

The Third and Fourth Ways

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THE Third Way: new public policy in a global economy, new thinking, new demands on old political parties, and all of the rest of the hyperbole raises the thought that, if there is a third way, then there must be a fourth.

The two-party system dominates Australian politics; it is a binary system, with a little bit of light relief courtesy of the Democrats. Of the 700-or-so members elected to the House of Representatives since the two-party system settled in, around 1941, only seven independents have been elected. None, of course, has ever served in government. Any new ideas in public policy are either acceptable to both sides (for example, a non-racially discriminatory immigration policy), or they are acceptable to one side and unacceptable to the other (for example, a treaty with Aboriginal Australians). The middle way, if not the third way, is a product of the Senate electoral system. The Democrats' common electoral ploy is to play to the crowd, for example, GST-free food, which saved the public from being confronted with a difficult choice, Labor or a full GST. So the Third Way can either be of the 'cherry-picking variety', taking the best and leaving the rest, often at a cost to first-best policy options, or it can be genuinely new, the test of which is whether it generates a response, namely, a fourth way.

Third Way talk, as it has been imported to Australia, is a Left attempt to reposition itself. There are three reasons for this. First, because the Left is out of government and wants to return. Second, because the old political cleavages, based essentially on class, are less identifiable and are no longer sufficiently pow-

erful to use as a ready-made electoral base, or at least not enough ever to win an election. Howard woos the battlers, Beazley woos the chardonay set. Each has a problem of representation. The middle class have taken over the Labor Party and won the preselections, yet they must represent the working class. The middle class always owned the Liberal Party but they now have to represent the workers. Clearly, there are a lot of crossed lines, a lot of uncomfortable constituencies and a lot of uncomfortable representatives. Third, much of what the Left has historically promoted has either been achieved, for example, a sub-

stantial welfare state, or has proved to be harmful to the people it was meant to assist, such as a substantial workfare state or protected industries, including public utilities.

Third Way talk is also stimulated by 'globalization'. The ability of capital to flow freely and speedily around the globe has rendered national governments less able to protect their citizens from the impact of such movements. However, the only thing that changed from when there was a less globalized economy was

that governments could appear to protect their people, while putting off the day of adjustment. Something that both sides of government, but particularly the Coalition, did for a very long time. Globalization, which is the new bogeyman of the Left and is mentioned in every social science course in every university in the country has, as a tool of analysis, almost no explanatory value whatsoever. It is neither good nor bad, neither right nor wrong, nor does it predict who will win or who will lose—it simply reminds us that there is a race on, and that it started a long time ago!

Third Way thinking may also come upon the exhaustion of the Right's agenda, the implementation of economic libertarianism. Mark Latham promotes the exhaustion thesis in a partisan way when he talks of the failings of the libertarian agenda for the Right and the declining relevance of 'old statism' for the Left. Note, not the failure of the welfare state, just the declining relevance of old statism. To prove my point, Latham then spends a considerable amount of space reinventing the welfare state, to make it user-friendlier, less bureaucratically driven. If the agenda of the Right is exhausted, it is most likely for much the same reasons as the Left—part exhaustion, part rejection.

The primary tool of the new agenda is precisely that of the old: 'collective action'. The New Way is still the old. One appeal that Latham makes, which is a useful caution to both Left and Right, is only to make changes that are universal and applicable to all. He has heeded the considerable criticism levelled at Labor in its attempts to woo segments of the market on the basis of separate identity. The identity or

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'minority' politics of the Keating era were very destructive of the sort of consensus required to run any welfare state.

Latham's Third Way agenda has five strands:

- A more complex *Equality*, not based entirely on merit, the market or egalitarianism, not delivered exclusively by laissez-faire markets or the state.
- A defence of national *Sovereignty*, based on public investment in life-long education and public infrastructure spending to overcome spatial inequality.
- New ways of *Gainsharing*, particularly public-funded jobs.
- *New Welfare* requires more 'designer' programmes, not one-size-fits-all, and aims at social inclusiveness.
- *Devolution* requiring the formation of self-governing mutual bodies, bringing new life to the logic of collective action.

What, then, is the response to these examples? What is the fourth way?

1. Citizenship rights are overwhelming the different concepts of equality as the bases for claims on society. The Left agenda of recent years has been to argue that every misfortune in life is the misfortune of the person as citizen and that every remedy lies in a course of action against all other citizens. The Right should re-enter the fray and ask: what contribution does each citizen make? The Right does not need the accusatory tones of 'downward envy', but its approach may well concentrate the minds of those who think they can endlessly expand the realm of claims of one citizen or class of citizens against all others.
2. 'Sovereignty' is used here in a peculiar sense; it appears to mean a tool to defend us against outside adversity. The tools are public spending in infrastructure, including life-long education. Life-long education is a truism; technical

innovation alone determines that it is so. Spatial inequality is the geographic reflection of the requirement of the economy for a particular combination of resources. If the economy does not come to your town, you have to move or change your role in the economy. The solution to the first is to allow people to move. Don't fill heads with dreams of past glories, whether they are coal miners or Aborigines. Enable them to move to where they can live more productive lives. Fortunately,

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most people have worked this out for themselves. Australia is full of migrants, international, interstate and interregional. Public spending can mask the pain or cure the disease.

3. Gainsharing through public-funded jobs, as a permanent solution to unemployment would be to turn a short-term fix into a permanent problem. It also condemns the holders of those jobs to a job ghetto, denies the wider economy their skills and ultimately skews resources to areas of inferior activity. Nevertheless, if the electorate wishes to have programmes funded that would not otherwise be undertaken in a timely or efficient manner, then let them have the information to so decide. And let the Productivity Commission produce the figures!

4. Designing new welfare programmes and payments is a response to complexity. The needs of single mothers are different to those of old married men. But what better design than to give people assistance so that they may purchase the product they require? If taxpayers are to continue to fund a social insurance programme, not a 'rights of citizen' programme, they must make up their own minds. Telling people how to live is now a favourite pastime of the medical profession. If people want to drink, gamble and smoke, so be it. The issue is: are the taxes on the products sufficient to cover the costs generated by their use? Governments that make more than they need as a punishment for non-approved behaviour need to desist.
5. Self-governing mutual bodies, as a form of collective action, sound good. But what the Third Way really has in mind is to hand funds to local organizations to disperse as and when they see fit. The great strength of bureaucratic systems and rules is that people can be treated fairly and objectively. That is, without the prejudice and pettiness of local officials. Anyone who has spent time in private associations knows that they can suffer from endemic infighting. This is not a concern when they are dealing with their own funds. It is a serious problem when they are dealing with the taxpayers'.

So much for the Third Way. There are some new ideas around but despite their labels we will not know how good they are until they have been run through the binary party system and judged by the people. So the Right has plenty to work on in the next little while and, if they want, they can call it the Fourth Way!

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