left. Today we must move beyond naive multiculturalism. The way to do so is to relate the debate about immigration to that about citizenship. Legal migrants should have most of the citizenship rights of indigenous citizens immediately; but they should also be asked, or obliged, to accept a specific range of obligations too.

No one should suppose, of course, that such requirements are easy to spell out on the level of policy. As with citizenship more generally, there are problematic issues in respect of which specific political and legal decisions have to be made. The boundary lines between identity politics, universal morality and law, and national identity will always be to some extent contested. Should the veil, as a religious symbol, be banned in state schools, as has been proposed in France? Should there be sanctions, such as the potential loss of welfare benefits, to enforce the learning of the national language? How far should a liberal society be tolerant of those who openly question its codes (the dilemma raised by the populist politician and sociologist Pym Fortyn in the Netherlands)?

But the overall formula is clear. The good society should be understood as a cultural 'effort-bargain'. The host society accepts greater diversity, and recognises its energising qualities; immigrants have the obligation in return to learn core constitutional values and abide by them. Where they clash, qualities such as religious freedom, freedom of speech, and the equality of men and women, in principle override traits of cultural identity. It does not seem to me unreasonable to suppose that the degree of cultural accommodation asked of immigrants should he greater than that of the host population.

Global Tensions and Geopolitics

I agree with David Held that we need to create *global social democracy*. Our conception of social democracy on the global level must also be of a revisionist form. It should reflect many of the points made in the preceding pages. The theme of embedded markets applies on a global as well as a local level, and suggests a different model of development from free market orthodoxy. Contrary to that orthodoxy, as mentioned earlier, the state has almost always played a significant part in successful economic development. The cultivation of markets in a developing society involves far more than simply opening up its economy to global trade, since to function effectively a market economy presumes a surrounding framework of institutions. Economic growth in which poor people participate is the only known way of raising large numbers of people out of poverty, but it cannot happen through a focus on market forces alone.

Global social democracy, as Held makes clear, is not a Utopian goal. There are short-term policy innovations that will promote it, as well longer-term transformations that we should hold in view. The former include, for example, making changes in the makeup and powers of some of the major international bodies, such as the UN and the WTO; the latter, the expansion of democracy above the level of the nation, the setting up of international tax mechanisms and the establishing of permanent peacekeeping forces.

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On a geopolitical plane, there are quite fundamental issues that neoprogs must now face up to. One, of course, is the question of terrorism. We should recognise the differences between the *old* and the *new terrorism*. The first is familiar in Europe - in Northern Ireland, the Basque country and elsewhere. It is localised and has specific objectives, usually linked to nationalist aspirations. The new terrorism, by contrast, as Mary Kaldor rightly stresses, is geopolitical and its perpetrators have far more diffuse aims. It is closely linked to globalisation, drawing as it does upon the resources of global civil society and upon the latest communications technologies. Al Qaeda, for example, is in some respects very like an NGO. It has branches in many countries, with a loose top command structure, held together by a shared sense of mission.

Rohan Gunaratna's book *Inside Al Qaeda*, the best and most comprehensive study of the organisation, makes chilling reading. Al Qaeda, he says, 'is the first multinational terrorist group of the twenty-first century ... a world-wide movement capable of mobilising a new and hitherto unimagined global conflict'.[12] It will have no qualms about using chemical, biological, radiological and nuclear weapons against densely populated urban centres in its chosen countries of attack. According to Gunaratna, Al Qaeda can draw upon the support of 6- 7 million radical Muslims across the world, some 120,000 of whom are willing to engage directly in terrorist activities. Its leadership is capable of meticulous planning, as was shown by the events of September 11.

Al Qaeda is by no means the only group of its type - there are other kinds of groups that could pose major dangers in the future. For instance, there are quasi-religious groups whose members include practising scientists whose skills could be turned to highly destructive ends. It is only relatively recently, especially of course since September 11, that we have become fully aware of the level of devastation asymmetric conflict could involve. The instruments of violence used, after all were simply aeroplanes, not even weaponry at all. Far more devastating attacks are conceivable.

It is certainly right to say that the main response to geopolitical terrorism must be multilateral. Nations and international organisations have to cooperate in the sharing of intelligence information and other measures. Yet the use of force or the threat of the use of force will sometimes be necessary. It is a capacity where the US massively outstrips every other nation or even group of nations. Many people on the centre left have in the past opted for what I would call an easy multilateralism. They have seen in the European Union a potential model for elsewhere - a form of cosmopolitan democracy operating above the level of the nation state. They have ignored the fact that the 'pacific transnationalism' of the EU has operated behind a defensive mantle of American military power - deployed not only within Europe itself, but in other parts of the world.

Whatever the rights and wrongs of the armed intervention in Iraq, it has brought this problem into sharp focus. It is important to stress that it connects directly with economic and fiscal concerns in the RU countries. European populations by and large are not prepared to accept increased taxation to pay for greater defence spending, nor are they willing to forgo some of their welfare benefits in order to do so. If there were greater economic growth, lowered unemployment - generating greater taxation revenue - combined with greater European military integration, the picture could look different. Neoprogs should support the need for a coherent foreign relations strategy for Europe, and press for further integration of the EU armed forces. We should endorse a new role for NATO, sidelined by the US in the military campaign in Afghanistan and vulnerable to the accusation of redundancy. Following the Prague summit of 2002, progress has in fact been made in shifting

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NATO'S stance, gearing up the organisation to face the threats posed by the potential spread of biochemical and nuclear weapons. Transatlantic cooperation is surely essential for the successful solution of global problems, and NATO a core part of such collaboration.

Easy multilateralism should be supplanted by a *hard-nosed multilateralism,* which recognises that the threat or use of force will sometimes be necessary to advance the cause of cosmopolitan, liberal ideals. A multilateral outlook - focused on the UN - is more crucial than ever in an increasingly globalised world environment, but it must be one that has real purchase.

The administration of George W. Bush has explicitly pulled away from a multilateralist standpoint. According to the Bush security doctrine, the US reserves the right to act alone whenever it should deem it necessary to do so. It stresses power instead of negotiation, and effectively defines the global arena in terms of power interests. In the future, as Secretary of Defense Donald Rumsfield has proclaimed, the mission will define the coalition, not the other way around.

The doctrine is a dangerous one for the world community. Theory in international relations has the quality of a self-fulfilling prophecy. If the US defines global relations in terms of power, it is certain that others will do the same. Those hovering on the brink of nuclear capacity, for example, might very well push on to try to achieve it, whether they have previously signed up to non-proliferation agreements or not. Others might react by seeking to obtain ever more spectacular terrorist weaponry. Europe may to some degree be free-riding upon US military power. But the US, especially at the moment, is doing its own free-riding. Global cohesiveness depends upon a range of multilateral agreements, upon which the US relies, just as other nations do, but to which it currently refuses to sign up.

Here once more, the centre left seems to be tagging along behind the right. We seem again to be in a situation of saying, 'this is why you are wrong', rather than, 'this is how we would like to see the world'. The left has tended in particular to shy away from geopolitical questions, preferring to concentrate on familiar concerns with global poverty, environmental problems, and so forth. These, as it were, are held to be the 'true' causes of power divisions, conflicts and wars. There is a certain analogue here with how we used to speak about crime. Law and order was a more or less taboo topic. Crime reflected deprivation - deal with that, and crime will fade away. That view had to be adjusted, and the same should happen on the level of geopolitics.

Predicting the Unpredictable

I come finally to the influence of science and technology, although certainly not because they are less significant than the preceding topics. Advanced military technology, concentrated in the hands of the US, after all is changing the shape of war. Science and technology more generally are altering our lives, on a global level, as much as any of the factors discussed in what went before. Moreover, environmental questions are closely and inevitably bound up with them.

1 have left the topic until last because there is a general point I want to use it to make in conclusion, of which it provides especially good examples. It is that we have to learn to watch for changes coming *out of the side-field*. Social democrats come from a tradition that wanted to make the world more predictable and controllable. However, things are not turning out that way - we live in what I

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have described elsewhere as an erratic, runaway world.[13] Some of the most consequential events of recent years, including major technological innovations, have not been predicted by anyone. No one seriously anticipated the invention of the Internet, and not even Bill Gates early on foresaw how great an impact it would have.

Perhaps more surprisingly, though, the same point applies to the social and political world. Scholarly experts spent their lives studying Soviet Communism, but no one predicted that the Soviet empire would fall as it did - almost overnight and with hardly any violence. No one fully anticipated the rise of the anti-globalisation movement, the East Asian crisis of 1998, or September 11. In the early days of the third way debate, there was much talk of thinking the unthinkable (a phrase that actually originated in the writings of the futurologist Hermann Kahn in the 1960s). Today we should speak of the need to *predict the unpredictable.*

I mean this point with some seriousness. We can't, of course do what the phrase says. But we can prepare to be taken by surprise. We can, in other words, learn to cope with unanticipated situations, because at least some of them will have a similar overall form. Consider, for instance, BSE - 'mad cow disease'. The British government at the time did not deal well with the episode, which cost the British economy an estimated £10 billion. A British minister actually went on TV with his daughter, who ate a hamburger to show that there was no reason for the population to worry about the disease attacking humans. It was as inappropriate a response as one could imagine. It presumed a certitude that did not exist. We have to get used to living with uncertainty and to coping with situations where we don't even know what we don't know.

These questions overlap very directly with environmental issues. It is sometimes assumed that we know what are the main ecological dangers that we face, but in fact uncertainty hedges around almost all of them. Consider, for example, the risks produced by the changes in agriculture happening worldwide. Farming in most countries, including the less developed, has become an enterprise in which huge tracts of land are given over to the cultivation of single crops. Fungicides and pesticides are sprayed over them in vast quantities. The so-called green revolution has helped save millions from starvation, but it has brought into being new dangers. Diseases from unknown sources have devastated crops in some areas - some have compared them to the advent of AIDS among human populations.[14] Moreover, crops have been bred in such a way as to create products that did not exist before. The bananas exported to the rich countries, for instance, are very different from those that originally grew in the wild. There is no mixing of genes as there was when many varieties of bananas grew in conjunction with one-another. The cultivated banana is sterile: farmers breed it through cloning. We know that the single crop banana is peculiarly vulnerable to insects and fungal diseases - farmers spray their crop with fungicides as many as fifty times a year. But no one knows what other consequences, short- and longer-term, might ensue.

As Rebecca Willis and James Wilsdon say, the traditional approach to uncertainty is to presume that experts have the answers to cope with new risk situations as they arise. In cases to do with disease, environmental problems, or technology, the experts are the scientists. We are used to invoking the authority of science. A positive attitude towards science is certainly essential. In many situations scientists alone can define what the problem actually is and what potential solutions suggest themselves. But often there will be inherent uncertainties and gaps in the state of our knowledge. We should adopt a new approach to risk, in which there *is acceptance of uncertainty,*

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public involvement in decision-making and *the setting of decisions in a wider value context.* This approach can and should be anticipatory - as far as possible assessing ahead of time what possibilities and problems trends in scientific and technological development might create. And here, in conclusion, we rejoin the theme of co-production or collaborative citizenship. For assessing technologies 'will happen best if it is seen as a co-operative venture between people and government'.

[Gary: At several points in the essay, a list of key points is presented. I've extracted those, combined them into a single list, and appended this here, as a synopsis of the book's themes.]

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Concepts for the centre left

The Embedded Market - State and market necessarily intertwine; economic exchange that becomes too geared to egoism undermines business's 'licence to operate'

The Ensuring State - The state provides resources, but also offers performance guarantees

The Civil Economy - A framework of agencies and institutions monitoring business activity

Citizenship as Co-Production - The sharing of responsibilities between the citizen and the state

Controlled Inequality - A social effort-bargain between the affluent and the underprivileged

Critique of Social Inheritance - Reducing the impact of inherited social in equalities

Managed Diversity - A cultural effort-bargain between a host population and immigrants, with rights and responsibilities on both sides

Global Social Democracy - The application of social democratic principles above the level of the nation state

Hard-Nosed Multilateralism - Recognition of the role of force in promoting global collaboration

Predicting the Unpredictable - Coping with a world that regularly 'takes us by surprise'

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Notes

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