

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

Mark L. Melcher
Publisher
melcher@thepoliticalforum.com

Stephen R. Soukup
Senior Editor
soukup@thepoliticalforum.com

Friday, May 16, 2003

A REPRINT FROM A PIECE PUBLISHED JULY 14, 1999

THE MODERN PROMETHEI

**Mark L. Melcher
Stephen R. Soukup**

In case you hadn't noticed, the world is awash today in political leaders who are trumpeting the wonders of the so-called "third way." America's Bill Clinton and Britain's Tony Blair are the principal cheerleaders for this concept, which Blair seems to be endlessly defining and redefining in the strange, new-age patois that is so popular with his generation of politicians. It is, he has said, a "new doctrine of international community" and a plan that "seeks to take the essential values of the center and center-left and apply them to a world of fundamental social and economic change, and to do so free from outdated ideology."

Blair's "guru" on the subject is Anthony Giddens, the leftist director of the London School of Economics, who has written a short book entitled *The Third Way, The Renewal of Social Democracy*. His counterpart in America would be Sydney Blumenthal, an odd little character from America's radical left wing, who is prone to vast conspiracy theories and who is linked to the Clinton administration through his friendship with First Lady Hillary Rodham Clinton.

Journalists everywhere have also weighed in on the subject. A search of the Lexis-Nexis news database for stories containing the words "third way," turns up 720 in the last month alone. A search of international news sources on the Commerce Department's "World News Connection" turns up too many articles to catalog. But it reveals 52 such pieces with "Third Way" in the headline.

Now, I haven't read most of these stories. But I have read a lot of them, and a common theme among those that feature the words of prominent "third-way" politicians is that this concept is brand, spanking new.

Bill gets particularly excited about the freshness of it all. In his State of the Union speech last January he stated dramatically, as though he had just discovered the source of the Nile, "My fellow Americans, we have found a third way." A few months earlier, at a meeting in New

Subscriptions to The Political Forum are available by contacting:
The Political Forum
8563 Senedo Rd., Mt. Jackson, Virginia 22842
Tel 540-477-9762, Fax 540-477-3359, Email melcher@thepoliticalforum.com,
or visit us at www.thepoliticalforum.com

York, he described the third-way as “modern” and “progressive,” and specifically said that its origins could be traced to the 1980s in the United States, Britain and “other places.”

This is, of course, pure nonsense. The pursuit of a middle path between socialism and capitalism has been going on for a very long time. In fact, I believe it is fair to say that the epic quest for the elusive “third-way,” which has dominated the economic and political history of Europe for the past 155 years or so, and the United States for the past 70 years, easily rivals Galahad’s search for the Holy Grail.

My guess is that Bill knows this. But one can’t be certain, since one of the defining characteristics of baby boomers is, after all, that each idea, discovery, emotion, and novel sexual experience they have, collectively or individually, along with each phase in the aging process, is considered to be historically unprecedented, deserving of much wonder, and meriting a whole series of self-help books designed to aid them through the experience.

If forced to admit that there is nothing new about the “third way” idea, most advocates will cite Sweden as the movement’s historical antecedent, and note that Marquis Childs once wrote a book entitled “Sweden: The Middle Way.” This observation is rarely volunteered, however, since Sweden’s economic performance doesn’t set a particularly attractive example for the concept.

Giddens makes an occasional reference to Sweden in his book, but his contention appears to be that he, Blair, and Clinton have made an “appropriation” of the phrase “third way,” not of any of the ideas formerly associated with it. This is, in my opinion, more nonsense.

What he, and other third way advocates always seem to avoid, is the fact that the movement’s best-known antecedent is fascism. Giddens slides over this disturbing fact with the almost farcical statement that the “third way” phrase “seems to have originated as early as the turn of the century, and was popular among right-wing groups in the 1920s.”

Groups? Benito Mussolini’s and Adolph Hitler’s fascist movements were “groups?” Like the Diggers perhaps? And right wing? Really? I seem to remember having read somewhere that Benito was a committed Marxist, and that Adolph headed up a “group” called the National Socialist German Workers’ Party.

What is going on here? Is it, as some conservative observers maintain, all just a marketing gimmick with an unfortunate name? Maybe so. But I, for one, think it is worth paying attention when left-wing politicians around the world, and most particularly the President of the United States and his wife, the Prime Minister of Great Britain, and a passel of their senior advisors begin tossing around a phrase as historically explosive as “third-way,” while, at the same time, feigning ignorance as to its origin.

What are they talking about anyway? How does their “third way” differ from the type of government that virtually every modern society in the world today has, namely some sort of compromise between capitalism and socialism? After all, there are no pure capitalist economies in the world, just as there are no pure socialist ones. We’re all “third-wayers” now, aren’t we? And we’ve all been “third-wayers” for a long time, haven’t we?

Clearly, Bill, Tony and friends are not happy with any of the existing “third-ways.” In fact, they apparently don’t even consider them to be “third-ways,” since they don’t talk about “a new third-way,” but the “new idea” of a “third-way.” I am not certain why this is, but I would guess that, if pressed, they would argue that these existing systems are not true mergers of capitalism and socialism, but uneasy truces between proponents of each. I suspect that they would say that what they are seeking is a system that would happily harmonize both ideologies to such a degree that political support for the other two would be eliminated.

Now I am no historian, but I think it is safe to say that a true compromise between socialism and capitalism, a real “third way” that obliterates the other two “ways,” has only been crafted once, on a grand scale, since revolutionary socialism marched across Europe early in the 19th century. And, like it or not, the result was called fascism.

Now I am not saying that the modern “third way” movement is leading to some sort of replay of the Nazi era. I do believe, however, that these seekers of a “new third way” are playing with fire. I don’t think the majority of them know it. I think they are, like so many of their generation, innocent of history, and thus incapable of perceiving the deadly potential of the “new” idea that a merger between an all powerful government and big business, under the direction of a “visionary” leader, would create a wonderful world in which all the trains run on time.

They are, I think, like Mary Shelley’s well-meaning Dr. Frankenstein, convinced that they can create a giant, powerful creature and ennoble it with sentimental instruction. And like Dr. Frankenstein, whom Shelley described as the “Modern Prometheus,” they are, I believe, more likely to create a monster than something noble.

This is, I know, a harsh prediction, considering the warm expressions of intent which embroider the words of proponents of the modern “third-way.” In an attempt to support it, I will offer a little history.

For starters, it is worth recalling that the initial quest for a “third way” began, as I indicated earlier, in Europe in the 1840s, in the midst of the social and economic turmoil that accompanied the beginning of the breakdown of the European order as established at the Congress of Vienna.

Leading the effort in Germany were the founders of that nation’s famous “Historical School” of economics, Wilhelm Roscher, Bruno Hildebrand and Karl Knies. These men were ardent opponents of both socialism and laissez faire economics. Their fears were driven, on the one hand, by the rising power of revolutionary Marxism, and on the other, by the social disorders that were accompanying the opening of the industrial age, as described by Engels in his classic 1845 book, *The Condition of the Working Class in England*.

It was out of this school that Bismarck’s one man economic brain-trust, Gustav Schmoller, emerged a few decades later. Schmoller is generally credited with developing and promoting the famous Bismarckian social programs, which were passed in the 1880s in an attempt to neutralize the appeal of revolutionary Marxism. As Bismarck himself put it, “A great price is not too much, if therewith we can make the disinherited satisfied with their lot . . . Money thus spent is well invested; it is used to ward off a revolution which . . . would cost a great deal more.”

The efforts of these men failed to achieve a harmonious “third way” before World War I derailed the project. But they revealed two truths that I think should be considered while watching Bill, Tony, et al. attempt to formulate and implement a modern, international “third way.”

The first is that no matter how generous the right is, the left always wants more. The second, which flows from the first, is that a genuine “third-way” movement, one which neutralizes the left, cannot originate from the right. It must be formed from within the left itself as a sort of fifth column movement, which is exactly what Mussolini and Hitler did in the chaos that followed World War I.

The political genius of these two men was to recognize another truth that emerged from that pre-“Great War” hunt for a “third-way,” namely that radical, revolutionary socialism could attract enough followers to prevent the right from gaining enough power to reap the full benefits of capitalism. But it couldn’t produce a sufficiently large and powerful base of support to carry out its own mandate.

Thus, each man realized that if he wished to take and retain control of his respective nation, he would have to incorporate other forces into his socialist movement. Each targeted the so-called “industrialists,” correctly sensing that they would be overjoyed to learn that the powerful socialist movements they led were not socialist at all, but something new, something called fascism, something run by men who did not want to nationalize businesses, men who wanted to “work” with business, men who, in fact, wanted to place the full power and authority of the government behind those businesses that supported them.

To tie this new consortium together, Mussolini and Hitler had to abandon a lot of leftist dogma. First to go was the notion that class struggle was the essence of history. After all, one couldn’t expect support from “industrialists” if one went around harping about confiscating the “means of production” and launching a “dictatorship of the proletariat.” New scapegoats and new rallying cries were substituted for Marxist class hatred. The most important of these was a rabid mix of racism and nationalism.

Nevertheless, Marxism still lay at the core of the movement, most especially the hatred for traditional culture, religion, mores, morals, values and customs. These, Marx and his fascists acolytes knew were the glue that bound together the bourgeois society they hated. And thus was born, out of the womb of Marxism, after a 75-year gestation period, the world’s first, true “third way” movement, which successfully united, under one political roof, a vast majority of individuals from both the left and the right.

As could be expected, given the nature of the beast involved, mother and child began to quarrel immediately, which gave rise to the myth, which still endures in some circles today, that fascism was a “right wing” movement. In fact, the operating principles of German and Italian fascism were no different from those that guided Lenin and Stalin.

These included the same centralization of authority under a dictator; the same emphasis on group rights and disdain for individual rights; the same social and economic controls; the same suppression of opposition through terror; the same loathing for traditional religion, ethics and

morals; the same disdain for and corruption of the rule of law; the same need for scapegoats on whom to blame the shortfalls inherent in the system itself; and the same bloody outcome, all wrapped in the cloak of utopian propaganda.

Now, different people will draw different conclusions from this brief history. I think it demonstrates that trouble results when the left slips the leash of socialist dogma, which historically has limited the size of its following, and successfully entices or coerces a substantial contingent from the industrial right to join in its utopian enterprise.

With this warning in mind, I would now turn our attention to the late 1980s/early 1990s, that period during which Bill says he thinks the “third-way” idea originated.

It was during this time that he, like his leftist counterparts in Europe, watched in horror as conservatism expanded rapidly across the globe. The Soviet Union was no more. The Berlin wall had fallen. Everywhere one looked capitalism was on the march. Margaret Thatcher had broken the coal miners’ strike and had begun privatizing some of Great Britain’s largest state-run enterprises. Ronald Reagan had beaten the powerful air traffic controllers’ union and had begun the process of deregulating many of the nation’s largest industries.

Tax cuts were reducing the growth of government, and creating a wave of prosperity that was shrinking the ranks of “the poor.” Advances in technology were destroying the blue collar base. Religion was making its way back into public life. Traditional values were coming back into vogue. In short, the old left’s base was shrinking rapidly. Pundits everywhere were predicting its demise.

Bill recognized that this wasn’t a temporary phenomenon. He saw that it was driven in large part by demographics, technology and the globalization that followed the demise of the Soviet Union. His genius was to recognize that while the American left could still attract enough followers to keep the right from rolling back most of the gains the left had made in the previous fifty years, it was unlikely, in his lifetime, to produce a sufficiently large and powerful base of support to carry out its own mandate.

He realized that if he wished to win and retain control of his nation’s government, if he wanted to make his mark on history, he would have to incorporate other forces into his left-wing movement. He targeted the large “industrialists,” correctly sensing that they would be overjoyed to have government as a “partner” in the great global competitive battles that lay ahead; overjoyed to learn that the former radical leftist, Bill Clinton, wasn’t a leftist at all; overjoyed to learn that he was, in fact, something called a “new Democrat,” not antagonistic toward business at all, but someone who wanted to place the full power of the government behind those businesses that supported him and his movement.

To cement this new consortium together, Bill had to abandon a lot of traditional leftist dogma. First to go was the party’s old class-consciousness. The party had always viewed itself, first and foremost, as an advocate of blue collar workers in their historic struggle with capitalists, and the poor in their historic battle with “the rich.” Free trade was a no-no. So was welfare “reform.” How could the poor possibly be better off by getting less money under something called “welfare reform?” And crime? The poor commit crimes because society is unfair. So getting “tough on

crime” was considered shorthand for heaping more oppression on an already oppressed lower class. Crime resulted because there were no lights on the inner-city basketball courts. Right?

Bill disagreed. He favored free trade, welfare reform, and the death penalty. The “poor” should take responsibility for their actions, he said. After all, there weren't many of the left anyway.

More importantly, he was a friend of big business, at least those that favored him and his movement. Among other things, he could help friendly defense contractors sell restricted goods in far off places like China. He could alter the competitive environment domestically via selective antitrust suits. He could protect entertainment moguls from censorship and intrusive antitrust actions. He could keep labor at bay, while opening markets around the world. He could put CIA assets at the disposal of friendly international firms. He could even arrange for friendly executives to sleep in the Lincoln bedroom. Corrupt? Corrupting? You bet. But good for “businessmen” on the right (or should we say left) side. Right?

New scapegoats and new rallying cries were needed. The old left pitted economic classes against each other. Bill divided people into sexual, cultural, ethnic and racial groups, declared that each was being denied their “group rights,” and vowed to fight for these rights against the “radical right wingers.”

The old left promised a better break for the working men and women in America. Bill promised them government backing for their “cause,” whatever that might be, around the world. As evidence that he “cared,” he said things like the following.

“And how should we approach a country, let’s say, in Africa or Latin America which historically has had gross disparities in the education rates of young girls and young boys. I would argue that if you go into those countries and you start putting money into education, you start putting money into education technology, and you start putting money into these villages and microenterprise loans for village women, giving them power, independent power to the economy, that you will get the objective you want by making sure women get treated more equally with men, and their children are much more likely to be treated more equally.”

But much old line leftist dogma still lay at the core of the movement, most especially the disdain for traditional American culture, religion, mores, morals, values and customs. These, Bill knew, were the pillars that held up the bourgeois society that he and his fellow 1960s radicals had fought against all of their lives.

And thus was born, out of the womb of American liberalism, the idea, if not the actuality, of a “new” third way, a force for “good,” not for the United States alone, but for the entire world. Or as Bill put it last year, “I believe, we have a vested interest in the United States in advancing the welfare of ordinary citizens around the world as we pursue our economic and security interests.” Or, as his national security advisor Sandy Berger put it, “We have a mature market--we have to expand, we have to grow.”

Whether Bill and Tony and their friends can establish a true global “third-way” remains to be seen. In free societies, elections have a way of interfering with the completion of such glorious

projects. In the meantime, while watching the drama unfold, it is worth remembering Norman Podhoretz' beautifully stated cautionary observation on history: "How easily utopianism turns into totalitarianism."

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