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It is not surprising that debates about the future of social democracy have recently proliferated. More than two decades of neoliberalism have left citizens and communities everywhere seeking respite from an unbridled globalizing capitalism. In Europe, the backdrop has a decade of social democratic electoral resurgence amid much uncertainty about appropriate governing philosophies and policy frameworks for the exercise of power. In North America, similar debates have emerged at a different point in the electoral cycle, addressing the potential demise of the New Democratic Party or the disappointing results of the Nader Green Party campaign. Yet the underlying question is the same: can social democrats generate the ideas and strategy to power a credible electoral and policy alternative to neoliberalism? While consensus exists on the passing of social democracy's "classical model," there is much less clarity on the meaning and direction of a new social democracy.

This commentary offers some thoughts on the state of social democracy's renewal. The inspiration is twofold. It grows out of a dissatisfaction with the leading intellectual reformulations of social democracy and their practical expression in the politics of the so-called Third Way. It also flows from a belief that the Left, for all the remarkable vitality "in the streets" of Seattle, Quebec City and elsewhere, still requires a robust parliamentary vehicle if it is to adequately confront state and corporate power. I begin by briefly situating social democracy's current impasse in its postwar political context, then move on to critically engage with the Third Way, concluding with five alternative themes that might constructively inform new social democratic thought and practice.

Redrawing the Social Democratic Map: Kitschelt's New Social Movements and Giddens' New Individualism The current rethinking responds to the passing of the classical post-war model rooted in the political realignments and policy shifts that followed the Great Depression and Second World War. The model's defining features are well known: a class compromise between the organized working class and large-scale business, lubricated by sustained growth and the Keynesian employment commitment. Booming capitalist profits were redistributed into relatively high wages, buttressed by a host of collective goods and public institutions. Progressive taxation, universal social programs, and collective bargaining rights limited market-generated inequalities, albeit privileging the "male breadwinner."

This political deal came apart in the 1970s for a host of economic and sociological reasons. Globalization of production and finance, postindustrial labour processes and markets, and cultural changes spawning novel political identities combined to undermine classic social democracy's operational principles. Key assumptions about a unified working class identity, a coherent national business interest, and national policy sovereignty were all challenged. By the 1980s, prominent analysts of social democracy such as Adam Przeworski hypothesized an irreversible political decline as party fortunes tracked a shrinking industrial working class base.¹ More recently, Herbert Kitschelt and Anthony Giddens, in separate, influential treatises, have rejected such pessimism. They agree that "new times" have rendered obsolete traditional social democratic formulae but insist that an array of options is opened if parties are prepared to transcend their "programmatic, organizational, and electoral legacies."²

Kitschelt argues that success awaits those parties that replace blue collar workers and distributive policies with new social movements and leftlibertarian issues.³ Increased affluence and education, the growth of the welfare state, and the rise of the service economy have heightened the significance of postmaterial concerns. Valuing job autonomy and "communicative social processes," a growing cohort of Leftlibertarians seek political representation in new movements of feminism, ecology, and human rights.⁴ Here Kitschelt finds the base for a

reconstituted social democratic electoral coalition. Making the connection, however, presupposes sweeping organizational changes in party structure and process. The mass bureaucratic organization, symbolized by collective affiliation to trade unions, must be replaced by a loose network model welcoming to new social movements. Of equal strategic import for Kitschelt, are reforms that maximize the flexibility of leaders in remaking the party's identity and purpose, by jettisoning the economic redistributive agenda and sidelining the social agents still defending it.⁵

Giddens charts a social democratic renewal path through the "new individualism ... associated with the retreat of tradition and custom from our lives."⁶ Globalization of markets, communications, and culture has generated an "institutional individualism" where "people are invited to constitute themselves as individuals: to plan, understand, design themselves as individuals."⁷ Since individuals now live in a more open and reflective manner, they turn away from traditional vehicles of collective representation such as trade unions, mass parties, and welfare states. The new individuals look to government for support in constructing their own personal biographies: enhancing information about choices, and investing in human capital to help them navigate globalization with its new technologies, knowledge demands, and scientific risks. Giddens envisions a "social investment state" to cultivate entrepreneurship in a society of responsible risk takers.⁸ Inequality is to be reduced not through the universal entitlements or collective worker representation, but through expanded opportunities for individual education and training linked to requirements for paid work. Giddens fears a full meritocracy since it would produce inequality on a scale endangering the cohesive society and competitive economic adjustment at the heart of his Third Way vision.⁹ Yet he also assumes that the majority of individuals belong to the middle class. Modernization overcomes structural conflicts between organized interests, while globalization removes the conceptual space for ideological debate about alternative futures.¹⁰ The language of Left-Right conflict is not relevant to "getting on with the job" of helping individuals adapt to the given global dispensation.

The two key intellectual architects of the new social democracy thus converge on four key points: a conceding of

the economic agenda to neoliberalism; the marginalizing of redistributive issues and social equality; the banishing of trade unions from the social democratic universe; and the organizational revamping of social democratic parties privileging leadership autonomy over membership activism. These claims constitute a fundamental statement about the nature of economic globalization and its political consequences. Simply put, they box in social democracy on the two defining issues for any political project: policy agenda and electoral strategy. Representational and organizational logics are transformed as are economic and social priorities. The implications for equality and democracy are discussed below in relation to the Third Way's most successful expression, New Labour in the United Kingdom.

Economic and Electoral Logics: Living with Neoliberalism In a trenchant analysis of New Labour and the Third Way, Colin Hay observes that the new social democracy practices a politics of “capital appeasement” and voter “preference-accommodation.”¹¹ Both reflect a highly reductionist view of the political. On the one hand, functional state policy projects are read off from global economic imperatives; on the other, functional party appeals are read off from pre-existing voter attitudes and preferences. The politics of capital appeasement accepts the “business school orthodoxy” of globalization. A series of interconnected economic forces—liberalization of capital flows, deregulation of financial institutions, and instantaneous market transactions—are perceived to have rendered uncontestable the downward harmonization of social protections, public expenditures, taxation rates, and employment standards across nations. States disavow the governing instruments that once worked reasonably well, in order to appease the policy interests articulated by footloose corporations and their mobile symbolic analysts.

Capital appeasement is amply evident in New Labour's first term package of macroeconomic, industrial relations, and social policy.¹² In macroeconomic policy, sound money was the foundation, achieved by strict inflation targets and by central bank control over monetary policy. Credibility in the eyes of the markets (and the “median voter”) was established through specific “precommitments” made by the party not to

tax or spend irrespective of the business cycle. In industrial relations policy, the goals of flexibility and business-government partnership translated into further precommitments about the irreversibility of Thatcher-era reforms. Management prerogative remained sacrosanct, ruling out any extension of the collective rights of workers in terms of workplace representation or control even as the pace of economic restructuring accelerated. Complementing the macroeconomic austerity and industrial relations flexibility was an "active" social policy designed to combat social exclusion by getting people off benefits into paid work. As Ruth Levitas has demonstrated, New Labour's understanding of social exclusion emphasizes the moral dimension of poverty not its material and capitalist roots.¹³ The result is a New Labour welfare-to-work program built on principles of compulsion, compliance, and obligation for the excluded poor, relying in practice on more sticks than carrots to alter the behaviour of the idle and irresponsible, whether single mothers or criminal young men.

Each of these policies is rife with tensions, and together they constitute more a contradictory amalgam than a stable paradigm. The austere macroeconomic policy rules out the expenditures required to transform welfare policy into active labour market policy. The value of unpaid labour in the home or community is essentially ignored, and there is little recognition of the need for flanking policy and regulation to provide a gender-neutral work-family balance. Further, the package appears oblivious to mounting evidence that productivity improvements, achieved through technological innovation and more educated workers, have vastly outstripped wage growth. In the absence of strong trade unions, the gap between capital and labour only grows. Finally, making a moral virtue of paid work is likely to lead to a version of social inclusion based on insecure, casualized low-paying jobs, again growing social inequality. Tackling this problem, requires a break with the macroeconomic and industrial relations policies that are central to the Third Way's neoliberal accommodation.

In all of this, it is apparent that the Third Way has exited the social democratic reformist tradition that sought public policy innovations serving a dual purpose: decommodifying

social needs while also empowering popular movements aligned with the party's vision, principally trade unions but also others.¹⁴ On the contrary, Third Way policies are designed selectively to reward and discipline individual behaviours while safeguarding the interests of two other constituencies, middle class voters and global financiers. Far from engaging the virtuous circle of social democratic policy and popular empowerment, Third Way governance moves in the opposite direction. Support for managerial flexibility accelerates the decline of trade unions; individualization of social policy weakens class solidarity, and abstract references to community imply non-recognition of diverse collective identities. Social democracy's historical allies in civil society become the Third Way's "special interests" interrupting the dialogue between the median voter and state executives.

Such policy priorities express Hay's "voter preference-accommodation." As class voting and party allegiance decline, the electoral game is increasingly competitive and fluid but played on a field defined by neoliberalism. Accepting that the new individuals have shifted rightward in their views on key matters of taxation and public expenditure, New Labour respects "the fixed constraint" set by the attitudes of the median voter.¹⁵ Following the Kitschelt-Giddens logic of casting aside the workers, New Labour must court "middle England" if the party is to convert Conservative voters. To do so, Third Way politics develops sophisticated techniques for assessing and mirroring the opinion of floating voters in middle class electoral battlegrounds.¹⁶ From the centre of the 1997 New Labour electoral operation, Philip Gould reported that the "heart of New Labour's election strategy" was swing Conservative voters who comprised "more than 90 percent of the three years of weekly, often daily, focus groups."¹⁷

The end result is ideological sanitization and electoral suburbanization. Government policy choices are "triangulated" beyond both party belief systems and the claims of special interests. A populist style of direct communication between the leader and "all the people" displaces party representation of a relatively coherent collective interest housed in a network of progressive social organizations. In its 1997 election campaign, New Labour presented its five election pledges

less as a party manifesto than as a highly personalized contract between the leader and the voter.¹⁸ The essence of this market research, individualized politics has been summarized by a former Clinton pollster, Stan Greenberg:

Democracy has changed. The institutions that used to be effective in mediating popular sentiment have atrophied, and have lost their ability to articulate. So the trade unions, for example, just don't have the kind of base that they used to have. If you want to know what working people think, you can't turn to these organizations which can effectively represent their members and so there is no choice but to go to the people directly through these means.¹⁹

New Labour's conception of electoral strategy and political agency clearly conforms to Giddens' new individualism.

When it comes to party organization Kitschelt's ideas are most relevant. For party operatives "only a unitary system of command (leading directly to the leader) could give Labour the clarity and flexibility it needed to adapt and change at the pace required by modern politics."²⁰ Indeed, Tony Blair's sustained effort to reconstruct the party's policymaking and leadership selection machinery—strengthening one member-one vote, limiting the role of the party conference, and closing off union channels—has been designed to enable rapid programmatic shifts in response to shifting electoral winds (or business objections) without party censure. Membership activism is confined to "door knocking" at election time, as distinct from community mobilization, popular education, or policy development between elections. For leaders seeking "strategic flexibility in the competition with its adversaries" the priority is to extend the remit of their market research professionals, while reigning in regular party members and spokespersons from affiliated organizations.²¹

In sum, New Labour's basic acceptance of the neoliberal market's economic and electoral logic conflates a circumstantial outcome—the political triumph of Thatcherism—into a kind of modern historical imperative to which social democracy must adapt. A series of misconceptions and oversights follow: in economic terms, downplaying the systemic failures in market and corporate governance that hobble efficient,

not to mention equitable, restructuring of the national economy; in electoral terms, failing to place middle class tax resistance in the wider context of the tradeoffs between tax cuts and the quality of the social infrastructure in health, education, and pensions; and in visionary terms, excluding serious reflection on the persistent variation in national responses by social democratic governments to changing global economic and domestic political conditions.²²

Abandoning the “Varieties of Capitalism” In fact, the ascendance of the Third Way did much to sideline an interesting and substantive international discussion emerging in social democratic circles in the early 1990s about the prospects for an “institutional capitalism” different from the neoliberal pure market variant. The inspiration came broadly from Karl Polanyi’s insights about the social embedding of markets in values and movements that temper their destructive effects while enhancing democracy. This debate found expression in a variety of places.²³ In academia, comparative political economists in Europe and North America analyzed institutional-political factors underpinning the “varieties of capitalism.” Institutional variation in state forms, policy styles, associative networks and market regulations was used to explain crossnational differences in outcomes related to social equality and economic efficiency. In government and business circles, similar arguments were popularized through Michel Albert’s *Capitalism against Capitalism*, which assessed the relative merits of Anglo-American and Rhenish models of capital formation. The former emphasize immediate returns while the latter value longterm investments and relationships. In Britain, the journalist Will Hutton makes the case for a “stakeholder capitalism” that questioned the neoliberal consensus on corporate property rights and managerial prerogatives. If more flexibility was to be given to business then the workers also needed new rights, if only to ensure optimal returns on investment in the new knowledgebased production.

Central to all the discussion of the varieties of capitalism was recognition of institutional counterweights to markets and alternative capitalist trajectories. The debate resisted any notion of a single modern condition to which all must

conform. Moreover, as Colin Crouch observed, “not only did a diversity of forms of capitalist organisation seem possible, but there was evidence that those which incorporated some sense of collective interests, longterm commitments, trust and cooperation, and recognition of the role of interests other than those of share owners in corporate decisionmaking could be at least as successful as the pure market models.”²⁴ Societies where governments countered markets to create more equal income and wealth distribution were also more resilient and productive economies.

The important point here is that many ideas about the state, economy and civil society were being generated of direct relevance to the renewal of social democracy. Regrettably, the Third Way chose not to join the debate. Giddens pronounced stakeholder capitalism an outdated project, “closed and clientelist” and not “quick enough on its feet to respond to the world in which we find ourselves.”²⁵ New Labour conceded the economic argument to international agencies such as the OECD which celebrated the necessary convergence between globalization and the Anglo-American model in favour of the short termist, highly privatized, and non-associative form of neoliberal capitalism. In distancing itself from the stakeholding economy, British Third Wayers explained that they feared such a project could open the party “to attack as being corporatist...exposing Labour to the risk of attack on grounds of social costs.”²⁶ Stakeholding became a vacuous concept reminding individuals of their stake in society. Tony Blair described “a Britain which we all feel a part of, in whose future we all have a stake.”²⁷ Any conception of broad institutional reform on the economy’s supply side along the lines envisioned by Will Hutton was reduced to the exhortative refrain of “education, education, education.”

Reinventing Brokerage Politics Another broad consequence of the Third Way is a transformation of democratic party systems. As Joel Krieger summarizes: “New Labour has left behind more than policies and ideology: it has rejected a way of organizing politics.”²⁸ The new model of organizing politics shifts from a representative system organized by principled, ideological class-based parties to one dominated by personality and “big tent” retail politics.

European politics historically has linked state and society through parties offering distinctive programmes to the voters with the victors securing a popular mandate for a course of policy action. As Otto Kirchheimer emphasized, even the postwar “catch-all” parties retained a critical degree of coherence and consistency “in making strategic appeals to different class-based constituencies when they could find enough “community of interest” and when interests did not adamantly conflict.”²⁹ He cautioned that the catch-all party could not hope to include all categories of voters.³⁰ Yet, this seems to be the Third Way goal. The appeals to one nation, individuals and community, rather than differences of ideology, interest, and collective attachment are “directed towards the creation of a partyless and hence depoliticized democracy.”³¹ Politics becomes technocratic, governing becomes managerial, and partisanship becomes substantively irrelevant.

For Canadians, such developments are familiar. They point to the emergence of a brokerage political system where parties are not differentiated by positions of principle, but stress the importance of the leader’s personal charisma, and his or her flexibility in embodying an amorphous consensus on the meaning of the nation.³² In Canada, of course, the explanation for this form of politics was explicitly functional: the fragility of the country’s identity rooted in multiple, overlapping cleavages necessitated brokerage parties to sustain some sense of national unity. Other party forms—for example, class based, membership driven, ideologically coherent and policy consistent—were viewed as dangerously divisive and destabilizing.

With minor modifications the brokerage model can be applied to interpret Third Way politics. Instead of preserving national unity, party politics must ensure cohesive national adaptation to globalization. Representation of class or other collective differences is dismissed as divisive, and an active party membership debating policy purposes is seen as complicating the manifest responsibility of leaders to make the “hard choices” on the details of economic and social adjustment. A party system generating alternative economic visions would be dysfunctional to the national mission. Adapting to globalization supplies the new pretext for Third Way politicians to announce the end of ideology and Left-

Right conflict. Where Canadian social democrats in the 1960s looked to their European counterparts for a model of a vibrant, modern party system, today it seems some European social democrats have turned to North America for guidance in modernizing their own systems.³³ Indeed, the Canadian Third Way parallel might even be pushed further as New Labour, with little new to offer on the economy, embraces constitutional restructuring and the politics of national unity to distinguish its modernization project.

In closing, it is worth reiterating the flaws, well known to Canadians, of brokerage politics. First, the absence of substantive partisan debate trivializes the political discourse leading to a preoccupation with personal foibles, campaign gaffes, and negative advertising. Similarly, spectacular policy failures or flipflops often result when governments with no popular mandate for action attempt reforms. The problem is compounded by the fact that brokerage parties govern in isolation from societal organizations and party activists who would otherwise be available to help advance or defend the government's agenda, and assist in policy implementation. In fact, significant policy shifts in the brokerage system often end up proceeding by bureaucratic "stealth" with the public and parties on the sidelines. Over time the party system is drained of representational and policy capacity, and citizens become increasingly disengaged. As Chantal Mouffe writes: "democracy requires the creation of collective identities around clearly differentiated positions as well as the possibility to choose between real alternatives."³⁴ The task "is to redefine the left in order to reactivate the democratic struggle, not to proclaim its obsolescence."³⁵

An Alternative? Ideas and Politics Still Matter Social democracy needs an alternative to neoliberalism that can respond to the complex structural and sociological challenges identified by Kitschelt and Giddens. Amid all the change, however, the fundamental reference points ought to remain constant: social equality through public redistribution; democratic economic governance through state intervention that addresses systemic market and corporate failures; and institutionalized recognition of diverse political identities. Political sights must be set well beyond managing a seamless

and consensual adaptation to so-called “structural realities.” Above all, social democrats need to learn from the resolutely “preference-shaping” politics of the neoliberal revolution.³⁶ How did new right organic intellectuals and conviction politicians make their neoliberal story the authoritative response to the breakdown of the postwar compromise? What have been the results of nearly thirty years of neoliberal governance in matters central to the living standards of all citizens such as employment, health, education, and the environment? These questions frame five departure points for a social democratic alternative to the Third Way.

First, the inequalities and conflicts endemic to capitalism must be acknowledged. The Third Way, in its preoccupation with win-win politics and a unified community, sidesteps evidence of growing inequality while also obscuring the unequal power relations behind such trends. Talk of democratization in workplaces that ignores the different interests and unequal resources of workers and management, or of ending social exclusion while lowering taxation on upper income earners, is false rhetoric. Social democratic arguments and strategies can and must be evidence-based: where neoliberal ideas have dominated government in the 1990s the consequences for living standards and social justice are clearly negative. The Canadian case is representative. Incomes have become more polarized between rich and poor. More families are poor and they are significantly poorer in the face of a declining social wage. Market wages have increased at a rate much slower than the value of output produced by workers. The reality of unemployment, underemployment and precarious jobs has disproportionately affected people of colour, workers with disabilities, women, and young people.³⁷ Social democracy needs to acknowledge that a democratized polity and cohesive society cannot rest on such unequal foundations, and that the rebuilding will require more, and different structural change than that conveyed in Third Way rhetoric.

Second, work—paid and unpaid—must be recognized as an essential experience for a decent life, and in turn for political preference formation. The Third Way certainly emphasizes the importance of work but its vision is flawed and limited. Kitschelt and Giddens imagine a post-modern labour market of knowledge workers enjoying professional autonomy or the

rewards of microentrepreneurship. Once again the data tells a different story. The restructuring and downsizing of industry and the expansion of the service sector have spawned a huge contingent workforce characterized not by autonomy and security but by dependence on precarious contractual, casual, seasonal jobs. Social democracy should seek to recollectivize the labour process, and create “good jobs” by redefining the terms of flexibility.³⁸ Key legislative priorities include: the organization of service sector workers and provisions for broader-based sectoral bargaining; the extension of workplace voice on matters of organizational and technological change; the negotiated expansion of training opportunities; and the reduction of working time and new valuation of unpaid work, and work in the nonprofit sector. Such a vision could supply the basis for building social democratic support among the “anxious middle class” entirely different from tax cutting: identifying a new community of interest among a broad swathe of new economy workers and microentrepreneurs, all living with its endemic insecurity and stress.

Third, the role of the state in advancing the public interest must be defended against both market privatization and public-private policy partnerships in service provision. The Third Way supports “reinventing government” through partnership arrangements designed to lever the money and ideas of the private sector for public purposes, ranging from municipal infrastructure provision to workfare management. While the rhetoric celebrates efficiency, power-sharing, and citizen engagement, such devolution carries unacceptable risks to health and safety as businesses and management consultants apply their own performance criteria to public services. Social democracy should reaffirm the value of a well-resourced public sector with the capacity to design, implement, and manage the full range of public goods that constitute the vital boundary on market forces. In turn, such a revitalized, active state must also be democratized

Fourth, the case must be made for a radical democracy that crosses the political and economic dimensions of institutionalized power. The Third Way’s call for democratization rings hollow, sliding into a brokerage style of elitist leadership. Social democracy can become a catalyst for combining the concerns of activists whose principal focus so far has been on

democratizing political institutions through proportional representation, corporate campaign finance restrictions, and participatory social service delivery, with the economic agenda of other activists who call for expanded worker rights and income shares, corporate accountability, and citizen cooperatives. Viewing these as related aspects of one democratization struggle aimed at social justice, the social democratic party can become a vehicle for advancing the concerns of both movements. The Third Way rejects such encompassing coalitions by trading the “economistic” workers for the “politicist” movements. The point is to mobilize and campaign through the common ground. This presupposes democratization of the social democratic party itself, making it open to grass roots activists and its leaders accountable to members.

Fifth, the importance of local politics must be recognized in contemporary state “re-scaling” strategies. The Third Way maps an enlarged role for communities in the global age. In fact, cities have become sites of intense political contestation as governments download responsibilities, amalgamate municipalities, and mandate a privatized market-driven form of restructuring on communities.³⁹ Urban social movements are resisting this neoliberal version of the global city, mobilizing around local democracy, social citizenship, and sustainable economies. Existing hierarchies of power inevitably leave such activists seeking “upper level” political support for strong public services fully funded through progressive income taxes and democratically governed in communities. Social democrats must re-scale their own political strategies to join the struggles for a progressive localism, just as they have at the global level in advocating democratic and redistributive forms of trans-national integration.

In sum, a new social democracy should now move on two fronts: on the one hand, repoliticizing governing choices, clarifying differences, declaring policy intentions, and inventing a robust partisanship to mobilize support; on the other hand, working with social movements, including trade unions, in a spirit of mutual learning and dialogue to develop an agenda and tactics for making change. The balancing act is a fine one, but there are some grounds for optimism, at least in Canada. Decades of brokerage party politics have spawned much organizational activism in civil society, and governments both

federal and provincial long ago ceased recognizing the claims of the new social movements. At the same time, the New Democratic Party, has launched a renewal process that seems more open to new alliances and discourses than in the past, when agents of innovation such as the Waffle were expelled rather than engaged. The significance of social democratic renewal for progressive politics should not be underestimated. While eroding democracy, globalization has emphatically not weakened the capacity of domestic states to defend and extend the rights of corporations against citizens, workers, and communities. Strong states require strong political parties. For social democrats, the challenge remains.

Notes

1. Adam Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1985).
2. The two central texts are Anthony Giddens, *The Third Way: The Renewal of Social Democracy* (Cambridge: Polity Press, 1998); Herbert Kitschelt, *The Transformation of European Social Democracy* (Cambridge: Cambridge University Press, 1994); Kitschelt, *The Transformation*, p. xiii.
3. Kitschelt asserts that globalization has narrowed public policy options to the point where the only "politically serious positions range from a new economic liberalism demanding more market competition, lower taxation and reduced public expenditure to a modest defense of the accomplishments of the welfare state." Kitschelt, *The Transformation*, p. 21.
4. *Ibid.*, p. 16.
5. *Ibid.*, pp. 5, 6.
6. Giddens, *The Third Way*, p.36.
7. *Ibid.*, p. 36.
8. *Ibid.*, p. 117.
9. *Ibid.*, p. 109.
10. Revealing here is Giddens treatment of the three major actors in the classic social democratic model. Trade unions are basically invisible, presumably relics of the "old left" who are "losing their purchase" but stubbornly trying "to recapture lost forms of solidarity." The state is an institution in need of modernization, variously termed "elitist," "lazy," "cumbersome and ineffective." In contrast to the unmodernized state or irrelevant unions, Giddens writes that "business organizations respond rapidly to change and are more agile on their feet." He concludes that "governments still have a good deal to learn from business best practice." See Giddens, *The Third Way*, pp. 7,16,74-75,79-80.
11. Colin Hay, *The Political Economy of New Labour: Labouring under false pretences?* (Manchester: Manchester University Press, 1999), p. 159.
12. *Ibid.*, Ch. 4.

13. Ruth Levitas, *The Inclusive Society? Social Exclusion and New Labour* (London: Macmillan Press, 1998); Byron Sheldrick, "The Contradictions of Welfare to Work: Social Security Reform in Britain," *Studies in Political Economy* 62 (Summer 2000), pp. 99-121.
14. For an insightful discussion of the Swedish case see Rianne Mahon, "Swedish Social Democracy: Death of a Model?" *Studies in Political Economy* 63 (Autumn 2000), pp. 27-60.
15. Hay, *The Political Economy of New Labour*, p. 67.
16. Leo Panitch and Colin Leys, *The End of Parliamentary Socialism: From New Left to New Labour* (London: Verso, 1998).
17. Philip Gould, *The Unfinished Revolution: How the Modernisers Saved the Labour Party* (London: Little, Brown, 1998), p. 329.
18. *Ibid.*, p. 270.
19. Stan Greenberg quoted in *Ibid.*, p. 333.
20. *Ibid.*, pp. 240-41.
21. Kitschelt, *The Transformation of Social Democracy*, p. 300.
22. For views on New Labour's Third Way in relation to other European social democratic governments, see Ben Clift, "New Labour's Third Way and European Social Democracy," in Steve Ludlam and Martin J. Smith, (ds.), *New Labour in Government* (London: Macmillan, 2001), pp. 55-72; Wolfgang Merkel, "The Third Ways of Social Democracy," in Anthony Giddens, (ed.), *The Global Third Way Debate* (Cambridge: Polity Press, 2001), pp. 50-73.
23. For an overview, see David Marquand, *The Progressive Dilemma: From Lloyd George to Blair*. 2nd ed. (London: Phoenix Giant, 1999). Specific contributions include: Michel Albert, *Capitalism Against Capitalism* (London: Whurr Publishers, 1993); Will Hutton, *The State We're In* (London: Jonathan Cape, 1995); Colin Crouch, "The Terms of the Neoliberal Consensus," *Political Quarterly* (1997), pp. 352-360.
24. Crouch, "The Terms of the Neoliberal Consensus," p. 356.
25. Anthony Giddens, *The Third Way and its Critics* (London: Polity Press, 2000), p. 152.
26. Gould, *The Unfinished Revolution*, p. 255.
27. Tony Blair quoted in Levitas, *The Inclusive Society?*, p. 117.
28. Joel Krieger, *British Politics in the Global Age: Can Social Democracy Survive?* (Oxford: Oxford University Press, 1999), p. 37.
29. *Ibid.*, p. 169.
30. *Ibid.*
31. Peter Mair, "Partyless Democracy: Solving the Paradox of New Labour?" *New Left Review* 2 (March-April 2000), p. 22.
32. See Harold Clarke et al., (eds.), *Absent Mandate: Canadian Electoral Politics in an Era of Restructuring*, 3rd ed. (Toronto: Gage, 1996).
33. Gad Horowitz, "Toward the Democratic Class Struggle," in T. Lloyd and J.T. Mcleod, (eds.), *Agenda 1970* (Toronto: University of Toronto Press, 1968), pp. 241-56.
34. Chantal Mouffe, *The Democratic Paradox* (London: Verso, 2000), pp. 117-18.
35. *Ibid.*
36. Hay, *The Political Economy of New Labour*, p. 158.
37. See Andrew Jackson, David Robinson with Bob Baldwin and Cindy Wiggins, *Falling Behind: The State of Working Canada, 2000* (Ottawa: Canadian Centre for Policy Alternatives, 2000); Armine Yalnizyan, "How Growing Income Inequality Affects Us All," in Edward Broadbent, (ed.), *Democratic Equality: What Went Wrong?* (Toronto: University of Toronto Press, 2001), pp. 130-48.

38. See Mahon, "Swedish Social Democracy;" Krieger, *British Politics in the Global Age*, pp. 158-60.
39. Julie-Anne Boudreau, *The MegaCity Saga: Democracy and Citizenship in This Global Age* (Montreal: Black Rose, 2000); Roger Keil, "Toronto in the 1990s: Dissociated Governance?" *Studies in Political Economy* 56 (1998), pp. 151-167.