

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Desayrah,A" <A.Desayrah@lse.ac.uk> ("Desayrah,A" <A.Desayrah@lse.ac.uk> [UNKNOWN])

CREATION DATE/TIME: 3-NOV-1999 04:26:43.00

SUBJECT: RE: Message from Anthony Giddens

TO: Shawn J. Johnson (CN=Shawn J. Johnson/OU=WHO/O=EOP [WHO])

READ:UNKNOWN

TEXT:

Dear Ms Johnson,

Thanks for your email. Version B attached.

Best wishes,

Anne de Sayrah

<<ThirdwayB2.doc>>

> -----Original Message-----

> From: Shawn_J._Johnson@who.eop.gov

[SMTP:Shawn_J._Johnson@who.eop.gov]

> Sent: 02 November 1999 14:34

> To: a.desayrah@lse.ac.uk

> Subject: Message from Anthony Giddens

>

> Ms. de Sayrah-

>

> I'm Sidney's personal assistant here at his office. If you don't mind,

> please E-mail me the Version B of Mr. Giddens' book. For some reason,
> the

> copy we saved opens as a blank page -- perhaps a computer glitch. Many

> thanks for your help.

>

> Shawn Johnson

> 202-456-2640

> ----- Forwarded by Shawn J. Johnson/WHO/EOP on 11/02/99

> 09:32 AM -----

>

>

>

>

> Sidney Blumenthal

> 11/02/99 09:30:55 AM

>

> Record Type: Record

>

>

> To: Shawn J. Johnson/WHO/EOP@EOP

>

> cc:
> Subject: Message from Anthony Giddens
>
>
> ----- Forwarded by Sidney Blumenthal/WHO/EOP on 11/02/99
> 09:30 AM -----
>
>
>
> (Embedded
> image moved "Desayrah,A" <A.Desayrah@lse.ac.uk>
> to file: 11/02/99 09:15:05 AM
> PIC11688.PCX)
>
>
>
>
> Record Type: Record
>
>
> To: Sidney Blumenthal/WHO/EOP
>
> cc:
> Subject: Message from Anthony Giddens
>
>
>
>
> Dear Mr Blumenthal,
> Tony has asked me to let you know that the version of 'Third Way and Its
> Critics' which you have printed (version A) is the wrong one. He thinks
> you
> should print out version B, which contains more details on Schroder and
> LaFontaine.
> Hope you'll be able to print this off, if not I can email you the correct
> document.
> Yours sincerely,
>
> Anne de Sayrah
> PA to the Director
>
>
>
>
>
> << File: PIC11688.PCX >>
> - ThirdwayB2.doc===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

> y{tuvwxY \$bjbjWW ==p]NNNN~ ~ ~ ~ 8 4 ~ U.b(

.....\$/1b@.

@.
'ND

,
,
,
.T* TNNTnT

,
,
'-h.r"~ ~ +#

. 38535

Blurb

The idea of finding a third way in politics has become a focus of discussion across the world. Many political leaders, in the US, Europe, Asia and Latin America claim to be following its principles. Yet the notion has also attracted much criticism. Some say it is an empty concept, without any real content. Critics from the more traditional left argue that it is a betrayal of left-wing ideals.

Anthony Giddens's *The Third Way* (Polity Press, 1998) is regarded by many as the key text of third way politics. Translated into twenty-five languages, it has shaped the development of the third way. In this new book, Giddens responds to the critics, and further develops the ideas set out in his earlier volume. Far from being unable to deal with inequalities of wealth and power, he shows, third way politics offers the only feasible approach to these issues. The work is indispensable for anyone who wants to understand the most important political debate going on today.

THE THIRD WAY

AND ITS CRITICS

Anthony Giddens

Preface

This work is written as a sequel to my previous book, *The Third Way*, first published in the Autumn of 1998. The book attracted a great deal of interest, and quite a bit of criticism too. In this current volume, I expand upon some of the themes outlined in the earlier study, and discuss the criticisms commonly made of the idea of the third way. Not wishing to write a review of reviews, I haven't responded to critiques of my book as such. Instead, I have concentrated upon criticisms made more generally of third way politics.

The *Third Way* was published in the same year as the Asian crisis. In the wake of that crisis, the hold of rightist thinking over politics has diminished. Almost everywhere, at least for the moment, conservatism is in retreat. The rise of third way politics is partly a reaction to this situation, but also has to do

ome extent helped bring it about. The energies of many on the political left have long been preoccupied with resisting neoliberal claims, or with a defensive reworking of leftist thought in the face of them. Those energies can now be channelled in a more positive direction. Third way politics, I try to show, isn't an ephemeral set of ideas. It will continue to have its dissenters and critics. But it will be at the core of political dialogues in the years to come, much as neoliberalism was until recently, and old-style social democracy was before that. Third way politics will be the point of view with which others will have to engage.

Chapter One : The Third Way and its Critics

Contents

Preface

Chapter 1: The Third Way and its Critics

Chapter 2: Social Democracy & the Third Way

Chapter 3: Government, the State & Economic Strategy

Chapter 4 : The Question of Inequality

Chapter 5: Taking Globalisation Seriously

The idea of finding a third way in politics has become a focus of controversy across the world. The term third way, of course, is far from new, having been employed by groups of diverse political persuasions in the past, including some from the extreme right. Social democrats, however, have made use of it most of ten. During the Cold War period, many saw social democracy itself as a third way, distinct from American market liberalism on the one side and Soviet communi

ism on the other. The term largely dropped out of sight for some while, before being resurrected in political dialogues of the past few years.

Curiously, the

current popularity of the concept of the third way comes from its introduction into contexts in which it had never appeared before in the United States and Britain. Its revival, and subsequent wide diffusion, owes much to its adoption in those countries by the Democrats and the Labour party. These two parties, and their respective leaders, Bill Clinton and Tony Blair, had a major influence over the electoral revival of social democracy elsewhere. Their successes signalled a return to power for the centre left after years in the political wilderness. Each party reshaped its political outlook, as well as its more concrete approaches to getting elected. Terminologically they resembled one-another: the relabelling of the American party as the New Democrats was rapidly followed by the creation of New Labour in the UK.

The third way was originally described

by the American Democrats as a new progressivism. The New Progressive Declaration, published by the Democratic Leadership Council in 1996, argued that a fresh beginning in politics was called for to cope with a world in fundamental change. In the first progressive era, in the early part of the twentieth century, American left of centre politics was radically reshaped in response to rapid industrialisation and urbanism. The New Deal was based on collaboration between the state, the labour unions and big business.

Today, however, the big in

stitutions, the New Democrats argued, can no longer deliver on the social contract as they did before. The advent of new global markets, and the knowledge economy, coupled to the ending of the Cold War, have affected the capability of national governments to manage economic life and provide an ever-expanding range of social benefits. We need to introduce a different framework, one that avoids both the bureaucratic, top down government favoured by the old left and the and the aspiration of the right to dismantle government altogether.

The corner

stones of the new progressivism are said to be equal opportunity, personal responsibility, and the mobilising of citizens and communities. With rights come responsibilities. We have to find ways of taking care of ourselves, because we cannot now rely on the big institutions to do so. Public policy has to shift from concentrating on the redistribution of wealth to promoting wealth creation. Rather than offering subsidies to business, government should foster conditions that lead firms to innovate and workers become more efficient in the global economy.

The New Democrats also referred to the new progressivism as the third way, a term that eventually came to have preference over the former one. These ideas helped drive the policies that the successive Clinton Administrations introduced, or aimed to introduce among them fiscal discipline, health care reform, investment in education and training, welfare to work schemes, urban renewal programmes, and taking a hard line on crime and punishment. To them they added notions of active interventionism on the international scene.

Partly borrow

ing from the New Democrats, and partly following its own line of political evolution, the Labour Party in Britain converged on similar ideas. Under Tony Blair's leadership, the party broke with its own old progressivism Clause Four of the Labour Party constitution. Blair started to refer to New Labour as developing a third way, eventually putting his name to a pamphlet of the same title.

O

ver the past half century, the document says, two forms of politics have dominated thinking and policy-making in most Western countries a highly statist brand of social democracy and right-wing free market philosophy (neoliberalism). Britain has experienced both of these in full-blooded form, which is why the third way has special relevance there. Some neoliberal reforms were necessary acts of modernisation. Yet the neoliberals simply ignored the social problems produced by deregulated markets, which have created serious threats to social cohesion.

The New Democrats and New Labour have given particular attention to family life, crime, and the decay of community a conscious attempt to relate policies of the left to what are seen as prime concerns of ordinary citizens. We need a third way approach to the family, distinct from those who simply ignore the issue on the one hand, and those on the other who want to turn the clock back to a time before women went out to work. Changes in the family are related to antisocial behaviour and crime. Responding to anxieties about crime is seen as vital to third way policies hence Tony Blair's celebrated statement that the left should be tough on crime and tough on the causes of crime.

When New Labour

first came into government, there was intense interest in among social democratic parties in Continental Europe. Since that time, however, responses to the claim that the Labour Party is developing a new form of left of centre politics have been mixed. Some Continental social democratic leaders, having investigated what was on offer, found it distinctly underwhelming. Others have been more receptive. In April 1999, at the height of the Kosovo conflict, a public dialogue on third way politics was held in Washington. Bill Clinton Tony Blair, Gerhard Schröder, Wim Kok - at that time prime minister of the Netherlands - and Massimo D'Alema, the Italian prime minister, attended.

There was considerable

agreement among the Anglo-Saxon leaders and their Continental counterparts. Kok admitted that he liked the third way approach very much, but also felt that Dutch social democrats had already come to similar ideas and policies independently. Together with the Scandinavian countries, Holland is a country having one of the highest levels of social benefits. Yet in the current era, he agreed, it is not enough that people should be protected by government : they must also feel the urgency of responsibility, for you have rights, but also responsibilities. In a world marked by rapid social and technological change, government must be empowering rather than heavy-handed.

D'Alema expressed similar sentiments.

The European countries have developed strong systems of solidarity and protection . But these have become bureaucratic, and hence have slowed down development and limited the possibility of attaining success. The third way suggests that it is possible to combine social solidarity with a dynamic economy, and this is a goal contemporary social democrats should strive for. To pursue it,

well need less national government, less central government, but greater governance over local processes, as well as opening out in the direction of the global community. Economic development will require life-long learning and adaptation to new knowledge. Culture is the most important form of social inclusion, and I think we should invest in culture. Such an approach, DAlema concluded, has to break away from the old forms of welfare and social protection.

Blair - Schröder

At the Washington meeting, Schröder joked that he wasn't sure he had found the first two ways yet, let alone the third way. In fact, he and his advisers set out to remodel the German social democratic party, the SPD, along the lines of New Labour in the UK. The SPD took over some of the election strategies of New Labour, most of which came originally from the American Democrats. Schröder also sought to reposition the party ideologically. He steered clear of the term third way, opting instead for the new middle - die neue Mitte.

In June

1999 Tony Blair and Gerhard Schröder published a joint paper, entitled: Europe: the Third Way/die neue Mitte. The paper seeks to provide a general framework for left of centre parties in Europe. The essential function of markets, the two leaders argue, must be complemented and improved by political action, not hampered by it.

Blair and Schröder distance themselves decisively from what they define as the traditional social democratic outlook. The pursuit of social justice was often identified with a preeminent stress upon equality of outcome. As a consequence, effort and responsibility were ignored. Social democracy became associated with a dull conformity, rather than with creativity, diversity and achievement. Social justice was identified with ever-higher levels of public spending almost regardless of what was actually achieved, or of the impact of taxation on competitiveness and job creation. At the same, government became bureaucratic and inefficient. Social benefits too often subdued enterprise as well as community spirit. Rights were elevated above responsibilities, resulting in a decline in mutual obligation and support.

Social democrats need a

different approach to government, in which the state should not row, but steer: not so much control, as challenge. The quality of public services must be improved and the performance of government monitored. A positive climate for entrepreneurial independence and initiative has to be nurtured. Flexible markets are essential to respond effectively to technological change. Companies should not be inhibited from expanding by the existence of too many rules and restrictions. Modernising social democrats, it is stressed, are not believers in *laissez faire*. There has to be a newly defined role for an active state, which should pursue a diversity of social programmes. Government, however, has to observe principles of fiscal discipline. Employment and growth cannot any longer be promoted by deficit spending. High levels of government borrowing should decrease rather than increase.

The Blair-Schröder paper passed almost without notice in the UK. In Germany, by contrast, it proved enormously controversial. The SPD suffered a number of electoral reverses, and Gerhard Schröder's popularity ratings declined sharply. Lionel Jospin, the French Prime Minister, distan

ced himself from the paper, while in Germany ex-finance minister Oskar Lafontaine launched a stinging attack on it and on the third way more generally. The third way, he declares, is no way at all. Der dritte Weg ist ein Holzweg. The paper, he points out, makes little more than token mention of social justice.

The idea of modernisation, Lafontaine says, is used in a naive way by the author of the paper: it comes down to little more than an endorsement of global free market capitalism. The concept is reduced merely to economic categories. The questions of how we should live together, and of what sort of society we want, are declared irrelevant. Social democrats should have a different concept of the modern, one that stands in the tradition of the Enlightenment and which places as its prime value the freedom of the individual.

Moreover, we must recognise that modernisation is a complex process, creating its own problems and contradictions. The left must fight against the intrusiveness of the market and against the insecurities the global economy brings in its train. Globalisation is largely the result of political decisions to deregulate markets. As a result, the world economy has become a casino economy: save that in this particular casino, ordinary people don't get to play. Their money is often involved in the shape, for example, of pension funds. But it is banks, finance companies and other power brokers who take the decisions.

Financial markets, and those who dominate them, have to be subjected to regulation in order to put social goals above economic ones. In Europe, we can also use other strategies to curb the influence of the world marketplace. The European union can resist the worst features of the world economy, and by keeping spending levels high can defend a social Europe. Coordination of tax policies in the European Union will be necessary to achieve this end. It is this view, Lafontaine comments ironically, which led The Sun newspaper to call him the most dangerous man in Europe. But Lafontaine insists that not the market, but democratically chosen governments and parliaments must take the decisions that determine the future of our society.

Critical reactions

Lafontaine's observations echo those of many other leftist critics. Given its prominence in dialogues like these, and in shaping government policies in the US, UK and elsewhere, it is hardly surprising that the third way has sparked a variety of critical responses. Many, of course, come from conservative circles. Most right-wing critics see third way politics as either a mish-mash of already familiar ideas and policies, or as lacking any distinguishable content at all. An article in The Economist, for instance, speaks of the third way's fundamental hollowness. Trying to give an exact meaning to this political philosophy is like wrestling with an inflatable man. If you get a grip on one limb, all the hot air rushes to another.

I shall be more concerned with the critical reactions coming, like that of Lafontaine, from within the left. Many leftists agree with their conservative counterparts that the content of the third way doctrines is elusive. They also stress the indebtedness of the third way programme to its supposed opponents, the free marketeers. The third way is seen as presenting an essentially right-wing philosophy in a somewhat more attractive light. Mrs Thatcher without a handbag.

The Anglo-Saxon critics

Jeff

Faux, writing in an American context about the Democrats, is one of those who holds that the third way is an intellectually amorphous substance; it has become so wide that it is more like a political parking lot than a highway to anywhere in particular. So much so, he continues, that the term has been applied to virtually every prominent political leader one can think of not just Bill Clinton and Tony Blair, but Chr(tien of Canada, Prodi of Italy, Jospin of France, Salinas and Zedillo of Mexico, Schr(der of Germany, Cardoso of Brazil, Menem of Argentina even Boris Yeltsin!.

Faux distinguishes three claims in terms of which the third way should be judged: that it has a coherent analysis of the declining relevance of the old left; that it provides an effective basis for rebuilding the fortunes of social democratic parties; and that it has a plausible strategy for dealing with issues of the post Cold War age.

He accepts that what he calls the mainstream left has to adapt to a world in rapid change. However, on each of the three issues just mentioned, the third way has proved less than adequate. In the manner in which it developed in the US, at least, it was not originally constructed as a coherent political philosophy. The third way is not in fact a systematic approach at all, but developed as a tactical response to Democratic failures in the Presidential elections of 1980 and 1984. The Clintonite Democrats claimed that, because of its New Deal mentality, the party was no longer in touch with the anxieties and aspirations of ordinary Americans. To become successful again in elections, the party had to respond to their concerns, and give priority to conservative issues, such as law and order, rather than to questions of economic security. In particular, the New Democrats believed they had to break with a tax and spend approach.

Faux disputes much of the historical ground on which these interpretations are based. Democratic presidents have cut taxes as often as they have raised them. Some Republican presidents, such as Ronald Reagan, have been more fiscally irresponsible than Democratic leaders they wanted to spend on big government for purposes of defence, not, as the Democrats wanted, for social programmes. Moreover, in practice, the main proposals the New Democrats came up with were actually those which the mainstream left had been advocating for a long while, such as more spending on education and child care.

It wasn't a new programme, Faux asserts, which lay behind the successful Presidential campaigns of 1992 or 1996. The campaigns were fought mainly on the basis of the economy, and Bill Clinton won because of support from traditional Democratic groups labour unions, minorities, and the poor.

The lesson is that full employment beats conservative family values just the opposite of the New Democrats claim.

The New Democrats, he says, have echoed the relentless complaints of the conservatives about over-sized government. As a result, they have acquiesced in a failure of government to stand out against the excesses of the market. The message that the Clintonite Democrats have se

nt to the average American, facing the competition of the new global economy is : youre on your own. They have contributed to declining trust in government, rather than helping to reverse it.

The claim that third way thinking has fashioned a strategy effective in the new global economy, Faux declares, isnt persuasive. There is no new strategy, but in fact an old one. The third way expresses the world-view of the multinational corporate sector that the global marketplace only works effectively if government plays a minimal role. The response has been a rising hostility to globalisation. The free-flowing nature of global capital has outstripped the capability of international agencies to keep markets from self-destructing and to keep their people from suffering the brutal consequences. Left of centre parties, the New Democrats say, should stop trying to guarantee outcomes for their citizens; all they can do is help provide opportunities for them to make the best of their lives. However the new global economy, which the third way aggressively promotes, undercuts the third way premises every day.

Third way thinking seeks to expand opportunities, but is silent about the unequal distribution of wealth and power. The third way has not proved to be a philosophy that moves political policy-making beyond left and right. Instead, it is primarily a rationalisation for political compromise between left and right, in which the left moves closer to the right.

Comparable views

way have been expressed by critics writing in Britain. In December 1998, Marxism Today published a comprehensive attack upon New Labour, in a one-off special issue. The magazine had ceased regular publication some years before. The special issue had a picture of Tony Blair on the front. Printed across the picture in giant letters was the single word : Wrong. Those involved all criticised New Labour for taking over too much from Thatcherism.

The main contribution

was from the influential thinker, Stuart Hall, entitled The great moving nowhere show. In the 1980s, Hall developed a persuasive account of the nature of Thatcherism and the reasons for its success. Thatcherism was a radical doctrine, the aim of which was to alter the political landscape. Mrs Thatcher knew who she was against : she knew that, to achieve radical change, politics must be conducted like a war of position between adversaries. She clearly identified her enemies, remorselessly dividing the political field : Wets v Drys, Us v Them, those who are with us v the enemy within.

Tony Blair and New Labour claim to have

ve a project at least as ambitious as Mrs Thatchers. But in practice third way politics shies away from radicalism, opting for a middle course on everything. It advocates a politics without adversaries, and therefore ends up accepting the world as it is rather than truly seeking to transform it.

New Labour has succumbed to a sweeping view of globalisation, which provides the dubious legitimacy of the third way project. Globalisation is treated as if it were an irresistible force of nature, as much outside our influence as the weather. New Labour has been seduced by the gospel that global markets are self-regulating and require no social or institutional framework to function. The sovereign cons

umer has replaced the ideas of the citizen and the public sphere.

The image th

at guides New Labour policies, Hall says is one of the lonely individual, set free from the state in order to face life's risks alone like those lean urban survivors on their mountain bikes who haunt our streets. The social insurance of the welfare state was originally designed to underwrite citizenship to bind rich and poor alike into society. Cutting back on public funding stigmatises welfare recipients, and produces a two-tier system, where the better-off buy themselves private provision for their needs.

Tony Blair's pamphlet on the third way

is dismissed with some scorn. It acknowledges increasing inequalities, but offers no strategy for securing a more equitable distribution of income or wealth. No reference is made to power. Instead there is vague talk about the values of the left. What distinguishes a party of the left isn't its values, Hall argues, but a perennial dissatisfaction with markets.

Another British critic, Al

an Ryan, offers a different interpretation of third way politics and its claims to originality. The third way is a distinct and viable political position, he proposes, but it isn't an innovation. It first emerged in British politics about a century ago - at which point it was known as New Liberalism. The truth is that the third way is neither New Labour, as its admirers say, nor warmed over Thatcherism, as its detractors say, but a reversion to a very old idea. The third way attempts to avoid an excessive domination of the state over social and economic life, but does not accept that the market can be left to its own devices. These were exactly the views held by the New Liberals. Even the anxieties and problems of the electorate, to which third way politics reacts, are similar to those of the turn of the century. Concerns about deteriorating education and rising crime rates echo the fears of the early 1900s.

The third way of

today, Ryan continues, does not in fact have an effective response to these problems. It will fade away, as its forerunner did. It has no principled answer, for example, to rising unemployment, should a downswing in the economic cycle occur. At that point, a third way government would have to move either to the left or to the right to raise taxes and borrow, or stick to a fiscally responsible position, and see unemployment climb.

The turn of the century third way

was actually in some respects superior to its more recent counterpart. The current version of third way politics is trying to reduce intervention in the marketplace in the face of the turbulent nature of the world economy, arguably the opposite of what we need; while in the areas of crime and education it has an unacceptably authoritarian standpoint. To the extent to which it is a coherent or acceptable approach to government, it resembles the New Liberalism of the beginning of the century; to the extent that it does not resemble it, it is neither coherent nor attractive.

Other responses

A similar division between the

old and modernising left to that apparent in the sources discussed above has op

ened up in many countries. Some critics from the left, however, take quite a different tack. For them, the more advanced sectors of Continental social democracy already incorporate the worthwhile contributions the third way has to offer.

According to Erkki Tuomioja, writing from a Finnish context, the idea that third way prescriptions might be relevant to other European countries, such as the Nordic states, is baffling. Consider welfare reform, for example. Why should policies relevant to a British context have any bearing on more fully-fl edged welfare systems? After all, the UK is not a welfare state in any sense that is familiar to and accepted by most people in the Nordic countries. Britain (in common with the US) has one of the highest levels of economic inequality of any of the developed societies.

Third way writers, Tuomioja says, call for reform of the welfare state because it hasn't been especially good at reducing inequalities. In fact, in the Nordic countries the welfare state has been extraordinarily successful in eliminating poverty. Welfare states in Northern Europe have mostly had a universalist approach to benefits and public services, in contrast to the Anglo-Saxon countries. As a result, most people share common experiences of public provision there is both redistribution of income and increased social solidarity.

The Nordic welfare model involves civil society groups in the running of welfare services and allocates a high degree of local autonomy in so doing. Struggles over public ownership haven't had the central place they have in Britain. Finland is already in most respects a third way country. Take the example of pensions. In Finland, there is a mixed system of pensions, with a state-provided universal pension, plus earnings-related pensions and controlled private sector provision.

Moreover, the Nordic welfare states have long since concentrated upon active labour market policies, now making a delayed appearance in an Anglo-Saxon context under the label of welfare to work. Nordic social democracy has been characterised by a willingness to introduce reforms on a pragmatic basis with the aim of finding solutions that are effective. Advocates of third way politics suggest that a different orientation to politics is needed because existing social democratic policies have failed. This is something most European social democrats would not agree with. Reforms and new thinking are needed, not because of social democratic failure but because the life-time full employment conditions of Fordist mass production and consumption and of Keynesianism in one country on which the Nordic model was originally built do not exist any more.

Tuomioja is not claiming, he stresses, that all is well with the Scandinavian welfare states. On the contrary, they face major problems. But they should be able to deal with these without structural changes that would bring them closer to the Anglo-American system. Unemployment, for example, remains high in Finland. Adjustments needed to reduce it can be made without changing the fundamental character of the Nordic social contract. Social democracy has always been able to implement reforms on a pragmatic basis, a more effective outlook than the search for an ephemeral third way.

Another critic, V

icente Navarro, comes to his assessment of the third way from a Spanish perspective. Navarro recounts how, while acting as an advisor for the Spanish socialist party, he was asked to write an introduction to the Spanish translation of Blair's Third Way pamphlet. After looking at it however, he declined, feeling it to be almost the opposite of what the European left needs. Third way politics supposedly develops a perspective beyond both old-style social democracy and neoliberalism. But this position, Navarro says, ignores diverse nature of Continental social democracy. It also ignores the different forms of conservatism that exist in Europe and elsewhere. In Europe most conservative governments have not taken a neoliberal line. Christian democrats have long been suspicious of unfettered capitalism, and advocate a role although a restricted one for the state, as well as endorsing developed welfare institutions. Third way politics steals some of their clothes. In third way politics, There is more than a touch of Christian democracy with a sprinkling of Liberal Party.

Like the Christi

an democrats, third way politics calls for a revival of civil society, which is threatened if the state grows too large. However, it is a mistake, Navarro argues, to suppose that the expansion of the state at least, in its role as welfare state- undermines civil society. On the contrary, where countries have a well-funded welfare state, providing general benefits for the community, they also have a developed civil society. Look, for example, at the areas of Northern Italy led by left governments - public responsibility and a flourishing civil society go hand in hand.

The third way, Navarro agrees with Tuomioja, might be new in the UK, but it is quite old in Europe. Social democracy needs a process of reform, but not in a third way direction. What seems to be needed is not for social democracy to learn from the third way, but for the third way to learn from classical social democracy.

The sociologist Ralf Dahrendorf once famously wrote of the end of the social democratic century. He still harbours suspicions about the revival of social democracy, especially in its third way guise.

How could anyone, Dahrendorf asks rhetorically, who knew of its past choose to resurrect the term third way? After all, third way has a dubious history from Franco to Tito, quite often referring to anti-democratic forms of politics, especially those having corporatist or syndicalist goals.

In its current versi

on, Dahrendorf asserts, third way politics is a project with Anglo-Saxon origins. What he calls the Giddens-Blair-concept of the third way is a largely unsuccessful attempt to develop a big idea for our times. It is a politics that speaks of the need for hard choices, but then avoids them by trying to please everyone. There is a big question that confronts us all today, Dahrendorf argues: how can we combine sustainable prosperity with social solidarity, within institutions that guarantee liberty? But there is no big answer.

There cant really

be a coherent third way, Dahrendorf argues only an array of different policy responses as we try to cope with a changing world. We face new questions, but we haven't got systematic solutions for them. For instance, reform of the welfare state is necessary, and this must mean a pulling-back from universal benefits. How can this be done while still preserving social solidarity? No one really

y knows. Civil society should take over tasks which can't be effectively run by the state. But how this should be accomplished isn't easy to see, and all we can do is to deal with aspects of the issue.

We have to find new ways of defining

public space, and redraw the boundaries between public and private. Third way politics is in thrall to the market, but the public sphere is not one that can be provided for by markets. The market doesn't create safe neighbourhoods or clean streets and pathways.

Third way authors and politicians talk a lot about

community, but they lose sight of the core importance of democratic freedoms. There is one word, Dahrendorf says, that hardly ever appears in publications by the promoters of the third way: liberty. This isn't accidental. For the third way isn't about open society or liberties. Echoing the comments of Alan Ryan, Dahrendorf argues that there is an authoritarian streak in third way politics. I wonder whether the curious silence about the fundamental value of a decent life, liberty, old, very old liberty if you wish, will not involuntarily make this political episode one further element in a dangerous development. So perhaps, obliquely, as Dahrendorf interprets it, third way politics does actually come back to the authoritarianism associated with the term in the past.

There is

one final source of criticism of third way politics that deserves mention. This is the ecological critique. Al Gore, a key New Democratic figure, has written an important book about environmentalism. Why, then, critics ask, haven't ecological concerns been more closely integrated with third way politics?

All

politicians, of course, pay lip service to environmental issues. Third way authors and politicians, it has been argued, are no different. How does an emphasis upon economic growth and the generating of jobs square with an ecological outlook? Social democrats have long had trouble introducing a serious strand of ecological thinking into their doctrines, and in this respect the third way seems more of the same. Thus the New Democrats in the US have had close ties with some of the large biotechnology companies, and seem to support their interests rather than putting ecological considerations first.

In the controversy about

genetically modified foods in the UK, New Labour has refused to condemn the actions of such companies. It has been strongly criticised for so doing. Critics from within the green movement argue for a moratorium, or a complete ban, on such foods. Here there is a certain joining of hands with critics such as Fox and Hall. Third way politicians refuse to embrace a precautionary principle, critics from the green movement say, because they are reluctant to face up to corporate power.

The Critics : a summary

Since the commentators referred to come

from different positions, a diversity of criticisms is offered by them. The critical observations can be grouped, however, into a limited range of categories. It is argued that the third way:

1. Is an amorphous political project,

difficult to pin down and lacking direction. Since it isn't clear who or what the third way politicians are against, it is hard to say what they are for. The very name third way is perhaps indicative of this fuzziness, since it has such a chequered history, and has been used so often before. Third way is empty of content, because it is defined only negatively, as contrasted to old-style social democracy and neoliberalism. Any worthwhile political perspective should surely be capable of more active definition. By implication other perspectives, either closer to the traditional left, or to the neoliberal right, are more coherent and more capable of responding effectively to political issues in current times.

2. Fails to sustain the proper outlook of the left and hence, whether deliberately or not, lapses into a form of conservatism. The advocates of the third way define themselves as centre left, but in fact have simply moved towards the right. A preoccupation with the political centre is manifestly not compatible with the goals of the left. Stuart Hall condemns New Labour, for example, for its preoccupation with middle England – middle class voters, located mainly in the south of the country, rather than the less prosperous north. This orientation, Hall says, is profoundly traditionalist and backward looking. Manual workers, the backbone of support for a leftist party, slip out of view. When Alan Ryan says the views of third way politicians today are the same as the New Liberals of yesteryear, he is making much the same point. The New Liberals sought a middle of the road position. They accepted some leftist values, but distanced themselves firmly from most versions of socialism.

The conservatism of the third way is also said to appear in its views of the family and the control of crime. Third way politicians want to defend the traditional family, while placing more emphasis than most on the left have done upon personal responsibility for criminal behaviour, and hence upon firm policing. Aren't these again the policies of the right? These attitudes underlie Dahrendorf's feeling that third way politics allocates too little place for individual liberties.

3. Accepts the basic framework of neoliberalism, especially as concerns the global marketplace. Globalisation and the information revolution are quite rightly fastened upon by the critics as key concerns of third way politics. According to them, however, the third way takes globalisation as a given. Crucially, it fails to contest inequalities of income, wealth and power.

This is easily the most common criticism that those on the more traditional left make of the third way modernisers. Globalisation produces winners and losers. Third way offers nothing to the losers – it cannot do so, because it adopts the world-view of the winners. Redistribution, always one of the major aims of the left, seems to have been discarded. Promoting greater equality is impossible without using the state to redress the inequities created by the market. In wanting to limit the role of government and the state, the third way is again accepting one of the main themes of the neoliberals, with their wish to reduce the scope of state power.

There is no need to worry about government getting too large. As Navarro says, state and civil society are not mutually exclusive.

4. Is essentially an Anglo-Saxon project, bearing the hallmarks of the societies in which it originates

d. The term third way has been resurrected by politicians and intellectuals in countries that have only weakly developed welfare systems, and where inequalities are more marked than elsewhere. Policies developed in such a context are of little use to societies that are further along the road to social justice and more comprehensive welfare provision.

The importing of third way ideas into such contexts would be a retrograde step. Insofar as the third way does have anything relevant to more highly evolved welfare states, the policies involved are familiar to social democrats anyway. Active labour market policies, for instance, were established in Sweden well before they were heard of in the US or UK.

5. Has no distinctive economic policy, other than allowing the market to rule the roost. Old style social democracy had a coherent economic strategy, based upon state intervention in the marketplace, demand management and full employment. The neoliberals also had a clear policy outlook – privatisation and the deregulation of markets would supposedly benefit everyone, rich and poor alike. Third way economic policy veers more towards the latter rather than the former, but lacks any distinctive policy orientations of its own.

Having no definite economic policy, it is argued, third way politics is liable to succumb to drift. The US economy might have been remarkably successful in recent years, but this seems to have nothing much to do with government policy. The third way, as Alan Ryan puts it, has been riding a wave of economic prosperity : it has no way of coping should there be an economic turnaround.

6. In common with its two main rivals, has no effective way of coping with ecological issues, save for giving token recognition to them. In accepting globalisation, third way politics acquiesces in the destructive consequences that world economic development has for the environment. By endorsing technological change, the third way demonstrates its indifference to ecological damage. Scientific and technological development today is largely driven by big business, which will always put profit ahead of environmental considerations. The connection between the large corporations and scientific innovation is much more worrying than it used to be, given the profound nature of the scientific discoveries now being made, such as those in the field of the life sciences. The only means of approaching such developments, many ecological authors say, is through a precautionary outlook. We should rein back scientific innovation until we are sure of its likely consequences.

Chapter Two : Social Democracy and the Third Way

Dahrendorf asks, why speak of the third way, given that the term has been so often employed before, and has questionable origins? In response to this query, it should be emphasised that nothing in fact does hang on the term itself. Others can be substituted in this text I shall use the modernising left and modernising social democracy as synonyms for it. I believe third way is worth keeping, however, because it has become much more widely established today than it ever was before.

Third way politics is above all an endeavour to respond to change. In the 1980s, at the same period as he worked out his interpretation of Thatcherism, Stuart Hall formulated an analysis of New Times that foresaw a necessary transformation of socialist politics. A new era is arriving, he argued, marked by a shift of production to information technology, the declining role of class politics, and the expansion of choice in consumption, lifestyle, sexuality. New Times meant that the whole legacy of socialist and social democratic thought would have to be recast.

Yet Hall's own political formulae, in so far as they are spelled out at all, appear to repeat unchanged the doctrines of the traditional left. Left of centre politics, he says, is above all concerned with collective provision to counter the inequalities and instabilities produced by markets. Capitalism is the problem and the aim of the left should be to beef up the state and its tax revenues in order to control it and its agents provocateurs, the large corporations.

But this is to act as though New Times never existed. New Times and Old Left don't and can't belong together. The objective of third way politics, as I would see it, is to carry through the political implications of New Times, recognising that this means that the established positions and policies of the left have to be profoundly revised. If social democrats are to have real purchase on the world, their doctrines have to be rethought as radically as half a century ago, when social democracy originally broke away from Marxism.

Post-1989 we can't think of left and right in the same way as many once did. Nor can social democrats any longer see either capitalism or markets as the source of most of the problems that beset modern societies. Government and the state are as often at the origin of social problems as markets are. Third way politics also looks to build upon a core lesson of 1989 and after

the fact that a strong civil society is necessary both for effective democratic government and for a well-functioning market system.

I propose to turn the arguments of the critics on their head. Third way politics-modernising social democracy can develop a political programme that is integrated and robust. Far from displacing social justice and solidarity, third way politics, I shall argue, represents the only effective means of pursuing these ideals today. Far from being able to deal with questions of inequality and corporate power, it is the only approach able to do so in the context of the contemporary world.

Third way politics does not neglect the public realm: it offers the means of reconstructing and renewing public institutions, which is one of its prime objectives. Moreover, rather than simply accepting globalisation as a given, the third way suggests policies that respond to it in a sophisticated fashion. Alternative views of globalisation, including those of the old left critics, are up to the task. The debate about globalisation is deeply bound up with ecological issues and problems. Instead of treating these as a side issue, in third way politics these are seen as fundamental to the new political concerns. The main difference between the old and the modernising left isn't that the one preserves leftist values whereas the other has abandoned them. It is that advocates of third politics argue that far more revision is needed in social democratic doctrines to sustain those values than the old left allows.

The team third way might have become reintroduced into politics from an Anglo-Saxon context, but I want to argue strongly that third way politics is not a distinctively Anglo-Saxon project. Tuomioja is entirely correct to point out that some of the policies of the New Democrats and New Labour were developed earlier on the Continent. Since the mid-1980s, major policy changes have been made by many Continental social democratic parties and by most others in different parts of the world. Neoliberalism did not replace other forms of conservatism in Continental Europe, yet it was everywhere in the ideological vanguard. On the Continent as in the US and Britain social democrats were concerned to react to its claims. As they did so, and sought to resist the neoliberal challenge, they found it necessary to move away from their earlier positions and policies.

Those who were constructing a new point of departure for the Labour Party in the UK were conscious of these developments. The welfare to work schemes, for example, that are a major feature of Labour Party policy drew not only upon the American experience, but upon the Continental one too. One of the main figures involved in shaping welfare to work policy in the UK, the economist Richard Layard, based his ideas as much on Swedish policies as upon those coming from the US. There are many other convergent developments. The welfare and labour market reforms introduced in Denmark in 1993-4 differ significantly from those in Britain, but there are big areas of overlap. The Danish negotiated economy, the much-discussed polder model in the Netherlands, and many other changes going on in Continental social democracy are of direct relevance to third way politics. The modernising of social democracy is an ongoing process, and different countries are coming to it from different starting-points and with varying types of policy innovation.

Th

Third way politics, as I understand it here at any rate, is an attempt to carry further the reform processes social democrats have already begun, and offers a framework within which those processes can be put. The New Democrats and New Labour have much to contribute to this endeavour. Having experienced neoliberal government in full-blooded form is one of the reasons for this. The electoral successes of Ronald Reagan and Mrs Thatcher led the left, or some on the left in the US and UK, to be more prepared to question orthodoxies than their counterparts in countries where there were long periods of neoliberal rule.

Social democracy has had to transform itself to survive, but social democrats must be prepared to innovate even more if they are to prosper. The structural changes to which all political parties must adopt are profound. In what follows, I shall not identify third way politics with the policy programme of any particular party or country. Rather, I shall be concerned to flesh out what a framework for left of centre politics can be in the contemporary age, concentrating particularly on the problem areas referred to by the critics. Just as the American new progressives originally argued, the third way implies a thorough-going programme of policy modernisation. It looks to modernise the state and government, including the welfare state, plus the economy and other sectors of society. Modernisation here means reforming social institutions to meet demands of a globalising information order. It is certainly not to be identified solely with economic development.

Third way politics is not a continuation of neoliberalism, but an alternative political philosophy to it. Social democrats, as I shall emphasise below, need to overcome some of their worries and fears about markets. But the neoliberal idea that markets should almost everywhere stand in place of public goods is ridiculous. Neoliberalism is a deeply flawed approach to politics, because it supposes that no responsibility needs to be taken for the social consequences of market-based decisions. Markets can't even function without a social and ethical framework, that they themselves cannot provide. Neither trickle down effects, nor a minimal welfare state, are able to provide the social goods that a decent society must involve.

Yet it won't do, as writers from the old left suggest, merely to counterpose the state to markets. Markets do not always increase inequality, but can sometimes be the means of overcoming it. Moreover, while active government is needed to promote egalitarian policies, the left has to learn to recognise that the state itself can produce inequality, as well as have other counterproductive effects on individuals' lives even when it is recognisably democratic and motivated by good intentions. Even in its most developed forms, the welfare state was never an unalloyed good. All welfare states create problems of dependency, moral hazard, bureaucracy, interest-group formation and fraud.

To argue that the New Democrats and New Labour have pioneered some key ideas and policies of third way politics does not imply taking the US or the UK as models for Continental social democrats to aspire to.

Both countries have public institutions and infrastructures inferior to those of many Continental countries. With some important qualifications to be discussed later, each has unacceptably high levels of economic inequality. But we cannot go on to argue, as Tuomioja seems to think, that the more advanced welfare states can rest on their laurels. In the absence of further reform, they are

likely to be more vulnerable than to the changes now happening than countries further back on the welfare scale.

The left and the market

Many on the more tr

additional left would accept Halls view that the left is defined by its concern with the dangers of market, whose excesses need constantly to be reined back by the state. Today, however, this idea has become archaic. The left has to get comfortable with markets, with the role of business in the creation of wealth, and the fact that private capital is essential for social investment. The reformist left has long accepted that markets have a role alongside government, but the admission has in the past characteristically been a grudging one. As one observer has put it, the reformist left still sought to replace the fundamentals of a market economy with centralised government control; to replace market competition with strategic protection; to replace the price mechanism with industry plans; and to replace market-driven profits with the largesse of public subsidies and special deals.

In the wake of the dissolution of communism, no one

any longer argues for the banning of markets from most areas of the economy. It is hard even to remember that this was so widely thought of as a sensible and even necessary aim. Yet since many on the left still harbour such profound doubts about markets, it is worth pointing out what markets do achieve.

Markets

have, or can have, beneficial outcomes that go beyond productive efficiency. A successful market economy has an important hidden curriculum. If adequately regulated, market exchange is essentially peaceful. Market relations have often been imposed by the use of force. Yet once a working market economy has been established, people who stand in exchange relationships have little cause to resort to it. Gangster capitalism, where rent-seeking is backed by the use of violence, is a specifically abnormal and unstable form of market structure.

In

addition, market relations allow free choices to be made by consumers, at least where there is competition between multiple producers. In spite of the influence of advertising and other attempts by producers to shape tastes and needs, such choice is real. Markets can also favour attitudes of responsibility, since participants need to calculate the likely outcomes of what they do, whether they are producers or consumers. This factor helps explain other aspects of the liberating potential of markets, since the decisions the individual makes aren't given by authoritarian command or by bureaucracy.

A successful market econom

y generates far higher prosperity than any rival system. In effect, there is no rival system in place any longer, save in the residues of post-communist economies. A prime reason for the economic success of market exchange is that market mechanisms provide continuous signals for producers, traders and consumers, and do so in combination with market-clearing tendencies. The command economies weren't able to provide for these continuous adjustments.

Accepting all this

doesn't imply following a neoliberal line. Excessive dependence on market mechanisms has to be avoided for clear reasons. Markets respond to the desires of c

consumers, but as they do so can compromise other wants or needs. Markets can breed a commercialism that threatens other life values. Without external controls, markets have no restraining mechanisms there is nothing in market exchange that limits what might be marketed. In addition, ethical standards, or standards of taste, have to be brought from the outside from a public ethics, guaranteed in law.

Combined with entrepreneurial energy, a market economy is vastly more dynamic than any other type of economic system. Yet that very dynamism, intrinsic to wealth creation, generates major social costs, that markets themselves don't meet such as the social disruption caused by job loss as a result of economic slump or technological change. Nor can markets nurture the human capital they themselves require government, families and communities have to do so. Market economies generate externalities, whose social implications have to be dealt with by other means. Environmental damage, for instance, can't be dealt with purely by market mechanisms.

Finally, markets aren't self-regulating.

Their tendency to cyclical fluctuation needs to be limited by outside intervention, as does their tendency to create monopoly. The two are related, since in times of economic difficulty, firms may try to merge or consolidate. However, monopoly also comes from the competitive process itself. Economic actors often seek to set up monopolies or cartels because these protect them against potentially dangerous rivals. External agencies are needed to enforce competitiveness.

Third way politics

The fundamentals of third way politics, as I would see them, can now be briefly stated. The third way :

Accepts the logic of 1989 and after that while left and right still count for a good deal in contemporary politics, there are many issues and problems that this opposition no longer helps illuminate. The attention which the third way gives to the political centre stems from this fact. This emphasis is wholly compatible with the claim that third way politics should involve radical policies.

Holds that globalisation, the information revolution, and the advance of science and technology, offer many positive and generalisable benefits. No alternatives, such as economic protectionism, or a precautionary attitude to scientific discovery, can offer comparable ones. However, none of these changes can be accepted uncritically, since they can all have destructive effects. So far as the world economy is concerned, modernising social democrats should reject the idea that either the global marketplace, or scientific and technological development, should go unregulated. The old left critics are absolutely mistaken to connect such a view to third way politics.

3. Argues that the three key areas of power government, the economy, and the

communities of civil society all need regulating in the interests of social solidarity and social justice. A democratic order, as well as an effective

market economy, depends upon a flourishing civil society. Civil society, in turn, needs to be limited by the other two.

The sociologist Claus Offe points to six fallacies that a sophisticated political theory must avoid each of which we have, or should have, learned a lot about through the experience of the past few decades. The state can become too large and overextended the neoliberals were right about this. But where the state is too confined, or loses its legitimacy, major social problems develop too. The same applies to markets. A society that allows the market to infiltrate too far into other institutions will experience a failure of public life. One that finds insufficient space for markets, however, will not be able to generate economic prosperity. Similarly, where the communities in civil society become too strong, democracy as well as economic development can be threatened. Yet if the civic order is too weak, effective government and economic growth are put at risk.

4. Proposes to construct a new social contract, based on the theorem no rights without responsibilities. Those who profit from social goods should both use them responsibly, and give something back to the wider social community in return. Seen as a feature of citizenship, no rights without responsibilities has to apply to politicians as well as citizens, to the rich as well as the poor, to business corporations as much as the private individual. Third way governments should be prepared to act upon it in all these areas.

5. In the economic sphere, looks to develop an aggressive supply-side policy, which seeks to reconcile economic growth mechanisms with structural reform of the welfare state. In the new information economy, human (and social) capital become central to economic success. The cultivation of these forms of capital demands extensive social investment in education, communications and infrastructure. The principle, wherever possible invest in human capital, applies equally to the welfare state which needs to be reconstructed as a social investment state

.

The creation of a new mixed economy depends a balance of regulation and deregulation, nationally and transnationally. The old left attributes many of the world's problems to the activities of business corporations. Corporate power certainly needs to be controlled by government and by effective international legislation. Yet when no one knows of any viable alternative to market economy, demonising the corporations makes no sense. Economic policy should not treat ecological considerations as peripheral. Ecological modernisation is compatible with economic growth, and can sometimes be one of its motive-forces.

6. Seeks to foster a pluralistic society based upon egalitarian principles.

Pluralism is not compatible with a strongly-defined egalitarianism of outcome.

Third way politics looks instead to maximise equality of opportunity. However, this has to involve a concern with limiting inequality of outcome too. The chief reason is that equality of opportunity can generate inequalities of wealth and income that then hamper opportunities for subsequent generations.

Inequality can no longer, if it ever could, be countered only by income transfers from the more to the less affluent. Some forms of welfare provision, for example, designed in some part to reduce poverty, have had the effect of creating or perpetuating it. Moreover, the old project of exclusion which drove social democracy – admitting the working class to full social, political and economic citizenship – has lapsed. Social democrats today need to combat newer forms of exclusion at the bottom and at the top. At the bottom, 5% or so of the population risks becoming detached from the wider society – some, such as those imprisoned in decaying tower blocks, are casualties of the welfare state. At the top, an equivalent proportion, consisting mostly of affluent managers and professionals, may threaten to opt out of the wider society, into ghettos of the privileged.

7. Takes globalisation seriously. Many authors and politicians, while recognising

the significance of globalisation, concentrate only upon policies on a national plane. We must respond to global change on a local, national and world-wide level. Third way social democrats should look to transform existing global institutions and support the creation of new ones. The left in the pa

st has always been internationalist. Socialists used to champion international solidarity, and were the leaders in promoting the economic development of poorer countries even if the strategies they endorsed were largely failures. Today, ironically, it is the traditional left that has become isolationist, opposing almost every aspect of the global economy. The intensifying of globalisation, however, which in any case goes well beyond the economic marketplace alone offers many benefits, which it should be the aim of third way politics to maximise.

In the rest of the book, I shall try to spell out each of the above points in greater detail.
Adversaries and enemies

Whatever policies individual governments may follow, third way politics as a matter of principle must not be complacent or collusive in the face of power. There are interest groups, and groups of the powerful, that any self-respecting left of centre government must confront, face down or regulate. The struggle to sustain and extend democratic mechanisms, control corporate power, and protect cultural minorities is fundamental to the third way, as it has been to previous forms of social democracy.

We must be careful, however, to separate these concerns from the politics of redemption which lingers on among those on both the old left and the neoliberal right. The politics of the traditional left was and is grounded in finding and confronting the bad guys – the adversaries, as Stuart Hall calls them. The bad guys are the capitalists, markets, the large corporations, the rich, the US with its imperialist ambitions. The right, of course, has its own collection of bad guys – big government, cultural relativists, the poor, immigrants and criminals. Neutralise or get rid of the bad guys and all will be well. But there isn't a concentrated source of the ills of the world; we have to leave behind the politics of redemption.

We must also leave behind the idea that left and right is the sole and sovereign dividing line in politics. Left and right certainly won't disappear, but the division between them has less compelling power than it used to do. In the absence of a redemptive model, to be on the left is indeed primarily a matter of values. It won't do to define the left, in terms of its hostility to markets.

Just what the values of the left are, and how they differ from those of the right, have themselves been matters of long-standing debate. The most persuasive writer on the issue in recent years, however, Norberto Bobbio, sets them out in the following way.
To be on the left is to be concerned with reducing inequality – more positively defined, with the pursuit of social justice. Other left values, such as social cooperation and protection of

the vulnerable, stem from that abiding concern.

In these terms, third way politics is unequivocally a politics of the left. But just where the lines should be drawn between left and right has shifted, and there are many political problems and issues that don't fit clearly into a left/right dimension. It is a fundamental mistake to attempt to cram them all into it. The division between left and right reflected a world where it was widely believed that capitalism could be transcended, and where class conflict shaped a good deal of political life.

Neither of these conditions pertain today. Radicalism cannot any longer be equated with being on the left. On the contrary, it often means breaking with established leftist doctrines, where they have lost their purchase on the world.

Take as a mundane example the debate about pensions. In considering pension reform, questions of social justice and protection are highly important: how can we ensure that older people don't live in poverty? How can welfare systems best be designed to provide care for the elderly and infirm? Yet many of the most important issues about ageing have nothing to do with social justice, and thinking radically about pensions involves placing these in the foreground. Ageing is a much more active process than it was in common with other areas of life in a globalising era, what it is to be an older person is more open and negotiable. Even the body doesn't passively age any longer, but can be influenced by life-style, diet and a person's approach to life.

Thinking radically about ageing means considering, for instance, whether pensions, or fixed ages of retirement, should exist at all. Pensions, after all, are an invention of the welfare state, and they are essentially only a form of savings. Why shouldn't older people have a statutory right to work? The expectation that older people have to be cared for by the state arguably creates a culture of dependency as noxious as any other.

These questions, as with so many others we have to deal with today, are about life politics, rather than the emancipatory politics of the left. Life politics is about how we should respond to a world in which tradition and custom are losing their hold over our lives; and where science and technology have altered much of what used to be nature. They nearly all raise value or ethical questions, but not only to do with social justice. Ageing is a good case in point. We have to consider problems such as what the proper role of older people should be in society where ageing is changing its meaning, what should be the relationship between the generations, and a diversity of other issues.

The fact that left and right count for less than they used to do is also borne out by attitude surveys investigating the views of the electorate. New Times are very evident here. In the industrial countries, and to some extent world-wide, what some political scientists call a new political culture is arising in response to social and economic change. The new political culture diverges from the traditional model of class politics. It was this latter model that shaped socialism and social democracy, and which was the basis of traditional conceptions of capital and wage-labour.

Terry Nichols Clark lists a number of

features of the new political culture, disclosed by research in a large range of industrial societies, including the EU countries, the US, Japan and Australasia.

The left/right division in citizens' eyes too has become more a difference of values, than of concerns about issues such as control of the means of production, or the role of government in social reform. Fiscal and social questions are explicitly distinguished from each other, such that citizens' views on the former cannot be deduced from their ideas about the latter. As class politics is replaced by the new political culture, belief in government intervention in economic life, on the one hand, and social attitudes on the other, diverge. More people than before are against too much government intervention in their lives, yet support other aspects of a leftist agenda, especially on issues of personal and sexual freedom.

In the new political culture, market liberalism, which used to be associated with parties of the right, goes along with social progressiveness once thought of as belonging to the left. New combinations of policy preferences come from these changing alignments. As affluence increases, life style issues grow in importance as compared to economic or fiscal concerns more so among the better-off, but also among poorer groups too. Life style acts as a filter for economic concerns. Security of employment, for instance, is seen as less important than it was; how much a particular type of job fits with wider aspirations counts for more than it did.

The new political culture is sceptical of large bureaucracies and opposes political clientelism. Many citizens see local and regional government as able to meet their needs more effectively than the national state. They support an increasing role for non-profit voluntary agencies in the delivery of public services. Hierarchy is viewed with suspicion, as are traditional symbols and trappings of power.

The new political culture is more widespread among younger people, the more educated and the more affluent, but is becoming the outlook of the majority. Socioeconomic divisions tend to concentrate more than they did upon a separation between cosmopolitan social groups and inward-looking communities, where people either maintain more traditional class attitudes or feel largely alienated from the political process. The new political culture is as observable in European societies with strong traditions of social democracy, such as Scandinavia, as in the US or UK.

Such changes in attitudes, which create a much larger pool of uncommitted voters than used to exist, reflect profound transformations in class structure. Only a generation ago, 40%- 50% of the labour force in the industrial countries were in manual jobs, concentrated in the manufacturing sector.

Now that sector comprises less than 20% of the workforce in most countries, and the proportion is still falling. The class relations that used to be so closely bound up with political divisions between left and right are disappearing from view.

These findings stand behind the concern of third way politics with the political centre. To those who believe that all political problems divide into left and right, the centre is uninteresting it is the neutral ground between clearly defined positions on either side. A politics that appeals to the centre is bound to be a politics of compromise. When third way politicians talk of moving to the centre, or of the new middle, those on the more traditional left respond with some derision. In particular, they ridicule the suggestion that there can be a radical centre or an active middle.

Stuart Hall speaks dismissively of New Labour's attempt to reach middle England, but doing so was the condition of the victory the party achieved. It did not happen at the expense of Labour's heartland constituencies, as Hall implies its majorities in those areas increased. Moreover, current research shows that middle class groups are by no means traditionalist. The middle class is becoming internally heterogeneous. Those groups who tend to be most closely identified with the new political culture are wired workers the increasingly large infotech sector of the middle class. Wired workers are people who work with computers most of the day, in non-hierarchical settings, and who are involved in problem-solving activities rather than repetitive tasks. According to some estimates, they now make up about a third of the workforce in the EU countries, and an even higher proportion

ion in the US.

A concern for the centre should not be naively interpreted, as the critics do, as a foregoing of radicalism or the values of the left. Many policies that can quite properly be called radical transcend the left/right divide. They demand, and can be expected to get, cross-class support policies in areas, for example, such as education, welfare reform, the economy, ecology and the control of crime. If social democrats cannot successfully address these issues especially in the context of globalisation and technological change their electoral victories will be temporary ones. A basic question, of course, is : are such policies compatible with improving the lot of the underprivileged? I believe they are, for reasons to be given later.

The third way and the communitarians

Disenchantment with neoliberal policies, plus the problems of governability just referred to, were factors leading to the rise of communitarian thinking over recent years. According to communitarians, the consolidating of communities, and of civil society as a whole, is to overcome the social disintegration brought about by the dominance of the marketplace. The communitarians have had a direct and visible influence upon the New Democrats and New Labour, as well as upon social democratic parties elsewhere. Communitarianism represents a call to restore civic virtues and to shore up the moral foundations of society.

It was the communitarians who first argued against the entitlement culture, and who stressed that responsibilities must go along with rights. According to communitarianism, a stable sense of self has to be anchored in a community such as one's family of origin, or ethnic, religious or national communities. Communities are the source of the ethical values that make a wholesome civic life possible. In a general way, such a view is surely correct. Moreover, contrary to what is sometimes assumed, globalisation creates favourable conditions for the renewal of communities. This is because globalisation has a push down effect, promoting the local devolution of power and bottom-up community activism.

Communitarianism, however, has its problems, well-established in the now extensive literature to which it has given rise. The term community does too much work in communitarian theory : a society or a nation, for example, is only a community in an elliptical sense. Moreover, if they become too strong, communities breed identity politics, and with it the potential for social division, or even disintegration. Even in its milder forms, identity politics tends to be exclusivist, and difficult to reconcile with the principles of tolerance and diversity upon which an effective civil society depends. Hence it is civil society more generally, rather than to the community, that we should turn to as an essential element of third way politics.

Civil society is fundamental to constraining the power of both markets and government. Neither a market economy nor a democratic state can function effectively without the civilising influence of civic association. This viewpoint contrasts with the ideas of the neoliberal right and the traditional left. The neoliberal critics of big government imagine that freedom will be maximised by transferring power to private sector. Yet

as Benjamin Barber caustically observes, democracy is not a synonym for the marketplace, and the notion that by privatising government we can establish civil society and civic goods is a dishonourable myth. The freedom to buy a Coke or a Big Mac is not the freedom to determine how you will live and under what kind of regime [The neoliberals make a] disastrous confusion between the moderate, mostly well-founded claim that flexibly regulated markets are the most efficient instruments of economic productivity and wealth accumulation, and the zany, overblown claim that unregulated markets are the sole means by which we can produce and distribute everything we care about...

The state and government do not represent the public domain when they become detached from their roots in civic association. The rule of law, the basic prerequisite of democratic government, cannot exist without unwritten codes of civic trust. Civil society, rather than the state, supplies the grounding of citizenship, and is hence crucial to the sustaining an open public sphere.

Third way politics and moral conservatism

The original third way politicians, Bill Clinton and Tony Blair, have gone out of their way not to appear soft on crime. In addition, they speak up strongly for the family. In both the United States and Britain, single mothers have been targeted for welfare to work schemes. Tony Blair has said that, all things being equal, the two parent family is the best social environment in which to bring up children. Does all this, as the critics assert, add up to an assault on liberty and tolerance?

I don't believe so at least, again, as a matter of principle. We need to escape from the one-sided views of regulation held by the traditional left and by the neoliberals alike. Those on the old left favour heavy state intervention into economic life, but take quite a different approach to areas such as the family and sexuality. In these spheres, individuals should be free to follow their own inclinations. In the case of crime, they have tended to trace its causes to inequality or poverty, playing down the influence of personal responsibility. The neoliberals hold a reverse view. The state should withdraw from interference with the economy as far as possible, since the effect of state intervention is to distort otherwise rational market processes.

Deregulation is to carry all before it in the economic arena. So far as non-economic activity is concerned, however, strong regulation is necessary, because of the need to protect traditional morality. Crime comes from a decline in moral standards, brought about by rising individualism in personal life.

Economic

regulation, moral anarchy; economic anarchy, strong moral controls neither combination makes much sense. Government needs to play a regulative role across the board. In the area of family, for instance, it won't do simply to let a thousand flowers bloom. Family policy needs to be aimed at promoting full sexual equality in the domestic sphere, protecting the interests of children, and helping to stabilise family life.

Third way thinking in the area of the family

does not, or should not, favour traditionalism or conservatism. The controversies between conservative advocates of the traditional family, and those on the left who celebrate diversity have been unfruitful. In the industrial countries

s, family life has changed so much that there can be no route back to the traditional family as is ordinarily understood. The theme of modernisation has just as much application here as elsewhere. To accept this is not to endorse the idea that we need have no worries about the state of the family. Helen Wilkinson points out that there has been an unhealthy polarisation between liberals who affirm individualism, and tend to take a relativistic view of family values and structures, and conservatives who talk a lot about values but neglect household economies. The result? A policy impasse. Yet we have been presented with a false choice. Problems being experienced by families today are rooted both in economic stress (whether of time or money) and in family disintegration. Any progressive family policy must address both these issues or it will fail.

The position developed by the New Democrats in the US marked an important contribution in this context. The Democrats used social research to reorient the family values debate. Many parents are working while at the same time coping with domestic responsibilities. Most recognise that such a balancing act cannot be carried on within traditional family structures. They are worried about the instability of marriage and relationships, particularly its effects on children. These worries are backed up by research – for instance, other things being equal, children on average do in fact fare better in two-parent families.

Sarah McLanahan and Gary Sandefur drew together material from four national surveys and more than a decade of research in the US and other industrial countries. They concluded that the evidence is quite clear: Children who grow up in a household with only one biological parent are worse off, on average, than children who grow up in a household with both of their biological parents, regardless of the parents' race or educational background, regardless of whether the parents are married when the child is born, and regardless of whether the resident parent remarries. When they started their study, the researchers anticipated that the negative effects of single parenthood were really due to poverty and racial discrimination. The results showed this assumption to be only partly true.

Governments must respond to findings such as these. Social policy for the family, like for the economy, has to be predominantly supply side. It should foster conditions in which individuals are able to form stable ties with others, especially where children are involved, and accept the responsibilities that come along with contemporary freedoms. Many of the emphases of third way politics appear in a very direct way in family policy. In creating family friendly work environments, making possible various forms of paid family leave, and in creating or sustaining high quality child care, business and third sector groups can play key roles. Such programmes need often to be located in the communities with which they are concerned, as well as designed and run by local community agencies.

Policies aimed at the reduction of crime also need to be integrated with community renewal programmes and with community policing. Yet there's no point pretending that long-term strategies for reducing crime absolve us from dealing with criminality in the here and now. Third way politicians are right to point to the hypocrisy of the traditional left on this question. For a long time, many on the left denied the reality of crime, or sought to reduce criminality to other social problems. The work of the criminologists from the left realism school

ol changed all that. Many of the worries people have about crime are real and sensible, and they need solutions for them in the here and now.

In the UK, fo

r example, crime rose over the period 1960-75, at a time of full employment and rising living standards. Crimes recorded by the police, the measure often used, are a notoriously unreliable indicator. However other measures, such as the British Crime Survey, also showed that crime was on the increase and that the real volume of crime is much higher than official police figures indicate. Some studies in the UK show a half of respondents are victims of some form of crime at least once during the course of a year. These findings suggest that crime is a normal part of peoples experience rather than an exceptional event. Some of the most serious crimes violence and sexual assault are much more common than was previously believed.

Rather than avoiding the issue of liberty, it

should be placed at the forefront in discussing how to tackle crime through community initiatives. Where the lines are drawn between freedom and regulation is bound to be controversial. When the lives of local families are made miserable by racist groups of youths, would a street curfew after a certain hour add to the sum of available liberties or not? Should we try experimenting, or some have suggested, with urban safety zones in inner city areas, where surveillance and saturation policing might create public spaces in which people could associate with each other? How far could and should electronic tagging replace conventional imprisonment or probation? However these questions are answered, the idea of substantive liberty is what matters how far regulating some sorts of freedoms produce a net increase in freedom for communities as a whole.

Substant

ive freedom, I shall suggest in a later chapter, should be linked to social capability to the positive capacity of individuals to contribute to their well-being and self-fulfilment. This in turn presumes a preoccupation with opportunity and, more specifically, equality of opportunity.

The New Democrats and New L

about stand accused of moving their parties to the right. What they have done, however, is to begin to accommodate to the changes that limit the relevance of the old ideologies. They have shown that the left should listen to the anxieties that worry ordinary citizens. The traditional lefts indifference to issues such as crime and family breakdown damaged its credibility in other areas where its policies were strong. Social democrats outside the Anglo-Saxon sphere shouldnt imagine these concerns are irrelevant to them. They are reflected in most Continental countries in the growth of the new parties and in the rise of the far right. Social democrats have to find a language to address these common concerns. The New Democrats and New Labour have demonstrated that once the left is credible on issues where it has traditionally been suspect voters are willing to listen to it on issues such as education, health and the environment where they have a natural affinity for its positions.

Chapter Three : Government, the State and Economic Strategy

The third way, state and government

The traditional left,

and many other social democrats too, tend to operate with an unreconstructed notion of the state. Their aim is to replace the market, as far as possible, with state power in order to realise social goals. Modernising social democrats should argue for a different standpoint. In the wake of the receding influence of free market philosophies, it is a fundamental task to revive public institutions. However, it won't do to identify public institutions solely with government and the state. Following the decline or collapse of the other ways, third way politics has to look for a different basis of social order.

Its point of

view could be described as structural pluralism. The design options offered by the two rival political positions were monistic: they looked either to government, or to the market, as the means of coordinating the social realm. Some have recently turned to the community, or civil society as the ultimate sources of social cohesion. However, social order, democracy and social justice cannot be developed where one of these sets of institutions is dominant. A balance between them is required for a pluralistic society to be sustained. Moreover, each has to be looked at afresh in the light of contemporary social changes.

One

of the lessons to be learned from the fall of communism, and from the statist zeal of old-style social democracy, is that - even when applied to desirable social ends - state power can become stifling and bureaucratic. The neoliberal opponents of big government, as Offe says, must be granted the point that excessive statism often inculcates dispositions of dependency, inactivity, rent-seeking, red tape, clientalism, authoritarianism, cynicism, fiscal irresponsibility, a avoidance of accountability, lack of initiative, and hostility to innovation, if not outright corruption - and so often on either side of the administration-client divide.

These considerations explain the emphasis the third way places on personal responsibility, as well as upon the transparency and reform of state mechanisms. As against the traditional left, it is emphasised that it isn't only the market that creates perverse or disruptive consequences for those exposed to it. Government and the state do so as well and just like the market call forth active responses. Welfare clients, for instance, do not simply accept benefits given to them. They react actively and with discrimination to what is on offer, while state action changes their social environments in unpredictable ways. In the example given earlier, provision for old age served to redefine what being old actually is, and by no means only in a benign fashion.

To accept

that such a view does not imply that governments have to adopt a diminished role in the world. Reform of the state can give government more influence than before.

ore, rather than less. There is a difference between a big state, as measured by the number of its functionaries or the size of its budget, and a strong state. In any given circumstance, we can ask : will a marginal increase in the scope of the state improve access of citizens to basic social and economic goods, or would a decrease actually serve these ends better?

The idea that the state should be reduced to a caretaker capacity is plainly inadequate. The minimalist state ideology ignores the limitations of markets just as thoroughly as the traditional left does the pathologies of the state. Government must play a basic role in sustaining the social and civic frameworks upon which markets actually depend. It is a fantasy, for example, to suppose that taxation can be reduced to a bare minimum and social order still be maintained, or economic prosperity created.

The reconstruction of public institutions, and confidence in their performance, is a first priority in contemporary societies. States have become inadequate in the provision of public goods, social protection, and civic order. The issue is not, as the critics seem to think, that the size of the state has fallen too far – on the contrary, in most societies it has stayed the same, or continued to grow. We are suffering from states that are simultaneously oversized and underperforming, and facing legitimacy deficits as a result; from the need to adjust government and state power to the exigencies of a globalising era, with the changes in sovereignty this brings in its train; and from the requirements of governance that new risk situations bring about. These are mostly not traditional demands, that can be met merely by providing further resources for existing state institutions.

Third way politics looks to transform government and the state to make them as effective and quick on their feet as many sectors of business have now become. These aims have to be achieved through structural reform, not through turning state institutions into markets or quasi-markets. Many business firms have reformed themselves in recent years, but not by making themselves like markets. The most effective firms have debureaucratized, looked for the benchmarking of standards, and have accorded greater autonomy in decision-making to lower levels of the organisation. Government should seek to achieve similar results within its own agencies.

It is quite untrue to say that the only way to breathe new life into public institutions is to privatise them, necessary though this sometimes may be. As an example, we can look at one such institution, the postal service in the country normally thought to be the home of privatised industry, the US. The US Post Service(USPS) had long been losing money – some \$9 billion over two decades up to the mid-1990s. The USPS had become a byword for inefficiency, lampooned by comedians from coast to coast. 92% of mail in New York State, for example, was supposed to be next-day delivery ; the real rate in 1990 was only just over 50%. Many efforts had been made to restructure the service in the past, but all had foundered on the cumbersome nature of the gigantic bureaucracy involved. The USPS carries some 40% of the world's mail.

Yet in 1995 the service made one of the most remarkable turnarounds ever seen in any enterprise, moving from a loss of \$800 million the previous year to a profit of \$1.8 billion. Since then it has made substantial

l profits each year the first time an increased profit had ever been made without postal price rises. The change was made by a thorough-going shake-up of the organisation, designed to make every employee responsive to the needs of customers, with incentives for meeting stated aims. Those introducing the new system budgeted for a profit of \$100 million in 1995 and were taken aback by the fact that the real profit turned out to be 18 times higher. By focusing upon the customer who pays the bills, the reforms provided quite a different orientation for the workforce, which had not previously had incentive opportunities. Democratic rules of procedure were dissolved in favour of devolved decision-making, responsive to client needs. Next-day delivery targets are now nearly always met, or exceeded.

The self-reform of government and the state needs not only to meet efficiency goals, but to respond to the voter apathy from which even the most established democratic states are suffering. In many countries, levels of trust in political leaders and other authority figures have declined, while the proportions voting in elections and expressing an interest in parliamentary politics have also dropped.

A recent study compared the findings of opinion surveys in a number of industrial countries. In virtually all of them confidence in politicians is in decline. In Germany, for instance, the percentage of people who said they trusted their deputy in the Federal Parliament to represent their interests fell from 55% in 1978 to 34% in 1992. The proportion of Swedes who agreed with the statement that parties are only interested in peoples votes, not their opinions, grew from 49% in 1968 to 72% in 1994. In 1996, only 19% of Swedish citizens expressed confidence in the national parliament.

Interpreting such findings isn't easy. People might expect more from the state than they used to, and thus feel disappointed with its performance. Rising standards of education, plus the easy availability of information, may make people more critical and sceptical than they once were. To some degree, ignoring what governments do can be a healthy feature of democracy. Yet in-depth research does indicate widespread disillusionment with orthodox parliamentary processes. The most systematic research on the issue has been carried out by Joseph Nye and his colleagues at the Kennedy School at Harvard University. Many people feel that government has become remote from their everyday lives and concerns. They believe that politics has become a corrupt affair, distant from the democratic ideals that supposedly inspire it. Neither worry is easily remedied, since in an era of globalisation national politicians have less control over some of the influences affecting their citizens than they did.

However, reform of government and the mechanisms of the state can contribute to redressing the balance. In what has become an open information society, the established democracies are not democratic enough. What is called for is a second wave of democratisation or what I call the democratising of democracy. The democratising of democracy will require differing policies depending upon a country's history and its level of prior democratisation. For many, it involves constitutional reform, the stripping away of archaic symbols and privileges, plus measures to introduce greater transparency and accountability. It is likely to include also experiments with democratisation such as the use of electronic referenda, revived forms of direct democracy, and citizens juries.

In a developing information order, the boundaries between what is acceptable political behaviour, and what is widely regarded as corrupt, become altered. Old-boy networks, backstage deals, unnamed forms of patronage even in the most established democracies, these were simply often the way things are done, accepted by those in political circles and by the citizenry alike. They aren't accepted as such any longer, at least by the wider population; and they have to be a principal target of the democratising of democracy. It isn't by chance that new calls for transparency are being made, not just of political institutions, but in other areas too. This is a logical feature of a society in which access to information is far easier than ever before, and where secrecy is in retreat.

Second-wave democratisation has to track the influence of globalisation. Hence it normally involves the devolution of power to localities and regions but also the transfer of democratic power upwards, above the level of the nation state. In Europe, the further democratising of the European Union is the most obvious vehicle whereby this can be achieved. I discuss these possibilities in Chapter Five.

Third way politics and the knowledge economy

In the reform of state and government, as well as in economic policy, third way politics looks to respond to the great social transformations of the end of the twentieth century: globalisation, the rise of the new knowledge-based economy, changes in everyday life, and the emergence of an active, reflexive citizenry. Each of these refers to a complex of changes; moreover, each is connected with the others. The intensifying of globalisation has been deeply influenced by the information technology revolution, while the knowledge economy itself is becoming globalised. At the same time, the rapid diffusion of information dissolves tradition and custom, enforcing a more active, open approach to life. Bound up also as it is with rapid scientific innovation, globalisation contributes directly to the creation of new risk situations; it places a premium upon the effective management of both the dynamic and the threatening sides of risk-taking.

The economic outlook of third way politics in outline can quite easily be described. It involves a positive view of globalisation, while recognising the anxieties and difficulties to which it gives rise. It endorses free trade, in contrast to the protectionism favoured by the old left and the far right, and accepts the need to adapt to the knowledge economy. None of these processes can go unregulated, and all pose problems of power and inequality that have to be actively confronted.

That economic globalisation is real, and different from analogous processes in the past, has become increasingly difficult to dispute whatever some of the critics might say. This is most obviously true in the case of world currency markets. Average daily turnover on the global foreign-exchange market has increased from \$180 million twenty years ago to \$1.5 trillion today. The total portfolio of cross-border holdings of bank deposits and loans grew from \$1 billion in 1981 to \$5.5 billion in 1996. These developments represent more than just a very large increase in the volume of economic transactions. The basic character of the world economy has changed, partly because of the dominance of financial markets over trade in goods and commodities, and partly because of the ever-growing role of knowledge as a factor

rice of production.

The globalising economy has a number of distinct features.

Science and technology, and human symbolic skills, play an increasingly essential role in productivity, and therefore in economic growth. Productivity in the advanced economies, unlike in earlier stages of capitalist development, is no longer so dependent upon the adding of capital or labour to production processes.

Information-processing activities are growing in importance as measured both in terms of contribution to GDP and the proportion of the workforce involved.

The increasing prominence of wired workers is more significant than the more general shift from manufacturing to services, because their activities quite often enter directly into production processes. A fundamental transition is taking place in the organisation of production and of economic activity more generally towards customised products, the flattening of economic hierarchies, and the creation of networks linking firms or parts of firms. Along with these, a growing role is played by small and medium-sized businesses in generating economic development. Even the giant corporations aren't protected from technological or market changes that can undermine their profitability almost overnight.

In the knowledge economy, there are increasingly permeable boundaries between industries or industrial sectors that used to be separate and distinct from one another. Thus banking and insurance can be done over the internet, by companies bearing only a passing resemblance to those that have dominated these sectors; supermarkets sell domestic gas, while petrol stations double up as grocery stores and newsagents.

New forms of uncertainty are not only created by the global economy, they are intrinsic to achieving success in it. Most of the key sources of growth just described are also sources of uncertainty, and anyone who wants to contribute to them must engage with it. The global availability of information adds to uncertainty rather than reducing it. For example, a corporate strategy that works won't give a company long-term security: it will rapidly be copied or outflanked.

As the uncertainties grow, so do the opportunities for innovation and profit, especially in technologically fast-moving areas of industry. Workers aren't exempt from these processes. Rewards might be considerable in high-tech companies, but since the pace of technological change is so rapid, jobs are likely to be very insecure. As the boundaries between key industries dissolve, the financial economy and the real economy of goods and services come to share some common characteristics. Entry into a sector is easy, including for small competitors, relevant information is widely available for those who choose to seek it out, and profit opportunities are rapidly reacted to.

Yet globalisation is by no means wholly economic, in its nature, causes or consequences. It is a basic mistake to limit the concept to the global marketplace. Globalisation is also social, political and cultural. On all of these levels, it is a highly uneven set of processes, proceeding in a fragmentary and oppositional fashion. While still dominated by the industrial nations, it isn't simply the same as Westernisation: all countries in the world today are affected by globalisation processes. Developments in science and technology, for example, a

ffect peoples lives in richer and poorer countries alike, and in a more immediate way than ever before.

The knowledge economy

The knowledge economy is not as yet all-conquering, but it is well on the way to being so. In combination with the broader aspects of globalisation, it marks a fundamental transition in the nature of economic activity. Information technology, plus communications technology, are the enabling media of the new economy, but its agents are knowledge workers - wired workers and others whose work does not directly produce material goods. The know-how of such workers is the most valuable form of property that firms have. To assess the value of Microsoft, one wouldn't get far by asking about the factors conventionally used to assess value - land, plants, and raw materials. The tangible assets of the company are tiny compared to its market value. The market to book ratio of a company is the difference between its material assets and its saleable value. The market to book ratio of Microsoft is over 13. For General Motors, it is only 1.6.

The dynamic sectors of the world

Today are in finances, computers and software, telecommunications, biotechnology and the communications industries. The telecommunications industry in the US employs more people than the car and car-parts industries combined. Measured in terms of annual turnover, the health and medical industry in the US is bigger than oil refining, aircraft and car production, logging steel and shipping put together.

Industrial manufacture, of course, is still highly important, and to some extent has become redistributed to non-western countries. However, most manufacturing processes have become closely integrated with information technology, as have retail and distribution. Moreover, ideas, image, brand name, count for far more in generating profitability than efficiency of manufacture.

Efficient manufacture is a bottom-line, a necessary condition or profitability, but certainly not a sufficient one.

Societies or regions can move from an

agrarian to a knowledge economy without passing through a phase of old-style industrialisation. One example is the area around Chicago in the great lakes region, where agricultural markets were displaced by financial markets. The much-discussed Silicon Valley of India, in the Bangalore area, is another illustration.

Since innovation and niche marketing are so important in the new economy, product cycles tend to be much faster than they once were. Car makers in Japan now work on a two year cycle; Japanese manufacturers of electronics goods assume a cycle of three months. Financial markets move quickest of all. Some products have a life cycle of only a few hours - by then the competition has caught up.

It has aptly been said that we have moved from a world where the big beat the small to a world where the fast beat the slow. In 1985, Intel released a new microprocessor, which worked far more effectively than its earlier chip. IBM at that time was telling its customers that if they bought its most up-to-date computer, it would guarantee the computer wouldn't be obsolete for five years. Since IBM weren't interested in the Intel chip the company did a deal with Co

mpaq. Compaq then took a massive section of IBMs business.

We are also moving

from a world in which the heavy beat the light to one where the light beat the heavy. The story of the Encyclopaedia Britannica makes the point tellingly. The Encyclopaedia Britannica was unrivalled as the worlds best-selling encyclopaedia for two centuries. In the early 1990s, for the first time, it was overtaken by two encyclopaedias published on CD-ROM, one of which was produced by Microsoft. The classic Encyclopaedia Britannica was a large, multi-volume work, fully updated once every ten years. The CD-based encyclopaedias had more content, cost less than a tenth of the book version, and were updated every three months.

The makers of the Encyclopaedia responded with a radical strategy. They put the whole of the work on the internet, and charged a daily fee for subscribers. In so doing, they outpaced the CD-ROMs : the content can be updated hourly, and much more information is available than is held on the CDs. The system has hot links that allow the subscribers to connect to web servers, making all the information on the web a resource. Britannica became a subscription and licensing service, having agreements with many educational institutions. In October 1999 it was announced that Britannica would be offered free on the net all 44 million words of it. The company plans to recoup the expense by means of e-commerce and advertising revenues. But will it last in this new guise for another 200 years? It seems exceedingly unlikely.

Government will not be able to play an effective role in the new economy if it goes on the defensive. As the transformations noted above occur, citizens will need the help of government just as much as they used to; but state intervention has to be redirected, and co-operation with other agencies will be essential.

We could think of the influences involved as a triangle :

Finance

Manufacture Knowledge

In the old

economy, industrial manufacture was the dominant edge of the triangle. Financial markets were geared to the needs of industrial production, although of course they always had a life of their own. In the globalising economy, financial markets have much more autonomy in effect, they scrutinise the efforts of producers. Knowledge is much less subservient to manufacture, since it becomes more and more the key to productivity. Financial markets grow increasingly diverse, driven as they are by the increasing complexity of available market knowledge. Control of manufacturing capital, the regulation of financial markets these remain major tasks for left of centre governments. But the other edge of the triangle becomes even more important. Government needs to build a knowledge base that will release the full potential of the new economy.

Old-style social

democracy concentrated on industrial policy and Keynesian demand measures, while the neoliberals focused upon deregulation and market liberalisation. Third world

any economic policy needs to concern itself with different priorities – with education, incentives, entrepreneurial culture, flexibility, devolution and the cultivation of social capital. Third way thinking emphasises that a strong economy presumes a strong society, but doesn't see this connection as coming from old-style interventionism. The aim of macroeconomic policy is to keep inflation low, limit government borrowing, and use active supply-side measures to foster growth and high levels of employment.

The guiding formula, wherever possible invest in human capital, applies to private and public policy. The key force in human capital development obviously has to be education. It is the main public investment that can foster both economic efficiency and civic cohesion. Education isn't a static input into the knowledge economy, but is itself becoming transformed by it. It has traditionally been seen as a preparation for life – an attitude that persisted as it became more and more widely available. Primary school education became mandatory for everyone, then an extended period of secondary school education. Higher education expanded, taking on increasing numbers of students. But the underlying idea remained that of acquiring the qualifications needed to get a start in adulthood.

Education needs to be redefined to focus on capabilities that individuals will be able to develop through life. Orthodox schools and other educational institutions are likely to be surrounded, and to some extent subverted by, a diversity of other learning frameworks. Lifelong learning is far more than just a slogan. In the old economic order, the basic competencies needed for jobs remained relatively constant. Learning (and forgetting) are integral to work in the knowledge economy. A worker creating a novel multimedia application can't succeed by using long-standing skills – the tasks in question didn't even exist a short while ago.

Policies that protect uncompetitive industries, or select national champions, can at most have a transitional use. Government investments in a troubled industry may help tide it over while adjustments or innovations are made, but more far-reaching interventions can be counterproductive or even disastrous. If IBM had been chosen as a national champion, and protected by government in the 1980s, its rising competitors, such as Apple, Microsoft and Intel, would probably have been frozen out. The US, at least for the time being, now has a position of leadership in these industries.

Government can take some supply-side initiatives relevant to these developments, as the US government did in respect of information technology. Investment in relevant areas of science and technology is one significant factor. Another is helping create the conditions that encourage entrepreneurship – a phenomenon that again concerns not only private industry, but the state and civil society too.

Entrepreneurs have received short shrift from both old left and the neoliberals. The left has seen entrepreneurs as selfishly profit-driven, concerned to extract as much surplus value as possible from the labour force. Neoliberal theory stresses the rationality of competitive markets, where decision-making is driven by market needs. Successful entrepreneurs, however, are innovators, because they spot possibilities that others miss, or take on risks that others decline, or both. A society that doesn't encourage entrepreneurial c

ulture wont generate the economic energy that comes from the most creative ideas. Social and civic entrepreneurs are just as important as those working directly in a market context, since the same drive and creativity is needed in the public sector, and in civil society, as in the economic sphere.

The question of flexibility

Product, capital and labour markets must all be flexible for an economy today to be competitive. To the old left critics, flexibility is a red rag to a bull. Especially as applied to labour markets, flexibility implies deregulation, making workers more vulnerable to economic insecurity expanding the numbers of in-work poor.

Flexibility does indeed imply deregulation getting rid of, or reshaping, rules and regulations that hamper innovation and technological change. Deregulation in product and capital markets, however, is just as vital as in the labour market. Increasing flexibility cant be costless trade-offs are involved. Yet it cant be stressed too strongly how high the social and personal costs are where there is large-scale unemployment, and especially where there are many long-term unemployed.

The statistics on job creation are instructive. In almost all industrial countries there are more jobs now than a quarter of a century ago. The sole exceptions are Sweden, Finland, and Spain. In the US 45% more net jobs were created over that period and in Canada almost as many. For Japan, the figure is 24%. In the EU countries, on the other hand, there was on average only a 4% growth in jobs. A high proportion about half of the new net jobs created in the US were in skilled or professional occupations. Contrary to some interpretations, those who have profited most, in relative terms, are women and ethnic minority groups, including Afro-Americans.

Among the 25 largest US companies today, all save six were either very small or didnt exist before 1960. The story in Europe is quite different. All the 25 biggest firms were in existence at that date. The problem in Europe is that innovative small firms dont grow into big ones. In some countries, firms actually fight to stay small, since they avoid government rules and regulations. In Northern Italy, there are many successful small firms. They stay at a size of under a thousand workers, because this keeps them outside the rules that otherwise come into play. The same happens in Germany. Firms with less than 2000 employees dont have to conform with the laws on codetermination. Some companies downsize and sub-contract out everything they can in order to stay below that level.

So far as labour markets go, two competing perspectives are involved in European politics at the moment. The French Socialist Party, true to its traditions of dirigisme, is attempting different solutions from those suggested elsewhere, such as the UK, Holland, Denmark or Germany. The Socialists propose to create 700,000 minimum-wage jobs, largely financed by government, half in the state sector and half in the private industry. By early 1999, some 100,000 jobs had been identified and filled, all of them in the state and voluntary sectors. A second element of the partys strategy is the thirty-five hour working week, due to start in January 2000 in firms with more than twenty workers.

A stat

utory thirty-five hour working week would seem to be the opposite of flexibility, but there are some signs that it is in fact helping to promote it. French employers are seeking to introduce shift working, and weekend working, coupled to more part-time working, as means of adapting fruitfully to the directive. If these changes occur, the initiative could bear fruit. On the other hand, if it is applied rigidly, it is likely to block needed reforms rather than obviate the need for them.

Some leftist critics say that active labour market policies are essentially irrelevant, because the jobs have to be there in the first place. The most important mechanism of job creation is economic growth. But economic growth does not solve labour market problems on its own. Thus between 1984 and 1994 the EU countries had average growth rates of 2.3%, in spite of the negligible increase in the net number of new jobs.

Whether labour market flexibility inevitably increases the numbers of working poor is a question I shall consider in the next chapter.

Social capital

The cultivation of social capital is integral to the knowledge economy. The new individualism that goes along with globalisation is not refractory to cooperation and collaboration cooperation (rather than hierarchy) is positively stimulated by it. Social capital refers to trust networks that individuals can draw upon for social support, just as financial capital can be drawn upon to be used for investment. Like financial capital, social capital can be expanded invested and reinvested.

Since the time at which it was first introduced by the sociologist James Coleman, the idea of social capital has been so widely deployed that some think it has been drained of much of its value. Yet its usefulness resides in the wide application it can have. It is of prime importance in civil society it makes possible the everyday civility that is crucial to effective public life. In the context of the new economy, it has a more specific significance. It is the basis of the networks that play a major role in innovation. Coordination costs are lowered through shared norms rather than through bureaucratic hierarchy.

Some years ago, the concept of social capital was widely employed to show why Rhineland capitalism, together the Japanese and the East Asian economies, were superior other forms. In these societies, it was argued, dense trust networks provided a platform for stable and successful economic growth.

The argument wasn't completely wrong, but it ignored two core limitations of these trust systems. Trust shaded over too easily into cronyism and even corruption. Moreover, trust wasn't primarily active trust it was based upon established routines, in relatively inflexible institutions, instead of being open and actively negotiated. Rather different trust relationships have been involved in industries at the forefront of the knowledge economy. Take as an example the biotechnology industry in the US. In that industry, there is a great deal of formal collaboration among firms, universities and research laboratories. Over 80% of firms in human therapeu

tics and diagnostics have formal ties with other biotech firms, as well as a variety of more informal types of collaboration. Research studies have shown that nearly all successful biotech companies are highly active collaborators. None of the isolated firms covered in these studies were successful. Such trust relationships generate innovation precisely because they are fluid and diverse.

Innovation in the old economy was often the result of separate processes of research, development and production. In the knowledge-based economy, innovation stems more from networks and collaborative ventures. Firms are increasingly turning to networks of suppliers and customers to develop novel ideas and technologies. There were only 750 inter-firm alliances registered in the US during the 1970s. Between 1987 and 1992 there were 20,000. The range of industry ties with universities has also grown rapidly.

The spread of information technology itself is one factor promoting these collaborations, since the same base of technology can be drawn upon by different specialists. For instance, the pen maker A. T. Cross developed the hardware for its digital note pad, while IBM developed the software. Industry-research collaborations have also grown as a means of pooling investment and risk.

Recognition of the importance of ongoing networks of learning and innovation has proceeded further in the private sector than in government in most countries. Governments should be looking for policies that enhance alliances, save where these lead to monopoly not a problem with the small and medium-sized firms which are mostly the leaders. A number of possible policy avenues exist. Tax credits can be given for industry investments in research groups, or for partnerships between industry and research institutions. Challenge grants can be provided for innovation partnerships between small or medium-sized firms and universities or other comparable institutions.

The US, or certain economic sectors of it, is usually quoted as the main example of the connections between active social capital, innovation and productivity. But other countries provide equally fertile ground for it, and suggest a somewhat larger role for government. An example is the Danish negotiated economy. The Danish economy is dominated by small and medium-sized businesses, mixing hard edge of competition with networks of interdependence. Policy-makers in government and industry have sought to strengthen collaboration between firms as a means of enhancing overall economic competitiveness. A series of initiatives has been introduced, such as the network programme set up in 1989. The aim was to encourage binding collaboration between networks of at least three firms, with network brokers, who were to identify and support cooperative ventures. Follow-up research indicates the programme was successful, in terms of direct economic criteria as well as the range and density of collaborations established. When a social democrat-led coalition government came to power in 1993-94, these early endeavours were followed by a much more encompassing policy following similar lines. Government intervention concentrates upon the framework conditions of economic development and competitiveness, not upon direct subsidies of any kind.

The old left views civil society, and in particular the third sector (the voluntary sector), with some suspicion. Government and other professional agencies should as far as possible take over from third sector groups, which

are often amateurish and dependent upon erratic charitable impulses. Developed in an effective manner, however, third sector groups can offer choice and responsiveness in the delivery of public services. They can also help promote local civic culture and forms of community development.

To do so they need to be active and entrepreneurial. Social entrepreneurs can be highly effective innovators in the realm of civil society, at the same time contributing to economic development. They can operate as a kind of research and development wing of the welfare system, innovating new solutions to intractable social problems. They often deliver services far more efficiently than the public sector. Most importantly they set in motion a virtuous circle of social capital accumulation. They help communities to build up social capital which gives them a better chance of standing on their own two feet.

Third sector groups can also combine effectively with business to foster social programmes. Rosabeth Moss Kanter's work, based on comparative research carried out in different cities and regions of the US, is instructive in this respect. She found a number of companies, and groups of companies, becoming involved in social development in ways quite different from in the past. Businesses have usually supported the social sector either by giving money to community activities or by contributing their employees' time for volunteer work. They have treated the third sector as a dumping ground for spare cash, obsolete equipment and tired executives on their way out. Such philanthropy at arms length has made little dent upon America's enduring social problems. The new paradigm, as Moss Kanter calls it, is quite different. It involves using social needs as a basis for the development of ideas, technologies and long-term investments. The firms concerned are using their best people and cutting edge technologies.

An example is the programme begun by Bell Atlantic in the early 1990s, installing computer networks in schools. The company gave state-of-the-art computers to students to use at home, allowing them access to the network for interactive learning activities. Most of the students were from poor backgrounds, while the schools concerned were close to failing. The schools have since become national role models, while the company gained from the experience by discovering new ways of handling data transmission in the service of education.

Sceptical observers, Moss Kanter points out, are liable to see such endeavours simply as public relations ploys. But in the cases she studied, this would be an extremely costly and risky way to get a favourable press. The primary justification is the new knowledge and capabilities that will stem from innovation.

Conclusion

Reform of government and the state, a core theme of third way politics, is closely related to the economic changes signalled by the knowledge economy. In the contemporary world, contrary to what the neoliberals say, we need more government than before, not less. However, such government has to track the impact of globalisation, and must stretch both below and above the level of the nation state. In an increasingly fast-moving world, government and the state also need to be quick on their feet, as well as democratic and transparent.

The economic interventions of government have to be different from those of the past. Those on the old left always say, regulate, regulate, and greater regulation of economic life, in some respects and some contexts, is necessary. But deregulation can also be just as important, in areas where restrictions inhibit innovation, job creation, or other basic economic goals. Government is not there only to constrain markets and technological change; it has just as significant a role in helping them work for the social good. To do so, it will often have to draw also upon the resources of civil society; these resources are needed for effective governance too.

Chapter Four : The Question of Inequality

Social democrats must revise not only their approach to, but also their concept of, equality in the wake of the decline of socialism. On the face of things, nothing would seem more obvious, yet many on the more traditional left seem to accept this only grudgingly. There is no future for the egalitarianism at-all-costs that absorbed leftists for so long. Michael Walzer has put the point very well : Simple equality of that sort is the bad utopianism of the old left political conflict and the competition for leadership always make for power inequalities and entrepreneurial activity always makes for economic inequalities. None of this can be prevented without endless tyrannical interventions in ordinary life. It was an historical mistake of large proportions, for which we [on the left] have paid heavily.

The contemporary left needs to develop a dynamic, life-chances approach to equality, placing the prime stress upon equality of opportunity. Modernising social democrats also have to find an approach which reconciles equality with pluralism and life-style diversity, while recognising that the clashes between freedom and equality to which classical liberals have always pointed are real. Social demo

crats should be happy to accept that this brings them closer to ethical liberalism than many used to think. Alan Ryan is right to point to the affinities between third way politics and the ideas of the ethical liberals.

T.H. Green, L

eonard Hobhouse, and others who thought like them distanced themselves from socialism and took an affirmative attitude towards market mechanisms. Economic

c

ompetition is desirable, Hobhouse argued, but it presumes community and cooperation, which must have an ethical base. Government and the state shouldn't feed, house, or clothe its citizens, but should secure conditions upon which its citizens are able to win by their own efforts all that is necessary to a full civic efficiency. There are reciprocal obligations, Hobhouse emphasised, between the individual and government; public and private concerns have to be in balance.

The ethical liberals insisted that the state should not undermine personal autonomy. Arnold Toynbee stressed that voluntary organisations such as Toynbee Hall should be developed so as to cultivate people's personal capabilities. Education, understood in a broad sense rather than purely vocationally, was to be the main instrument in cultivating initiative and responsibility.

These

ideas have a clear affinity with some of the themes of contemporary third way politics. Yet the third way isn't, and can't be, just a reversion to ethical liberalism. The ethical liberals wrote before or during the rise of socialism as a major political force, whereas we are living after its demise. We have to construct policies of social justice that respond to the causes of that demise, which have created quite different exigencies from those of the past.

Here more

recent authors are much more instructive than the ethical liberals. Amartya Sen's concept of social capability makes an appropriate starting point. Equality and inequality don't just refer to the availability of social and material goods: individuals must have the capability to make effective use of them. Policies designed to promote equality should be focused upon what Sen calls the capability set: the overall freedom a person has to pursue his or her well-being. Disadvantage should similarly be defined as capability failure: not only loss of resources, but loss of freedom to achieve.

Treating equality as securing a fairer

distribution of social capability means recognising that the same set of resources can have varying outcomes for different people, depending upon how far they can convert them into effective freedoms. The favourite pastime of the Australian tycoon Kerry Packer is said to be watching sport on TV while eating take-home pizzas. A welfare recipient might do the same, but within quite a different framework of available choices.

Freedom defined as social capability is

not plucked out of thin air, and it isn't close to the self-seeking agent presumed in neoliberal economic theory. Individuals, as the communitarians say, exercise freedom precisely through their membership of groups, communities and cultures. Freedom to do whatever one wants, in relation to oneself, one's own body, or to others: in other words libertarianism: is alien to the left, and should

remain so. It is not individual choice that is at the core of pluralism, but the diversity of cultures and groups to which individuals belong.

Equality and

inequality, then, revolve around well-being and self realisation. Apart from where people lack even the minimal requirements for physical survival, the same is true of poverty. What matters isn't economic deprivation as such, but the consequences of such deprivation for individuals well-being. People who choose to live frugally are in quite a different position from those whose existence is blighted by unwanted poverty. A similar principle applies in terms of the life cycle. A person who is temporarily impoverished, but who, for whatever reason, is able to break free from poverty, is in a different situation from those mired in poverty in the long term.

A further example is unemployment. An individual who is unemployed might be living in a society that pays high levels of social security. Although economically in the same position as someone in work, or close to it, that person might be worse off in terms of well-being, because enforced unemployment is widely associated with lack of self-esteem and with the oppression of surplus time.

An emphasis on equality of opportunity, it should be made clear, presumes redistribution of wealth and income. There are several reasons why, but two are worth mentioning in particular. One is that since equality of opportunity produces inequality of outcome, redistribution is necessary because life-chances must be reallocated across the generations. Without such redistribution, one generation's equality of outcome is the next generation's inequality of opportunity. A second is that there will always be people for whom opportunities will necessarily be limited, or who become left behind when others do well. They should not be denied the chance to lead fulfilling lives.

With these various points in mind, we can turn to look briefly at the basic statistics of inequality in contemporary societies.

Comparing inequalities

It is generally accepted that inequalities of income and wealth declined in most industrial countries over the period of 1950 to 1970. Since the early 1970s, they have risen again in the majority of developed societies, although not in all. As measured by the official statistics at least, the developed countries differ considerably in terms of inequality. Those having the highest levels of income equality include the Nordic countries, Belgium, Norway, Sweden and Japan. In the middle are countries such as the UK, France, the Netherlands and Germany. Countries with the highest degree of income inequality, as measured by official statistics, are the US, Israel, Italy and Australia.

The US appears as the most unequal of all industrial countries in terms of income distribution.

The proportion of income taken by the top 1% has increased substantially over the past two or three decades, while those at the bottom have seen their average incomes stagnate or decline. Defined as 50% or less of median income, poverty in the US in the early 1990s was five times as great as in Norway or Sweden 20% for the US, as compared to 4% for the other two countries. The incidence

of poverty in Canada and Australia is also high, standing at 14% and 13% respectively.

Although the average level of income inequality in the EU countries is lower in the US, poverty is widespread in the EU according to official figures and measures. Using the criterion of half or less of median income, 57 million people were living in poverty in the EU nations in 1998. About two-thirds of these were in the largest societies : France, Italy, the UK and Germany.

Economic inequality, by and large, has been on the increase, but it would be misleading just to say bluntly, as some do, that the industrial countries have become more unequal than they once were. In some countries Italy is one example inequality has gone down, as measured by the usual statistics. Moreover, since 1996 the trend towards increasing income inequality in the US has become reversed. The numbers living below the poverty line have also dropped. In 1998 there were nearly 5 million fewer people in poverty than in 1992. The incomes of blacks and Hispanics in the US rose by 15% over that period.

There are other changes that run counter to increasing inequality. Thus in economic as well as social and cultural terms women have become much more equal to men than they used to be. Social egalitarianism, as measured in opinion surveys, has also increased. As one observer puts it : In my perception, people now care more rather than less about equality. They are more insistent on their standing as equals (what makes him think he is better than I? What makes her think she can tell me what to do?), less prepared to accept a subordinate position or believe everything the authorities say. In most industrial countries socially stigmatised groups, such as gays, or the disabled, have made progress towards full social acceptance.

The consequences of such changes, are complex. The fact that children and women are now overrepresented among the poor, for instance, partly reflects the wider gains that women as a whole have made. There are more single mothers than before, and single mothers on average have lower incomes than their married or coupled counterparts. At least one of the reasons for the rise in numbers of single-parent households is the increasing autonomy of women. Women actively leave unsatisfactory marriages more often they were able to do before; and the numbers of never-married women with children has climbed.

The orthodox statistics about inequality and poverty are collected in the aggregate from year to year, and provide no data on shifts in individuals economic circumstances across the life cycle. Until recently, we simply didnt know much about such shifts. Most approaches have assumed that poverty is a long-term condition. Even researches involving in-depth studies of individuals have nearly all been concerned with movement into poverty, rather than out of it. Only those currently in poverty are usually interviewed or studied. In addition, a good deal of research has concentrated upon groups unrepresentative of the poor as a whole, such as people living in inner city ghetto areas where poverty is often of long duration.

Recent research has suggested we should alter our way of thinking about poverty, and policies aimed at reducing it. Data from a number of countries show that, for the majority who experience it, poverty is not a permanent con

dition, demanding long-term social assistance programmes. A surprising number of people escape from poverty but a greater number than used to be thought also experience poverty at some point in their lives. Using the definition 50% or under of mean equivalent income, researchers in Germany found that over 30% of West Germans were poor for at least one year between 1984 and 1994. This figure is three times the maximum number of poor in any one year. Those who moved out of poverty mostly did not become stuck just above the poverty line. They reached a level of two-thirds of the national average when they were not poor. However, more than half returned to poverty during at least one year over the ten year period.

A study carried out in the UK interviewed a national sample of adults each year from 1991 to 1996, to investigate shifts in income. The researchers found a great deal of income mobility, most of it short-range. Just over 30% became poor for at least one year over the period. Time is not simply the medium in which poverty occurs one contributor observes, it forges its very nature. Research carried out by OECD compared the US, UK, Germany and Canada. The results showed that 20-40% of the population were in poverty for at least one year over a 6-year period. Most were poor only for short spells. 2-6% remained poor over the whole period. However, because of their long stay in poverty, they made up (to (of the total time all individuals spent below the poverty line. Contrary to the static statistics, the research showed that a higher percentage of people experienced poverty in Germany than in the other countries.

Disentangling the causes of increasing economic inequality is not easy.

We have only a few studies that have investigated the issue in a detailed and systematic way, most of them coming from the United States. The results, however, are interesting and important. According to such research, in spite of the forcefulness with which the argument is sometimes pressed, free trade seems the least important influence. Skilled workers in the industrial countries are supposedly at an increasing disadvantage when compared to their counterparts elsewhere, who will work for much lower wages. Hence wages are driven down in the developed economies, and job opportunities become fewer. However, disparities of income have not grown only, or even primarily, in industries where trade is important, suggesting other factors are at work. Moreover, the thesis were correct, the share of world commodity trade held by the industrial countries should have declined significantly over the past two decades. In fact, this hasn't happened. The proportion taken by the most developed countries has grown rather than shrunk. Ireland, Portugal and Austria, among others, have greatly increased their share. Even those which have lost out in relative terms, such as the UK, Sweden, or France, are exporting as much as they did twenty years ago.

The same applies to industrial output. The proportion held by the affluent countries, at 80%, has declined only slightly since 1980. Over this period, production for the world as a whole has doubled, while the Asian countries, particularly China, have vastly increased their output. Since the world economy as a whole has expanded, the continued share held by the industrial countries has proved compatible with increased production elsewhere. The East Asian successes have not happened at the expense of Western industrial workers. The West exports more to them than they do in return, as is true of the relation between Western manufacture and Third World countries as a whole.

Technological change is more important than global free trade. The spread of information technology leads to a declining demand for unqualified workers, whose job opportunities and wages therefore decline. At the same time, those with skills or a strong educational background are able to increase their productivity and their earning power, pulling further away. Yet one of the most in depth studies we have suggests that technological change also accounts for part, but only part of the increased income inequality observable in the US over the period 1990-96. Most of that increase, the research concluded, is due to the other factors: demographic trends, changing work patterns in families and growing inequalities coming from non-labour sources, particularly capital assets. Less than 30% of the overall rise in inequality in the US since 1969 is accounted for by earnings inequality among men in work. There are increasingly affluent members of two-earner families plus childless people who are economically successful. Houses, shares and pensions funds, rising in value over the period, have added to their prosperity.

Taxation and redistribution

Social democracy traditionally has a straightforward and morally compelling solution to inequality: take from the rich and give to the poor! Can such a formula still be applied today? The answer is that it can and should be. Modernising social democrats must accept the core importance of taxation as a means of economic redistribution.

Taking from the

rich to give to the poor, however, isn't the simple and sovereign solution it seems to be on the surface. A diversity of problems has to be confronted.

1. We first have to decide who the rich are. In the case of Bill Gates and other billionaires, this doesn't cause too many difficulties. So far as income tax is concerned, however, the category of the rich has to include large numbers of the merely affluent if it is to generate significant revenue and have a substantial redistributive effect. We also have to consider the factor of upward mobility. Bill Gates made his money from nothing. The possibility of becoming very wealthy is presumably not something that should be denied to people, since it may motivate exceptional talent. Moreover, even taking a good deal of Gates' wealth away from him wouldn't help others very much. The extent of his earnings partly reflects the greatly enlarged size of modern economies. A magnate like J.P. Morgan held a level of wealth that meant something in the US economy. At one point he had sufficient liquid capital to finance all the capital needs in America for four months. He owned less than a third of the assets Bill Gates has. Yet Bill Gates' money could finance the current American economy for only part of a single day.

2. It is no longer feasible, or desirable, to have a very steeply graduated income tax of the sort that existed in many countries up to thirty or so years ago. All countries have pulled back from such a practice, although some have done so more radically than others. To some extent, this change has been enforced: the better-off sections of the electorate have become resistant to paying very high tax rates. High rates of income tax hence increase levels of tax evasion, a phenomenon pointed to in the celebrated Laffer curve: lowering upper band income tax can actually lead to an increase in tax revenue.

venue. Just as important as these considerations is the fact that steeply graduated income tax can act as a disincentive, penalising effort, and therefore job creation and economic prosperity.

3. Social democrats should rid themselves of the idea that most social problems can be resolved through increasing taxes to the greatest extent possible. In some situations the reverse theorem applies: tax cuts can both make economic sense and contribute to social justice.

If carefully applied, tax cuts can increase supply side investment, creating more profit and more disposable income. A bigger tax base is thereby created in the economy as a whole. Other tax-cutting strategies, such as the Earned Income Tax Credit pioneered by the New Democrats in the US, can also be brought into play.

4. Fiscal policy has become inseparable from processes of reform of government and the state. Governments can no longer take taxes from their citizens without ensuring that the revenue is spent effectively, in a framework of transparency.

Research shows that in most EU countries as well as in the US, a majority of the population feels that the government wastes a great deal of taxpayers' money.

This is one of the reasons many give for being prepared to engage in tax evasion.

In a survey in Germany, 70% said they would consider a major violation of the tax laws if the opportunity was there, on the grounds that the government squanders the revenues it derives from taxation.

5.

We have to decide exactly how to best help the poor and the less privileged.

There is a general relation between economic equality and levels of spending on the welfare state. The Scandinavian countries, which spend more than most others, are the most egalitarian. Yet it does not follow that spending more on

existing welfare systems will help to alleviate inequality. The left, particularly the traditional left, has been reluctant to admit this, but the welfare state itself is a problem. All types of welfare system generate moral hazard, produce

contradictory outcomes, create welfare dependency, inhibit effort and place large fiscal burdens on the community. In addition, some are overly bureaucratic, centralised and tolerate high levels of welfare fraud. The Scandinavian welfare state has its own specific difficulties. As Gosta Esping-Andersen says of Sweden from left to right, most analysts of the Swedish model now concur that the extremely egalitarian wage structure gives disincentives to work additional hours, or to augment skills and education. The marginal wage gain is simply too low. Sweden does not do well in international statistics in terms of its average levels of schooling and educational attainment. It is also one of the very Western countries to have suffered an absolute decline in terms of net jobs created over the past twenty years.

Assessing and comparing different taxation systems, especially in terms of their redistributive effects, is a complex task. Some general conclusions relevant to policy, however, can be drawn. Comparison of Western countries shows that in all of them the tax and transfer system does have redistributive effects. Sweden stands at the top: its tax and transfer system reduces inequality by 50% from market income to disposable net income. The US is lowest, with a reduction of 20%. The UK and Australia have reductions of around 25%, Finland 30%, Denmark and Germany 40%.

Taxes and transfers combine in various permutations to produce these consequences. One study looked at two aspects of income tax in this respect: level of taxation, and progressiveness. For example, the Australian income tax system in the mid 1980s was steeply progressive, but had relatively low overall levels of taxation. The Swedish tax system, by contrast, had considerably higher taxation levels, but a low degree of progressiveness. Much the same was true of Denmark. The Nordic welfare states, together with Germany, have a more universal social transfer system, with high benefit levels. The researchers concluded that levels of taxation, coupled to social transfers, are more important sources of redistribution than the degree of progressiveness of income tax. The Nordic welfare states create a significant transfer of income to households with low market incomes, but also to those with higher incomes too. Australia and the UK are the only two countries where the income tax system is more important than the social transfer system in reducing economic inequality.

The implications of all this are fairly clear, although not easy to implement. Social democrats in all countries need to sustain a substantial tax base, if public and welfare policies are to be funded and economic inequality kept under control. They need to do so in the context of the reform and further democratisation of the state itself. Progressive income tax needs to play a role in reducing inequalities, but it is neither sensible nor necessary to try to return to the steeply progressive systems of the past. In general, social democrats should continue

to move away from heavy reliance on taxes that might inhibit effort or enterprise, including income and corporate taxes. Seeking to build up the tax base through policies designed to maximise employment possibilities is a sensible approach indeed, it is a key emphasis of third way politics.

Obviously taxes that discourage the production of bads, most notably green taxes, should be relied upon as much as is feasible. It is not clear as yet how much income can be raised through ecotaxation, but the possibilities seem considerable. Shifting taxation on to energy, waste and transport, and away from labour or environmentally unfriendly business activities is possible in a number of ways. For instance, in the UK increases in road fuel tax could be used to reduce national insurance contributions paid by employers. Calculations show that the results would be higher growth in GDP, the creation of 200,000 more jobs, with inflation held constant.

In general, shifting taxation towards consumption, as virtually all the industrial countries have done, makes political and economic sense. If consumption were taxed progressively, rather than only income, the incentive to save would be higher. Saving and investment are major engines of longer-term economic growth. Collecting such taxes need not be more complicated than collecting income tax. Receipts wouldn't have to be kept for every purchase; taxable value could be calculated on the difference between current income and current savings. Having a large standard deduction would obviate the need to make some consumption categories exempt.

We should insist that wealth taxes stay on the agenda, particularly so far as inheritance is concerned. Equality of opportunity is not compatible with the unfettered transmission of wealth from generation to generation. Bill Gates's rise to extreme wealth is one thing; allowing such economic privilege to carry on across the generations is not. As in other areas, tax incentives can be mixed with other forms of regulation. Positive incentives for philanthropy, for example, can have as significant a role as taxes on the direct transmission of wealth.

Finally, Governments need to work together

as to some extent they already do to coordinate tax-gathering from multinational companies. Many multinationals engage in tax arbitrage and transfer pricing to limit their international exposure to taxation. Transfer pricing is a critical issue for nation-states. Over 80% of multinationals in one study admitted to facing a transfer pricing enquiry from local or foreign tax authorities at some point. The international tax transfer pricing regime that exists at the moment should be tightened up. The existing system is slow, cumbersome and hits and misses.

Will these sources of taxation generate sufficient income for public institutions? No one knows for sure. The problem of securing adequate taxation is unlikely to go away. Citizens will be increasingly reluctant to pay taxes where the revenues aren't being used to their satisfaction, even in those countries that currently sustain higher taxation income than in the norm. The spread of internet business activities, and of e-money, could further exacerbate these problems. Social democrats need to continue to think creatively about taxation, and to connect such thinking with the structural reforms of government and the state mentioned earlier.

Inequality and the welfare state

The need

to reform welfare systems is a key part of third way political philosophy. There are three main reasons why. One is cost. In at least some of its aspects, as the range of benefits offered expanded, the welfare state became unsustainable. Rather than creating greater social solidarity, as it is supposed to do, in this situation the welfare state can undermine it. As is well-known, for example, the pension commitments of some countries, such as Germany, Italy or Japan, are completely unrealisable, even with no further changes at all in demographic trends. Some countries have incurred such a large level of debt that a good deal of taxation is simply spent paying the interest, rather than being spent directly upon welfare services themselves. New social conflicts arise around these strains: taxpayers revolts, divisions between the generations, struggles between those who do well out of the system and others who do not.

Second, existing

welfare structures have become out of line with the social and economic changes going on in the world. The dynamics of inequality are different from the past, as are some of the risks to be covered. Women are in the labour market in much larger numbers than before; the relationship between work and family life has changed; there are far more singleparent householders; educational needs and possibilities have altered; increasing longevity plus the proliferation of medical treatments are transforming health care systems and posing many new problems for them. Third, as mentioned earlier, the welfare state has its own limitations and contradictions, which need to be tackled in a direct way.

Many

books have been written about welfare reform, and the issues involved go far beyond what could be discussed here. I shall concentrate only on some general attributes of welfare restructuring directly relevant to poverty and inequality.

The key elements of a third way approach to welfare reform are by now well-established. A focus on social exclusion is of prime importance. The notion of social exclusion has come under attack from some on the left, who see it as a means of trying to sweep uncomfortable facts under the carpet. They talk of exclusion when what we really mean is poverty and deprivation? In fact the idea of social exclusion wasn't invented by third way thinkers or politicians, but by UNESCO and EU researchers. They had a clear rationale for introducing the concept. Social exclusion directs our attention to the social mechanisms that produce or sustain deprivation. Some of these are new, such as the declining demand for male unskilled or semi-skilled workers. Others derive from the welfare state itself (like poverty traps) or from social engineering that went wrong. The most notable examples of the second of these are estates on the edge: housing estates built to help alleviate poverty, but which have instead become areas of social and economic desolation.

Although it isn't often used in this way, I

think it is worthwhile talking of social exclusion at the top as well as at the bottom of society. Here again we aren't just describing differences in degree: some people being richer than others, but mechanisms of social separation. As with the deprived, this may take the form of physical separation: such as gated communities. But its most important manifestation is the withdrawal of elites from their social and economic responsibilities, including fiscal obligations.

Social exclusion at the bottom is not the same as poverty. The majority of those who are poor at any one time would not be ranked among the excluded. Exclusion contrasts with being poor, deprived, or on a low income in several ways. It is not a matter of differing from others in degree having fewer resources but of not sharing in opportunities that the majority have. In the case of the worst housing estates or urban neighbourhoods, exclusion can take the form of a physical separation from the rest of society. In other instances it may mean a lack of access to normal labour market opportunities. The deprived are losers but the excluded do not even take part in the game.

Exclusion should not be used as a synonym for poverty or deprivation, even if they shade into one another. It refers to circumstances that affect more or less the entire life of an individual, not just a few aspects of it. As with other situations of poverty, however, it is important to see that to be excluded is not always the same as being powerless to influence one's circumstances. The social and economic factors that can lead to exclusion are always filtered through individual reactions and how they react to problems that confront them. The new social contract, tying rights to responsibilities, has to be built into the welfare system. The catch-phrase of the American New Democrats, that welfare should offer a hand-up, not a hand-out, takes on flesh in the emphasis placed upon labour market reform and job creation. Tax payers are certainly not getting a good enough return on their investment if large sums are being spent to support those out of work when they could be redirected to education and health care. This consideration reiterates the fundamental importance of dynamic labour markets, that permit good access to jobs. Third way politicians are right to place a prime emphasis on the labour market in welfare reforms, building on the experience of countries that introduced active labour market policies early on. Such reforms need to be conjoined to other strategies of job creation.

The jury is still out on the effects of the welfare reform act of 1996 in the US, the central part of Bill Clinton's aim to end welfare as we know it. On the face of things, the results are encouraging. By 1998 nearly two million people who had been receiving welfare benefits were in paid work. The proportion of people having welfare assistance went down by 27% over that period. The reality is probably more sobering. In some states in the US where workfare schemes have been introduced, only some 30% of people who found jobs were still in them two years later. For some, the problem is social exclusion people caught up in a cycle of violence, deteriorating family relationships, drugs and alcohol. Others haven't received sufficient education or training to move up a jobs ladder, or to change jobs successfully.

To respond actively to such problems, government needs to be involved across a broader front. The marked element of compulsion in the American system is unlikely to be copied by social democrats elsewhere. Other models of flexibility are available, at least some aspects of which might be capable of generalisation. Although they have their limitations, the Dutch welfare reforms show that it is feasible to combine flexibility with high levels of training and retraining, and with a reasonable degree of worker security. About half the jobs generated in Holland from the early to middle 1990s were part-time, but three quarters of the workers in these jobs have training qualifications. A va

riety of other forms of structured flexibility can be contemplated. One example is the idea of job rotation. When a worker leaves his job, it is kept open for a maximum of a year. He or she can use that year to gain a qualification proposed by the employer. The state guarantees a training and living allowance, fixed at a proportion of the workers current net pay, funded by savings in unemployment benefits.

Policies designed to counter social exclusion won't be successful if they aren't directed to the changing character of the life course with the development of the new economy. We should be prepared to be experimental here. As Richard Freeman has remarked, Excepting radio talk show hosts, nobody claims certainty about what new policies we need. And given our fundamental uncertainty about how the new economy works, nobody should. At present, most social programmes deal with overall categories of people, such as the unemployed or the homeless. But this approach is not particularly useful, since there are such large variations in how long periods of poverty last, and how they are experienced. One possibility might be to have different policies in relation to duration. For instance, it has been suggested that government loans could be given to those who are temporarily poor, and people who move in and out of poverty repeatedly. Their needs are quite different from those of the long-term poor.

Another possibility might be to shift redistribution forward in the life course, concentrating upon the young. The virtues of child allowances, parental leave, day care provisions and expenditure on pre-school education have been well-demonstrated in the countries that have them. Other asset-based transfers are worth considering, however, such as that every young person might receive a voucher after leaving school that could be redeemed in further education or training.

Wherever possible investment in human capital strongly suggests an enabling approach to social policy building upon the action strategies of the poor. Such an approach also fits closely with the wider third way themes of initiative and responsibility. The finding that most welfare claimants are much more active than was previously believed might be thought to imply that support should be reduced. The real conclusion that should be drawn is the opposite the fact that most claimants actively look for ways to become independent shows that investing in them pays.

The same point applies to those who have no chance of getting from welfare to work children, the disabled or sick, the elderly and others. There should be no suggestion that they should be penalised as part of the transition from passive to active welfare policies. But it still makes sense to help mobilise their action potential and reduce dependency. Social policy in some such contexts has to be connected to other policy endeavours such as improving facilities for the disabled and reducing prejudices felt toward them.

Combating social exclusion

The first researcher to concentrate upon the life cycle in relation to poverty and inequality was closely involved with the policy initiatives of the New Democrats David Ellwood, a Harvard Professor who worked with Bill Clinton's welfare reform initiative. Besides collecting time-series data for the initiative, Ellwood directly studied welfare offices and interviewed welfare officials and recipients. The welfare system, he concluded not only

y in the US, but in Europe too concentrates on the who of poverty, not the why. One welfare recipient said, I've been on and off welfare for ten years. I've been in and out of the welfare office dozens of times. Never once in that entire ten-year period did anyone ask me what I always thought would be the first question, What's the problem, how can I help you? Instead they say, What's your income? How many kids do you have?

Research is starting to tell us more about the why. In studying social assistance claimants in Germany, Lutz Leisering and Stephen Leibfried distinguish several different modes of responding to poverty. They stress that coping strategies have to be looked at broadly: living with poverty is about more than only being poor.

Only a limited number of people, they say, experience poverty as victims. These are individuals who feel trapped in poverty, particularly as a result of long-term unemployment. They have found it impossible to get a job, and have given up looking. Since they can't find a way forward through their own efforts, they accept dependence on welfare benefits. Their encounters with the welfare system serve to confirm their feelings that they cannot achieve anything on their own.

Those whom the researchers call survivors develop more active social assistance careers. Long-term unemployment is the main problem for this group too. Unlike the victims, however, their relationship with the social assistance agency has not become problematic. They manage to deal with some of their difficulties, and keep the hope of finding a job alive.

Pragmatic copers treat social assistance as a means to wider ends. They are pursuing life goals over and above adapting to limited economic resources. Unemployment is less significant for those individuals who are facing problems such as marital separation, and single parenthood. They put up with the restrictions of claiming, and their dependency on the welfare agency, without too much difficulty.

People who actively sustain more long-term ambitions are biographical copers. They plan for the future, and are prepared to change their attitudes and strategies to pursue their goals. For example, one woman the researchers interviewed left her alcoholic husband following the birth of their second child. She planned to take up vocational training as soon as her children were old enough, and found that social assistance gave her a degree of autonomy she had not had before. She was later able to pursue a highly successful career in education.

Strategic users have a more instrumental attitude still. They deploy social assistance as one resource among others to achieve a certain style of life. For them, claiming is almost wholly unproblematic, a means of income that can be supplemented by other sources, illegally in some cases. They may have chosen to be unemployed, at least for a period, in order to pursue other concerns or interests. All of these groups, Leisering and Leibfried found, were internally quite heterogeneous. The new insight is that poverty has many faces.

Leisering and Leibfried speak of Germany as a 70-20-10

society and, allowing for variations in these percentages, much the same label could be applied to most other industrial countries. 70% of the population have never been poor, 20% have or will be occasionally in poverty, while 10% are poor in a more chronic fashion.

Taking a dynamic, life chances approach to ine quality means above all ensuring that poverty isn't a permanent condition. We need to minimise situations where either poverty brings about social exclusion, or social exclusion causes chronic poverty. Social exclusion does not refer only to lack of material resources, but to exclusion from participation in wider society from the chance of having a good job, social respect, social acceptance, and a framework of effective life goals. How far forms of social exclusion become operative in a society depends a great deal on wider social and economic circumstances. But it also depends upon the coping strategies of individuals and groups, and upon the conduct, reactions and attitudes of others, including those involved in state agencies.

The new poverty research drives home the fact that countering social exclusion means tackling inequality on a wide front. The life circumstances of others than the immediate poor need to be improved or protected, because otherwise short-term periods of deprivation can become more permanent. Those at risk include people in apparently secure jobs and social positions that might once have made them relatively immune. A woman might be only a divorce away from impoverishment, perhaps along with her children this could be true even if she were the instigator of the divorce.

People living more or less permanently on low incomes, especially when only one member of a family is working, are vulnerable. Their difficulties may stem not so much from the threat of unemployment as such, as from their inability to build up a stock of savings should things go wrong. They may have no capital assets at all, and can become pushed over into poverty should they face even relatively small crises.

Some such groups on the edge of poverty are caught in a low-pay, no-pay cycle getting into low-paid jobs does not result in stable employment. This fact suggests that policy-makers should place more emphasis on how people develop from their first job. Policies relevant to such an objective could involve counselling for career development, plus interventions in local labour markets. These interventions would need to focus upon specific features of low paid jobs. For instance, to employers low-paid jobs might signal low productivity and hence disposable labour. Some low-paid jobs might have the effect of de-skilling people. Government provided assistance or incentive schemes could help meet such problems.

The long-term poor Specific help is needed for the long-term poor, but as with welfare provision more generally it isn't necessary, or desirable, that it should come only from government. Innovative policies are likely to involve a mixture of agencies. Consider as an example Michael Porter's work on the competitive advantage of the inner city. Most European cities have not experienced a flight to the suburbs on the part of the more affluent, as the US has. Yet, particularly where immigrant populations are involved, many of the same problems of inner city decay and criminality appear in Europe.

Lo

oking at different cases from across the US, Porter shows that, in spite of the deployment of considerable government resources, efforts to establish a sustainable economic base in the inner cities have not been successful. Support for the inner cities has mostly consisted of welfare programmes, housing subsidies, food stamps and other piecemeal provisions. Intervention directed at promoting economic development has normally sought to assist small businesses, or foster services oriented to local neighbourhoods.

Some such endeavours are unquestionably not only useful, but essential.

Yet they don't provide an effective overall strategy for development and renewal. To forge such a strategy, Porter argues, we should take a radically different approach. Inner city business could and should be positioned to compete on regional, national and even international markets. We should seek to redistribute wealth by means of creating new wealth.

What competitive advantages do inner cities have that might be turned to such ends? Porter identifies four: strategic location, local market demand, integration with regional clusters, and human resources. Inner cities sit in geographical areas that should be prized: think of the proximity to the East End of London to the financial centres of the City. Market opportunities are present because, at a time when other markets tend to be saturated, inner city markets are poorly served: in retailing, banking, or personal services, for example. Average incomes may be low, but because the density of population is usually high, there is substantial spending power available.

Capitalising on major regional

clusters offers inner city areas access to competitive companies and resources. Porter believes that this is one of the most significant, yet unexploited, sources of local economic growth. Where there are developed industries nearby, companies providing supplies, components and support services could be created to take advantage of the proximity of the inner city to nearby customers. Most inner city residents want to work, and are industrious. It is a myth that the only entrepreneurs in inner cities are drug-dealers. Local entrepreneurs are already active in the social sector. They can use their expertise to develop economically competitive enterprises as well as social ones.

Obviously there

are many barriers to inner city development too: a low level of communications, high material costs, poor security, lack of employee skills, limited access to debt and equity capital. Like Moss Kanter, Porter looks to new forms of collaboration between business, government and the non-profit sector to overcome some of these problems. Government needs to contribute, but should also recognise that its own initiatives can inhibit needed changes. Government resources should be used to provide extra security, help refurbishment and environmental cleanup and other investments that create an effective economic milieu.

Social

exclusion at the top

Coping with social exclusion at the top is just as important as efforts to counter poverty. It is as complex too. The rich are no more of a homogeneous category than the poor. Moreover wealth, like poverty has to

be considered in life cycle terms. The rich includes families with long-standing wealth, captains of industry, investment bankers and shareholders, rentiers, celebrities and sportsmen, among many others. Some may have become affluent early in life, others much later. People who have been wealthy might lose some or all of it, or hover around the edges of wealth, however that be defined. Wealth as much as poverty has many faces.

In seeking to limit social and economic polarisation, therefore, no single strategy will do. Policies, including the adjustment of taxation systems, need to be tailored to context. Yet we can fairly easily identify some of the main questions involved. Among the more important are how to contain sheer economic inequality, how to promote a sense of civic obligation and commitment, and how to prevent social mechanisms of exclusion from developing.

Progressive income, wealth and inheritance taxes, plus incentives for philanthropy, as noted before, must play a basic role so far as the first of these issues is concerned. But for some groups of the wealthy, other taxation issues are just as relevant such as those governing stock options, tax expenditures or tax havens. In addition, with intensifying globalisation there seem to be new sources of economic inequality at the top in some contexts, and these are not easy to counter. One is the expansion of winner-take-all markets.

Winner-take-all markets are structural. They are not the same as the use of corporate power to accumulate personal rewards. The winner-take-all effect comes from the fact that small differences at the very top in labour markets are highly consequential.

A star tennis player may be only slightly better than his or her rivals, but that small difference produces vastly greater earning power. A champion on the world professional tennis tour can earn millions; someone ranked fifty places below, who is nearly as good, might struggle to make a living from the game.

Government cannot and should not do much about winner-take-all markets when they operate appropriately. But they do not always operate appropriately. There is little public resentment against the earnings of sports stars, presumably because people accept that there is open, non-monopolistic competition. They do not see things quite in the same way when the directors of large corporations are paid vast salaries. The intuition of the public is surely correct. Directors of companies can use their position to reward themselves economically, and corporate salaries by no means always correlate closely with the actual performance of firms.

It is in principle, and to a large degree in practice, possible to disentangle winner-take-all effects from the influence of monopolistic power or, not to put too fine a point on it, boardroom greed. The winner in competitive sports gives evidence of his or her worth by the very fact of victory. Comparable evidence should be demanded in the spheres of finance and industry where possible, by government, and where necessary, by shareholder activist groups. Boardroom rewards should correspond to the success or otherwise of companies.

The originators of the idea of winner-take-all markets, Rob

ert Frank and Philip Cook, suggest a number of further ways of limiting the inequalities that winner-take-all markets create. One, that converges with developments in the field of taxation suggested earlier, is progressive consumption taxes. Progressive consumption taxes make entry into winner-take-all competitions less attractive, thus limiting the inequalitarian outcomes. A progressive consumption tax could be constructed to be in effect a luxury tax. Social and cultural factors, however, are also relevant. Derek Bok, for example, lays emphasis upon the social ratification of greed that was fostered by the ideological climate of neoliberalism in the 1980s. As we move away from a neoliberal outlook, it may be that such cultural attitudes will fade too especially if combined with tougher controls.

The civic concerns of elites are plainly not separate from questions of taxation; avoiding taxes, or pulling out all the stops to pay as little tax as possible are at the same time evasions of civic duty. However, obligation and commitment go well beyond fiscal responsibilities. Those moralists who make extensive civic demands upon welfare recipients would do well to make them also of business leaders and other elite groups. A social contract of mutual obligation, as emphasised earlier, must stretch from bottom to top. Many business leaders do not act as full citizens, since they ignore the social outcomes of their business decisions. Benjamin Barber speaks of this as corporate schizophrenia. As he puts it, the wall between public and private sectors has insulated corporations and their personnel from civic responsibility and allowed this corporate schizophrenia to insulate their men and women, whether employers or employees, from their obligations as citizens.

Acceptance of civic

obligation is not in turn separate from social segregation inhabiting a private and exclusive world, separate from the experience of the majority of the population. How can this situation be prevented? There is one main way, and that is by making sure that public institutions remain legitimate, robust and effective including effective welfare reform. A tiny elite of the extremely rich will no doubt always live in its own world. More important for social concerns are again the merely affluent. If state schools and medical services, are good, city centres kept refurbished and crime contained, the motivation to retreat on the part of those who can afford to do so will be much less.

Conclusion

The distinctive qualities of a third way approach to inequality are easy to summarise. Such an approach concerns itself both with equality and pluralism, placing an emphasis on a dynamic model of egalitarianism. It focuses primarily upon equality of opportunity, but stresses that this also presumes economic redistribution. It seeks to respond both to changing influences upon inequality as well as to its changing patterns. The state, including the welfare state, it is argued, do not just react to inequality and to poverty they enter into the life circumstances of individuals and groups involved.

The restructuring of welfare

systems should have several ends in view saving on costs where necessary, but also reacting to new social and economic conditions and coping with the perverse outcomes to which the welfare state has given rise. Social and economic policy can no longer be treated as though they were in separate compartments. Social spending has to be assessed in terms of its consequences for the economy a

s a whole one of the reasons for the prominent role given to welfare to work policies.

Social exclusion should be examined and reacted to both at the bottom and the top. Redefining inequality in relation to exclusion at both levels is consistent with a dynamic view of deprivation and privilege.

Chapter Five: Taking Globalisation Seriously

As a globalising political philosophy, third way politics should look to promote further global integration, in full cognisance of how difficult this may be, and without being naive or sanguine about the possibilities before us.

Modernising social democrats have to come to grips with the transitions taking place in world society. Since the advance of globalisation is so much stronger than it has been before, it makes sense to suppose that the global order is different from the past. The very name and definition of international relations has become outdated, as most scholars in the field now stress.

Nations

states remain the most important agents on the international scene. The turnover of the biggest multinational companies might be bigger than the GDP of most states, but nation states are still generically much more powerful. The reasons are that they control territory, whereas corporations don't; they can legitimately wield military force, whether individually or collectively; and they are responsible, again either individually or on a collection level, for sustaining an apparatus of law. Yet the global system cannot today be described or analysed just on the level of nations, because nations and their claims to sovereignty are being so radically reshaped. In addition to the powerful influences of the global marketplace and new communications technology, there is a groundswell of globalisation from below, involving many millions of ordinary people as well as organised groups of all kinds. An infrastructure of global civil society is being built by these changes. It can be indexed by the growing number of nongovernmental organisations. In 1950, there were only two or three hundred. Now there are more than ten thousand and the trend is still sharply upwards.

What

What kind of global developments should third way activists seek to promote? Abstractly, the answer to this question is the same as on the level of local or national society. A healthy global order would achieve a balance between government, the economy and civil society. As long as these are out of kilter, world society will remain unstable. We do not have an effective balance at the moment. The global economy, and accompanying processes of technological change, are swamping nascent forms of governance, which need to be much strengthened. In many countries, and some regions, there is as yet no developed civil society, and hence little democracy; there is also little chance of effective economic development either.

Modernising social democrats should encourage international collaboration to advance on several fronts. We need more effective regulation of the global economy, including environmental regulation and the pursuit of global social justice; the strengthening of institutions of global law; and the development of democracy above the level of the nation state.

In a speech given in Chicago in April 1999, Tony Blair stated, on behalf of third way social democracy, we are all internationalists now, whether we like it or not. We can not refuse to participate in global markets if we want to prosper. We cannot ignore new political ideas in other countries if we want to innovate. We cannot turn our backs on conflicts and the violation of human rights if we still want to be secure. He was surely right in these emphases. If we take globalisation seriously, as certainly we must, national policies have to become more thoroughly integrated with global perspectives.

There are four basic areas where global institutions need to be strengthened or further developed : the regulation of the world economy, global ecological management, the control of warfare and transnational democratisation. All pose formidable problems, but in each area growing global integration suggests feasible solutions or approaches.

Global economic governance

Economic globalisation, by and large, has been a success. The problem is how to maximise its positive consequences while limiting its less fortunate effects. The overall success of economic globalisation isn't difficult to confirm. Over the last twenty years, in spite of the high levels of unemployment that exist in some countries and regions, the absolute amount of employment in the world has grown dramatically. The global labour force grew by some 630 million between 1980 and 1994, far outstripping population growth.

In this period, the Chinese economy alone generated more than 15 million new net jobs per year. In spite of recent setbacks, the rapid economic development of the Asian economies has lifted millions of people out of poverty. The improvement in living conditions that has been brought about is shown by improvements in infant mortality and life expectancy. Infant mortality in South Korea was 62 per thousand in 1965, but only 12 per thousand in 1994. Life expectancy rose from 54 to 71 years. In China, the comparable figures were 90 per thousand in 1965, and 30 per thousand in 1994. Average life expectancy in China rose from 47 to 69 years. As Mauricio Rojas says, what the unparalleled advances of the past 30 years have shown is that our new global economy has an enormous potential, that there is an alternative to poverty and underdevelopment, that the thing now is to transform more and more countries into dynamic parts of this expansive economy.

Yet, the world cannot afford a repeat of the East Asian crisis with all the knock-on consequences it has had in Russia and elsewhere. That crisis was not a unique one, although it was the most far-reaching. It followed earlier financial crises in the 1980s in Latin America, the European exchange rate difficulties of 1992 and the Mexican bond crisis of 1994.

The common thread

in all of these was the volatile nature of capital flows. What happened resembled financial panics of earlier times, but took place with greater speed, scope and intensity because of the instantaneous character of global market reactions today. It isn't only that there can be a sudden surge of capital out of a country of area capital can rush into favoured hot spots as well. Both processes have undesirable effects. The damage produced by rapid outflows of capital has been evident in each successive crisis. But surges of capital inwards can also have destabilising effects, leading to the overvaluation of exchange rates, rising property and asset prices and a bubble economy.

Several sorts of policy

measures could be taken to stabilise the global monetary system. Each is provided for only to a very limited degree existing institutional arrangements.

O

ne is the development of appropriate regulations providing for surveillance of financial intermediaries. As others have also suggested, a specialised agency might need to be established a world financial authority. Its main task would be the management of systemic risk in the world financial economy. It should also contribute to developing rules for international financial cooperation. The main capital flows that need further regulation, and seem to have been implicated in each of the recent crises are short-term bank loans, portfolio flows such as hedge funds and derivatives.

A second is the provision of official international liquidity for specific countries or financial markets, with particular attention given to creating an adequate lender of last resort. Response to a currency crisis needs to be fast, since even in two or three weeks major damage can be done to an economy or economies on the receiving end. One suggestion is that a country's right to borrow could be established in advance. The country could draw on this resource only if a crisis occurred, but could do so immediately.

National economies have a lender of last resort, in the shape of a central bank. The global economy urgently needs some parallel institutions too. At present such institutions simply do not exist. While the IMF has become increasingly important, it cannot create unlimited liquidity, and only lends conditionally. The ultimate aim should surely be to set up a global central bank. But in the meantime it may be possible to perform some of its functions with less ambitious organisations. A revised and expanded IMF could work alongside a facility for more broad-based lending.

The third element is provision of orderly, official channels for the workout of debts. The scale of recent rescue packages from the IMF in Asia and elsewhere has given rise to serious problems of moral hazard. Where it is accepted that a country which gets into financial difficulties will be bailed out, investors are likely to adjust their assessment of risk accordingly, as might that country's government. Means need to be found to ensure greater risk-bearing by private investors, as well as involving the private sector early on in processes of crisis resolution. Various possibilities exist. Bonds issued in sovereign offerings could incorporate contractual changes giving debt-holders rights or representation in the event of a crisis, and require a sharing of repayments among creditors. Where a temporary suspension of payment is allowed, cooperative and orderly restructuring, with appropriate

e reforms, could be made a condition.

The steering mechanisms for the global economy that exist at the moment are heavily imbalanced towards the richer countries in G7, G8 and G8. Brazil, which has a GDP of some \$800 billion, has less formal power than Sweden, with a GDP of well under a third of that figure. A new grouping established in September 1999 will redress the imbalance somewhat.

The new grouping, GX, includes the G7 countries together with China, India, Brazil, Russia, Mexico, South Korea, and South Africa. It is at least possible that GX could become the most significant institution for overall global economic steering. GX will have a permanent status, and will coordinate its work with G7 and the IMF.

The gap between the richest and poorest countries in the world is huge. It has continued to get larger. Over the past thirty years, income per capita in the developing countries on average has grown faster than in the industrial societies. But the countries at the bottom of the economic scale have had growth rates that are either zero or negative. In 1965 the average income per capita in the G7 countries was twenty times that of the poorest seven countries. By 1997, it had become nearly forty times as much. To find a true economic comparison, these figures have to be adjusted for the differences in the cost of living, which brings down the differential considerably. But it is still very high.

Social democratic leaders should collaborate to declare a global war on poverty for the first twenty years of the new century. Ideas such as a Tobin tax on financial transactions should be properly examined and debated.

An onslaught on poverty would demand large scale investment in human capital and infrastructure, linked to social and political criteria as much as economic considerations. Even were they possible, large social transfers of cash to the poorer nations would make quite a small impact on their own. It has been calculated that, if 75% of the income per head of the developed societies were redistributed, the average income in the poor countries would only go up by 20%.

Most of the problems that inhibit the economic development of the poorer countries don't come from the global economy itself, or from self-seeking behaviour on the part of the richer nations. They lie mainly in the countries concerned themselves in authoritarian government, corruption, conflict, overregulation and the low level of emancipation of women. Mobile investment capital will give such countries a wide berth, since the level of risk is unacceptable.

It is difficult indeed to make breakthroughs where such circumstances take the form of a vicious circle of deprivation. Resources coming from the outside can help trigger the necessary indigenous changes, and if correctly invested offer the chance of development for even the most deprived. Directing investment to human resources, promoting active supply interventions, and coupling these with structural changes in state and civil society these are even more crucial in the less developed countries than in the more economically advanced ones.

Overseas aid can help, especially where used as a stimulus to internal reform. When private investment flows were at their height, many came to consider direct development assistance superfluous. Following the Asian crisis, however, investment t

o developing countries all but dried up. Building the infrastructure necessary for democracy and an effective market economy demands aid provided and supported by overseas governments.

Aid has been successful in the past provided certain basic conditions are met. It must be used in conjunction with domestically sound social and economic policies, and it must reach groups able to promote these policies. As World Bank statistics show, in such situations 1% assistance in GDP translates into an equivalent percentage decline in poverty and infant mortality. Moreover, given these provisos there is no evidence that aid crowds out other sources of finance. On the contrary, investors tend to be reassured if reform processes go hand in hand with foreign aid.

These points imply that aid should be channelled towards governments and other agencies that show commitment and expertise in working for the disadvantaged. A shift in world aid spending patterns would help, directed to poor countries that against the odds have begun to build effective government and the conditions for market exchange to flourish. Examples include Mozambique, Mali and Bangladesh. According to E. To E. than Kapstein, if all donor countries made such poverty efficient distributions of aid, 80 million people a year would be lifted out of subsistence poverty. Even existing allocations of aid, which are low and badly targeted, have this outcome for 30 million people each year.

Some worthwhile initiatives are being made. In September 1999, the richer countries agreed to write off much of the money owed to creditors by the world's poorer societies. The British finance minister, Gordon Brown, spoke of forming a worldwide alliance against poverty in the new century. It was proposed that a coordinated attempt be made to meet the UN target of halving world poverty by 2015.

Ecological modernisation

It used to be assumed that economic development and sound ecological management are incompatible. Applying strict environmental standards seemed to mean that businesses must shoulder the costs for ecological improvements; these costs produce higher prices and a loss in competitiveness. Ecological agencies and industry seemed inevitably in conflict. Where the arguments are framed in this fashion progress on environmental quality [becomes] a kind of arm-wrestling match. One side pushes for tougher standards; the other to roll them back. The balance of power shifts one way or the other depending on the prevailing political winds.

The new orientation towards ecological modernisation takes a quite different tack. An ecologically sophisticated outlook can promote innovations that allow companies to function more efficiently, enhancing resource productivity. There are many examples. Thus in 1992 Greenpeace in Germany endorsed an environmentally safer agent for cooling refrigerators than was then generally in use.

The organisation backed a commercial product for the first time in its history, and even ran an advertising campaign for it. The system proved cheaper and more effective than the existing alternatives and later most producers made the shift to the same technology.

Another illustration comes from the Dutch flower industry, where until recently intensive methods of cultivation, using pesticides and fertilisers, were contaminating the soil. The producers then introduced a closed-loop system, in which flowers grow in water and rock wool rather than soil. Product quality was improved and handling costs lowered, improving the competitiveness of the industry.

Of course, in many cases there is no such virtuous circle, but there is reason to suppose that it applies more often than not. Pollution is ecologically hazardous, but is also a form of economic waste; waste is a sign that resources have been used incompletely or inefficiently.

In addition, waste usually generates add-on costs, since additional cleansing procedures have to be carried out that create no extra economic value. Ecological programmes have normally concentrated on pollution control; in place of this, more advanced regulators and businesses are using methods that prevent or limit pollution before it occurs. Environmental hazards are seen as reflecting inefficient design, not as inevitable by-products of processes of manufacture.

The waste industry exemplifies the changes that need to be made. Thus in the UK 435 million tonnes of waste is disposed of every year. Only a small portion is domestic waste. Some 85% comes from commercial and industrial activities. Much of this is simply processed and buried. The whole industry, however, is becoming transformed. Thus technological developments make it much cheaper to produce newsprint from recycled paper than from wood pulp. Glass factories are now able to use some 90% recycled materials. Not just companies, but whole industries are actively pursuing the goal of zero waste. Toyota and Honda have reached a level of 85% recyclability for the car parts they use. Waste is no longer waste, but a resource for industry and a driver of innovation.

Significantly, some of the major contributions to recycling have come from the areas of IT industries, especially Silicon Valley in California. In principle, the knowledge economy has quite different environmental implications from the industrial one. Industrial manufacture used to be resource intensive like the agricultural economy that preceded it. In the new economy, economic development no longer means using more physical resources to produce more. It means instead producing more with less.

Some have suggested that with the advent of the knowledge economy, it will be possible to produce twice as much, using half the material resources we do at the moment. The principle of factor four applies even within the computer industry itself. Hard-disk drives made some five years ago use ten times more energy than more recent ones, which are actually more powerful. Small computers which use only a few watts can be as powerful as 150 watt desk-top computers. Most computers are unused for about 90% of the time when they are switched on. The introduction of device that puts the computer into hibernation until it is needed again saved some 70% of the energy required, and the life of the computer extended. Before this and other innovations, desk-top computers needed fans to cool them. Once the power supply and the chips it ran became more efficient, the fan could be dispensed with.

Technological advance in these instances appears as a positive force, but plainly this isn't always

so. The development of science and technology is deeply bound up with questions of risk. Risk is a distinctly double-edged phenomenon. It is the source of economic energy and of most forms of innovation, including those of a scientific or technological kind. Yet by its very nature it presumes the possibility of harmful consequences. Now that the pace of scientific and technological evolution in some areas has become so fast, we have to cope with risk situations that are different in character from those of the past.

Take as an example one of the most momentous forms of technological development happening in current times the merging of information technology and biology. For three or four decades, developments in computers and telecommunications ran separately from those in the life sciences. These are now beginning to fuse into a single body of knowledge and technology, linked to new economic opportunities. Genetic resources can be exploited for social and economic ends by using recombinant DNA techniques. The mapping of the 100,000 or so genes that comprise the human genome, together with developments in genetic screening, makes possible even the alteration of the human species itself. The globalising of science means that these innovations are not confined to any one country.

Any genetically engineered product that can reproduce poses potential dangers to natural ecosystems. The area where this has been most discussed so far is that of genetically modified foods. Those who say that current techniques are simply an extension of earlier forms of cross breeding are wrong or disingenuous, since for the first time a variety of transgenic crops can be produced.

The issues involved in responding to such innovations are not essentially different from those that figure in more familiar areas of environmental debate. All are strongly influenced by globalisation. Global warming and the depletion of the ozone layer are other obvious examples of ecological issues that are world-wide in their scope and consequences. If global warming is actually happening and the majority of scientists now think it is it will affect all continents. The thesis of global warming remains difficult to assess, partly because it is difficult to measure, and partly because detailed monitoring of the earth's climate has only been carried on over the past two or three decades. The consequences are also extremely hard to predict with any precision, because of the complex character of the interaction of temperature change with other aspects of climate and other ecological systems, and because there are so many unknowns. The shrinking of the ozone layer has a number of similar features. Apart from its implications for human and animal health, it may have diverse consequences of other kinds.

As the progress of science and technology accelerates, we have to get used to dealing with such new risk situations risks that have little precedent in prior human history. These situations have some distinctive features. We can't make risk assessments in an actuarial way, since there is no prior time series to go on. The very existence of risk is likely to be disputed, let alone the ramifications that might stem from it. Thus although most climate scientists now agree that global warming is happening, and that it has human origins, there are some who dispute both these claims.

Government can't stand outside processes of risk assessment

assessment, and the provision of information about them, on the basis that such decisions need to be left to the experts. The experts themselves will normally be divided about what the risks are. Public authorities have to be responsible for deciding not just how to respond to new risk situations, but just when and how to announce that they exist, as well as how they should be debated. If the authorities proclaim a particular risk too early on, and that risk either turns out to be non-existent or lower than was originally imagined, the government will be said to have been scaremongering. Where, on the other hand, the authorities wait too long to do so, they will be accused of a cover-up. There is also the phenomenon of information exhaustion. The risks associated with global warming, for example, have been so widely propagated that people may become weary of hearing about them, and hence desensitised about the dangers involved.

Some environmentalists argue that the most effective response to ecological risk is the adoption of a precautionary principle. Like sustainable development, the idea is often stated only in a vague fashion. Sometimes it seems to imply a generalised hostility to science and technology as such. More rationally, it means either taking action before risks are conclusively established, or resisting developments that contravene nature. The first of these plainly is often necessary. We have to act to counter global warming for example, even though its existence has not been conclusively demonstrated. The second, however, is incoherent. It is too late to stay close to nature, even if we should wish to, since so much that happens in the physical environment today is the result of our own interventions, intended and unintended. Take the controversy over genetically modified foods. Those who are opposed to them feel such a level of interference with nature GM crops involve is unwarranted, since we don't know in advance what the consequences will be. Yet genetically modified foods offer potential benefits that have to be brought into the equation, and which it is foolish simply to write off. We are always forced back on risk assessment the balance of dangers and benefits that scientific and technological development offers.

One way of pragmatically assessing risks that has the advantage of being coupled to a response mechanism is in terms of liability. Who is to provide cover if technological innovation produces harmful consequences? At the moment, risk and liability are for the most part separate. For many ecological risks, government is assumed to be the insurer of last resort. A more effective approach would be for the innovators to be obliged in law to accept greater liability for what they do. Companies that produce and design GM foods could be made liable for environmental or health damage they might cause as to a limited extent extent they already are. Since insurance companies are reluctant to cover risk with so many unknowns, a brake would be put on irresponsible practices.

More generally, however, we should seek to democratise science and technology, as part of the project of democratising democracy. We aren't used to treating ecological questions under the rubric of democracy, since problems to do with science and technology are supposed to be resolved by experts. The result of the ever-more pervasive influence of scientific and technological development upon our lives, however, is that science can't be left to the scientists. Democratising such development has to be a major preoccupation of third way politics.

As with m

any other issues, the democratising of science and technology cannot happen only on a national level. The state, however, can have an important role; and such a change can in turn contribute to its own restructuring. As in other areas, governments need to work with social movements and special interest groups, in an open dialogic fashion. Expertise needs to be demonopolised, and negotiating between decision-makers and experts turned into a public encounter, involving a wide range of people. It is not good enough to do this only after the event, as happened in the UK both with the BSE crisis and the controversy over genetically modified foods. Regulatory bodies should be in place that track scientific and technological developments, with a view to anticipating the public debates that should ensue. They should play a part in making those debates informed and accessible, as well as situating them in the wider framework of democratic institutions and the law.

Ecological issues, of course, reflect global inequalities. An easy means of demonstrating this is by adjusting population figures to reflect energy consumption. The population of the United States, at some 250 million people, is a long way behind that of India and China, with 900 million and 1100 million respectively. If population is adjusted by consumption, however, the figures are entirely different. In terms of consumption-adjusted population, the US exceeds India and China combined by 70%.

The theme of ecological modernisation, however, is relevant on a world level as well as a national one. It does not follow that because the developed countries have caused a great deal of ecological damage, less developed ones must go through the same process in order to achieve economic growth themselves. High rates of economic development in the future for poorer countries as well as richer ones might depend increasingly on technologies that are intrinsically non-polluting, or which involve a high degree of recycling.

Moreover, the relation between environmental damage and level of economic advancement is complicated. Some forms of environmental pollution decline with rising living standards, such as the level of suspended particles in urban air. Certain other types of environmental damage seem to follow a u-curve. In the early stages of economic development there is a deterioration in ecological quality, but after a certain point there is a sharp movement upwards again.

A mixture of policy initiatives is called for to cope with these complexities. Global warming will have consequences for all countries, but the societies of the South are most vulnerable. The policy agreements that have so far been forged at a world level are insufficient and look likely to be insufficiently observed. According to the Kyoto Protocol, greenhouse gas emissions should be cut by 8% in the EU, 7% in the US and 6% in Japan early in the new century. Even supposing these targets are met, global warming is likely to continue unless more far-reaching cuts are made. The highest levels of growth in emissions are in developing countries, with China and India now contributing one sixth of the world's total.

Besides binding international agreements which recognise the needs of the developing countries, indigenous changes will need to be made. That national and local policies can also make a difference is shown by the case of Germany. Although its level of economic growth was

good, per capita energy consumption declined in Germany from 1980 to the mid-1990s, largely because of the ecologically sophisticated policies adopted there.

Social democracy and the corporations

The national and global regulation of corporate power is directly relevant to ecological problems. To push for such regulation does not imply simply trying to curb the activities of companies. Modernising social democrats should regard business, including big business, as an ally rather than as an enemy; and should often be stimulating and cultivating business opportunities rather than seeking to block them. Business groups and organisations should be actively enlisted to help create a society, on a local as well as a world level, in which they play a responsible part. Yet left of centre governments mustn't shirk confronting those interests where it is necessary to do so and it often is necessary to do so. Corporations don't, as the title of one well-known book puts it, rule the world, but we should actively resist any and every development that might cause such an assertion to come true.

Government should seek to :

1. Enforce competition policies nationally and internationally. Sometimes the global economy is offered as a rationale for why regulations on monopoly should be relaxed on the grounds that very large corporations have to compete with others of comparable size in the world marketplace.

But the net effect is to project monopoly onto a global scale. A study in the mid 1990s looked at the concentration ratios of twelve global industries, investigating what proportion of world markets was controlled by the leading five corporations. The highest ratio is in consumer durables, where 70% of the world market is in the hands of the top five companies. The top five control more than 50% in the car, airline, electronic components, electrical electronics, and steel industries. They have more than 40% of sales in the oil, personal computer and media industries.

The enforcement of national policies can have a direct effect on monopolies in transnational markets, since the large corporations have their home bases in a limited number of nations above all, in the US. Enforceable international legislation and controls are, of course, also required

2. Collaborate with third sector groups and non-governmental organisations in monitoring corporate activities, on a world-wide basis as well as in more limited contexts. Business corporations aren't the only actors to have set up global networks. Many other groups have done so too. They form a countervailing power to the multinational companies, and such power is not so imbalanced in favour of the corporations as might be assumed at first sight. In the global age, it is no longer possible for companies to hide away what they do in one part of the world from the gaze of interested groups and associations.

Consumer group

s, moreover, have the capacity to hit corporations where it hurts, by directly affecting company profits. The Brent Spar episode marked something of a turning point in this respect. The Shell Oil Company discovered that ecological groups, especially when combined with consumer sanctions, could have a great impact

on their business. Shell and other large oil-producing companies have since reversed their position on ecological concerns. They have come to see the management of ecological risk and the promotion of environmental sustainability to be issues to which they should make a positive contribution.

The recent history

of Monsanto, one of the world's biggest biotechnology companies, is also instructive in this respect. Monsanto has invested very large sums in the production of genetically modified crops, and initially had great success in the American market. Robert Shapiro, the head of Monsanto, proclaimed that the promotion of these crops in the US was the most successful launch of any technology ever, including the plough.

The reactions of ecological groups across the world, however, and of many among the general public, have severely dented Monsanto's ambitions. Hostility was particularly marked in Europe. In the first six months of 1999, US corn exports to Europe dropped by over 90%. In the US, farmers are starting to revert to traditional seeds, rather than continue with the GM ones. The US agriculture secretary, Dan Glickman, began an investigation into whether the links between his department and companies like Monsanto were too close.

Learning of this investigation, Deutsche Bank, the largest bank in Europe, recommended that institutional investors sell Monsanto shares. Shares in the company lost 35% of their value in a year, while the average value of shares on Wall Street went up by 30%. Mr Shapiro subsequently said: we forgot to listen. We have irritated and antagonised more people than we have persuaded or confidence in biotechnology has been widely seen as arrogance and condescension. He promised a much broader and more open dialogue than the company had considered necessary hitherto.

Subsequently, the company came under great pressure from analysts and investment advisers to break itself up. Many investors became convinced that the social protest its policies had provoked had so severely damaged its economic prospects that its continuation as an integrated company was impossible. While its drugs business was still highly valued on the stock market, by October 1999 the value of its agricultural chemicals business had come down to zero.

3. Foster corporate responsibility through a mixture of active encouragement, including tax incentives, plus the rigorous policing of corporate behaviour. Rogue corporations exist, as do rogue nations, and both are going to need special treatment on the part of national governments and international law. But there is no reason why responsible corporate conduct shouldn't be underpinned both nationally and internationally. Responsibility is a wide and potentially vague notion, and it is obvious that companies might pay it no more than token respect. On the other hand, some corporations have led the way in promoting responsible corporate behaviour. The Levi-Strauss clothing company, for example, sought to be an industry leader in this respect. Robert Haas, the chief executive, introduced standards of practice that were to be observed in all company plants across the globe.

4. Corporate responsibility must give full weight to ecological responsibility, in the various meanings which that term carries. This prescription has to include the corporate exploitation of poorer areas of

the world. Toxic dumping has been carried on by corporations and to some extent by countries. For instance, much of the Japanese aluminium and copper processing industry has become relocated in poorer parts of South East Asia. A Japanese financed and built copper smelting plant in Leyte, in the Philippines, exists on four hundred acres of land acquired very cheaply. The emissions for the plant contain large accounts of pollutants harmful to the local environment and human health. The company avoids the much stricter environmental regulations that exist in Japan.

5. Act, and act determinedly where necessary, to keep the public spaces of civil society open, including a public sphere of communication. There are large areas of public life that should not be commercialised although having an open public sphere means that where the boundaries should be drawn can be debated. Government may often need to take the lead: parks, schoolrooms, waterways, commonland and other areas should be protected from advertising and commercialisation. Government should also initiate publicisation where necessary the return of commercialised space to public use. For example, shopping malls or large superstores are best accepted with a limited rental life-span, such that the areas in future could be turned over to different use. Communities in countries as far apart as Korea, Brazil and the US have introduced such ideas.

Media regulation is an inescapable element of the control and development of public space. There is no area where anti-monopoly policy is more important. Since the media shape public opinion, and since in democratic countries politicians must listen to public opinion, for obvious reasons it is difficult for political leaders to resist monopoly media power. But they must strive to do so, going with the grain of technological change rather than against it. Third way politics are as necessary here as anywhere else. Existing models of public broadcasting mostly involve fighting a rearguard action against change for instance, keeping a number of channels as state-run and state financed.

It may be necessary for governments to dig in their heels on these issues, to hold back commercialisation. But there is also freedom in diversity. The proliferation of media technologies now becoming available both poses a threat to existing forms of public services, and at the same time offers new opportunities. Specialised education or public information services can be carried on digital TV; interactive media offer possibilities for public debates on issues of general interest.

6. Governments should encourage corporations to adopt employee share ownership schemes where feasible, and should favour employee buy-outs of failing companies where adequate capital can be generated. In most countries, stock option plans are available far more often to directors and managers than to other employees. Yet in the US nine million employees are covered by such plans, in some 10,000 companies. Tax incentives could provide the motivation for more companies to join in. Tax breaks could be given to firms that maintain a certain level of employee ownership, or preferential access to loans be given to firms embracing ownership schemes, or to employees acquiring shares.

In the more corporatist economies of Continental Europe, employee participation has traditionally taken a different form. As these economies undergo change, however, the

ere are possibilities of using share-option schemes as a means of democratising the transition. In France, for example, privatisation has created a network of powerful interlocking companies. If a more supportive tax and legal environment were developed, some shares could be purchased on behalf of the employees of these companies, perhaps held in pension plans.

7. Corporations and unions

ould be encouraged to work together on economic restructuring in the face of technological change. Once more we need to look for new models here rather than relying on the old ones. There are situations in which management and unions are in a situation of interest conflict, and where unions need to protect the labour force from damaging corporate policies. Yet there are just as many other circumstances in which only active cooperation can offer such protection. Unions now exist in more pluralistic milieux than they used to, and should collaborate with other groups, such as third sector associations, too.

Like their membe

rs, unions now have to deal not only with employees directly, but with the need to promote employability and skills training. Unions could negotiate links for workers to the wider community, help provide access to lifelong learning and form private-sector purchasing cooperatives. If today's union leaders hope to stem the decline in their members economic security, including the loss of traditional benefits, they've got to become much more creative about how those benefits might be organised, accessed and financed. With the emergence of a very new sort of workforce that is much more independent of the employment relationship, unionists must simply get smarter about how benefits could be provided with less dependence on employers.

Underlying many of these observations is a probl

em too complex to deal with at any length in a study such as this : in the global age, what form of capitalism should modernising social democrats support? Shareholder capitalism, as practised in the US and UK, is quite often contrasted with stakeholder capitalism more characteristic of the central and northern European economies and Japan. The comparison may be a crude one, but it isn't without value. Shareholder capitalism is capitalism in its stripped-down version, with management concerned, in principle, with maximising returns to its owners. In the stakeholder model, a wider range of individuals, groups and communities is recognised to have a stake in the fortunes of the corporation. The Rhine type of shareholder system integrates corporatist coordination with worker participation on management committees.

The view of the future of capitalism

held by the neoliberal right is simple. Shareholder capitalism the Anglo-Saxon version of capitalism is destined to sweep all before it, not only in Europe, but elsewhere in the world too. It is far more fluid, responsive and adaptable to change than the stakeholder model. Some on the more traditional left, on the other hand, have turned their attention to a defence of stakeholder capitalism. Once critical of corporatist capitalism, seen as merely a token of recognition workers rights, they have come to regard it as the best way of smoothing over the rough edges of the market system. If the state can no longer aspire to take over the commanding heights of the economy, in stakeholder capitalism state institutions, in conjunction with business and unions, can continue to play a significant role.

Neither of these positions is acceptable. The idea that there is one form of capitalism towards which others will, or should, move on a global level, doesn't make much sense. A variety of different forms, varying according to culture, history and type of economy, will surely continue to coexist. Stakeholder capitalism, in its various guises in Europe and elsewhere, has too many achievements to its name to be easily relinquished, and is too closely integrated with other social institutions to be altered in the short term. From the other side, the Anglo-Saxon economies are not about to move far towards the stakeholder model.

It must be time to stop thinking of overall models to which any particular countries should aspire. Instead, some of the principles of corporate responsibility just listed can be developed, or fought for, within varying national and transnational contexts. It is quite possible that neither shareholder nor stakeholder capitalism can survive, even in the medium term.

The more aggressive forms of shareholder capitalism risk destroying the social and civic frameworks that make a capitalist economy viable in the first place. This is the core objection of third way politics to the market fundamentalism of the neoliberals. Yet along with its virtues, stakeholder capitalism tends to bring major limitations and flaws. It isn't quick enough on its feet to respond to the world in which we find ourselves. More than that, rather than being democratic, seen by the standards of an open information society it is often closed and clientalist. Decisions are taken by interlocking elites, worker involvement is nominal, banking loans are arranged through personal contacts, cartels are the norm rather than the exception. The two systems or rather the diversity of forms they contain will continue to coexist. But policies promoting responsible capitalism need to be relevant to both.

Old wars and new wars

The downward pressure for local autonomy produced by globalisation has greatly altered the composition of states on an international level. In 1983 there were 144 recognised nations in the world. By the late 1990s this number had grown to just under 200. More will certainly come into being over the next few years, as local ethnic groups and nations without a state press for greater autonomy. In such a situation, the nature of war is changing, although no one can possibly say whether or not this is happening in a permanent way. States may be multiplying, but territory is not as important to their power and prosperity as it once was, since natural resources count for less. The new sources of ideological conflict, such as those involving religious fundamentalism, for the most part stretch across, or affect specific regions within, nations. Most conflicts are likely to happen in local contexts, rather than being between nation states. Thus in the year 1997, 25 major armed struggles took place. Only one of these, between India and Pakistan, was between states and this remained quite confined; all the others were internal in character.

Mary Kaldor argues

that the wars which happened in the 1980s and 1990s differ distinctively from old wars between nations and that they reflect the changes brought about by globalisation. The conflicts that have happened in ex-Yugoslavia, for example, are not a throwback to the past history of the Balkans, but were much more of a contemporary phenomenon. The new wars are physically localised, but they typically involve a diversity of transnational agencies and relationships international TV crews, foreign advisers, UN groups and non-governmental organisations.

ns.

These conflicts occur in situations where state legitimacy has crumbled, and where there is criminality, corruption and a break-up of civil society. The aims of the warring parties are less concerned with geopolitical considerations than with aggressive forms of identity conflicts, often following ethnic lines. The beliefs, anxieties and hatreds that fuel identity struggles look back to ancient traditions, but they do not directly derive from them. Rather, traditional divisions, which may have remained latent or largely forgotten for many years are resurrected and called into play as means of focusing present-day disputes.

The warfare that occurs in such situations tends to avoid large-scale battles. The warring groups try to advance their aims via political control of the population, expelling or attacking those who are regarded as alien. In such wars there has been a marked increase in the numbers of refugees, since it is civilians who are targeted. A century ago, military casualties in wars outnumbered civilian casualties by a factor of 8 : 1. In current conflicts, this ratio is reversed. In nation state wars, the war economy was centralised and hierarchical. The new war economies are decentralised and anarchic, with support for the fighting parties coming from outside governments, drugs, illegal trade in arms, or plunder. Such war economies exist, or have recently existed, in the Balkans, the Caucasus, and central and west Africa. Through all this stalks global mass culture. Militiamen wear brand-name sneakers and sport baseball caps. The Albanians in Kosovo received broadcasts in Albania from Switzerland via their satellite dishes.

The longer term consequences of the conflict in Kosovo, as well as in other parts of ex-Yugoslavia, remain to be determined. The new interventionism has come in for a great deal of critical attack from the right, where many believe that states should be left to resolve their own problems, and from the old left, who see such interventionism as a cloak for American or Western power politics. But taking globalisation seriously means rejecting both of these positions. Globalisation has redefined the sovereignty of states, while individual rights have become the subject of an expanding body of international law. The intervention in Kosovo, which was not legitimated by the UN, and East Timor, which was, raise difficult issues of principle and practice. Yet the results of inaction were displayed in a horrific manner by the mass murders in Rwanda. The interventions undertaken by the international community thus far have at most met with limited success. Some groups have been protected or otherwise cared for, and tenuous ceasefires agreed, but there is no case where the underlying problems that caused the conflicts have been effectively dealt with. International peace-keeping troops have normally been far too thin on the ground to be able to do more than stand by when major episodes of violence unfold, and have sometimes been humiliated.

As in the case of global economic disturbances, we need to find more satisfactory forms of crisis management but the most important strategies have to concern preventing crises from occurring in the first place. Since the new wars differ from nation-state conflicts, we cannot apply traditional thinking to them. The aim of the parties involved in the new wars is political control through exclusion, and the tactics used are intimidation and terror. Hence it is extremely difficult to reestablish a framework of political legitimacy and law. External agencies seeking to set up such

a framework tend to be similarly powerless, for the same reason. Infringement of sovereignty has no real meaning in such circumstances, and is perhaps simply the wrong way to think about them. The new wars are both local and global, since there are a variety of external groups and organisations present on the scene. There is no such a thing as non-intervention, because outside involvement is one of their defining features.

The policies that might help cope with the aftermath of the new wars are the same as those that would best prevent them happening in the first place. At the moment, the main approach is to attempt to achieve a negotiated solution between the warring groups – a notion based upon traditional diplomacy. The problems are obvious. Negotiations many depend upon individuals who have been indicted as war criminals. Neither power-sharing agreements nor territorial partition provide workable solutions, while refugees are a source of continuing tension. Moreover, the warring groups have only a limited capability to enforce accords that are reached, because their power is founded upon anxiety and fear.

Pacification can only really happen if institution-building is incorporated into negotiations, drawing upon cosmopolitan principles established in international law. Spaces for the reconstruction of civil society need to be established or kept open. Kaldor gives a variety of examples. In Armenia and Azerbaijan, for instance, NGOs were able to negotiate with local authorities to set up a peace corridor, where hostages of prisoners of war were released and an effective dialogue between civil society and political agencies established. The conflict there was successfully defused. Dialogues between groups other than the warring parties themselves seem to be the key. There are actually far more cases where such processes have prevented, or put an end to, armed struggle than have culminated in large-scale violence showing that there is nothing utopian about this approach. Of course, these situations do not become a focus of world-wide attention in the way that open and protracted conflicts do.

Generalising further from such examples, we can say that the focus should not be upon peacekeeping as ordinarily defined, but upon the enforcement of cosmopolitan principles. International military forces should accept, and attempt to implement, such principles, since otherwise they will simply become another party to the conflict. Impartiality is not the same as neutrality, although the two are often confused. Neutrality means taking no stand against whatever acts conflicting parties may engage in – the position of organisations such as the international Red Cross. Impartiality implies the enforcement of norms of international law where they are violated by either or both warring factions. An assertive reconstruction of an integrated civil order needs to be combined, where national and international resources allow, with dedicated programmes for replacing damaged infrastructure, housing and public services.

Realpolitik is not going to disappear from the global system in the near future, nor should it. We are far from a world in which codes of humanitarian law can be applied by international agencies regardless of who breaks them. China was accepted back into the international community shortly after the events in Tiananmen Square, and in spite of its persistent human rights abuses in Tibet. Arguably this was entirely the right course of action, since turning such a country into a pariah state could provoke international tensions leading to major war.

Yet in the global era states, like transnational corporations, cannot escape the surveillance of the wider global community. As the number of democratic countries in the world grows, local groups subject to discrimination or oppression have access to international audiences to whom to air their grievances. We can make progress towards a world in which even the largest states conform to emerging codes of international law.

Global democracy

Even allowing for the increase in the number of states, a higher proportion of countries today are democratic than was true thirty years ago. Some argue that most of the newly democratic societies are only superficially changed: they are still run by cliques and oligarchies. Thus in Africa, countries that have formally become democracies are often highly corrupt and elections are rigged. Fledgling democracies in Latin America are fighting to survive in the face of social disorder in both the cities and the countryside. In the Middle East, most countries are openly non-democratic while, with the exception of India Asian democracy is at best poorly developed.

It would be wrong, however, to take too pessimistic a view of global democratisation. Detailed comparisons across countries show conclusively that the progression of democracy is real. There are good reasons to suppose that intensifying globalisation actively promotes democracy, even in nations that may have little history of it. Globalisation is driven in some large part by new systems of communication which, together with changes in everyday life, alter citizens' relation to the state. Authoritarian political power is not only much harder to sustain than in the past, it is more easily punctured and dissolved.

The further development of democracy within states could be greatly enhanced by the construction of transnational forms of democracy. Taking globalisation seriously means emphasising that democratisation cannot be confined to the level of the nation state. To seek to build democratic institutions above the level of the nation is again not a utopian project. Such a process is already in the course of development, in the shape of the European Union. The EU began life essentially as a Cold War project, but it has to be seen today as a pioneering response to globalisation. There is a basic difference between the EU and international organisations such as the United Nations. The UN is composed of representatives of sovereign nations. By contrast in the EU, for the first time in history, individual nations have voluntarily given up aspects of their sovereignty, substantive and legal, in order to pool their common resources.

T

he EU is not a super nation-state, nor is there any likelihood that it might or could become one. It isn't a form of federalism either. It is difficult to categorise in traditional political terms precisely because it is a novel experiment, an attempt to develop governmental structures different from those that have existed before. As such, it confronts numerous difficulties. It might sound odd to offer the EU as an example: the prime example of democratisation above the level of the nation, since it is so often criticised for its democratic deficits. The union has been largely constructed by political elites; the European Commission is heavily bureaucratic; the European Parliament lacks much influence; and in most EU countries voters take little interest in the European elections.

Yet the EU was certainly not constructed against the wishes of the majority of citizens in its member states. Moreover, a range of short and longer-term measures can be introduced that would produce greater democracy as well as more popular legitimacy. Some of the prescriptions for democratising democracy within nations also apply directly to the EU. Greater transparency, rooting out corruption, loosening bureaucratic hierarchies, devolving some of the power now held in Brussels, having direct elections for a range of major positions these and other innovations are feasible and necessary.

The most problematic issues concern the authority of the European Parliament. Undoubtedly there should be a shift in power towards it and away from the Commission. But other possibilities need to be considered, including the forming of genuinely European parties. It isn't fanciful to suppose that similar organisations to the EU will emerge in other parts of the world, where at the moment there are only trading blocs. Proposals to that effect have been made, and widely discussed, in the Americas and in Asia. Such developments could potentially serve as a platform for a global form of cosmopolitan democracy.

Rather than treating the EU as distinctively European that is, as specific to a particular geographical area we might regard it as a bridgehead to a more globalising transnational democratic system. Various possibilities lie open to be explored. The EU itself, particularly through its courts, could play a role in helping to promote a global cosmopolitan regime. Rules and standards of international behaviour, concerning in particular human rights and humanitarian law, need to be generalised. The EU could take the lead in tying trade contracts and financial assistance to substantive acceptance of such transnational codes. More ambitiously, if analogues to the EU come into being elsewhere, they could be the basis of regional parliaments, on the model of the European Parliament, and could send delegates to a remodelled world assembly.

Some observers see the post-1989 world as likely to become ever-more anarchic. The controlling influence of the Cold War has disappeared, unleashing a host of conflicting forces leading to the splintering of nation states, the breakdown of civil order, and multiple episodes of violence. It is true that on each of the major dimensions of globalisation, crisis is never far away. Moreover in a world of increasingly interdependent systems, when things go wrong, they can go very, very wrong. If the world financial system were to go into meltdown, the consequences could be vastly greater than the Great Crash of 1929. Were global warming to proceed unchecked, there could be turmoil in the world's climate. If global economic divisions become larger and larger, the result could be violent clashes between the privileged and the disinherited.

Yet the very existence of these and other cataclysmic possibilities should make us redouble our efforts to construct more effective global regulatory institutions. Without them, the coming century could prove even more brutal and devastating than that which has just closed.

PAGE 1

PAGE 1

Democratic Leadership Council : The New Progressive Declaration. Washington :
Democratic
Leadership Council, 1996

Tony Blair : The Third Way. London :
Fabian Society, 1998
The White House : The third way : progressive governance
for the 21st century, April 25, 1999
Oscar Lafontaine : Das Herz Schl(gt Links
Munich : Econ, 1999

Lafontaine : Das Herz Schl(gt Links, p. 219

The Econom
ist: Goldilocks politics, Dec. 19th, 1998, pp.49 and 47
Jeff Faux: Lost on t
he third way, Dissent, Spring, 1999, p. 75.
Stuart Hall : The great moving no
where show, Marxism Today, Nov/Dec, 1998
Alan Ryan : Britain : recycling the t
hird way, Dissent, Spring, 1999
Erkki Tuomioja : Blairism may not work elsew
here in Europe, Newsletter of the Finnish Institute
in London, July, 1998

Vicente Navarro : Is there a third way? Mimeo paper, Pompeu Fabra University
, Spain, p.10
Ralf Dahrendorf : New Labour and old liberty : four comments on
the third way, New Statesman,
See also Dahrendorf : Ein neuer Dritter
Weg? Tübingen : Mohr Siebeck, 1999

Al Gore :
See, for instance, Ian Willmor
e : Environment : sun sets on a greener future, The Guardian, 23 July,

1997

Anthony Giddens : The Third Way. Cambridge : Polity, 1998
Stuart Hal
l and Martin Jacques : New Times. London : Lawrence and Wishart, 1989
Richar
d Layard : How to Beat Unemployment. Oxford : Oxford University Press, 1998
Ma

rk Latham : Economic policy and the third way, p.
Offe: The present historical
transition, Institute of Social Sciences, Humboldt University, Berlin, 1998.
p. 7. I draw substantially on Offe's excellent discussion in this and other
chapters.

Alice H Amsdenn & Takashi Hikino : The left and globalisation,
Dissent, Spring, 1999

Norberto Bobbio : Left & Right. Cambridge : Polity,
1996

Peter G Paterson : Gray Dawn. New York : Random House, 1999

Anthony

Giddens : Beyond Left & Right. Cambridge : Polity, 1994

Anitai Etzioni :

The Spirit of Community. London : Fontana, 1995. P. 31

Benjamin Barber : A Place

for Us. New York : Hill & Wang, 1998. P. 72

Helen Wilkinson

Sara McLanahan

and Gary Sandefur : Growing up with a Single Parent. Cambridge (Mass) : Harvard
University Press, 1994

See Jock Young : The Exclusive Society. London

: Sage, 1999

Robert Philpot : Why Bill Clinton is a hero, New Statesman, 19

July, 1999, p. 21

. Offe : The present historical transition, p.7.

Simon Caulk

in : Signed, sealed, delivered, The Observer, 10 October, 1999

The Economist

: Is there a crisis?, July 17, 1999

For a summary version, see Joseph Nye : In

government we don't trust, Foreign Policy, Fall, 1997

Anthony Giddens : The Third

Way, Chapter 3.

For the best account of this debate, see David Held et al

: Global Transformations. Cambridge :

Polity 1999

See Manuel Castells

: The informational economy and the new international division of Labour,
in

Carnoy et al : The New Global Economy in the Information Age. Philadelphia : Pennsylvania State
University Press 1993; and Castells :

Michael

el J Mandel : The High Risk Society : Random House
Anthony Giddens : Runaway
World. London : Profile, 1999
Don Tapscott : The Digital Economy. New York :
McGraw Hill, 1996, p.60
Thomas L Friedman : The Lexus and the Olive Tree.
New York : Farrar, 1999.
Charles Leadbetter : Into Thin Air
Jane E Fountai
n : Social capital : a key enabler of innovation, in L.M. Branscomb & J.H. Keller :
Investing in Innovation. MIT Press, 1998

Ash Amin and Damian Thomas
The negotiated economy state and civic institutions in Denmark,
Economy and Society, Vol 25, 1996

Charles Leadbetter : The Rise of the Social Entrepreneur. London : Demos, pp. 9-10
Rosabeth Moss Kanter : The social sector as a site for business innovation,
Walzer : Pluralism and social democracy, p. 50
L.T. Hobhouse : Liberalism. London : Williams and Norgate, 1911, pp. 148 and 152
Amartya Sen : Inequality Reexamined. Oxford : Clarendon Press, 1992
. Mark Latham : Civilising Global Capital. Sydney : Allen and Unwin, 1998, pp xxxviii
Giddens : The Third Way, pp. 101-4

James Tobin : A liberal agenda in Richard B. Freeman : The New Inequality. Boston : Beacon, 1999

Anne Phillips : Which Equalities Matter? Cambridge : Polity, 1999, pp 130-31

Lutz Leisering and Stephen Leibfried : Time & Poverty in Western Welfare States. Cambridge :
Cambridge University, Press, 1999
Stephen P Jenkins : Income dynamics for Britain, 1991-6, in John Hills : Persistent Poverty and Lifetime Equality.
Lifetime Equality. London : CASE, 1999

Robert Walker : Lifetime poverty dynamics, in Hills : Persistent Poverty and Lifetime Equality.

Howard Oxley : Poverty dynamics in four OECD countries, in Hills : Persistent Poverty & Lifetime Equality

Gary Burtless : Technological change and international trade : how well do they explain the rise in US income inequality? , in James A Auerbach and Richard S. Belous : The Inequality Paradox. Washington : National Policy Association, 1998

Bodo Hombach : The New Middle, p. 159

Gosta Espin
g-Anderson : The Three Worlds of Welfare Capitalism. Cambridge : Polity, 1990

Rune Ervik : The redistributive aim of social policy, Syracuse : Maxwell School of Citizenship and Public Policy, June 1998. Bodo Hombach : The New Middle, p. 159
Lorraine Eden : Taxing Multinationals. Toronto : University of Toronto Press, 1998, p. 635

Anne Power : Estates on the Edge. London : Macmillan, 1997

Leibling and Leibfried : Time & Poverty in Western Welfare States, p. 246

Freeman : The New Inequality.
Leisering and Leibfried : Time & Poverty in Western Welfare States, p. 259
David Ellwood : Dynamic policy making : an insiders account of reforming US welfare, in Lutz Leisering & Robert Walke
r : The Dynamics of Modern Society. Bristol : Policy Press, 1998, p. 51

Leis
ering and Leibfried : Time & Poverty in Western Welfare States, p. 239

Leiser
ing and Leibfried : Time and Poverty in Western Welfare States, p. .

Howard Oxley : Poverty Dynamics in four OECD countries.

Michael Porter : The competitive advantage of the inner city, in OL Competition, Cambridge
Porter : The competitive advantage of the inner city, p. 404
Robert H Frank and Philip J Cook : The Winner-Take-All Society. New York : Free Press, 1995
Derek Bok : The Cost of Talent. New York : Free Press, 1993
Barber : A place for us, p. 9

5

Tony Blair : Doctrine of the international community, speech at the Hilton H

otel, Chicago, 22 April,
1999

Mauricio Rojas : Millennium Doom, p. 12

S

tephany Griffith Jones : A new financial architecture for reducing risks and se
verity of crises,

International Politics & Society, No. 3, 1999.

Robin Mar

ris : Ending Poverty. London : Thames and Judson, 1999, p. 105

World Bank :

Assessing Aid. New York : Oxford University Press, 1998.

Ethan B Kapstein :

Reviving Aid, World Policy Journal, Fall, 1999

Michael Porter : Green and
competitive, in On Competition. Cambridge (Mass) ; Harvard
Business Revi

ew Books, 1998, p. 351

Robin Murray : Creating Wealth from Waste. London : De
mos, 1999

Ernst von Weizsacher, Amory B Lovins and L. Hunter Lovins : Factor
Four. London :
Earthscan, 1997

Jeremy Rifkin :

Commission on Global Go

vernance : Our Global Neighbourhood. Oxford : Oxford University Press,
Gilles

Bertrand et al : Scenarios Europe 2010. Brussels : European Commission, 1999,
pp. 71-3

David Korten : When Corporations Rule the World

John Vidal : How Mo

nsantos mind was changed, The Guardian, Oct 9, 1999

Korten : When Corporation

s Rule the World, p.223

Gates : The Ownership Solution, pp. 109-10

Montserr

at Guibernau : Nations without a State. Cambridge : Polity, 1999

Mary Kaldor

: New and Old Wars. Cambridge : Polity, 1999

Kaldor : New & Old Wars, p.

Dav

id Held :

!3Gfg

BDHu&&&& '

'---f/g/+0,0l1m166D8E888>?: A'A
BB
B!B
DDE EH HHH I
IY
YMYYY#[[[ddnnnOzPzzzHI0J 56>*>* jJ j`0J
j0JU5>*55CJ CJ 65>*R!"
d
9r d!"

!123456FGHIJ|yv

!"#fg.
!123456FGHIJKLMNOPQRSS\$dJKLMNOPQRSTUVWXYZ[\]efg|
}
BCDEFGHtuvwxyz{~ytoj 56789;;
(STUVWXYZ[\]efg|
}
BCDEFGHtuvw\$
9r
9r dwxyz{
9r 0
9r +,-.cdef)*|}&'<|wrmh:;)*+QRST'+,-.cdef)*|}d}
&'<=""\$"\$H*I*---00]1^1 d
9r ddd<=""\$"\$H*I*---00]1^1445868::<<?? B
BB!BEEFFGG|
yvspmjda
%&;<67qrno01z{&^1445868::<<?? B
BB!BEEFFGGXIYIJbNcNd\$d d
9r GXIYIJbNcNPP`RaR:
T;TWWLYMY#[\$[]^`^`bbxdyd;h<hj jrlsl1lmm/p0pQrRr:t;tww~{x89!"CDDEklcd)*
'(9:.cNPP`RaR:T;TWWLYMY#[\$[]^`^`bbxdyd;h<hj jrlsldds1lmm/p0pQrRr:t;twwwyC~D~
ddwwyC~D~45pq89MN~{xuPQef-.>?cd/0.45pq89MNddViKLDEde

#\$\$%+&+A5B5ICJCGGNNoZpZZZ
]]bbffffkkmmmmqq
{ {y} z} 9:IJ!"JKNOyz0JCJ >*5>*65CJ
j0JU[\$
9r d"#~yvspmjgda^{|\$"
#-.wxYZd
9r -.wxYZ)*lmNOUVicdVyvs|
}

w%'stUVPQDE&'pq,)*lmNOUVicdV
&FdddVJxynhYH;aBKL:.*|m}xssdWIMH7*xrgh0,JxynhYH;aBdddBKL:.*|mic d
9r d
9r ddicOE?
,DE<=%& KL
Z\%&t}zwq
"#wyzSD<,}EFw ,OE?,DE<=%& dddd KL
Z\%&t_K [&Fddt_K [#x P
Q<

[illegible]

{~AB
/0MNxy;<;<4.;;SThijklmnop{}}@d&`#d@Y8}KST9rABdY8}KST9rAB]^ahL67eHNx67i-.GmcdD^_

bYZ89TU9:rsBC^_abLM78efSXNO78ij . /6
j0JUa]^ahL67eHdNx67i-.Gmddmnde_` jkbc,-z{

jk
IJjk 89IJ() <=jk \$B*
j0JUYcdD^_ijb+,ydiyjb+,yz
j
Ijn78~I(<ij"#
9yz
j
Ijn78~Id(<ij"#dd/ =!"#\$%
[(@ (NormalCJmH 2@2Heading 1\$@&5>*(<@<Heading 2\$\$d@&5>*: @: Heading 3\$\$d@&CJ 6@6
Heading 4\$d@&6:@: Heading 5\$\$d@&5>@>Heading 6\$\$d@&5CJ88Heading 7\$\$@&5CJ <A@<
Default Paragraph Font*B@*Body Text\$2@2
Footnote TextCJ8&@8Footnote ReferenceH
*, @",Footer

9r &)@1&Page Number0+@B0 Endnote TextCJ6*@Q6Endnote ReferenceH*,b
,Header

9r 6'@q6Comment ReferenceCJ00 Comment TextCJ6P@6Body Text 2\$5CJ ">6
>ADW`jOvH~Kd
#%'A1I?CJoV^m
wyy9[I!Jyr!:k
s#&&&2CWHel]XkpEo' -"zA=39=DP<]oN \$yXb-DPZP hz8
F

SM
—

U%} [tONwjC S}c{<0}+g\$ \D

n\$Bh
'Y\$-ADSw}^1cNslB y>{ZZZ@U@?+Iaw*
i%C/^:@y\$ "%%('*,.0134689;<?BCEGHJ<GwVtVrZZx&
,JH\$MN\$

!#&)+/257:=@F
!!8@0(
B
S ?nuDNZ a ;"H""# #

#####N#U#V#]###I&P&t){}})))))**b+f+g+j+++++',+,,,/p,t,u,z,h-l-m-p-..22:4@4D4
E4H44444+515555566!6"6(6)6,6-606164656<66699<<<=g=q=!>->??VA`AIBSBBBCCDDDDDDDDDD
DDE E
E
EE!E-E2EMETEYE]EHHcJgJ0K6KLLZOdOPPQQW!WWWXXfXnXUYYYYYY[&[k[x[^^"b-biiiiClKl_mk

mss3s?sssuuv vRvYvvvwwwxxxxzz||||}}~~~U[_coy<FCM *pzfs\$.RS^bo@K.9ivq|P]hpak>IZd
NW%w%U`

##\$\$\$\$\$4%A%l%z% &.&&&3'A"#)0)))***+--+./5577=\$=AAAAIzXZ*].]6y9y\$."/-
9*7FObeiT^al+4P[Vcfq
&'2y*+4doU].5fm\k8899V:Z:P;W;==@GEGFGLGJJNSSSVY]YZ[jjmmv%v|ww?Fqz#,1:]gFP*,*P]
R_ 3;=C78A*Wbj'x'004444GG)I6luKKOO*R2RRRSSmTyTLYXY!\^^>_?_L_g hkk1&lmmrrrrrr/s
9sttvvyyA{L{ }|||
pz}+1%/^d:~@HLT)@Ftx LSV]^ducijq 'T[LRU]>E^gou),CM%krsv6; ynsiq
fk %.jq.7<E|
BJRUV`bgjp*019
lvw"% >@*+opz}^aEKL7e79;iklm]^_a

ijd*
illIKijl

mq"(*jll!"%M Clarke;C:\WINDOWS\Temp\AutoSave\AutoRecovery save of Thirdway
B.asdM Clarke;C:\WINDOWS\Temp\AutoSave\AutoRecovery save of ThirdwayB.asdM Clar
ke;C:\WINDOWS\Temp\AutoSave\AutoRecovery save of ThirdwayB.asdM Clarke;C:\WINDO
WS\Temp\AutoSave\AutoRecovery save of ThirdwayB.asdM Clarke;C:\WINDOWS\Temp\Aut
oSave\AutoRecovery save of ThirdwayB.asdM ClarkeA:\ThirdwayB.docM ClarkeF\\SERV
ERX\PDRIVE\LSEinfo\Director's Private Office\Tony\ThirdwayB2.docM ClarkeF\\SERV
ERX\PDRIVE\LSEinfo\Director's Private Office\Tony\ThirdwayB2.docM ClarkeF\\SERV
ERX\PDRIVE\LSEinfo\Director's Private Office\Tony\ThirdwayB2.docM ClarkeA:\Thir
dwayB2.docgM ~3M;dUMLs 0o(.hho(.0o(.hho(;dULs~3g@xa\$P@GTimes New Roman5Symb
ol3&ArialWWP MultinationalA RomanSWP TypographicSymbols"1h:::63!0d~ INTRODUCTIO
NM ClarkeM ClarkeOh+'0|
,8 D
P\dl
INTRODUCTIONoNTR M ClarkeION CInormal.dotN M ClarketN2CImicrosoft Wo
rd 8.0@F#@H'!@4~"@4~"6.+D.+8 hp|
LSE~j
INTRODUCTION Title 6>
_PID_GUIDAN{60EB82D3-2233-11D3-9EF7-00A02476220B}

!"\$%&'()*+,-./0123456789;:<=>?@ABCDEFGHIJKLMNOPQRSTUVWXYZ[\]^_`abcdefghijklmnopqrstuvwxyz{|}~

!"\$%&'()*+,-./0123456789;:<=>?@ABCDEFGHIJKLMNOPQRSTUVWXYZ[\]^_`abcdefghijklmnopqrstuvwxyz{|}~

!"\$%&'()*+,-./0123456789;:<=>?@ABCDEFGHIJKLMNOPQRSTUVWXYZ[\]^_`abcefgghijkmn
pqrszRoot Entry Fr'i(!"1TableJ
2WordDocumentSummaryInformation(dDocumentSumma
ryInformation8lCompObjjObjectPool`""
FMicrosoft Word Document
MSWordDocWord.Document.89q===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: White House root <root@WhiteHouse.gov> (White House root <root@WhiteHouse.gov> [UNKNOWN])

CREATION DATE/TIME: 3-NOV-1999 00:25:54.00

SUBJECT: Yesterday's mail for POTUS

TO: Mary U. Binns (CN=Mary U. Binns/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: horn@Whitehouse.GOV (horn@Whitehouse.GOV [WHO])
READ:UNKNOWN

TEXT:
The attached file is ASCII text. - pr1103.new

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

From nobody@www2.whitehouse.gov Tue Nov 2 11:44:03 1999
Received: (from uucp@localhost) by WhiteHouse.gov (8.7.1/uucp-relay) id LAA0089
0 for <president@Whitehouse.GOV>; Tue, 2 Nov 1999 11:44:03 -0500 (EST)
Received: from wh243.eop.gov/198.137.241.43 via smap
Received: from FCPWH-DAEMON by EOP.GOV (PMDF V5.2-32 #41140)
id <01JHUZX1CRO88WXISI@EOP.GOV> for president@Whitehouse.GOV; Tue,
2 Nov 1999 11:42:16 EST
Received: from www2.whitehouse.gov ([198.137.240.92])
by EOP.GOV (PMDF V5.2-32 #41140) with ESMTP id <01JHUVQ4Q3K8W XK80@EOP.GOV>
for president@Whitehouse.GOV; Tue, 02 Nov 1999 11:41:13 -0500 (EST)
Received: (from nobody@localhost) by www2.whitehouse.gov (8.8.8+Sun/8.8.8)
id LAA03791 for president@whitehouse.gov; Tue, 02 Nov 1999 11:38:34 -0500 (EST
)
Date: Tue, 02 Nov 1999 11:38:34 -0500 (EST)
From: Emily Marchand <marchand@express-news.net>
Subject: Inbound-White_House_WWW_MAIL => PRESIDENT
To: president@Whitehouse.GOV
Errors-to: The Postmaster <postmaster@www2.whitehouse.gov>
Reply-to: Emily Marchand <marchand@express-news.net>
Message-id: <199911021638.LAA03791@www2.whitehouse.gov>
MIME-version: 1.0
Content-type: text/PLAIN; CHARSET=US-ASCII
Keywords: WWW-Correspondence; ; Offer neutral commentary, advice,
or a suggestion; Government or Constitution; Young Person - under 18 years of
age;
Comments: Forwarded from White House WWW
Comments: FCP version 1.7 jms/990907

[Connection Information]

CLIENT: 206.133.136.158[206.133.136.158]
BROWSER: Mozilla/4.7 [en] (Win95; I)
URL: http://www.whitehouse.gov/WH/Mail/html/Mail_President.html

[Sender Information]

PERSONAL-NAME: Emily Marchand
EMAIL-ADDRESS: marchand@express-news.net
ORGANIZATION:
RELATIONSHIP:
STREET-ADDRESS: 111 Windmill Rd.
CITY: San Antonio
STATE-PROVINCE: Texas
ZIP-CODE: 78231
COUNTRY: United States of America

[Message Information]

PURPOSE: Offer neutral commentary, advice, or a suggestion
TOPIC: Government or Constitution
AFFILIATION: Young Person - under 18 years of age
SUBJECT: Liberty

[Message]

Dear Mr. President,
I have enclosed an essay I wrote this past year for a 4th-of-July contest. I am a 16-year-old homeschooled sophomore from San Antonio. I just thought that you might be interested in reading about my thoughts and opinions. I look forward to your response. Thanks for your time!

Yours respectfully,
Emily Marchand

"With liberty and justice for all." When I look at that phrase, I imagine a country with freedoms that our Founding Fathers set about to give us. When I consider that line, I envision a justice system based solely on the Constitution. As I think of that passage, I realize that what those words symbolize is what our country no longer has.

In this essay I'll be focusing on liberty. To understand exactly what these words are saying, one must first know what the words "liberty" means. The word "liberty" comes from the Latin word libertat - which means "the quality or state of being free." The word "free" actually means "having the legal and political rights of a citizen" or "enjoying civil and political liberty." Contrary to what some may think, having freedom does not mean that one is free from all leadership or bondage, instead it's freedom under the protection of a higher government; freedom as a citizen. There is no area where freedom is unlimited. Take the freedom of speech, for example. No man is allowed the right to slander others, neither do our

laws give him the freedom to do so at will. Can we give man the unlimited liberty to do as he sees fit? If we permit this, soon no one will have liberty. Man's total liberty is anarchy, and anarchy is the death of both liberty and law. Even liberty itself is under law.

Someone once said, "To be born free is a privilege. To die free is an awesome privilege." Yet freedom is never free. It is always purchased at a high price. When we enjoy our personal freedoms today, we must always remember that the fifty-six courageous men who signed the Declaration of Independence risked their very lives to bring us freedom. They considered liberty much more important, and they pledged their lives, their fortunes, and their sacred honor. They fulfilled their pledge; they paid the price. And freedom was won. To those who sacrificed for liberty, the end was worth the painful means. Where would we be today if those had not paid the great cost of freedom?

When our Founding Fathers put together this nation, their goal was for the government to be a servant, never a master. They advocated that we the people should govern ourselves under God's laws. The government should never be able to deprive us of rights as individuals that the Constitution says were given to us by our Creator. The Declaration states that the government gets its powers from those it governs and whenever it exceeds these boundaries, it is the right of the people to alter or abolish it.

However, many political leaders today have a theory that the government is in charge of all personal liberty, and it is the one who decides what freedoms we should have. This idea lessens our freedoms one by one, day by day. It brings socialism to our country -- the government begins to take over personal property and individual's businesses. And socialism soon leads the horrors of Communism. The United States today is sinking lower towards socialism each day.

We must realize that we have been taught to depend rather than enjoy our liberty, that we have been brainwashed by TV and books to believe that it is the responsibility of the government to take from some and give it to others. "Our American heritage is threatened as much by our own indifference as it is by the most unscrupulous office or by the most powerful foreign threat. The future of this republic is in the hands of the American voter." -- Dwight Eisenhower

From nobody@www1.whitehouse.gov Tue Nov 2 12:14:08 1999
Received: (from uucp@localhost) by WhiteHouse.gov (8.7.1/uucp-relay) id MAA0410
3 for <president@Whitehouse.GOV>; Tue, 2 Nov 1999 12:14:08 -0500 (EST)
Received: from wh243.eop.gov/198.137.241.43 via smap
Received: from FCPWH-DAEMON by EOP.GOV (PMDf V5.2-32 #41140)

id <01JHV0ZCKZT68WXNRD@EOP.GOV> for president@Whitehouse.GOV; Tue,
2 Nov 1999 12:12:22 EST
Received: from www1.whitehouse.gov ([198.137.240.91])
by EOP.GOV (PMDF V5.2-32 #41140) with ESMTP id <01JHV0YQXTE68WXTKE@EOP.GOV>
for president@Whitehouse.GOV; Tue, 02 Nov 1999 12:11:54 -0500 (EST)
Received: (from nobody@localhost) by www1.whitehouse.gov (8.8.8+Sun/8.8.8)
id MAA28882 for president@whitehouse.gov; Tue, 02 Nov 1999 12:10:55 -0500 (EST
)
Date: Tue, 02 Nov 1999 12:10:55 -0500 (EST)
From: "R.H.SMITH" <SMITHRHENT@AOL.COM>
Subject: Inbound-White_House_WWW_MAIL => PRESIDENT
To: president@Whitehouse.GOV
Errors-to: The Postmaster <postmaster@www1.whitehouse.gov>
Reply-to: "R.H.SMITH" <SMITHRHENT@AOL.COM>
Message-id: <199911021710.MAA28882@www1.whitehouse.gov>
MIME-version: 1.0
Content-type: text/PLAIN; CHARSET=ISO-8859-1
Content-transfer-encoding: QUOTED-PRINTABLE
Keywords: WWW-Correspondence; ; Register disagreement with a position;
Legislation; Private Citizen;
Comments: Forwarded from White House WWW
Comments: FCP version 1.7 jms/990907

[Connection Information]

CLIENT: 205.188.196.31[205.188.196.31]
BROWSER: Mozilla/4.0 (compatible; MSIE 5.0; AOL 5.0; Windo=
ws 98; DigExt)
URL: http://www.whitehouse.gov/WH/Mail/html/Mail_Presi=
dent.html

[Sender Information]

PERSONAL-NAME: R.H.SMITH
EMAIL-ADDRESS: SMITHRHENT@AOL.COM
ORGANIZATION: =20
RELATIONSHIP: =20
STREET-ADDRESS: P.O.BOX 7010
CITY: VAN NUYS,
STATE-PROVINCE: CA
ZIP-CODE: 91409-7010
COUNTRY: US

[Message Information]

PURPOSE: Register disagreement with a position
TOPIC: Legislation
AFFILIATION: Private Citizen
SUBJECT: MINIMUM WAGE LAWS

[Message]

The Minimum Wage
I offer the definition of 'inflation' as an increase in cost=

=20
without a corresponding increase in value'. You are right if=20
you believe that prices are influenced by the laws of supply=20
and demand. The argument that a family of four cannot live on=20
the minimum wage of one person is reasonable. The question is=20
why is that the standard? Most people receiving the minimum=20
wage are unmarried, living at home with their parents. The=20
minimum wage concept represents an entry level wage, it should=20
not be so high as to encourage anyone to take on the greater=20
responsibility of a family. You don't teach responsibility by=20
giving people money for nothing. You only erode the value of=20
money. And I might add, moral value as well. Humans, as=20
opposed to other animals, are always trying to live beyond=20
their means. This is expressly true in economics.=20

The main point that I wish to make is that when government=20
passes and enforces a law to establish and set a =91minimum=20
wage', it upsets the balance of supply and demand. You do not=20
help people by giving them money. You can only increase the=20
cost of government and of =91doing business'. Thereby=20
contributing to =91inflation'. If you increase the minimum wage,=20
all you accomplish is a rise in rent and bread, milk, etc...=20
The working poor are still poor. The uneducated are still=20
uneducated, etc... The added money these people receive is=20
quickly eaten up by the people who control the resources like=20
housing, food, transportation, etc...=20

An interesting concept is the ever encroaching =91police=20
state' mentality that exists is exemplified by the petty laws=20
that are passed in this country. Helmet and seatbelt laws are=20
a prime example. The price of =91minimum wage' legislation is=20
personal freedom.=20

We could talk forever about politics. Politics is a living,=20
breathing concept. And I was also young once. I care about the=20
lives of people in our society. I do not like socialism. I=20
think if people earn, they are entitled to spend as they see=20
fit. Work is an opportunity to make a contribution and get=20
ahead. It is also education. It takes years of observation to=20
get to my point in life. I like to think of myself as a=20
conservative. A simple definition of conservative is =91Someone=20
who has something to conserve'.=20

In order for government to spend more on the bureaucracies it=20
creates it must either print money that becomes=20
worthless(which this country has done many times)(another=20
cause of inflation), or increase the tax burden on the=20
populace. The laws of supply and demand still work, the=20
=91haves' get more and the =91have nots' get less. The main=20
difference is that more and more of that worthless money is=20
floating around teasing everyone. You should also consider=20
that when government mandates that all minimum wage workers=20
get an increase in pay, the amount of money in play increases=20
just as if the government had cranked up the printing presses,=20

and they also do that too.=20

R.H.Smith 818/986-6228 P.O.Box 7010, Van Nuys, CA 91409-7010=20
EMAIL: SMITHRHENT@AOL.COM=20

=2E

===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: www.politics.com@no.return.address (www.politics.com@no.return.address [UNKNOWN])

CREATION DATE/TIME: 3-NOV-1999 04:49:51.00

SUBJECT: Your Politics.Com Daily.

TO: Heather M. Riley (CN=Heather M. Riley/OU=WHO/O=EOP [WHO])

READ:UNKNOWN

TEXT:

Welcome,

Here's your Daily Briefing from Politics.com

Don't forget to check our site often! At <http://www.Politics.com>, you'll get easy access to hard facts and amusing features. It's all there, all free, all the time.

SELECTED ITEMS FROM TODAY'S NEWS

Bradley Shifts on Farm Issue, Des Moines Register

Bill Bradley voted in 1996 for the Republicans' Freedom to Farm Act. But after campaigning in Iowa this year, Bradley is joining Vice President Al Gore in calling for a new national farm policy.

<http://www.dmregister.com/news/stories/c4789004/9455871.html>

Searching for the Real McCain, Washington Post

Two conflicting images of John McCain are playing out in the media echo chamber of presidential campaign coverage.

<http://www.washingtonpost.com/wp-dyn/politics/news/A12770-1999Nov2.html>

Elections At a Glance, (AP)

Here is a look at some of the elections around the country Tuesday:

[http://www.washingtonpost.com/wp-srv/aponline/19991103/aponline035002_000.h
tm](http://www.washingtonpost.com/wp-srv/aponline/19991103/aponline035002_000.htm)

For more news, go to <http://www.politics.com>

SELECTED ITEMS FROM TODAY'S OPINION PIECES

Third Way Politics Anyone?, Tod Lindberg

The development of Third Way politics does indeed look like a historic shift, not least because it is global in scope. Left of center political parties have abandoned socialism in theory and in practice.

<http://www.washtimes.com/opinion/lindberg.html>

Gore's Secret Weapon?, Stuart Rothenberg

If you attended the Democrats' debate Wednesday evening in Hanover, N.H., you saw both the strengths and weaknesses of the Al Gore presidential campaign.

<http://www.rollcall.com/commentary/rothenberg.html>

For more opinion and your Election 2000 update, go to
<http://www.politics.com>

To subscribe, send a blank e-mail to <mailto:daily-on@politics.com>
To unsubscribe, send a blank e-mail to <mailto:daily-off@politics.com>
For subscription and advertising information, send inquiries to
<mailto:feedback@politics.com>

"We put the .com into politics"
- Politics.com

RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Scout Project <scout@CS.WISC.EDU> (Scout Project <scout@CS.WISC.EDU> [UNKNOWN])

CREATION DATE/TIME: 2-NOV-1999 18:12:40.00

SUBJECT: The Scout Report for Social Sciences -- November 2, 1999

TO: SRSOCSCI@HYPATIA.CS.WISC.EDU (SRSOCSCI@HYPATIA.CS.WISC.EDU [UNKNOWN])

READ:UNKNOWN

TEXT:

```
===== The Scout Report for Social Sciences      ==
===== November 2, 1999                          =====
===== Volume 3, Number 5                          =====
=====
===== Internet Scout Project                      =====
===== University of Wisconsin                     =====
===== Department of Computer Sciences             =====
```

```
===== SCOUT REPORT                               =====
===== FOR                                         =====
===== SOCIAL SCIENCES                           =====
```

THIS WEEK

===== Research =====

1. The Society for the Study of the Indigenous Languages of the Americas (SSILA)
2. Documenting the American South: The Church in the Southern Black Community
3. Two from the New York Public Library (NYPL)
4. The Plymouth Colony Archive Project at the University of Virginia
5. Human Sciences Research Council
6. Gazetteer for Scotland

===== Learning Resources =====

7. Kentucky Migrant Technology Project: Online Courses
8. International Water Law Project
9. Online! Citation Styles
10. Social Studies School Service
11. Online Study Guides
12. Rabbit in the Moon: Mayan Glyphs and Architecture
13. Precious Children
14. Fairy Tales: Origins and Evolution
15. Latin Phrases and Words Used in English

===== Current Awareness =====

16. HUD Report: "What We Know About Mortgage Lending Discrimination in America"

17. New Working Papers
18. New Think Tank Policy Papers and Briefs
19. New Offerings from Academic Publishers
20. New Tables of Contents/ Abstracts/ Full texts
21. Conferences
22. Job Guides/ Funding

===== New Data =====

23. US Census Bureau: Computer Use and Ownership
24. Australasian Legal Information Institute
25. United Nations Global Statistics

===== In The News =====

26. Catholicism: Concord and Controversy

Copyright and subscription information appear at the end of the Scout Report for Social Sciences. For more information on all services of the Internet Scout Project, please visit our Website:
<http://scout.cs.wisc.edu/>

Contributors to the Scout Report for Social Sciences are identified by initials at the end of each annotation. More information is available at
<http://scout.cs.wisc.edu/addserv/team.html>

Feedback is always welcome: scout@cs.wisc.edu

===== Research =====

1. The Society for the Study of the Indigenous Languages of the Americas (SSILA)
<http://trc2.ucdavis.edu/ssila/default.asp>

Sponsored by the Native American Language Center at the University of California-Davis, the SSILA's site serves as a superb resource for those studying Indigenous American languages. In addition to information about the society and its mission, and bulletins about upcoming events in the field of Indigenous language study, the site features a searchable comprehensive listing of articles on American Indian Languages in more than 100 journals from 1988 to the present; a Dissertation & Thesis Index, publishing abstracts of over 200 dissertations and theses on American Indian languages and related topics; a searchable database of notices and reviews for over 650 relevant books; an extensive and briefly annotated directory of Internet links for additional research; and a catalog of language learning materials, including ordering information, available for over 200 North American Indian languages. Membership information and a directory of SSILA members are also posted on-site. [DC]

2. Documenting the American South: The Church in the Southern Black Community

<http://metalab.unc.edu/docsouth/church/index.html>

Last month, the University of North Carolina at Chapel Hill Libraries began to digitize historical documents for their Church in the Southern Black Community online collection, part of the ongoing digitization of materials in the Documenting the American South series (see the April 18, 1997 _Scout Report_). According to its creators, "'The Church in the Southern Black Community' traces how Southern African Americans experienced and transformed Protestant Christianity into the central institution of community life." Currently, the site offers transcribed oral histories and autobiographies of former slaves, a diary of a New England woman living in the South in 1865, official church documents that give insight into how religious organizations approached slaves and former slaves as potential converts, and more. New documents are added on a regular basis. The other e-text collections on-site are First-Person Narratives of the American South, a Library of Southern Literature, North American Slave Narratives, and The Southern Homefront, 1861-1865. [DC]

3. Two from the New York Public Library (NYPL)

Planning Digital Projects for Historical Collections

<http://digital.nypl.org/brochure/index.html>

African American Women Writers of the 19th Century

http://digital.nypl.org/schomburg/writers_aa19/toc.html

These two resources from the NYPL consist of an overview of planning digital projects for historical collections and an example of just such a project. The first item is aimed primarily at librarians and administrators who would like to promote the use of often under-accessed and difficult to classify collections of unique historical materials. The guide briefly discusses the NYPL's own digital projects, answers common questions regarding digital projects, and guides readers through the steps of planning and creating the project, including selecting, organizing, and presenting the materials. The conclusion also offers a number of useful links. The African American Women Writers of the 19th Century site is an online collection of 52 full-text works. Users can browse the books by author, title, or literature type (fiction, poetry, biography and autobiography, and essays). Each work is (unfortunately) presented in a rather cramped frame, navigated with a table of contents on the left side. The site also includes a helpful introductory essay, technical notes, a discussion of editorial methods, a citation list, and an internal search engine. [MD]

4. The Plymouth Colony Archive Project at the University of Virginia

<http://www.people.Virginia.EDU/~jfd3a/>

This valuable Website offers a wealth of documentary materials from the original Plymouth Colony settlement. The archive presents an

extensive collection of searchable, online texts, including "court records, Colony laws, biographical profiles of selected colonists, probate inventories, wills," and analyses of these primary materials. The Website also has photographs and a description of the ongoing archaeological and reconstruction work at the settlement site, historical illustrations from the 1911 text by Albert Christopher Addison, The Romantic Story of the Mayflower Pilgrims, a walking tour of the colony courtesy of a link to ArchNet at the University of Connecticut, and a list of links to a number of related Websites. Researchers will be happy to know the Archive is searchable. [DC]

5. Human Sciences Research Council [.pdf]
<http://www.hsrc.ac.za/>

The Human Sciences Research Council provides news and research in South African social sciences, including economics, social analysis, education, and governance. The site posts weekly media releases on contemporary topics; recent working papers; and "published findings" on such topics as Children's Rights in South Africa, Human Rights and Democratization, and pending social legislation. (A search engine is provided for these materials, but wasn't accessible when we visited.) The site also gives some annotated links to prime databases for further research on South Africa. Note: the site's book-length publications generally must be ordered online. [DC]

6. Gazetteer for Scotland
<http://www.geo.ed.ac.uk/scotgaz/>

Describing itself as "the first comprehensive gazetteer produced for Scotland since 1885," The Gazetteer for Scotland is a geographical database, "featuring details of towns, villages, bens and glens from the Scottish Borders to the Northern Isles." The site provides maps for the different regions of Scotland, and brief descriptions of the geography and prominent families for many of the places therein. Currently, the Gazetteer covers about 50 percent of the country, focusing on the larger regions, with more places being added regularly. The Gazetteer is being developed jointly by the Department of Geography at the University of Edinburgh and the Royal Scottish Geographical Society. [DC]

===== Learning Resources =====

7. Kentucky Migrant Technology Project: Online Courses
<http://www.migrant.org/>

The Kentucky Migrant Technology Project supplies complete online courses in the social sciences and humanities "with high academic standards and content-rich educational material to schools and students across America who may need more than the traditional learning environment." Current offerings are for middle school and

high school students and include US and World History, Global Regions, General Visual Arts, English literature courses for grades six through twelve, and more. The courses provide syllabi, lesson plans, subject links, assignments, quizzes, and tests. (Note: participants must register to take the tests.) The materials may be used by students or teachers and are currently free due to a grant from the US Department of Education, Office of Migrant Education. [DC]

8. International Water Law Project

<http://home.att.net/~intlhw2law/>

As clean water has increasingly become a resource subject to scarcity, international politics and law have become involved with the issues of access to and maintenance of water sources. This site provides comprehensive information on the subject, featuring full texts of the major diplomatic documents, including rules on international groundwaters and rivers agreed upon at UN conferences in Helsinki and Seoul, treaty drafts, regional agreements as well as international case law, an extensive bibliography, and links to related sites. The site was conceived and developed by Gabriel Eckstein in conjunction with The World's Water project of the Pacific Institute. [DC]

9. Online! Citation Styles

<http://www.bedfordstmartins.com/online/index.html>

This Internet version of _Online!: A Reference Guide to Using Internet Resources_ from Bedford/ St. Martin's Press is for any student, professional, or scholar who has ever been frustrated by the inadequate and/or out-of-date information provided in most standard handbooks and style guides regarding citing online materials. With chapters five through eight of the printed text posted and updated regularly, Online! is one of the most recent and comprehensive guides to online documentation available on the Web. The Website shows how to document ten different categories of online sources in APA, MLA, CBE, and Chicago styles, including Websites; email, discussion, electronic mailing list, and news group postings; Telnet sites; and linkage data. The site provides general principles and specific examples for each type of citation. Additional links for other styles and guides are also provided. Finally, unlike some online guides to documentation, the site is attractive and easily navigable. [DC]

10. Social Studies School Service

<http://socialstudies.com/c/@jHv14w0VIAoM/Pages/newteacher.html>

Beginning this month, socialstudies.com offers an Online Course for New History/ Social Studies Teachers designed to provide new teachers with icebreakers, lesson plans, background pedagogy, and activities for the classroom. Currently, IceBreakers, Introduction to Social Studies, and Lesson Planning (including over a dozen sample lessons) are online with Creative Lessons, Idea Books and Activities, and

Assessment to follow. Lesson Planning also gives lists of supplementary print resources from socialstudies.com, which may be purchased online, and links to useful educational Websites. [DC]

11. Online Study Guides

http://www.wsu.edu/~brians/guides_index.html

This site features study guides prepared by English Professor Paul Brians of Washington State University for his classes, but available free of charge to Web users, provided they credit the author. The site offers study guides to an extensive library of works, including texts in the fields of science fiction, world history, eighteenth and nineteenth century European classics, Renaissance and World Literature, and the Bible. The study guides not only provide detailed summaries and analyses of the texts, but helpful glossaries of vocabulary and allusions, related Web links, and explanations of key cultural concepts. All together, there are study guides for about 75 texts as well as useful guides to such things as Misconceptions, Confusions, and Conflicts Concerning Socialism, Communism, and Capitalism; and French Impressionist painting. [DC]

12. Rabbit in the Moon: Mayan Glyphs and Architecture [SoundApp or WAV; Virtus Player or Worldview]

<http://www.halfmoon.org/>

This site offers a wealth of materials on the Mayan language, culture, and architecture. Users can learn the semantic and grammatical principles of Mayan hieroglyphic writing, listen to the pronunciation of Mayan vowels and consonants, examine Mayan architecture using virtual reality applications, study Mayan calendary as well as access texts, classes, meetings, and organizations devoted to studying Mayan civilization. The site is searchable and written in a conversational but highly informative style. We advise those who might be put off by some of the more "new age" features, such as ordering your own T-shirt with your name in Mayan, to simply bypass these smaller portions of the site and go directly to the more educational material. The site is maintained by amateur Mayan scholar Nancy McNelly. [DC]

13. Precious Children [RealPlayer]

<http://www.pbs.org/kcts/preciouschildren/>

This companion Website to the recently broadcast PBS documentary "Precious Children" provides insight into childhood life and education in mainland China. The site offers factual and cultural information about China, online essays about early education and childcare in China, video clips from the documentary, and an annotated list of online resources about children and education in China. Such a site could be a useful starting point for lesson plans designed to disrupt familiar cultural stereotypes. [DC]

14. Fairy Tales: Origins and Evolution

<http://www.darkgoddess.com/fairy/>

This site posted by Christine Daae offers a series of short essays about the origins, contexts, and historical evolution of fairy tales, which we learn, have little to do with fairies. The most interesting section is the author's critical analysis of the history, including different variants, of classic fairy tales such as Cinderella, Sleeping Beauty, Snow White, Beauty and the Beast, and Little Red Riding Hood. While the author clearly has a point of view, it is not a dogmatic one, and her writings are rich with historical and literary information. A Bookshelf listing primary and secondary works in the literature and a page of related Websites round out the site. [DC]

15. Latin Phrases and Words Used in English

<http://depthome.brooklyn.cuny.edu/classics/englatin.htm>

This site is for anyone who wants a quick reference to those oft used, but not always understood Latin words and phrases. The definitions from over fifty commonly used terms are taken from the Merriam-Webster's Collegiate Dictionary - Tenth Edition. The site is part of a Brooklyn College Latin course homepage. [DC]

===== Current Awareness =====

Note: Links to selected current awareness (tables of contents, abstracts, preprints, new books, data, conferences, etc.) resources can be found on the The Scout Report for Social Sciences Current Awareness Metapage.
(<http://scout.cs.wisc.edu/report/socsci/metapage/>)

16. HUD Report: "What We Know About Mortgage Lending Discrimination in America"

Press Release:

<http://www.hud.gov/pressrel/pr99-191.html>

Full report:

<http://www.hud.gov/pressrel/newsconf/menu.html>

A new study conducted by the Urban Institute for the Department of Housing and Urban Development reports that there continues to be discrimination against mortgage candidates on the basis of race and ethnic background. The study examines all aspects of the lending process from the way pre-application inquiries were handled to the higher interest rates quoted minority candidates to denial rates that are not accounted for by considerations of creditworthiness. The report makes detailed recommendations for changes in lending procedures that the authors believe will do far more than the genuinely "good intentions" of many institutions cited in the report. [DC]

17. New Working Papers

Dobbin, Frank and Timothy Dowd. "Antitrust and the Market for Corporate Control: Railroading, 1825-1922" [.pdf, 121K]
<http://www.sscnet.ucla.edu/soc/groups/ccsa/Dobbin.PDF>

Loveman, Mara. "State-building, National Imaginings, and 'Race' in Brazil (1860-1930)" (Dissertation Proposal -- UCLA Dept. of Sociology) [.pdf, 151K]
<http://www.sscnet.ucla.edu/soc/groups/ccsa/loveman.pdf>

Raffalovich, Lawrence E. and Elena Vesselino. "The Power Of Property In Comparative Perspective" [.pdf, 69K]
<http://www.albany.edu/csda/1999wp5b.pdf>

Stamatov, Peter. "Asking Better Questions: Surveys, Taste and the Question of Genres" (Paper prepared for the Center for Comparative Social Science Workshop, UCLA Department of Sociology) [.pdf, 60K]
<http://www.sscnet.ucla.edu/soc/groups/ccsa/Stamatov.PDF>

Trevizo, Dolores. "Grassroots Leadership and Agrarian Insurgency in Mexico, 1934-1975: The Cultural Legacy of a Social Movement Organization, The Mexican Communist Party" [.pdf, 66K]
<http://www.sscnet.ucla.edu/soc/groups/ccsa/Trevizo.PDF>

18. New Think Tank Policy Papers and Briefs

The Brookings Institution:
Davidson, Michael. "The Department of Justice's Special Counsel Regulations: A Description and Analysis"
<http://www.brook.edu/gs/ic/reganalysis.htm>

Center for Democracy and Technology:
Grossman, Matt, Deirde Mulligan, and James X. Dempsey. "Square Pegs and Round Holes: Applying the Campaign Finance Law to the Internet -- Risks to Free Expression and Democratic Values"
<http://www.cdt.org/speech/political/financereport.shtml>
.pdf version (734K):
<http://www.cdt.org/speech/political/Campaignfinance.pdf>

Dempsey, James X. and Daniel J. Weitzner. "'Regardless of Frontiers': Protecting the Human Right to Freedom of Expression on the Global Internet"
<http://www.cdt.org/gilc/report.html>

The Jerome Levy Economics Institute:
Godley, Wynne. "Seven Unsustainable Processes: Medium-Term Prospects and Policies for the United States and the World" (Special Report)
<http://www.levy.org/docs/sreport/sevenproc.html>

Levin-Waldman, Oren M. "The Rhetorical Evolution Of The Minimum Wage"

Abstract:

<http://www.levy.org/docs/wrkpap/abstract/280ab.html>

Full text:

<http://www.levy.org/docs/wrkpap/papers/280.html>

Toporowski, Jan. "Monetary Policy in an Era of Capital Market Inflation"

Abstract:

<http://www.levy.org/docs/wrkpap/abstract/279ab.html>

Full text:

<http://www.levy.org/docs/wrkpap/papers/279.html>

The Urban Institute:

"Evaluation of the STOP Formula Grants to Combat Violence Against Women"
(The Violence Against Women Act of 1994 1999 Report)

Abstract:

<http://www.urban.org/crime/vaw99.html>

Full report (.pdf, 761K)

<http://www.urban.org/crime/vaw99.pdf>

19. New Offerings from Academic Publishers

Association of American University Presses: New Releases

http://aaup.uchicago.edu/new_releases/

Baker&Taylor Academia -- Upcoming Books to Buy (November 1999)

<http://www.baker-taylor.com/Academia/M11/Home.html>

Cambridge University Press

<http://www.cup.org/books/hot.html>

Perseus Books

<http://www.perseusbooks.com/>

Thela Thesis -- Just Published

<http://www.thelathesis.nl/new.html>

Oxbow Books -- Publishers of titles on archaeology, classical studies, and medieval studies.

<http://www.oxbowbooks.com/newbooks.htm>

20. New Tables of Contents/ Abstracts/ Full texts

_ Educational Technology & Society: Journal of International Forum of
Educational Technology & Society and IEEE Learning Technology Task
Force_

(full-text)

Volume 2 Issue 4 (October 1999)

http://ifets.ieee.org/periodical/vol_4_99/v_4_99.html

_ IP [Intellectual Property] Wire_ (full-text)

Issue 8

http://www.ipr-helpdesk.org/en/n_003_en.asp

Information for Social Change (full-text)

Number 9 (Summer 1999)

<http://libr.org/ISC/TOC.html>

Behavioral Ecology (table of contents, abstracts)

Volume 10, Issue 5 (September/October 1999)

http://www3.oup.co.uk/beheco/hdb/Volume_10/Issue_05/

Applied Linguistics (table of contents, some abstracts)

Volume 20, Issue 4 (December 1999)

http://www3.oup.co.uk/applij/hdb/Volume_20/Issue_04/

21. Conferences

American Political Science Association (APSA): Political Science as Discipline -- Reconsidering Power, Choice, and the State at Century's End

August 31-September 3, 2000

Washington, DC

<http://www.apsanet.org/mtgs/call.cfm>

Association for Survey Computing (ASC): Automatically Better? The Impact of Automation on the Survey Process

April 26, 2000

Imperial College, London

<http://www.asc.org.uk/Events/index.htm>

Construction Information Technology 2000

International Conference

June 28-30, 2000

Reykjavik, Iceland

http://cit2000.rabygg.is/pages/con_introduction.htm

22. Job Guides/ Funding

H-Net Job Guide

<http://www.matrix.msu.edu/jobs/>

The Chronicle of Higher Education Job Openings

Humanities

<http://chronicle.com/free/jobs/faculty/humanities/links.htm>

Social Science

<http://chronicle.com/free/jobs/faculty/sscience/links.htm>

American Sociological Association Employment Bulletin (October 1999)

<http://www.asanet.org/pubs/current.html>

Academic-Jobs.net

<http://www.Academic-jobs.net/>

===== New Data =====

23. US Census Bureau: Computer Use and Ownership [.pdf]

Press Release:

<http://www.census.gov/Press-Release/www/1999/cb99-194.html>

Reports:

<http://www.census.gov/population/www/socdemo/computer.html>

Released this month, this report, based on a 1997 Census survey, found that "about one-half of the nation's population age 18 and over used computers in 1997, up significantly from 36 percent in 1993 and 18 percent in 1984." The report also found that one in five individuals accessed the Internet in 1997. Director of the Census Bureau, Kenneth Prewitt, states in the press release that "the Internet will play a major role in disseminating social, economic and housing information collected in Census 2000." The report includes information about Internet availability in education, a breakdown of usage frequency by gender and age, and analysis of the type of information accessed by different users. The site includes the report in .pdf format and detailed tables of survey data in ASCII and .pdf. [DC]

24. Australasian Legal Information Institute

<http://www.austlii.edu.au/>

This site is the premier one on the Web for primary materials and information relating to Australian law and legislation. The extensive database allows for sophisticated searches through all of Commonwealth legislation (known as "acts") and the court records of both territorial and national courts. In addition, the site provides, on its homepage, links to records of high profile current cases as well as two legal bulletins, the Indigenous Law Bulletin and the High Court Bulletin, published by the High Court of Australia Library. The proceedings of the Institute's 1999 conference on Internet Law are also available. Furthermore, the site provides access to publications offering detailed advice on legal research on the Web and on using the Institute's extensive databases. Searches can be conducted of all the databases or selected ones with several options for the scope, construction, and volume of the search. "AustLII is a joint facility of the Faculties of Law at the University of Technology, Sydney and the University of New South Wales." [DC]

25. United Nations Global Statistics

<http://www.un.org/Depts/unsd/global.htm>

This UN directory site allows users to quickly access national statistics through the official outlets of UN-member states and international statistics through dozens of UN programs and agencies as well as autonomous organizations such as the World Trade Organization and Eurostat. Data covered include, but are not limited to, health care, economics, politics, environment, and social

demographics. The site offers a simple search engine with Boolean capabilities and is updated on a biweekly basis. [DC]

===== In The News =====

26. Catholicism: Concord and Controversy

1. The Irish Times : "Catholics & Lutherans Agree On Key Issue"
<http://www.ireland.com/newspaper/world/1999/1101/wor20.htm>
2. Washingtonpost.com: "Faiths Heal Ancient Rift over Faith"
<http://www.washingtonpost.com/wp-dyn/articles/A3795-1999Nov1.html>
3. The Evangelical Lutheran Church in America (ELCA): Joint Declaration On The Doctrine Of Justification Update
http://www.cin.org/users/james/files/justification_update.htm
4. Ontario Consultants on Religious Tolerance: Joint Declaration on the Doctrine of Justification
http://www.religioustolerance.org/chr_just.htm
5. The Lutheran Church -- Missouri Synod: An Evaluation of "Joint Declaration on the Doctrine of Justification 1997"
<http://www.lcms.org/president/catholic3.html>
6. Washingtonpost.com: "Pope's Plan to Visit India Sparks Hindu Protests"
<http://www.washingtonpost.com/wp-srv/WPlate/1999-10/31/1841-103199-idx.html>
7. The Times of India :
 - A. "Chasm in Sangh Parivar over Pope visit widens"
<http://www.timesofindia.com/281099/28home1.htm>
 - B. "RSS [Rashtriya Swayamsevak Sangh] To Protest Against Pope's Visit"
<http://www.timesofindia.com/281099/28mpat8.htm>

The Catholic Church has been in the news recently -- in ways that have brought both conciliation and continued controversy to the Church's profile. On Sunday, the Catholic Church and a confederation of Lutheran Churches representing 59 million of the world's 61.5 Lutherans signed an accord in Augsburg, Germany healing the nearly 500-year old rift between the two churches on the doctrine of salvation. The divisive debate of faith versus works prompted the Protestant movement in early Modern Europe as Luther and his followers asserted the supremacy of faith alone while the Church continued to maintain the value of Catholic baptism and individual human behavior in the disposition of one's relationship to God. Some theologians and observers of religion see the Augsburg accord as an historic act of ecumenicism, but others believe it to be of minimal significance. In particular, the Missouri Synod, the conservative branch of the American Lutheran Church, does not believe the accord addresses the fundamental differences between the two faiths and, hence, refused to sign it. In other news, the Church continues to be embroiled in controversy with other non-Christian faiths as the upcoming visit of the Pope to India has sparked protests by some Hindu groups demanding the pontiff apologize for the actions of the Catholic Church in India in the last few hundred years, including the desecration of Hindi divinities by missionaries and the forced conversions of Hindus by the Church.

The Irish Times (1) and The Washington Post (2) report on the

Augsburg accord and the differing opinions as to its ultimate significance. The ELCA (3) offers a linked timeline of significant events in the evolution of the accord and a late draft of the Declaration. Ontario Consultants on Religious Tolerance (4) provides a summary of the history of the agreement, its key points, and the Missouri Synod's opposition. The Missouri Synod (5) explains its position on the Joint Declaration. _The Washington Post_ covers the opposition to the Pope's upcoming visit to India (6). The _Times of India's_ articles (7A and 7B) explain the motivations of those who plan to protest the Pope's visit and give some of the political context involved. [DC]

=====
== Subscription and Contact Information ==
=====

To receive the electronic mail version of the Scout Report for Social Sciences every other Tuesday, join the SRSOCSCI mailing list. This is the only mail you will receive from this list.

To subscribe online to the Scout Report for Social Sciences, go to:
<http://scout.cs.wisc.edu/misc/lists/>

Or send email to:
listserv@cs.wisc.edu
In the body of the message type:
subscribe SRSOCSCI

To unsubscribe, send email to:
listserv@cs.wisc.edu
In the body of the message type:
unsubscribe SRSOCSCI

For subscription options, send email to:
listserv@cs.wisc.edu
In the body of the message type:
query SRSOCSCI

=====
===== The Scout Report for Social Sciences
===== Brought to You by the Internet Scout Project
=====

==

The Scout Report for Social Sciences is published every other Tuesday by the Internet Scout Project, located in the University of Wisconsin-Madison's Department of Computer Sciences.

Director Susan Calcari
Managing Editor Rachael E. Bower
Editor David Charbonneau [DC]
Production Editor Travis Koplow
Webmaster Paul M Schwartz

Internet Scout team member information:
<http://scout.cs.wisc.edu/addserv/team.html>

Below are the copyright statements to be included when reproducing annotations from The Scout Report for Social Sciences.

The single phrase below is the copyright notice to be used when reproducing any portion of this report, in any format.

From The Scout Report for Social Sciences, Copyright Internet Scout Project 1994-1999. <http://scout.cs.wisc.edu/>

The paragraph below is the copyright notice to be used when reproducing the entire report, in any format:

Copyright Susan Calcari and the University of Wisconsin Board of Regents, 1994-1999. The Internet Scout Project(<http://scout.cs.wisc.edu/>), located in the Computer Sciences Department of the University of Wisconsin-Madison, provides information about the Internet to the U.S. research and education community under a grant from the National Science Foundation, number NCR-9712163. The Government has certain rights in this material. Permission is granted to make and distribute verbatim copies of the entire Scout Report provided this paragraph, including the copyright notice, are preserved on all copies.

Any opinions, findings, and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the University of Wisconsin-Madison or the National Science Foundation.

==
====
=====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:10-NOV-1999 22:05:36.00

SUBJECT: 2/3 down

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Sarah,

Can you offer any quick feedback on this? As you will see, I've finished a CRA section and will pick up tomorrow morning with sections on privacy and demutualization.

LW

Draft 11/10/99 10:30pm

Lowell Weiss

PRESIDENT WILLIAM J. CLINTON

REMARKS AT SIGNING CEREMONY FOR FINANCIAL MODERNIZATION BILL

THE WHITE HOUSE

November 12, 1999

Acknowledge: Sec. Summers; Sens. Gramm, Sarbanes; Reps. Leach, LaFalce; many other Members here today.

Recently, I was asked by a newsmagazine to give my view on who should be named the &Person of the Century. 8 I said, Franklin Delano Roosevelt) and frankly, it was an easy choice. President Roosevelt was the driving force behind the victory of democracy over totalitarianism, of free enterprise over state socialism, of tolerance over bigotry) the greatest triumphs of the American century.

When President Roosevelt took office, at the very height of the Great Depression, his very first order of business was restoring confidence in the nation's banks. He did so with the help of a large bipartisan majority in Congress and the Banking Act of 1933. This law became the defining financial legislation of the 20th century.

Today, thanks once again to large bipartisan majority in Congress, I have the great honor of signing into law the defining financial legislation of the 21st century) to modernize Depression-era laws and seize the full promise of the Digital Age. As Sec. Summers has said, three generations of competition, innovation, and sweeping technological change have fundamentally reshaped the financial and economic landscape of the country. We need laws that are as modern as the financial markets themselves.

That is why Republicans and Democrats have come together, after many years

of tough negotiations and principled debate, to pass this historic legislation. The Gramm-Leach-Bliley Act of 1999 will not simply spark greater competition in the financial services industry and save consumers billions of dollars every year. Just as important, it will protect the rights of consumers and guarantee that our financial system will meet the great needs of underserved communities.

Under this financial modernization law, we will provide firms with the freedom of innovation. We will tear down outdated walls between banks, securities firms, and insurance companies. We will also grant banks significant new authority to conduct most of their new activities through financial subsidiaries. [what is the significance of this?] Together, these measures will enhance the stability of our financial services system. Companies will be able to diversify their product offerings, spread their risk, and strengthen their position in the global marketplace.

Both the Vice President and I have long insisted that any effort to modernize our financial services must benefit American communities by preserving and strengthening community reinvestment. In fact, I made very clear that I would veto any legislation that failed to do so. The legislation that I will sign in a few minutes honors our commitment to community. It says to banks: If you want to take advantage of the new opportunities inherent in this law, you must first show a satisfactory record of meeting the needs of all the communities you serve) including low- and moderate-income citizens. The Community Reinvestment Act will continue to apply to all banks and thrifts. Any application to acquire or merge with a bank will continue to be reviewed under CRA, with full opportunity for public comment.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:10-NOV-1999 19:12:46.00

SUBJECT: top

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Acknowledge: Sec. Summers; Sens. Gramm, Sarbanes; Reps. Leach, LaFalce;
many other Members here today.

Recently, I was asked by a newsmagazine my view on who should be named the &Person of the Century. I said, Franklin Delano Roosevelt) and frankly, it was an easy choice. President Roosevelt was the driving force behind the victory of democracy over totalitarianism, of free enterprise over state socialism, of tolerance over bigotry) the greatest triumphs of the American century.

When FDR took office, America's banking system was on the verge of total collapse. In fact, one of the most enduring and heart-wrenching images we have of the Great Depression is the lines of desperate men and women waiting for hours outside failed banks just praying they could salvage some small portion of their savings.

So FDR's first order of business was to restore confidence in the banks. And that is exactly what he did) by protecting families's savings and by separating banking, insurance, and securities work into separate and isolated fields. FDR's Banking Act of 1933 was the defining financial legislation of the 20th century.

Today, I will sign the defining financial legislation of the 21st century (.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Linda Ricci (CN=Linda Ricci/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:11-NOV-1999 15:50:21.00

SUBJECT: fin mod remarks -- 3:30 draft

TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TEXT:

Next thing you know, Jack will be adding you to the negotiating team.

FYI- Sally's got the ball on this one. Thanks.

----- Forwarded by Linda Ricci/OMB/EOP on 11/11/99 03:49
PM -----

Lowell A. Weiss
11/11/99 03:43:22 PM
Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: fin mod remarks -- 3:30 draft

I would like to get your comments/suggestions by 5pm, if possible. This draft cannot grow. It is too long as it is. If you suggest something that requires additional words, pls propose offsets. (See, Sally and Linda, I've learned the lingo.)

Lowell

Draft 11/11/99 3:30pm
Lowell Weiss
PRESIDENT WILLIAM J. CLINTON
REMARKS AT SIGNING CEREMONY FOR FINANCIAL MODERNIZATION BILL
THE WHITE HOUSE
November 12, 1999

Acknowledge: Sec. Summers [I am particularly grateful to Sec. Summers and Chairman Greenspan for working to ensure that the new financial structure we put in place today will both enhance competition and preserve the safety and strength of our banking system.]; Sec. Chairman Levitt; Gene Sperling [who worked very hard to see this day, and is now negotiating on

my behalf in China]; Sens. Sarbanes and Gramm; Reps. LaFalce and Leach; many other Members here today.

Recently, I was asked by a newsmagazine to give my view on who should be named the &Person of the Century. 8 I said, Franklin Delano Roosevelt) and frankly, it was an easy choice. President Roosevelt was the driving force behind the victory of democracy over totalitarianism, of free enterprise over state socialism, of tolerance over bigotry) the greatest triumphs of the American century.

When President Roosevelt took office, at the very height of the Great Depression, his very first order of business was restoring confidence in the nation ,s banks. He did so with the help of a large bipartisan majority in Congress and the Banking Act of 1933. This law became the defining financial legislation of the 20th century.

Today, thanks once again to large bipartisan majority in Congress, I have the great honor of signing into law the defining financial legislation of the 21st century) to modernize Depression-era laws and seize the full promise of this new high-paced, high-tech world.

Over the past seven years, as we have restored fiscal discipline, opened new markets, and invested in our people, we have also worked hard to strip away outdated rules governing dynamic fields such as telecommunications and electronic commerce. Today, we are offering financial services firms this same freedom of innovation. We are tearing down antiquated walls between banks, securities firms, and insurance companies. We are granting banks significant new authority to conduct most of their new activities through financial subsidiaries.

This financial modernization act will not only spark greater competition in the financial services industry and save consumers billions of dollars every year. Just as important, it will guarantee that our financial system will meet the great needs of underserved communities. And it will honor FDR ,s example by protecting the rights of consumers.

The Vice President and I have long insisted that any effort to modernize our financial services must benefit American communities by preserving and strengthening community reinvestment. In fact, I made very clear that I would veto any legislation that failed to do so.

The legislation that I will sign today succeeds in honoring this commitment to community empowerment. It establishes the powerful principle that as we expand the powers of banks so shall we expand the power of the Community Reinvestment Act. It says to banks: If you want to take advantage of the new opportunities this law creates, you must first show a satisfactory record of meeting the needs of all the communities you serve) including low- and moderate-income communities.

I want to thank Sen. Sarbanes and Rep. LaFalce for their leadership on this vital issue. I also want to applaud the hundreds of dedicated community groups around the country that have worked so hard to make sure that CRA brings more hope and capital to hard-pressed communities around the country. Together, we have helped spark more than \$1 trillion in new

lending commitments to underserved neighborhoods) 95% of this total in the last six years alone.

The bill I will sign today also takes significant steps forward to protect the privacy of our financial transactions, by including many of the provisions I included in the Financial Privacy and Consumer Protection Initiative I unveiled this past May. This Act will give consumers, for the very first time, the right to know if their financial institution intends to share their financial data) and the right to say no to information sharing with most outside institutions. And like the new medical privacy protections I announced two weeks ago, these financial privacy protections have teeth. We have granted regulators full authority to enforce these protections and created new penalties to punish abusive practices.

But let me be clear: the privacy protections in this Act do not go far enough. That is why I am pleased that the Act instructs the Treasury to study the privacy practices in the financial services industry and recommend further legislative steps.

To ensure the swiftest possible action, today I am directing the National Economic Council to work with the Treasury and the Office of Management and Budget to complete a legislative proposal by early next year. Without restraining the economic potential of new business arrangements, I want to make sure that every family has meaningful choices about how their personal information will be shared within corporate conglomerates. We cannot allow new opportunities to erode our oldest and most fundamental rights.

More than 60 years ago, President Roosevelt told the nation: the wise and prudent among us & have long known that in a changing world worthy institutions can be conserved only by adjusting them to the changing time. 8 Today, thanks to so many of you, that is what are doing for America ,s financial system. With FDR ,s spirit of bold experimentation, we are shaping a financial system that will help all Americans, in all communities, seize the remarkable opportunities of the new century we will enter exactly 50 days from today. Thank you and God bless you.

#

Message Sent

To:

Sarah Rosen Wartell/OPD/EOP@EOP
gregory.baer@do.treas.gov @ inet
Sally Katzen/OMB/EOP@EOP
Melissa G. Green/OPD/EOP@EOP
Terry Edmonds/WHO/EOP@EOP
Joshua S. Gottheimer/WHO/EOP@EOP
Loretta M. Ucelli/WHO/EOP@EOP
Lindsay R. Drewel/WHO/EOP@EOP
Joel Johnson/WHO/EOP@EOP
Patrick M. Dorton/OPD/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:11-NOV-1999 13:09:03.00

SUBJECT: GS Comments -- Goodluck.

TO: Patrick M. Dorton (CN=Patrick M. Dorton/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

----- Forwarded by Melissa G. Green/OPD/EOP on 11/11/99

01:08 PM -----

Sarah Rosen Wartell

11/11/99 11:09:13 AM

Record Type: Record

To: Lowell A. Weiss/WHO/EOP@EOP, Sarah Rosen Wartell/OPD/EOP

cc: Patrick M. Dorton/OPD/EOP@EOP

Subject: GS Comments -- Goodluck.

Overall Comments (line edits below)

- 1) Do not have the President call this the Gramm-Leach-Bliley Act of 1999. He thinks that is "chicken shit" -- of them [not you.]
- 2) He thinks Treasury will want a sentence or two on what the bill does
- 3) Gene thinks it is crucial that you mention our 3 pillars -- fiscal discipline, open markets, and investing in people and then say something like, along with our three pillars, we have also made bold, but commonsense deregulations(?) in such areas as telecom, blahblahblah and today and we have taken a major step in modernizing our banking system (or whatever). This bill will lead to new innovations, save us billions of dollars, and ensure that we stay the most competitive, innovative, and consumer oriented country in the world.
- 4) He leaves the redomestication question up to Summers
- 5) On the privacy paragraph he said whatever most people think, esp. Summers, but if you keep it please see change in first sentence of paragraph.
- 6) CRA paragraph: After "honors our commitment to community," see addition below. He wanted the part about the group leaders to be really strong and powerful, I am not sure I did it justice.

Draft 11/11/99 10:50pm

Lowell Weiss

PRESIDENT WILLIAM J. CLINTON

REMARKS AT SIGNING CEREMONY FOR FINANCIAL MODERNIZATION BILL

THE WHITE HOUSE

November 12, 1999

Acknowledge: Sec. Summers; Gene Sperling [who worked very hard to see this day, but is now negotiating on my behalf in China]Sec. Chairman Levitt; Sens. Gramm, Sarbanes; Reps. Leach, LaFalce; many other Members here today.

Recently, I was asked by a newsmagazine to give my view on who should be named the &Person of the Century. 8 I said, Franklin Delano Roosevelt) and frankly, it was an easy choice. President Roosevelt was the driving force behind the victory of democracy over totalitarianism, of free enterprise over state socialism, of tolerance over bigotry) the greatest triumphs of the American century.

When President Roosevelt took office, at the very height of the Great Depression, his very first order of business was restoring confidence in the nation's banks. He did so with the help of a large bipartisan majority in Congress and the Banking Act of 1933. This law became the defining financial legislation of the 20th century.

As Sec. Summers has said, three generations of competition, innovation, and sweeping technological change have fundamentally reshaped the financial and economic landscape of the country. We need laws that are as modern as the financial markets themselves. That is why today thanks once again to large bipartisan majority in Congress, I have the great honor of signing into law the defining financial legislation of the 21st century) to modernize Depression-era laws and seize the full promise of the Digital Age of this new high paced, modern world. As Sec. Summers has said, three generations of competition, innovation, and sweeping technological change have fundamentally reshaped the financial and economic landscape of the country. We need laws that are as modern as the financial markets themselves.

That is why Republicans and Democrats have come together, after many years of tough negotiations and principled debate, to pass this historic legislation. The Gramm-Leach-Bliley Act of 1999 will not simply spark greater competition in the financial services industry and save consumers billions of dollars every year. Just as important, it will guarantee that our financial system will meet the great needs of underserved communities. And it will honor FDR's example by protecting the rights of consumers. For this we owe particular thanks to SEC Chairman Levitt. Levitt gets credit for investor protection, a small subset of consumer protection.

Under this financial modernization law, we will provide firms with the freedom of innovation. We will tear down outdated walls between banks, securities firms, and insurance companies. We will also grant banks significant new authority to conduct most of their new activities through

financial subsidiaries. I am grateful that Sec. Summers and Chairman Greenspan were able to resolve the difficult regulatory issues that had long thwarted this important reform.

Both the Vice President and I have long insisted that any effort to modernize our financial services must benefit American communities by preserving and strengthening community reinvestment. In fact, I made very clear that I would veto any legislation that failed to do so. The legislation that I will sign in a few minutes honors our commitment to community empowerment. This legislation establishes the powerful principal that as we expand the powers of banks so shall we expand the power of the Community Reinvestment Act to ensure that its effectiveness is maintained and that the benefits of capital and investment go to the most hard pressed and underserved communities. I applaud the dedicated people in the community groups across the country who worked so hard to make sure that CRA brings more hope and capital to low-income communities across this country. This is a major priority for the VP and I -- [SRW -- need the best CRA stat -- GS sputtered something like 95% of CRA have taken place in the last 6 years] It says to banks: If you want to take advantage of the new opportunities inherent in this law, you must first show a satisfactory record of meeting the needs of all the communities you serve) including low- and moderate-income citizens. I want to thank Sen. Sarbanes and Rep. LaFalce, in particular, for their leadership on this vital issue.

This act also takes significant steps forward to protect the privacy of our financial transactions, by including many of the strong and enforceable privacy provisions I proposed in May. For the first time, consumers will have the right to know if their financial institution intends to share their financial data) and they will have the absolute right to say no to information sharing with most outside institutions. [unfortunately, there are some loopholes here -- more accurate as written] And these protections have teeth, because we have granted regulators full authority to enforce these protections and created new penalties to punish abusive practices.

But let me be clear: these protections do not go far enough. So today I am directing the National Economic Council to work with the Department of Treasury, the National Economic Council, and the Office of Management and Budget to develop a legislative proposal, to be ready next year, [i liked better "to complete the unfinished privacy agenda" which doesn't so directly imply weakness in the bill he is signing] to strengthen the privacy protections in the Gramm-Leach-Bliley Act. Without restraining the economic potential of new corporate arrangements, I want to make sure that every family has meaningful choices about how their personal information will be shared within corporate families. We cannot allow new opportunities to erode our oldest and most fundamental rights.

I am also concerned about a provision in this Act that could allow some mutual (either here or below) insurance companies to enrich insiders at the expense of average policyholders. We intend to monitor these mutual insurance companies closely) and return to Congress with new legislation if necessary. [QUESTION FOR GENE: Do we want to do this in POTUS remarks or just in signing statement and have Summers say this in

his remarks? I also will ask Treasury what Larry wants since he made a promise to pursue.]

Conclusion TK.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Patrick M. Dorton (CN=Patrick M. Dorton/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:11-NOV-1999 11:43:02.00

SUBJECT: draft -- revised

TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TEXT:

Lowell, we can't do the "less sleep than usual for Gene" -- we're trying to shake that image a bit.

----- Forwarded by Patrick M. Dorton/OPD/EOP on 11/11/99

11:36 AM -----

Lowell A. Weiss

11/11/99 11:04:59 AM

Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP

cc:

Subject: draft -- revised

Lowell Weiss

PRESIDENT WILLIAM J. CLINTON

REMARKS AT SIGNING CEREMONY FOR FINANCIAL MODERNIZATION BILL

THE WHITE HOUSE

November 12, 1999

Acknowledge: Sec. Summers; Sec. Chairman Levitt; Gene Sperling [who worked very hard to see this day, but is now negotiating on my behalf in China, getting even less sleep than usual]; Sens. Gramm, Sarbanes; Reps. Leach, LaFalce; many other Members here today.

Recently, I was asked by a newsmagazine to give my view on who should be named the &Person of the Century. 8 I said, Franklin Delano Roosevelt) and frankly, it was an easy choice. President Roosevelt was the driving force behind the victory of democracy over totalitarianism, of free enterprise over state socialism, of tolerance over bigotry) the greatest triumphs of the American century.

When President Roosevelt took office, at the very height of the Great Depression, his very first order of business was restoring confidence in the nation's banks. He did so with the help of a large bipartisan majority in Congress and the Banking Act of 1933. This law became the defining financial legislation of the 20th century.

Today, thanks once again to large bipartisan majority in Congress,

I have the great honor of signing into law the defining financial legislation of the 21st century) to modernize Depression-era laws and seize the full promise of the Digital Age. As Sec. Summers has said, three generations of competition, innovation, and sweeping technological change have fundamentally reshaped the financial and economic landscape of the country. We need laws that are as modern as the financial markets themselves.

That is why Republicans and Democrats have come together, after many years of tough negotiations and principled debate, to pass this historic legislation. The Gramm-Leach-Bliley Act of 1999 will not simply spark greater competition in the financial services industry and save consumers billions of dollars every year. Just as important, it will guarantee that our financial system will meet the great needs of underserved communities. And it will honor FDR's example by protecting the rights of consumers. For this we owe particular thanks to SEC Chairman Levitt.

Under this financial modernization law, we will provide firms with the freedom of innovation. We will tear down outdated walls between banks, securities firms, and insurance companies. We will also grant banks significant new authority to conduct most of their new activities through financial subsidiaries. I am grateful that Sec. Summers and Chairman Greenspan were able to resolve the difficult regulatory issues that had long thwarted this important reform.

Both the Vice President and I have long insisted that any effort to modernize our financial services must benefit American communities by preserving and strengthening community reinvestment. In fact, I made very clear that I would veto any legislation that failed to do so. The legislation that I will sign in a few minutes honors our commitment to community empowerment. It says to banks: If you want to take advantage of the new opportunities inherent in this law, you must first show a satisfactory record of meeting the needs of all the communities you serve) including low- and moderate-income citizens. I want to thank Sen. Sarbanes and Rep. LaFalce, in particular, for their leadership on this vital issue.

This act also takes significant steps forward to protect the privacy of our financial transactions, by including many of the strong and enforceable privacy provisions I proposed in May. For the first time, consumers will have the right to know if their financial institution intends to share their financial data) and they will have the absolute right to say no to information sharing with outside institutions. And these protections have teeth, because we have granted regulators full authority to enforce these protections and created new penalties to punish abusive practices.

But let me be clear: these protections do not go far enough. So today I am directing the Treasury, the National Economic Council, and the Office of Management and Budget to develop a legislative proposal, to be ready next year, to strengthen the privacy protections in the Gramm-Leach-Bliley Act. Without restraining the economic potential of new corporate arrangements, I want to make sure that every family has meaningful choices about how their personal information will be shared

within corporate families. We cannot allow new opportunities to erode our oldest and most fundamental rights.

I am also concerned about a provision in this Act that could allow some insurance companies to enrich insiders at the expense of average policyholders. We intend to monitor these insurance companies closely) and return to Congress with new legislation if necessary.

Conclusion TK.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:11-NOV-1999 15:43:34.00

SUBJECT: fin mod remarks -- 3:30 draft

TO: Patrick M. Dorton (CN=Patrick M. Dorton/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Lindsay R. Drewel (CN=Lindsay R. Drewel/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Joshua S. Gottheimer (CN=Joshua S. Gottheimer/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: gregory.baer@do.treas.gov (gregory.baer@do.treas.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Linda Ricci (CN=Linda Ricci/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Joel Johnson (CN=Joel Johnson/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Loretta M. Ucelli (CN=Loretta M. Ucelli/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Terry Edmonds (CN=Terry Edmonds/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sally Katzen (CN=Sally Katzen/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:

I would like to get your comments/suggestions by 5pm, if possible. This draft cannot grow. It is too long as it is. If you suggest something that requires additional words, pls propose offsets. (See, Sally and Linda, I've learned the lingo.)

Lowell

Draft 11/11/99 3:30pm

Lowell Weiss
PRESIDENT WILLIAM J. CLINTON
REMARKS AT SIGNING CEREMONY FOR FINANCIAL MODERNIZATION BILL
THE WHITE HOUSE
November 12, 1999

Acknowledge: Sec. Summers [I am particularly grateful to Sec. Summers and Chairman Greenspan for working to ensure that the new financial structure we put in place today will both enhance competition and preserve the safety and strength of our banking system.]; Sec. Chairman Levitt; Gene Sperling [who worked very hard to see this day, and is now negotiating on my behalf in China]; Sens. Sarbanes and Gramm; Reps. LaFalce and Leach; many other Members here today.

Recently, I was asked by a newsmagazine to give my view on who should be named the Person of the Century. I said, Franklin Delano Roosevelt) and frankly, it was an easy choice. President Roosevelt was the driving force behind the victory of democracy over totalitarianism, of free enterprise over state socialism, of tolerance over bigotry) the greatest triumphs of the American century.

When President Roosevelt took office, at the very height of the Great Depression, his very first order of business was restoring confidence in the nation's banks. He did so with the help of a large bipartisan majority in Congress and the Banking Act of 1933. This law became the defining financial legislation of the 20th century.

Today, thanks once again to large bipartisan majority in Congress, I have the great honor of signing into law the defining financial legislation of the 21st century) to modernize Depression-era laws and seize the full promise of this new high-paced, high-tech world.

Over the past seven years, as we have restored fiscal discipline, opened new markets, and invested in our people, we have also worked hard to strip away outdated rules governing dynamic fields such as telecommunications and electronic commerce. Today, we are offering financial services firms this same freedom of innovation. We are tearing down antiquated walls between banks, securities firms, and insurance companies. We are granting banks significant new authority to conduct most of their new activities through financial subsidiaries.

This financial modernization act will not only spark greater competition in the financial services industry and save consumers billions of dollars every year. Just as important, it will guarantee that our financial system will meet the great needs of underserved communities. And it will honor FDR's example by protecting the rights of consumers.

The Vice President and I have long insisted that any effort to modernize our financial services must benefit American communities by preserving and strengthening community reinvestment. In fact, I made very clear that I would veto any legislation that failed to do so.

The legislation that I will sign today succeeds in honoring this commitment to community empowerment. It establishes the powerful

principle that as we expand the powers of banks so shall we expand the power of the Community Reinvestment Act. It says to banks: If you want to take advantage of the new opportunities this law creates, you must first show a satisfactory record of meeting the needs of all the communities you serve) including low- and moderate-income communities.

I want to thank Sen. Sarbanes and Rep. LaFalce for their leadership on this vital issue. I also want to applaud the hundreds of dedicated community groups around the country that have worked so hard to make sure that CRA brings more hope and capital to hard-pressed communities around the country. Together, we have helped spark more than \$1 trillion in new lending commitments to underserved neighborhoods) 95% of this total in the last six years alone.

The bill I will sign today also takes significant steps forward to protect the privacy of our financial transactions, by including many of the provisions I included in the Financial Privacy and Consumer Protection Initiative I unveiled this past May. This Act will give consumers, for the very first time, the right to know if their financial institution intends to share their financial data) and the right to say no to information sharing with most outside institutions. And like the new medical privacy protections I announced two weeks ago, these financial privacy protections have teeth. We have granted regulators full authority to enforce these protections and created new penalties to punish abusive practices.

But let me be clear: the privacy protections in this Act do not go far enough. That is why I am pleased that the Act instructs the Treasury to study the privacy practices in the financial services industry and recommend further legislative steps.

To ensure the swiftest possible action, today I am directing the National Economic Council to work with the Treasury and the Office of Management and Budget to complete a legislative proposal by early next year. Without restraining the economic potential of new business arrangements, I want to make sure that every family has meaningful choices about how their personal information will be shared within corporate conglomerates. We cannot allow new opportunities to erode our oldest and most fundamental rights.

More than 60 years ago, President Roosevelt told the nation: the wise and prudent among us & have long known that in a changing world worthy institutions can be conserved only by adjusting them to the changing time. 8 Today, thanks to so many of you, that is what are doing for America ,s financial system. With FDR ,s spirit of bold experimentation, we are shaping a financial system that will help all Americans, in all communities, seize the remarkable opportunities of the new century we will enter exactly 50 days from today. Thank you and God bless you.

#

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:11-NOV-1999 09:02:31.00

SUBJECT: President's bill signing remarks

TO: gregory.baer@do.treas.gov (gregory.baer@do.treas.gov @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:

Mr. Baer,

Sarah Rosen mentioned that you have been doing considerable research on the history of Glass-Steagall. Would you mind taking a look at the start of my draft and seeing if some of your historical tidbits could augment/replace some of what I've written? If you'd like to talk it over rather than just replying to this email, my direct line is 456-2734. Thanks.

Draft 11/10/99 10:30pm
Lowell Weiss

PRESIDENT WILLIAM J. CLINTON
REMARKS AT SIGNING CEREMONY FOR FINANCIAL MODERNIZATION BILL
THE WHITE HOUSE
November 12, 1999

Recently, I was asked by a newsmagazine to give my view on who should be named the &Person of the Century. 8 I said, Franklin Delano Roosevelt) and frankly, it was an easy choice. President Roosevelt was the driving force behind the victory of democracy over totalitarianism, of free enterprise over state socialism, of tolerance over bigotry) the greatest triumphs of the American century.

When President Roosevelt took office, at the very height of the Great Depression, his very first order of business was restoring confidence in the nation ,s banks. He did so with the help of a large bipartisan majority in Congress and the Banking Act of 1933. This law became the defining financial legislation of the 20th century.

Today, thanks once again to large bipartisan majority in Congress, I have the great honor of signing into law the defining financial legislation of the 21st century) to modernize Depression-era laws and seize the full promise of the Digital Age. As Sec. Summers has said, three generations of competition, innovation, and sweeping technological change have fundamentally reshaped the financial and economic landscape of the country. We need laws that are as modern as the financial markets themselves.

That is why Republicans and Democrats have come together, after many years

of tough negotiations and principled debate, to pass this historic legislation. The Gramm-Leach-Bliley Act of 1999 will not simply spark greater competition in the financial services industry and save consumers billions of dollars every year. Just as important, it will protect the rights of consumers and guarantee that our financial system will meet the great needs of underserved communities....

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Thomas Flavin <TFlavin@hcfa.gov> (Thomas Flavin <TFlavin@hcfa.gov> [UNKNOWN])

CREATION DATE/TIME:15-NOV-1999 02:51:23.00

SUBJECT: Arkids 11/11/99

TO: jfiedelh@samhsa.gov (jfiedelh@samhsa.gov [UNKNOWN])
READ:UNKNOWN

TO: dbaker@samhsa.gov (dbaker@samhsa.gov [UNKNOWN])
READ:UNKNOWN

TO: dbsmith@osophs.dhhs.gov (dbsmith@osophs.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: ctaplin@osaspe.dhhs.gov (ctaplin@osaspe.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: sclarkin@os.dhhs.gov (sclarkin@os.dhhs.gov [ONDCP])
READ:UNKNOWN

TO: mfranci1@os.dhhs.gov (mfranci1@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: kcohen@os.dhhs.gov (kcohen@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: FmcCorm1@os.dhhs.gov (FmcCorm1@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: cwashbur@os.dhhs.gov (cwashbur@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: Jeanne Lambrew (CN=Jeanne Lambrew/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Devorah R. Adler (CN=Devorah R. Adler/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Katherine Kirchgraber (CN=Katherine Kirchgraber/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Chiquita White (CN=Chiquita White/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Cynthia M. Smith (CN=Cynthia M. Smith/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Lillian S. Spuria (CN=Lillian S. Spuria/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: wwolf@hrsa.gov (wwolf@hrsa.gov [UNKNOWN])
READ:UNKNOWN

TO: lthurmond@hrsa.gov (lthurmond@hrsa.gov [UNKNOWN])
READ:UNKNOWN

TO: TWestmoreland@hcfa.gov (TWestmoreland@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: TMactaggart@hcfa.gov (TMactaggart@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: SHammersten@hcfa.gov (SHammersten@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: SBrown4@hcfa.gov (SBrown4@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: RBlock@hcfa.gov (RBlock@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: MSvolos@hcfa.gov (MSvolos@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: LBishop@hcfa.gov (LBishop@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: JWeber@hcfa.gov (JWeber@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: JPeterson2@hcfa.gov (JPeterson2@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: IStrauss@hcfa.gov (IStrauss@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: DSchneider@hcfa.gov (DSchneider@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: DCzerski@hcfa.gov (DCzerski@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: CAusteincasnoff@hcfa.gov (CAusteincasnoff@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: BHarris@hcfa.gov (BHarris@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: APagan@hcfa.gov (APagan@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: gov@egopleru.samhsa (gov@egopleru.samhsa [UNKNOWN])
READ:UNKNOWN

TO: pvs0@cdc.gov (pvs0@cdc.gov [UNKNOWN])
READ:UNKNOWN

TO: wperry@ahcpr.gov (wperry@ahcpr.gov [UNKNOWN])
READ:UNKNOWN

TO: nwrobel@ahcpr.gov (nwrobel@ahcpr.gov [UNKNOWN])
READ:UNKNOWN

TO: eelias@samhsa.gov (eelias@samhsa.gov [UNKNOWN])
READ:UNKNOWN

TO: kgottfried@osophs.dhhs.gov (kgottfried@osophs.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: rkatz@osaspe.dhhs.gov (rkatz@osaspe.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: tparker@os.dhhs.gov (tparker@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: mhaynes@os.dhhs.gov (mhaynes@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: mdonahue@os.dhhs.gov (mdonahue@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: jjee@os.dhhs.gov (jjee@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: DKosin@OS.DHHS.GOV (DKosin@OS.DHHS.GOV [UNKNOWN])
READ:UNKNOWN

TO: ahyman@os.dhhs.gov (ahyman@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

TO: larry.gorban@mail.va.gov (larry.gorban@mail.va.gov [UNKNOWN])
READ:UNKNOWN

TO: mbrand@hrsa.gov (mbrand@hrsa.gov [UNKNOWN])
READ:UNKNOWN

TO: djones@hrsa.gov (djones@hrsa.gov [WHO])
READ:UNKNOWN

TO: TPratt@hcfa.gov (TPratt@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: TKlitenic@hcfa.gov (TKlitenic@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: SGlaspie@hcfa.gov (SGlaspie@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: RMiller3@hcfa.gov (RMiller3@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: PHarbage@hcfa.gov (PHarbage@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: LFullerwilliams@hcfa.gov (LFullerwilliams@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: JWitles@hcfa.gov (JWitles@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: JRyan1@hcfa.gov (JRyan1@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: JFrizzera@hcfa.gov (JFrizzera@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: FJones@hcfa.gov (FJones@hcfa.gov [NSC])
READ:UNKNOWN

TO: DJohnson4@hcfa.gov (DJohnson4@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: CUnderwood@hcfa.gov (CUnderwood@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: BWebber@hcfa.gov (BWebber@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: BGreenberg1@hcfa.gov (BGreenberg1@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: AFredrickson@hcfa.gov (AFredrickson@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TO: zmd4@cdc.gov (zmd4@cdc.gov [UNKNOWN])
READ:UNKNOWN

TO: cwg2@cdc.gov (cwg2@cdc.gov [UNKNOWN])
READ:UNKNOWN

TO: pzucker@ahcpr.gov (pzucker@ahcpr.gov [UNKNOWN])
READ:UNKNOWN

TO: ddougher@ahcpr.gov (ddougher@ahcpr.gov [UNKNOWN])
READ:UNKNOWN

CC: jparadis@osaspe.dhhs.gov (jparadis@osaspe.dhhs.gov [UNKNOWN])
READ:UNKNOWN

CC: mhyde@os.dhhs.gov (mhyde@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

CC: ichavez@os.dhhs.gov (ichavez@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

CC: MFiore@hcfa.gov (MFiore@hcfa.gov [UNKNOWN])
READ:UNKNOWN

CC: CShirk@hcfa.gov (CShirk@hcfa.gov [UNKNOWN])
READ:UNKNOWN

CC: CHinds@hcfa.gov (CHinds@hcfa.gov [UNKNOWN])
READ:UNKNOWN

CC: rstewart@osaspe.dhhs.gov (rstewart@osaspe.dhhs.gov [UNKNOWN])
READ:UNKNOWN

CC: vrivas-v@os.dhhs.gov (vrivas-v@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

CC: jhorvath@os.dhhs.gov (jhorvath@os.dhhs.gov [UNKNOWN])
READ:UNKNOWN

CC: RFenton@hcfa.gov (RFenton@hcfa.gov [UNKNOWN])
READ:UNKNOWN

CC: DCade@hcfa.gov (DCade@hcfa.gov [UNKNOWN])
READ:UNKNOWN

CC: CPeacock@hcfa.gov (CPeacock@hcfa.gov [UNKNOWN])
READ:UNKNOWN

CC: AWedgeworth@hcfa.gov (AWedgeworth@hcfa.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
11/11/99 Politics of poor sick kids--again
JOHN BRUMMETT Arkansas Democrat Gazette

You don't want to get too rough with Gov. Mike Huckabee on this fuss he's making with the federal government about the ARKids First program. You don't want to say just how silly it was to tie that yellow ribbon around Bill Clinton's bust at the Governor's Mansion. You don't want to say just how thoroughly overblown was the Huckster's pronouncement that the federal government was trying to "gut" the program. You don't want to pay too much attention to the latest rhetoric of his spokesman, Rex Nelson, that the federal government raised questions about ARKids First only because it was a smashingly successful workfare initiative of a Republican governor. You don't want to say all that because of a couple of facts. One is that the ARKids First program is one of the most successful health insurance programs for the working poor in the country, and that no group in our

state needs co-operative assistance more than the people who work and earn too

much income for direct welfare, but not enough to keep their kids fed and clothed.

The other is that Huckabee embraced this program and championed it and made it

his own in the face of ridicule from the walking insane asylum called the extreme right wing, which called it socialism, and that for all those years when

we had a Democratic governor cutting his teeth for the presidency, Bill Clinton

managed only to talk about how he'd love to set up a health insurance program

for the working poor.

Huckabee has earned some slack, and Lord knows he needs it.

Let's run through this one more time.

Medicaid is a state-run health care program for the welfare-level poor, meaning

those with incomes below the federal poverty level. The federal government matches state Medicaid dollars on a formula based on the poverty level in that

state. For Arkansas it's mighty generous--three dollars from the feds for every

dollar we spend. Medicaid requires no co-payment and pays broad benefits. To get it, one must go to the county office and endure a rigorous

application process that includes an assessment of liquid assets.

For years the Arkansas Advocates for Children and Families argued for the working poor, meaning those taking jobs who made too much for Medicaid but not

enough to reasonably subsist. Lip service turned to action in 1997 when Democratic forces in the Legislature pushed the ARKids First program.

Huckabee saw the parade coming and jumped in front. Good for him.

ARKids First was created. It was designed for people not eligible for Medicaid,

but making less than twice the poverty level. It required a small co-payment and

paid narrower benefits than Medicaid, the idea being that it was a partnership

with a worker, not a handout for a non-worker. It was a fine program, and it

quickly grew.

To get it, one must have kids at home and show the state a check stub showing

income to be less than twice the federal poverty level. No extensive application

process. No examination of assets as in Medicaid to make sure the poor fellow hasn't hidden his millions in

Treasury bonds or mutual funds.

Medicaid is overseen federally by the Health Care Financing Administration, which in time came to notice something about Arkansas. It was that some

kids in

families so poor as to be eligible for Medicaid, with no co-payment and broad benefits, were showing up in ARKids First. It saw that the state made it much harder to get Medicaid than ARKids First, which implicitly steered the neediest among us away from the most helpful government program to which they were entitled. HCFA sent the state a letter saying to stop putting Medicaid-eligible kids in ARKids First, but to give them the full Medicaid. Then came Huckabee's ribbon-tying publicity stunt and overblown alarms, at which time he gave away his disdain for direct welfare. People won't take Medicaid because of the stigma, he said. Take them off the nobler ARKids First, he warned, and they'll go uncovered. So there you have the rhetoric, the politics, the issue. Now we await reasonable solutions. We can be thankful that the fellow overseeing medical programs for the state Human Services Department, Ray Hanley, is competent and blessedly low-key. He's nearly finished with a proposal that he plans to ship to HCFA in Washington by the end of the week. Then he intends to meet with HCFA and go over the plan next week in Washington. We can look for his plan to propose that the state make it easier to get Medicaid. The requisite trip to the county office may be eliminated. The general administrative folderol may be simplified to levels similar to those for ARKids First, though Hanley does not want to give up the assets test for Medicaid, and perhaps shouldn't, because Medicaid is, after all, government welfare and you don't want it cheated. Essentially, the state would lessen the indignity and inconvenience of Medicaid while reserving the right to enroll Medicaid-eligible families in ARKids First if, after being steered to this streamlined and more generous Medicaid, the recipients asked for ARKids First anyway. We don't need Solomon to work this out. But we could do with fewer Tommy Robinson imitations.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Lawrence, John" <John.Lawrence@mail.house.gov> ("Lawrence, John" <John.Lawrence@mail.house.gov> [UNKNOWN])

CREATION DATE/TIME:15-NOV-1999 15:48:46.00

SUBJECT: FW: press coverage of CARA

TO: Lisa M. Kountoupes (CN=Lisa M. Kountoupes/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TEXT:

I knew this would amuse you.

> -----Original Message-----

> From: Liberty Matters [mailto:libertym@libertymatters.org]

> Sent: Friday, November 12, 1999 9:42 PM

> To: Undisclosed-Recipient:@helium.klink.net;

> Subject: Liberty Matters News Service 11/12/99

>

>

> Liberty Matters News Service 11/12/99

> <http://www.libertymatters.org/111299lmns.htm>

>

> Young Funds Path to Socialism

>

> "Mark my words, we will all rue this day, when we decided to set the

> un-reversible process in place to remove massive tracts of land in this

> great country from production and the tax-rolls." Congressman Helen

> Chenoweth-Hage

>

> In an unbelievable and outright contentious committee hearing, Don Young

> (R-AK), chairman of the House Resources Committee shouted: "Those who

> oppose this bill are going to get run over." H.R. 701, the Conservation

> and Reinvestment Act (CARA) passed out of committee 37-12. One individual

> was quoted as saying: "Don Young and George Miller have just opened the

> door to total Socialism in this country."

>

> The deal was struck between Don Young and George Miller (D-CA) not to

> accept any changes to the compromise bill. Members of the committee who

> wanted to offer amendments found a very inhospitable chairman who ran the

> hearing in a way that astonished even members of his own party. Only

> fifteen amendments were allowed during the four-hour hearing. Few were

> allowed a roll call vote. The most important property rights amendments

> that were defeated include:

>

> * Mrs. Cubin (R-WY) - No net gain of federally owned lands - 14-24,

>

> * Mr. Schaffer (R-CO) - To prohibit use of CARA funds for American

> Heritage Rivers - 20-24,

>

> * Mr. Pombo (R-CA) - Greater protection for private property targeted for

> acquisition - 14-28,
>
> * Mr. Hill (R-MT) & Mr. Calvert (R-CA)- No condemnation under the bill -
> 17-30,
>
> Importantly, Don Young lost three of his Sub-Committee chairmen who voted
> against his bill (Chenoweth-Hage - ID, Cubin - WY, and Doolittle - CA).
> Every attempt to protect property rights was soundly defeated by Young
and
> his Democratic alliance. Towards the end Young even refused to recognize
> those members with pro-property rights amendments.
>
> George Miller called the bill "...one of the most significant pieces of
> environmental legislation in the last 25 years." Paul W. Hansen, of the
> Izaak Walton League said: "Our members have waited for decades."
>
> Provisions of the Bill
>
> The bill earmarks \$45 billion over the next 15 years, one third of which
> will be dedicated for Land Acquisition. Each state will be forced to use
> their entire portion or lose their allotment.
>
> In a weak attempt to placate property rights, Young and Miller added the
> following: Congressional approval for condemnation if not purchased from
a
> "willing seller;" approval by Congress of each parcel to be purchased;
> conservation easements must be used wherever possible; and, public
> notification is required prior to purchasing a parcel of land.
>
> What should be crystal clear from the vote on CARA and the actions of the
> Chairman, is that this bill is designed to do exactly what we have warned
> it would do - destroy what is left of private property in America driving
> us to a complete socialistic state of government-owned land
>
> Young has said he intends to bring the bill to the floor early next year.
> But, this legislation still has many hoops to jump through before landing
> on the House floor giving us many opportunities to stop it.
>
> Please order Faxback Docs. 450, 451 for the complete list of recorded
> votes and offered amendments. It is important every American closely
> scrutinize the actions of the Chairman and those who chose to compromise
> with him against property rights. Also, thank those 12 who stood firm
with
> property rights, and voted for principle and against the Chairman.
>
> Prepare yourselves to fight for the soul of this nation in the coming
> months.
>
> Permission to rebroadcast in whole or part is granted provided that
> attribution be made to Liberty Matters News Service
>
>
>
> -----

> From: Weiss, Daniel
> Sent: Monday, November 15, 1999 1:29 PM
> To: Hansen, Steve
> Subject: press coverage of CARA
>
> Steve, I thought you might see a broader range of stories on CARA than me
> and was hoping that I could get copies of any press coverage you do you
> see. when you get a moment, would you be willing to put a copy of them
> together and stick them in inside mail? I would appreciate it. Thanks.
>
> Below is an editorial from the Minneapolis Star Tribune, in case you
> hadn't seen that already.
>
>
> Published Sunday, November 14, 1999
>
> Editorial: Land conservation -- A bold plan from Alaska's Young The last
> five years have been a dark time for environmental legislation in
> Congress. Major initiatives at renewing, revising or expanding the
> nation's landmark laws have stalled in partisan stalemate. Sneak attacks
> on existing programs are attached, like barnacles, to every
appropriations
> bill that is thought immune to presidential veto. Great energies are
> expended and little of note is achieved. Now a stunning and important
> exception to this pattern has taken shape in the House -- the
Conservation
> and Reinvestment Act of 1999, which would permanently commit about \$3
> billion per year for a wide range of programs to preserve, restore and
> enhance natural areas. The measure's principal architect is Rep. Don
Young
> of Alaska, the Resources Committee chairman we have often faulted for
> pressing a wrongheaded agenda in an underhanded way. But for this
> legislation he deserves praise and support, and if he can shepherd it
into
> law he will deserve the nation's gratitude as well. The money to fund
> these programs is collected by the federal government in royalties on
> offshore oil and gas production, which now run about \$3 billion per year.
> Congress has long supported, in principle if not in deed, the notion that
> revenue earned by exploiting natural resources in one place ought to be
> spent preserving them in another. But the chief vehicle for that
transfer,
> the Land and Water Conservation Fund, has never received its full
> allotment of about \$900 million annually; in recent years the
> appropriations have been in the \$200 million to \$300 million range, with
> the rest going into the treasury for general use. As this Congress got
> underway, in an attitude of surplus, environmental advocates saw a chance
> to achieve full funding of the program. And soon they saw the spectacle
of
> Young and his allies competing with old opponents like Rep. George Miller
> of California, the Resource Committee's ranking Democrat, to devise the
> most ambitious plan for the oil money. The bill that passed the committee
> last week is a compromise between the Young and Miller versions,
> negotiated over recent months with considerable participation from
> Minnesota's Bruce Vento, among others. It provides the full \$900 million

> for the conservation fund, half for federal purchases of environmentally
> significant lands, half for matching grants to the states to buy their
own
> parcels. Another \$1.1 billion would support initiatives for wildlife
> habitat, urban parks, historic preservation, environmental projects on
> Indian reservations, purchase of conservation easements and, at long
last,
> full funding for the payments in lieu of taxes on federal land that
> Washington makes to local governments. The measure's most controversial
> section spends \$1 billion for conservation, restoration and other
purposes
> in areas where the offshore oil and gas are produced. This was Young's
> priority and it raised suspicions of environmental groups, who thought it
> might encourage increased production. Vento is satisfied that the bill's
> language avoids such problems, and so are some leading environmental
> groups. Young's logic is that the states which produce the oil revenue,
> and suffer the environmental consequences, deserve some special
> consideration when the money is parceled out. There's merit in that
> argument, especially when the other programs are so generously funded,
and
> when essentially all of the oil money is finally going where it ought.
The
> bill faces many hurdles -- starting with House members, primarily from
the
> West, who regard any expansion of public lands as a bad thing. Here Don
> Young can use the support of old challengers to advance this ambitious,
> even visionary, legislation. He has ours. (c) Copyright 1999 Star
Tribune.
> All rights reserved.
> <<OLE Object: Picture (Metafile)>>
>
>
>
>
>

> Daniel Weiss
> Chief of Staff
> Office of Rep. George Miller
> 202/225-2095
>
>

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sean Wilentz <swilentz@Princeton.EDU> (Sean Wilentz <swilentz@Princeton.EDU> [UNKNOWN])

CREATION DATE/TIME:15-NOV-1999 06:21:12.00

SUBJECT: Wilentz NYT

TO: Sidney Blumenthal (CN=Sidney Blumenthal/OU=WHO/O=EOP [WHO])

READ:UNKNOWN

TEXT:

I just got big-footed out of Sunday by "a world leader" -- ah well...
But this will run on Tuesday. So we have the weekend to play with it.
We'll talk.

Liberalism is back -- maybe not in name, but in spirit and in substance. The news has been in the political air for months, although few pundits have said so directly. Any doubts about the matter were banished by the results of the New York Times/[CBS?] survey of voters' attitudes, released last week.

That survey revealed that the electorate is fed up with the anti-government politicking that peaked in the Reagan-Bush era, and is eager to endorse sensible federal solutions to national problems. Each of what the respondents identified as the major issues of the day -- and most of the secondary issues -- break in favor of liberals and against conservatives. At the top of the list (picked by tk% of the respondents) is the provision of affordable health care, an issue that in recent months has centered on the expansion of Medicare payments to cover prescription drugs -- endorsed by liberals, opposed by conservatives. Next, at tk%, comes protecting the Social Security system, then tk, tk, and tk -- all areas where liberals have the advantage. With the permanent emergency of the Cold War long since passed, it seems that the American people are now chiefly interested in getting their federal government to advance the domestic common good.

The poll's findings underscore numerous recent signs that our politics have shifted firmly toward a new vital center after a long period of conservative ascendancy. The strongest of these signs has been the Republican front-runner George W. Bush's effort to distance himself from the hard-right House Republicans and to proclaim himself a champion of "compassionate conservatism." Governor Bush still has a long way to go to explain what his slogan means -- but at the very least, it means that he and his advisers think there are some serious political deficiencies in '80s-style conservatism. And other politicians, of all stripes, appear to be getting the message about the voters' practical liberal drift. The Democratic presidential contender Bill Bradley has positioned himself ever-so-slightly to the left of his rival, Vice President Al Gore, by plumping down especially hard in favor of costly health-care reform. (Interestingly, while pro-Gore Democrats argue that Bradley's proposals might endanger Medicare -- a basic '60s-liberal program -- some Republicans have said nice things about the Bradley plan.) In the House -- a chamber of horrors for liberals since 1994 --

the Republican majority is suddenly falling all over itself to approve some sort of increase in the minimum wage, after years of arguing that such a raise would irreparably injure the economy.

Over in the Reform party, former GOP right-winger Buchanan is proclaiming himself the workingman's advocate (and making cozy with everyone from Teamster head James Hoffa, Jr. to the erstwhile Marxist-Leninist fringe candidate Lenora Fulani). Even the real-estate mogul and presidential aspirant Donald Trump has gotten into the act. On the same day that the Times poll showed him to be less admired than Linda Tripp, Trump announced a soak-the-rich tax proposal that comes straight out of the old Huey Long populist playbook.

The all-purpose explanation for the change is that flush times produce more liberal outlooks. With plenty of money in their own pockets and in the government's coffers (so the explanation goes), Americans are more willing to back federal spending. But that economic determinist reading is superficial. What we are witnessing is nothing less than a revival of a liberal tradition that many observers had given up for dead, but which has assumed a new and chastened form.

When last in bloom, between 1961 and 1965, liberalism achieved an amazing amount in a very short time. Using the powers of the federal government, liberals in the Kennedy and Johnson administrations effectively outlawed racial segregation and overturned the nation's racist immigration policies. Attempts to enact universal health care failed, but Medicare and Medicaid successfully augmented the reforms of the New Deal era.

Then, suddenly, the chances for reform evaporated. The escalation of the Vietnam war bitterly divided liberals. The midterm 1966 elections marked the first wave of a conservative backlash against the civil rights revolution and against the combined New Frontier/Great Society liberal impulse. In its place, Richard Nixon cultivated his

law-and-order, Southern strategy and built an anti-liberal majority that seemed to give the Republican party a lock on the presidency. The Watergate scandals caused a brief counter-reaction, which many Democrats interpreted as a vindication of liberal politics. But in the 1980's, Ronald Reagan and George Bush the elder revived the anti-liberal formula with a vengeance, smashing their opponents by ridiculing them as

L-words, tax-and-spend, San Francisco Democrats. With the Republican takeover of Congress in 1994, led by Newt Gingrich, the faint traces of liberalism that had helped elect Bill Clinton president two years earlier seemed crushed once and for all.

What few people noticed, however, was that in the 1970's and 1980's, while liberals were taking on the chin at the polls, their earlier political achievements were becoming sacrosanct. Federally enforced civil rights (including protection for women under Title VII of the 1964 Civil Rights Act), Medicare, and more—all hotly contested by conservatives in the early 1960's—remained political inviolable. Liberals and conservatives fought fiercely over affirmative action and the merits of racial gerrymandering—but not over the basic justice of the Civil Rights Act of 1964 and the Voting Rights Act of 1965. Republicans and Democrats clashed (as they continue to do) over the funding and scope of Medicare, but not over the program's basic legitimacy. What conservatives once condemned as creeping socialism became accepted as part of the American Way.

With this baseline of federal commitment firmly established,

liberalism was never quite as weak as it seemed to be. One of the great ironies of the Reagan years was that, even though the President proved immensely popular (and national Democrats singularly unpopular), polls repeatedly showed the electorate standing well to the left of the administration on many leading domestic issues, from health care to education. Too many conservatives misread Reagan's twin electoral triumphs (and Bush's victory in 1988) as the consequences of a full-scale ideological and political conversion by the voters to their cause. Nothing of the kind had occurred.

What the voters may have liked best about Reagan's politics, his uncompromising anti-communism in foreign affairs, hardly translated into liberalism's demise. Until the Vietnam disaster, after all, liberalism and anti-communism had gone hand in hand; and many of those quondam Democrats who switched to Reagan over foreign affairs remained, in their hearts, more liberal than not. After the collapse of communism and the Soviet Union, that underlying liberalism began resurfacing.

Liberalism's comeback, however, has also required an updating of liberal themes -- which has been Bill Clinton's signal success. By electing Clinton to the White House in 1992, the voters showed some revived interest in increasing federal spending -- what the Clinton campaign had called "putting people first." But the election also showed (in the 19% of the vote given to the upstart, Ross Perot) an abiding sharp concern about federal fiscal mismanagement. Some of the stigma attached to liberal Big Government in the late-1960s -- as a behemoth that stole from the productive many and gave to the lazy, shiftless minorities -- still remained. And in his first term, when Clinton fell on his face with his health care initiative and squandered public support, he looked like a dead political duck.

Yet instead of giving up, Clinton adapted. Disappointing both the traditional statist left and the free-market right, he reconciled fiscal responsibility -- and a balanced federal budget -- with increased federal spending on public investments. Rejecting the excesses of liberal multiculturalism, he revived an old-fashioned patriotic liberal rhetoric while standing firm on civil rights. On the domestic front, he abandoned outdated federal programs (notably welfare assistance programs dating back to the 1930s), while strengthening the Government's commitment to job training and widened educational opportunities for all. And in foreign affairs, he became the first Democratic president since Vietnam to rehabilitate liberal internationalism. In short, Clinton shattered the conservative idea of government as America's problem and made federal action respectable once again.

Flushed with victory in 1994, right-wing congressional Republicans misread reality and thought that Reaganism had been reborn. So they forced a government shutdown in 1995, infuriating the voters. Undeterred by that fiasco, they pursued the impeachment and removal of President Clinton to the bitter end, despite rock-solid public majorities in the president's favor. Like lemmings, that have continued to pursue their fiercely conservative agenda of regressive tax cuts, across-the-board budget reductions, and isolationism in world affairs.

The latest polls suggest that, as a result of their misreading, the House Republicans may well lose their majority next year. And although Governor Bush's numbers are better, he has only just begun to separate himself from his party's baleful recent activities. If he is to win the presidency, he must move well beyond vague rhetoric and square himself

with the voters on every single issue on which his conservative colleagues now stand discredited. And given his record, on everything from favoring federal tax cuts to tktktk, that may prove difficult.

But whatever the next twelve months brings, one thing is clear: the Reagan-Bush era is over. Republican nostalgia for that era is politically delusional. And if, as President Clinton once said, era of big government is over, a new era of liberal government activism, chastened by adversity, could well be just beginning.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: White House root <root@WhiteHouse.gov> (White House root <root@WhiteHouse.gov> [UNKNOWN])

CREATION DATE/TIME:15-NOV-1999 04:59:11.00

SUBJECT: Yesterday's mail for POTUS

TO: Mary U. Binns (CN=Mary U. Binns/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: horn@Whitehouse.GOV (horn@Whitehouse.GOV [WHO])
READ:UNKNOWN

TEXT:
The attached file is ASCII text. - pr1114.new

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

From john_k@orbitworld.net Sat Nov 13 05:02:14 1999
Received: (from uucp@localhost) by WhiteHouse.gov (8.7.1/uucp-relay) id FAA2161
9 for <president@Whitehouse.GOV>; Sat, 13 Nov 1999 05:02:14 -0500 (EST)
From: john_k@orbitworld.net
Received: from wh243.eop.gov/198.137.241.43 via smap
Received: from FCPWH-DAEMON by EOP.GOV (PMDF V5.2-32 #41140)
id <01JI9Z4BCYL68X0GK9@EOP.GOV>; Sat, 13 Nov 1999 05:00:59 EST
Received: from smtp.orbitworld.net ([208.200.204.14])
by EOP.GOV (PMDF V5.2-32 #41140) with ESMTP id <01JI9Z3ZJUCO8X075N@EOP.GOV>;
Sat, 13 Nov 1999 05:00:44 -0500 (EST)
Received: from orbitworld.net (ip86.herndon24.va.pub-ip.psi.net [38.30.176.86])

by smtp.orbitworld.net (8.9.0/8.9.0) with SMTP id VAA23286; Fri,
12 Nov 1999 21:03:01 -0600
Date: Fri, 12 Nov 1999 21:03:01 -0600
Subject: You have 2 months to live.
To: john_k@orbitworld.net
Message-id: <199911130303.VAA23286@smtp.orbitworld.net>
MIME-version: 1.0
Content-type: TEXT/PLAIN; CHARSET=US-ASCII
Content-transfer-encoding: 7BIT
X-Post-Sender: ip86.herndon24.va.pub-ip.psi.net [38.30.176.86]
X-Post-IP: 38.30.176.86
X-Post-Name: ip86.herndon24.va.pub-ip.psi.net
X-Post-Port: 28928
Comments: FCP version 1.7 jms/990907

You have 2 months to live.
Are you comfortable? Got enough food in the house?
Electricity working? Got fuel for the car?

Well come January 1, 2000 all that is going to change.

Well that little Y2K problem is going to collapse all the economies in the world. No more food, electricity, fuel, communications etc. all those things are going to shut down like that "snap" (maybe a week or so) with them multi-warheads will be flying around and the survival of the fittest will become the law until the antichrist takes over the world.

YOU CAN STAY HERE FOR THAT
IT'S BEST TO GET OUT OF HERE BEFORE THAT HAPPENS

BUT THE RAPTURE WILL NOT OCCUR UNTIL
THE UNIVERSE IS PROPERLY DISPLAYED

STAND UP AND OPEN YOUR MOUTH !

THE UNIVERSE SPACE ENDS & MOVES $O \wedge + \vee O$
The discovery of the understanding of the universe.

2

$E=MC$ The equation for the atom bomb. It says that matter and energy are the same thing. So then what is that? Matter, look at a brick. Its in a three dimensional form. Its made of electrons, protons and neutrons (atoms) and they are moving so the brick is moving. Energy, sunlight. Its in a three dimensional form. It comes to us from the sun therefore it is moving. 3D and moving Both matter and energy are 3D and moving. I outproduce Einstein. We already know all matter has gravity. The bending of light shows that energy also has gravity. So matter and energy are 3D moving with gravity. The universe is made of matter, energy, time and space. That just stated is the matter and energy part. Time and space. Take everything in the universe and stop it. Does time progress? No. Therefore time is the motion and the understanding of all the motion is the understanding of all of time. Space. Space ends. Space does not go on forever. Space is in a three dimensional form. Space moves but does not have gravity. Space moves like this. $O \wedge + \vee O$
And that is the understanding of time.

O This is what was first, in the beginning.

$\wedge$ This is the old kings and queens.

$+$ This is democracy.

$\vee$ This is socialism.

O This is when the Lord Jesus Christ returns.

And that is the understanding of the universe. Glory be to the Father the Son and the Holy Ghost. Revelation chapter 10&11;15-19. It is very important the people receive this information. You may tell someone about this.

Thank You
Robert Lavelle

From Nelsonic21@aol.com Sat Nov 13 10:49:39 1999

Received: (from uucp@localhost) by WhiteHouse.gov (8.7.1/uucp-relay) id KAA1060

6 for <president@Whitehouse.GOV>; Sat, 13 Nov 1999 10:49:39 -0500 (EST)

From: Nelsonic21@aol.com

Received: from wh243.eop.gov/198.137.241.43 via smap
Received: from FCPWH-DAEMON by EOP.GOV (PMDF V5.2-32 #41140)
id <01JIAB8W2YE28X0OW5@EOP.GOV> for president@Whitehouse.GOV; Sat,
13 Nov 1999 10:48:17 EST
Received: from imo19.mx.aol.com ([198.81.17.9])
by EOP.GOV (PMDF V5.2-32 #41140) with ESMTP id <01JIAB8PDC888X089P@EOP.GOV>
for President@Whitehouse.GOV; Sat, 13 Nov 1999 10:48:08 -0500 (EST)
Received: from Nelsonic21@aol.com by imo19.mx.aol.com (mail_out_v24.4.)
id 1.0.6462290 (3860) for <President@whitehouse.gov>; Sat,
13 Nov 1999 10:48:28 -0500 (EST)
Date: Sat, 13 Nov 1999 10:48:28 -0500 (EST)
Subject: Eliminate Social Security Now
To: President@Whitehouse.GOV
Message-id: <0.6462290.255ee24c@aol.com>
MIME-version: 1.0
X-Mailer: AOL 4.0 for Windows 95 sub 38
Content-type: text/plain; charset=us-ascii
Content-transfer-encoding: 7BIT
Comments: FCP version 1.7 jms/990907

I have heard that on January 1, 2000 the Social Security tax is going up, again. I think I speak for most of the people in the 5th district when I say that I'm tired of being taxed to death by the Federal government. The best way to reduce taxes is to start shutting down most government programs. They are inefficient, mean more taxes and government officials, and the only thing they do is erode people's freedom and make others less responsible for their own actions.

Social Security is one of those programs. Why do I have to supplement someone else's retirement? Why should it be my responsibility? I'm not the one retiring, I'm not the one who should of saved up a nest egg. If a person cannot afford to retire and is 65 years old, it is their responsibility, they should have been saving up not the Social Security System. Most people don't realize this, but I do, the Federal government cannot guarantee anyone any type of security without first taking from the US taxpayer.

This nation is going deeper and deeper into Socialism because of more government control and more government interference. The consequences of this are higher taxes, more laws that reduce respect for the existing ones, and Americans becoming less responsible for themselves, so many receiving Federal money expect the government to solve all of their problems.

I want less government programs, less laws and regulations, and less taxes. Most importantly I do not want free enterprise to be looked on as a special interest in a country that is based on it.

Josh Reszke

===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sean Wilentz <swilentz@Princeton.EDU> (Sean Wilentz <swilentz@Princeton.EDU> [UNKNOWN])

CREATION DATE/TIME:15-NOV-1999 06:21:14.00

SUBJECT: Wilentz piece

TO: Sidney Blumenthal (CN=Sidney Blumenthal/OU=WHO/O=EOP [WHO])

READ:UNKNOWN

TEXT:

Liberalism is back -- maybe not in name, but in spirit and in substance. The news has been in the political air for months, although few pundits have said so directly. Any doubts about the matter were banished by the results of the New York Times/[CBS?] survey of voters' attitudes, released last week.

That survey revealed that the electorate is fed up with the anti-government politicking that peaked in the Reagan-Bush era, and is eager to endorse sensible federal solutions to national problems. Each of what the respondents identified as the major issues of the day -- and most of the secondary issues -- break in favor of liberals and against conservatives. At the top of the list (picked by tk% of the respondents) is the provision of affordable health care, an issue that in recent months has centered on the expansion of Medicare payments to cover prescription drugs -- endorsed by liberals, opposed by conservatives. Next, at tk%, comes protecting the Social Security system, then tk, tk, and tk -- all areas where liberals have the advantage. With the permanent emergency of the Cold War long since passed, it seems that the American people are now chiefly interested in getting their federal government to advance the domestic common good.

The poll's findings underscore numerous recent signs that our politics have shifted firmly toward a new vital center after a long period of conservative ascendancy. The strongest of these signs has been the Republican front-runner George W. Bush's effort to distance himself from the hard-right House Republicans and to proclaim himself a champion of "compassionate conservatism." Governor Bush still has a long way to go to explain what his slogan means -- but at the very least, it means that he and his advisers think there are some serious political deficiencies in '80s-style conservatism. And other politicians, of all stripes, appear to be getting the message about the voters' practical liberal drift. The Democratic presidential contender Bill Bradley has positioned himself ever-so-slightly to the left of his rival, Vice President Al Gore, by plumping down especially hard in favor of costly health-care reform. (Interestingly, while pro-Gore Democrats argue that Bradley's proposals might endanger Medicare -- a basic '60s-liberal program -- some Republicans have said nice things about the Bradley plan.) In the House -- a chamber of horrors for liberals since 1994 -- the Republican majority is suddenly falling all over itself to approve some sort of increase in the minimum wage, after years of arguing that such a raise would irreparably injure the economy.

Over in the Reform party, former GOP right-winger Buchanan is proclaiming himself the workingman's advocate (and making cozy with

everyone from Teamster head James Hoffa, Jr. to the erstwhile Marxist-Leninist fringe candidate Lenora Fulani). Even the real-estate mogul and presidential aspirant Donald Trump has gotten into the act. On the same day that the Times poll showed him to be less admired than Linda Tripp, Trump announced a soak-the-rich tax proposal that comes straight out of the old Huey Long populist playbook.

The all-purpose explanation for the change is that flush times produce more liberal outlooks. With plenty of money in their own pockets and in the government's coffers (so the explanation goes), Americans are more willing to back federal spending. But that economic determinist reading is superficial. What we are witnessing is nothing less than a revival of a liberal tradition that many observers had given up for dead, but which has assumed a new and chastened form.

When last in bloom, between 1961 and 1965, liberalism achieved an amazing amount in a very short time. Using the powers of the federal government, liberals in the Kennedy and Johnson administrations effectively outlawed racial segregation and overturned the nation's racist immigration policies. Attempts to enact universal health care failed, but Medicare and Medicaid successfully augmented the reforms of the New Deal era.

Then, suddenly, the chances for reform evaporated. The escalation of the Vietnam war bitterly divided liberals. The midterm 1966 elections marked the first wave of a conservative backlash against the civil rights revolution and against the combined New Frontier/Great Society liberal impulse. In its place, Richard Nixon cultivated his

law-and-order, Southern strategy and built an anti-liberal majority that seemed to give the Republican party a lock on the presidency. The Watergate scandals caused a brief counter-reaction, which many Democrats interpreted as a vindication of liberal politics. But in the 1980's, Ronald Reagan and George Bush the elder revived the anti-liberal formula with a vengeance, smashing their opponents by ridiculing them as

L-words, tax-and-spend, San Francisco Democrats. With the Republican takeover of Congress in 1994, led by Newt Gingrich, the faint traces of liberalism that had helped elect Bill Clinton president two years earlier seemed crushed once and for all.

What few people noticed, however, was that in the 1970's and 1980's, while liberals were taking on the chin at the polls, their earlier political achievements were becoming sacrosanct. Federally enforced civil rights (including protection for women under Title VII of the 1964 Civil Rights Act), Medicare, and more—all hotly contested by conservatives in the early 1960's—remained political inviolable. Liberals and conservatives fought fiercely over affirmative action and the merits of racial gerrymandering—but not over the basic justice of the Civil Rights Act of 1964 and the Voting Rights Act of 1965. Republicans and Democrats clashed (as they continue to do) over the funding and scope of Medicare, but not over the program's basic legitimacy. What conservatives once condemned as creeping socialism became accepted as part of the American Way.

With this baseline of federal commitment firmly established, liberalism was never quite as weak as it seemed to be. One of the great ironies of the Reagan years was that, even though the President proved immensely popular (and national Democrats singularly unpopular), polls repeatedly showed the electorate standing well to the left of the administration on many leading domestic issues, from health care to

education. Too many conservatives misread Reagan's twin electoral triumphs (and Bush's victory in 1988) as the consequences of a full-scale ideological and political conversion by the voters to their cause. Nothing of the kind had occurred.

What the voters may have liked best about Reagan's politics, his uncompromising anti-communism in foreign affairs, hardly translated into liberalism's demise. Until the Vietnam disaster, after all, liberalism and anti-communism had gone hand in hand; and many of those quondam Democrats who switched to Reagan over foreign affairs remained, in their hearts, more liberal than not. After the collapse of communism and the Soviet Union, that underlying liberalism began resurfacing.

Liberalism's comeback, however, has also required an updating of liberal themes -- which has been Bill Clinton's signal success. By electing Clinton to the White House in 1992, the voters showed some revived interest in increasing federal spending -- what the Clinton campaign had called -- "putting people first." But the election also showed (in the 19% of the vote given to the upstart, Ross Perot) an abiding sharp concern about federal fiscal mismanagement. Some of the stigma attached to liberal Big Government in the late-1960s -- as a behemoth that stole from the productive many and gave to the lazy, shiftless minorities -- still remained. And in his first term, when Clinton fell on his face with his health care initiative and squandered public support, he looked like a dead political duck.

Yet instead of giving up, Clinton adapted. Disappointing both the traditional statist left and the free-market right, he reconciled fiscal responsibility -- and a balanced federal budget -- with increased federal spending on public investments. Rejecting the excesses of liberal multiculturalism, he revived an old-fashioned patriotic liberal rhetoric while standing firm on civil rights. On the domestic front, he abandoned outdated federal programs (notably welfare assistance programs dating back to the 1930s), while strengthening the Government's commitment to job training and widened educational opportunities for all. And in foreign affairs, he became the first Democratic president since Vietnam to rehabilitate liberal internationalism. In short, Clinton shattered the conservative idea of government as America's problem and made federal action respectable once again.

Flushed with victory in 1994, right-wing congressional Republicans misread reality and thought that Reaganism had been reborn. So they forced a government shutdown in 1995, infuriating the voters. Undeterred by that fiasco, they pursued the impeachment and removal of President Clinton to the bitter end, despite rock-solid public majorities in the president's favor. Like lemmings, that have continued to pursue their fiercely conservative agenda of regressive tax cuts, across-the-board budget reductions, and isolationism in world affairs.

The latest polls suggest that, as a result of their misreading, the House Republicans may well lose their majority next year. And although Governor Bush's numbers are better, he has only just begun to separate himself from his party's baleful recent activities. If he is to win the presidency, he must move well beyond vague rhetoric and square himself with the voters on every single issue on which his conservative colleagues now stand discredited. And given his record, on everything from favoring federal tax cuts to tktktk, that may prove difficult.

But whatever the next twelve months brings, one thing is clear: the Reagan-Bush era is over. Republican nostalgia for that era is

politically delusional. And if, as President Clinton once said, era of big government is over, a new era of liberal government activism, chapstened by adversity, could well be just beginning.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Gregory.Baer@do.treas.gov (Gregory.Baer@do.treas.gov [UNKNOWN])

CREATION DATE/TIME:15-NOV-1999 06:13:33.00

SUBJECT: President's bill signing remarks -Reply

TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])

READ:UNKNOWN

TEXT:

Date: 11/11/1999 11:15 am (Thursday)

From: Gregory Arthur Baer

To: ex.mail("Lowell_A._Weiss@who.eop.gov")

Subject: President's bill signing remarks -Reply

I'm reading over history now, and will get back with anything promising. One possible addition (which I was going to use for Sec. Summers but you could steal) would be to compare bank failures from 1930-1933, over 5,800, with those of this Administration, probably fewer than 100. Let me know if that's of interest, and I'll get the exact number.

I think what you have is good; the obvious tension is between praising FDR for his great works and then celebrating their repeal. I have a couple of suggestions for how you could smooth that over a little bit, namely by making clear that his legacy is largely intact.

--In second paragraph, you could refer to "financial system" instead of "banks" and then add a mention of the Securities Act of 1933 and Securities Exchange Act of 1934. These were contemporaneous with Banking Act and of equal importance. They live on practically verbatim today.

--Then in 3rd paragraph, you could add after "Digital Age" something like:
"Most of Roosevelt's financial reforms, from deposit insurance to investor protections, live on as a vital part of our current system. But it is time to reform the Glass-Steagall Act and other laws that now prevent consumers from seeing the benefits of full competition for financial services."

Let me know if I can be of further help. I'm working from home at 703-548-4919. If I step out, Treasury operator is 622-1260.

Good luck,
Greg

>>> ex.mail("Lowell_A._Weiss@who.eop.gov" 11/11/99 09:02am >>>

Mr. Baer,

Sarah Rosen mentioned that you have been doing considerable research on the

history of Glass-Steagall. Would you mind taking a look at the start of my

draft and seeing if some of your historical tidbits could augment/replace some of what I've written? If you'd like to talk it over rather than just replying to this email, my direct line is 456-2734. Thanks.

Draft 11/10/99 10:30pm
Lowell Weiss

PRESIDENT WILLIAM J. CLINTON
REMARKS AT SIGNING CEREMONY FOR FINANCIAL
MODERNIZATION BILL
THE WHITE HOUSE
November 12, 1999

Recently, I was asked by a newsmagazine to give my view on who should be named the "Person of the Century." I said, Franklin Delano Roosevelt ? and frankly, it was an easy choice. President Roosevelt was the driving force behind the victory of democracy over totalitarianism, of free enterprise over state socialism, of tolerance over bigotry ? the greatest triumphs of the American century.

When President Roosevelt took office, at the very height of the Great Depression, his very first order of business was restoring confidence in the nation's banks. He did so with the help of a large bipartisan majority in Congress and the Banking Act of 1933. This law became the defining financial legislation of the 20th century.

Today, thanks once again to large bipartisan majority in Congress, I have the great honor of signing into law the defining financial legislation of the 21st century ? to modernize Depression-era laws and seize the full promise of the Digital Age. As Sec. Summers has said, three generations of competition, innovation, and sweeping technological change have fundamentally reshaped the financial and economic landscape of the country. We need laws that are as modern as the financial markets themselves.

That is why Republicans and Democrats have come together, after many years of tough negotiations and principled debate, to pass this historic legislation. The Gramm-Leach-Bliley Act of 1999 will not simply spark greater competition in the financial services industry and save consumers billions of dollars every year. Just as important, it will protect the rights of consumers and guarantee that our financial system will meet the great needs of underserved communities....

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Gallucci, Gerard, M" <GallucciGM@state.gov> ("Gallucci, Gerard, M" <GallucciGM@state.gov> [UNKNOWN])

CREATION DATE/TIME:17-NOV-1999 05:43:19.00

SUBJECT: From the Left

TO: "Struble, Curt" <StrubleC@State.Gov> ("Struble, Curt" <StrubleC@State.Gov> [UNKNOWN])
READ:UNKNOWN

TO: Thomas A. Shannon (CN=Thomas A. Shannon/OU=NSC/O=EOP [NSC])
READ:UNKNOWN

TO: "Rudman, Andrew" <RudmanAI@State.Gov> ("Rudman, Andrew" <RudmanAI@State.Gov> [UNKNOWN])
READ:UNKNOWN

TO: "McGrew, Wes" <Wes.McGrew@do.treas.gov> ("McGrew, Wes" <Wes.McGrew@do.treas.gov> [UNKNOWN])
READ:UNKNOWN

TO: Maria Alexandra Arriaga (CN=Maria Alexandra Arriaga/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: "Creamer, John" <CreamerJS@State.Gov> ("Creamer, John" <CreamerJS@State.Gov> [UNKNOWN])
READ:UNKNOWN

TO: "Buchanan, James E." <ACjbucha@us-state.osis.gov> ("Buchanan, James E." <ACjbucha@us-state.osis.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Smith, Douglas" <Douglas.Smith@do.treas.gov> ("Smith, Douglas" <Douglas.Smith@do.treas.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Rogus, Dave" <dfrcom@aol.com> ("Rogus, Dave" <dfrcom@aol.com> [UNKNOWN])
READ:UNKNOWN

TO: "McElveen, James" <ACjmcelv@us-state.osis.gov> ("McElveen, James" <ACjmcelv@us-state.osis.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Drucker, Milton" <DruckerM@State.Gov> ("Drucker, Milton" <DruckerM@State.Gov> [UNKNOWN])
READ:UNKNOWN

TO: "Charlton, Milton" <CharltonML@State.Gov> ("Charlton, Milton" <CharltonML@State.Gov> [UNKNOWN])
READ:UNKNOWN

TO: "Allgeier, Peter" <pallgeier@ustr.gov> ("Allgeier, Peter" <pallgeier@ustr.gov> [UNKNOWN])
READ:UNKNOWN

TEXT:

Lula Says PT Should Remain Loyal to Socialism

WA1611131699 Rio de Janeiro Jornal do Brasil (Internet Version) in

Portuguese 15 Nov 99

[Article by Mauricio Palhares and Luciana Juliao]

[FBIS Translated Text] Sao Paulo and Brasilia. The honorary chairman of the PT [Workers Party], Luiz Inacio Lula da Silva, said yesterday that the PT should remain faithful to socialism. "We are going to continue fighting to see what type of socialism we are going to adopt," he said during the kickoff for the candidacy of CUT [Sole Workers' Union] chairman Vicente "Vicentinho" Paulo da Silva for mayor of Sao Bernardo do Campo. Although he does not support abandoning the socialist proposition, supported by the party's leader in the Chamber, Deputy Jose Genoino (Sao Paulo) last week admitted that what the PT ought to do is revise some of its ideas, in order to survive as a government alternative.

According to Lula, the PT is "a post-communist and post-social democratic party which does not aspire to power by means of revolution nor intend to tear down capitalism," but is fighting for a model of government that "seeks

a more just distribution of income, so as to improve the capitalist model in

force." He believes that "it is possible to improve capitalism" and cited as

examples "the Swedish and Danish capitalism, which is very different from ours and from that practiced here in Latin America."

REORGANIZATION -- Lula said that "there are many things that can be done in capitalism," and he stated that "a social reorganization project is necessary that answers to a new hierarchy of values, based on equality, freedom, and solidarity."

The leader of the PT returned from Rio yesterday believing there was an understanding between the party and Governor Anthony Garotinho (PDT) [Democratic Labor Party]. "I came back to Sao Paulo content," he commented. "The idea is to make our parties take part in the administrative decisions of the state."

Lula said that the PT has to "convey an image that it is not merely an honest party, but that it is also capable of making alliances." He emphasized the need for the opposition to learn to join together, stressing that the municipal elections of 2000 may give the mayoralties of around 10 state capitals to the Leftists.

The opposition can no longer give itself the luxury of winning by its own will. If Jose Dirceu (chairman of the PT) keeps pouting in one corner and Brizola (chairman of the PDT) in another, we won't accomplish anything," he said. Concerning the statement by Leonel Brizola, who has reservations about

the possibility of supporting him in a fourth run for the presidency of the Republic, Lula said that "the statement was unnecessary," because he is not a candidate.

VIABLE -- Socialism may be changing, but it still represents a viable alternative for Brazil. It is with this certainty that the leader of the PC do B (Communist Party of Brazil) in the Chamber, Deputy Aldo Rebelo (Sao Paulo), rebuffs the arguments of politicians and theoreticians who are beginning to question the role of the Brazilian Left at the end of this millennium.

"Today, there are people who think that socialism is only supported by half a dozen fanatics. But capitalism has shown itself to be unviable, and the

day will come when fanaticism will be the defense for keeping the system in the same form that it is today," Rebelo stated.

According to the PC do B leader, it is still too early to declare the bankruptcy of socialism, and the unsuccessful experiences in East Europe should only serve as a reference so that the mistakes are not repeated in any Brazilian socialist experience.

FORMULA -- "We have to perfect the socialism of other countries. For that, the first step is to not copy the already existing models. We have already made a lot of mistakes with that," he admitted. The formula for a successful

socialism in Brazil depends, according to Rebelo, on making use of the nation's historical experience as soil for implanting the ideas put forth by

Karl Marx. In addition, he continued, it is necessary to keep in mind that the building of a socialist design in Brazil will have to confront conflicting interests of social groups and different regions of the country.

"If we don't take that into consideration, it will be a model put together in an office of illuminati and imposed on the people. That doesn't work," he stated.

The PC do B leader said that the critics of socialism are being too hasty:

"If one cannot say that socialism has triumphed in the world, it is also too early to claim the failure of the model."

THIS REPORT MAY CONTAIN COPYRIGHTED MATERIAL. COPYING AND DISSEMINATION IS PROHIBITED WITHOUT PERMISSION OF THE COPYRIGHT OWNERS