Capability, Freedom and the Third Way

Introduction

Although there has been a great deal of interest, both scholarly and public, in the ‘third way’, there is little analysis that suggests why the third way constitutes a distinctive approach to ideas such as liberty and equality. There is a tendency to see the third way or the new social democracy as merely old wine in new bottles. This chapter will explore some of the normative presuppositions of the third way, that may be more appropriately labelled the ‘new social democracy’. More especially, the new welfare governance which the third way exemplifies is, as we have suggested, a form of economic constitutionalism that can be viewed as a conceptual framework seeking to reorient social democratic ideas of equality and freedom. What is distinctive here is that these ideas of freedom and equality are situated within the framework of the market. As such, we explore how and why the third way can be described as a social democratic response within the parameters of the new economic constitutionalism.

Teasing out the normative rationale that is often implicit in the policy repertoire of the new social democracy is a difficult task. Most practitioners of the third way are not only dismissive of any ideological commitment in their political programmes, but also tend to emphasize both its pragmatism and its absence of a defining commitment to social democratic values as two of its major political attractions. Nevertheless, it is possible to distinguish some of the key normative underpinnings in the political programme of the third way from the work of some of its most prominent theorists, such as Anthony Giddens, who do provide a
rationale for the third way, but it is a distinctive kind of normative reasoning, framed in sociological terms of responsible social conduct. In this context, a distinguishing feature of the third way is the fact that ‘policy is legitimated not by ethical principles but by the truth of certain social facts’ (Finlayson 1999: 271).

Finlayson’s observation⁴ here is perceptive; third way theory is not a political theory in the conventional sense, but rather an attempt to think through the emerging social complexity of contemporary society (‘reflexive modernization’ to use Giddens’s term) and consequent changes in forms of sociability. For example, there is an emphasis on the increased amplification of ‘risk’ in late modern society and the correlative obligation of responsible social conduct this imposes on individuals. But the point is that this description of these modes of social conduct substitutes for the ethical and political reasoning found in most political programmes. Third way accounts provide a very distinctive kind of moral sociology that has its origins in a particular understanding of social reality. Finlayson observes that ‘the third way derives its justification from a claim to access to a certain kind of “truth” about the present’ (Finlayson 1999: 272).

There are three main dimensions to this moral sociology. First, it confuses an emphasis on legitimacy – or, more specifically, a concern with social cohesion and solidarity – with the justification of social arrangements and institutions. It is simply a logical error to proceed from a description of social reality to the justification of a set of institutions. Second, the moral sociology that is produced by third way theories has a disturbing streak of moral authoritarianism; perhaps this is seen most clearly in the area of social policy, where there is a strong accent on moral paternalism. Finally, and in some tension with its moral sociology, third way approaches to social governance seek to enhance individual autonomy and choice in the face of an increasingly complex society. In fact, the key aim of the revisionist social democracy is to reconcile social commitment to equality with the liberal virtue of individual autonomy. The role of, and justification for, individual autonomy within the framework of economic constitutionalism, particularly within the third way experiment of New Labour in the UK, will be examined in the rest of this chapter.

Within economic constitutionalism individual autonomy is cashed out in terms of the notion of the capability. Capability is a pivotal normative principle that underpins many of these new social democratic programmes, especially that of New Labour in the UK; it also figures prominently in recent OECD policies and strategies designed to deal