

Third Way or *Réalisme de Gauche*?

The new social democracy
in France

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The 'Third Way' remains nebulous and ill-defined, yet advocates argue that it stands for 'modernized' social democracy – a vision around which the European Left must cohere. However, not all subscribe to Blair's singular reading of the modernization of European social democracy, not least because New Labour's social-democratic credentials are ever more questionable. The French Parti Socialiste (PS) remains sceptical of the Third Way, and its emergent *Réalisme de Gauche* advocates pursuing egalitarian and full-employment goals through concerted European-level activism. The self-positioning of the PS, the emphasis on equality and state intervention, and the approach to ideology all point to a more equivocal acceptance of neo-liberalism than is evident in New Labour's policy paradigm. As a result, their interpretation of what constitutes economic 'realism' in a world characterized by advancing economic globalization is much more recognizably social democratic. Accordingly, the PS argue, *contra* Blair, that there *is* an alternative for the European Left.

In carving out New Labour's identity within the radical centre, Blair concurs with his 'super-guru' Giddens's analysis of politics being *Beyond Left and Right*. In contrast, the French Socialist party shows no interest in such a remapping of the political landscape, and clearly affirms its position on the Left. The nature of its coalition, including Communists, Greens, the Citizen's Movement – all to the Left of the PS – is only part of the explanation for this. A centrist shift, seeking to exclude the Communists from any coalition, was contemplated by the PS under Rocard. So popular was it that within a year Rocard had been deposed, and his hopes of the presidency dashed. Talk of the PS turning into the American Democrats *à la française* proved very wide of the mark. The party, like Jospin himself, has historically defined itself as socialist, not social democratic, only formally accepting its social-democratization at the 1991 Arche conference. A defining feature of the party's ideological self-positioning since Jospin's return to prominence in 1995 has been its *Left*-ness. It was from this position that the dialogue with future coalition partners began.

Central to New Labour's approach is a claimed disdain for ideology. The mantra 'what counts is what works' expresses an approach that seeks to exclude ideology from New Labour's approach to the economy. The new philosophy insists upon the significance of 'rational expectations', incentives in the private sector, and the overriding importance of the supply side. This bears resemblance to the PS approach to economic policy in the late 1980s and early 1990s, associated with the late Pierre Bérégovoy.

In the long run, is Keynes dead?

However, there has been a conscious attempt by the PS, since 1993, to break with this neo-liberal *pensée unique*, and the idea of governing the economy as merely a matter of efficient technocratic management. For example, although it accepts that globalization makes the pursuit of Keynesian strategies at the national level extremely problematic, the PS remains committed to Keynesianism as the best social-democratic ‘strategic amalgam’ so far elaborated. It thus seeks to re-create – at the EU level – an economic space where Keynesian economic strategies may once more be reconciled to the international economic context.

The PS continues to advocate Delors’s proposal for internationally co-ordinated demand-management policies and trans-European investment in public works to create 15 million new jobs. The social-democratic aspiration of full employment at the EU level with the European Jobs and Growth Pact, is shared by the German SPD, among others. Such commitments will be extraordinarily difficult to deliver given the collective action problems involved in any major shift of EU policy, as the squabbles over tax harmonization have shown. Given the neo-liberal foundations laid at Maastricht, the supra-national road to social democracy will be no less difficult than the national road before it. Indeed, Jospin’s aspirations for a ‘Europeanization of social democracy’ are criticized by Green and Communist coalition partners, who see Europe not primarily as a reformist opportunity but more as a budgetary constraint and neo-liberal menace. The early reformist zeal which heralded the 35-hour week, the *Plan Aubry* and social exclusion legislation has, critics argue, faded, partly as a result of European constraints. The point however, is that in actively fighting for such shifts the PS are demonstrating a will to reinvigorate social-democratic full-employment policies on a European scale: arguably the only viable scale for them today. By contrast, New Labour shows no interest in any such aspirations. It is all hopelessly ‘old Labour’.

Globalization, rhetoric and realism

New Labour sees globalization, like the tax-aversion of Middle England’s floating voters, as an immutable reality. Their response is the development of policies facilitating the smooth adjustment to the new ‘given’. This dovetails with the telos of New Labour’s modernization rhetoric, rooted in the assumption that *there is no alternative*. All that is required is some joined-up government and a few task-forces to ensure that the process of adaptation to globalization is efficiently managed. Yet this use of globalization as a justification is disingenuous: there is no substantiating the causal connections assumed by the argument. Blair’s failure to appreciate how the impact of economic globalization is mediated and contested by domestic institutional context and ideological traditions, and his *a priori* acceptance of the primacy of markets over politics – to paraphrase Esping-Andersen – leads New Labour to abdicate from social-democratic state intervention.

The contrast with the PS’s adaptation to globalization strategy illustrates the point. Jospin’s *Réalisme de Gauche* suggests that, whilst the constraints highlighted by ‘hyperglobal’ pessimists are powerful, globalization does not preclude social-democratic policy activism. ‘We fully recognise globalisation’, Jospin writes, ‘but we do not see it as inevitable. We seek to create a regulatory system for the world capitalist economy ... so that we can influence the process of globalization and control its pace for the benefit of society.’ By exerting ‘political will’ in opposition to fatalistic *laissez faire*, and approaching globalization as a contested process, the PS argues that a significant degree of *volontarisme* – or effective political intervention – remains possible. ‘This need to take control in adapting to reality’, Jospin argues, ‘places a special responsibility on the

state. ... Often it is the only agent that can clear away or navigate around the archaic forces standing in the way of what society wants' (*Guardian*, 16 November 1999).

Within New Labour's policy framework, employment policy measures are conceived as supply-side reforms aiming to reduce the 'non-accelerating inflation rate of unemployment'. In the three years since Blair's stakeholding speech, there has been a turnaround. Then, Labour contemplated the *import* to Britain of elements of the Rhenish model, such as long-termism and co-operative employer–employee relationships. Today, New Labour advocates the *export* of the Anglo-Saxon model – ever more flexible and deregulated labour markets – to continental Europe. The state's role is merely to establish the right labour market conditions through setting replacement ratios, minimum wages levels, and employment legislation. The New Deal, operating through changing incentives in the private sector, contrasts with the French Socialists' *Plan Aubry*, which pledged 350,000 private-sector and 350,000 public-sector jobs, and the state-orchestrated shift to a 35-hour week. The latter is also on the agenda of the SPD in Germany, and of the SAP in Sweden. The contrast with Britain, where even regulating a maximum 48-hour working week has proved problematic, is striking.

Perhaps the crowning achievement of European social democracy in the postwar era has been the establishment of the European Social Model. The Model involves a regulated labour market securing extensive rights and benefits for workers, and redistributive social welfare through accessible benefits systems. Whilst the PS remain committed to it, unwillingness to fund this Model is one of the causes of New Labour's distance from its European counterparts over tax harmonization. Although the French welfare state is subject to the usual fiscal pressures, Jospin has re-prioritized the tax burden through the more progressive *Contribution Sociale Généralisée*. Unemployment benefits and early retirement pensions remain generous and, through a 3 per cent increase in *Revenu Minimum d'Insertion*, the Jospin government has explicitly targeted the non-working poor. This contrasts with New Labour's targeting of the working poor as beneficiaries of redistribution to the exclusion of the non-working poor, and moves towards an increasingly means-tested, 'liberal' welfare state. Blair *preaches* flexibility, but the Jospin government offers a vision which remains recognizably social democratic. The debate over the future of European social democracy remains unresolved.

