

EIR Feature

Tony Blair's 'Third Way' crashes, as reality strikes

by Muriel Mirak-Weissbach

When Oskar Lafontaine, former leader of the German Social Democratic Party (SPD), granted an interview to the Sunday edition of *Die Welt* on Sept. 26, it was the opening salvo in a sustained attack against the current party leadership and government. Lafontaine charged in his interview, that the government of Chancellor Gerhard Schröder had abandoned traditional socialist policies, in favor of the "Third Way," associated with British Prime Minister Tony Blair. Lafontaine charged, further, that by allying with Blair, even co-authoring a policy paper on the "Third Way" with Blair, Schröder had torn up the traditional German alliance with France, an alliance which has been the fulcrum of European politics since the end of the Second World War.

In the weeks following his first interview, a book by Lafontaine has been being serialized, in the same *Die Welt*, called *The Heart Beats on the Left*. In it, Lafontaine elaborates his charges, and calls for changing economic and financial policy, reinstating, for instance, controls on capital flows (see article in this section).

Lafontaine was denounced as everything from an "egomaniac" to a "deserter," as a systematic attempt was made by the party loyalists to avoid entering into a debate over the merits of what he had said.

Two developments contributed to changing this fact.

First, the SPD of Schröder went down to its sixth regional electoral defeat in a row, when it was smashed in the Berlin elections on Oct. 10.

Second, a head-on railroad collision occurred in London on Oct. 5, which was quickly recognized as the product of the deregulation and privatization policies that, introduced under British Prime Minister Margaret Thatcher, have become synonymous with Blair's "Third Way."

The two events spelled out what Lafontaine, and other, more rational elements within the Socialist International have been smelling for months: The Third Way is doomed. The simple fact of the matter is, in a period of economic collapse and



European voters are disgusted with the so-called Third Way policy of free-market austerity with a “compassionate” face. Among those feeling the heat are, left to right: British Prime Minister Tony Blair, German Chancellor Gerhard Schröder, French Prime Minister Lionel Jospin.



impending financial blowout, the entire corpus of neo-liberal, market-economy policies, has been proven utterly bankrupt. Financial markets are headed for a crash, employment levels are plummeting along with living standards, social infrastructure has been gutted, health, pensions, and education funds are being looted in the name of austerity—and populations are in a state of revolt.

Ironically, while the Third Way has proven itself to be a bankrupt policy in Europe, and while voters are rejecting it there *en masse*, U.S. Presidential contenders Al Gore, Jr. and George W. Bush are holding its banner high. In the United States, the same policy goes under the name of “triangulation.” In Gore’s case, his racism, and his support for Blairite welfare “reform” and the North American Free Trade Agreement, have already contributed to his rapidly accelerating political demise. As for Bush, his “compassionate conservatism” is nothing but Blairism by another name, and will quickly finish him off as well—provided the Democratic Party chooses a candidate who does not play the “triangulation” game.

Social revolt in Europe

The most eloquent expression of the social revolt in Europe is the string of electoral defeats that those parties have suffered, which have most vociferously championed the Third Way: from the SPD and Greens in Germany, to the Austrian Social Democrats.

Thus, it has come to pass, that from within the ranks of the Socialist International, certain sectors, including representatives of a more traditional current, like former Chancellor Helmut Schmidt, have emerged, to challenge the policy direction of the party. In France, pressures from labor and the Communist Party have forced its senior government partner, the Socialist Party (PSF), to adopt an anti-Third Way stance. The party has shifted gears, at least verbally, and has announced that it is steering away from the Blair-Schröder policy direction.

Whether or not the pious statements of commitment to the principles of social solidarity, on the part of the PSF in its new programmatic paper, are to be taken as more than opportunistic demagoguery, is still to be determined. Whether or not Lafontaine, and those inside Germany and France who are behind his move, are serious about reversing policy, is an open question.

What is clear, is that the Third Way is finished. Most important, the issue of economic policy has finally been put on the agenda by forces within political movements traditionally associated with the productive layers of society. Whatever other considerations may be involved in the Lafontaine revolt, the mere fact that certain taboos have been broken, and that proposals to tax speculative capital flows, return to state regulation of certain vital economic activities, and restore a healthy role of economic policy guidance to the state, have been thrust into the public debate, means that the real issues

can be thrashed out. The causes of the current crisis, can be identified in the economic policy madness that has reigned for the past 30 years; and the solutions, like those presented by Lyndon LaRouche, for global reorganization of the monetary and financial structures, can be pushed through.

Although neither Lafontaine, nor Jospin, nor any of the men behind the scenes, will dare admit it in public, LaRouche was right. That is the reality which is dominating the turbulent developments on the European political landscape.

'Third Way' derailed in Great Britain

by Mark Burdman

If British Prime Minister Tony Blair's deranged performance in his keynote address to the Labour Party's end-September annual conference in Bournemouth had not already provided convincing evidence that he was a most desperate man, and that his vaunted "Third Way" policies are a dead letter, events since then should quell any lingering doubts.

On Oct. 5, "Third Way" policies died a very public death in Britain, with the rail crash between a commuter train and an intercity train at the busy Paddington Station in London, which resulted in a reported 40 deaths, and which was one of the worst rail crashes in Britain in this century. The tragedy was all the more devastating, because a major rail crash had occurred at the same station just two years ago, in the aftermath of Blair's election victory on May 1, 1997. It became immediately evident, that the crash was a consequence of the Thatcher-Blair policies of privatization and disinvestment in transport infrastructure, in favor of short-term profits and pursuit of a so-called "post-industrial, information society." Notably, the Blair government has refused, in order to "save money," to invest in the superior automatic breaking system, the ATP, that is used on the European continent, as a fundamental safety measure.

The Paddington crash has forced onto the agenda the necessity of non-"Third Way" policies, centered around building up the real, physical economy.

The "Third Way," as devised for Blair by his ideological guru, Prof. Anthony Giddens of the London School of Economics (who wrote a book in 1998 entitled *The Third Way*), is an amalgam of several factors. It is, first of all, an attempt to continue Thatcherite austerity and cost-cutting, under a thin left-liberal veneer. It is, at the same time, a policy to distance the Labour Party, in particular, and the international

social democracy more generally, from its traditional working-class electoral base. Linked to this, as Giddens emphasizes, it is an attempt to "modernize" the social democracy, by bringing it into line with the "globalized realities" of the last 30 years, since the "post-industrial" paradigm was launched, in earnest, in the mid-1960s.

All of this is now called into question. As one astute Scottish observer told *EIR* on Oct. 8, the rail crash has had a "shock effect" in Britain, turning anger against the policy of "saving money, making profits, and killing people. People are very angry. It is now clear that, under Blair, we have a repetition of the Thatcher system, under a different guise. Those of us who voted for Blair in 1997, as I did, now see that we bought into a fraud. What is really happening in this country? We have run-down schools, hopeless transport and infrastructure, schools in chaos, universities being ripped apart, and meanwhile, a small elite making a lot of money. It's all rather sinister, and I can assure you, it will come to a head soon."

The return of 'Lord Mandy'

With that mood growing in Britain, how did Blair respond? He tugged on his emotional security blanket, and sought to give himself psychological-ideological support. In a desperate move, he opened the week of Oct. 11 by bringing Peter Mandelson, his closest crony and leading ideologue and "spin doctor" of the Blairite "New Labour," back into the government, in the post of Northern Ireland Secretary. This was part of a broader Cabinet reshuffle, to fill the posts of Defense Secretary, whose current occupant, Lord George Robertson, is the new NATO Secretary General, and Health Secretary, whose current occupant, Frank Dobson, has announced that he will be running for the post of Mayor of London. Mandelson is replacing Mo Mowlam, who is in turn replacing Dr. Jack Cunningham as chief Cabinet "enforcer."

Mandelson is a thoroughly discredited and unpopular operative. He was forced to resign as British Trade and Industry Secretary, around Christmas of last year, following revelations that he had failed to report a £373,000 loan, to buy an expensive house in London, from New Labour moneybags Geoffrey Robinson, who also had to resign from his post, as government Paymaster-General.

Mandelson had earned a most seedy reputation. He was known in leading London circles as "Lord Mandy of Rio," following an at-government-expense romp through the homosexual haunts of the Brazilian capital, Rio de Janeiro. Besides this, "Mandy" never missed an opportunity to pour bile on the traditional Labour working-class base, insisting that the age of industry had passed (true enough in "post-industrial" Britain!), and that New Labour had to move in the direction that Baroness Margaret Thatcher had established, during her 13-year reign as British Prime Minister, from 1979-92. Mandelson was wont to cultivate enormously wealthy British