ABSTRACT. This paper traces the emergence and demise of the Third Way using Foucault’s thought to investigate the governmentality of Third Way politics in terms of its techniques of governing focusing on the construction of the citizen-consumer, the social market, and the reform of public services, especially in the context of Tony Blair’s New Labor administration in the UK. On this basis the paper makes some broad comments about education, power and freedom.

Keywords: education, power, freedom, Third Way Governmentality, citizen-consumer, social market

1. Introduction

Politics is rarely stable or predictable even within democratic systems and elections easily make fools of even the most prudent social scientists. In the May 2005 British parliamentary elections Tony Blair became the first Labor leader ever to secure a consecutive third term – if by a much slimmer majority¹ – and only the second leader of any British party to do so since 1900. When he led Labor to power in 1997 he became the youngest prime minister since William Pitt the younger in 1783. By contrast, Gerhard Schröder, German Chancellor from 1998 to 2005 and perhaps the strongest European Third Way ally of Blair, failed to win an outright majority in the 2005 September elections, and eventually agreed to cede the chancellorship to Angela Merkel, who as chairwoman of the CDU, became
the first woman to lead Germany since it became a modern nation state in 1871. These events indicated a shift in the center of political gravity away from the prospect of social democratic politics in Europe once again towards a new conservatism. Blair ceded power to Gordon Brown who after finally becoming Prime Minister was ousted by a coalition government in 2010 led by the Conservatives in power with the Liberal Democrats who faced a huge deficit and immediately instigated an austerity budget aimed at overcoming UK’s structural problems in five years.

Looking back on a hundred years of European socialism after the founding of the Second International, Donald Sassoon (1997: 733) in his kaleidoscopic survey describes “the new revisionism” that took hold after the end of the first experiment in “actually existing socialism” as one that depended upon the idea that “capitalism would not be destroyed be a self-generated crisis, or by a revolution, or by the steady expansion of public property.” Rather the new revisionism came to accept that “Capitalism was not a transitory stage in the historical development of humanity, but a mode of production which was subject to political (i.e., non-market) regulation” (p. 734). Sassoon goes on to analyze neo-revisionism in terms that acknowledges capitalism as a quasi-permanent mode of production which may be regulated in the service of social justice but at the same time implies the end of a traditional affiliation to the working class and the national politics it entailed:

It implies that markets should be regulated by legislation and not through state ownership. It means accepting that the object of socialism is not the abolition of capitalism, but its co-existence with social justice; that the regulation of the market will increasingly be a goal achieved by supra-national means; that national – and hence parliamentary – sovereignty is a limited concept; that the concept of national roads to socialism should be abandoned. It means that the historic link with the working class, however defined, is no longer of primary importance, and that the trade unions are to be regarded as representing workers’ interests with no a priori claim to have a great say in politics that other interest groups. It means giving a far greater priority than in the past to the concern of consumers. Neo-revisionism entails accepting important aspects of the conservative critique of
Sassoon’s description of what he calls neo-revisionism and what we would more likely call nowadays “New Labor”, “the self-styled modernisers” or even simply “Third Way”, is still one of the clearest expositions of the social democratic progressivism that dislocated “genuine” socialism after the fall of the Berlin Wall in 1989. And Sassoon brilliantly documents the modernization of social democracy and the resulting shift in agenda beginning with Looking to the Future a modernizing blueprint adopted by the British Labour Party in 1990 that suggested more than simply a co-habitation arrangement with the market.

The blueprint declared both that “Britain’s deficiencies were not the inevitable result of capitalist rule” and that “what distinguished Labor Party from its Conservative opponents was a strategy to make the British economy more competitive” (p. 737), on the understanding that the determining issues was not acceptance or not of the market but rather the recognition of its limits. Sassoon points out that the 1988 Labor Party document Democratic Socialist Aims and Values dressed up its aims with talk of the creation of a genuine free society, one based on individual liberty that nevertheless defined freedom in terms of the “material ability” to make choices where the role of the state was to ensure a minimum level of material ability for everyone. This recasting of traditional principles in terms of individualism and community, social ownership and social justice signaled the replacement of Clause Four in April 1995: no longer the common ownership of the means of production, distribution and exchange but now a community in which “power, wealth and opportunity” would be “in the hands of the many not the few” (cited in Sassoon, 1997: 739). This historical trade-off combined with a new strategy of competitiveness defined the ground on which New Labor stood when it came to power in 1997.

The pressing question for the British Labor Party in the third term and thereafter – at least for questions of domestic policy – is whether it can go beyond its perceived neo-liberal and loaded definitions of freedom in consumer terms to revitalise and, perhaps, redefine, elements of traditional social democracy: participation and active engagement, access and equality, collective identity and mobilisation, and social justice.
2. The Emergence and Demise of the Third Way

In the 1990s, we witnessed the rise of the so-called Third Way. The European Left seemed to be in the ascendancy once more. Eleven out of fifteen EU governments were governed by social democratic governments or coalitions and the revitalization of European social democracy seemed assured. The Third Way as “modernized social democracy” seemed triumphant and destined to become the most important reform discourse in the European party landscape. Bill Clinton was in the Whitehouse and together with Blair and Schröder they distinguished themselves by breaking with their parties’ pasts to establish the Third Way – what Schröder called the “Neue Mitte” reform agenda. While Schröder took his inspiration from Blair’s conception of the Third Way, it also found an easy fit and reception because of Germany’s historical commitment to the “social market economy” which had been the distinctive ethos of postwar German reconstruction under Adenauer and Erhart. In 1997 Blair began by energetically implementing a program that reduced his party’s reliance on the British State to resolve social problems through a process of governing by and through the market with an accent on the reform of public services, investment in human capital and the creation of “citizen-consumers.” Commentators from both the left and right were quick to point out that there was little that was distinctive of the Third Way: the Left called it “neoliberalism with a human face” whereas the Right accused New Labor of stealing Thatcher’s market reform agenda.

Giddens (1998) in his highly influential characterization of the Third Way at the end of the nineties contrasted it with both “classical social democracy” and with “Thatcherism” or the “New Right” by emphasizing what he called “the new democratic state”, “the renewal of civil society” and “the democratic family”. More recently, while still holding to “the renewal of social democracy”, the subtitle of his first book, Giddens (2003) outlines a new agenda for social democracy in terms of what he calls “the embedded market”, “the ensuring state” and “the civil economy.” The language has become increasing a hybrid discourse insinuating the economic into the democratic or vice versa. The embedded market is one where the state and market are necessarily intertwined, where the state, re-formed by the principles of New Public Management (NPM), is “reinvented” in terms of quasi-markets, flattened hierarchies and
local autonomy yet still geared to social purposes within a democratic framework that regulates the conditions under which autonomy is exercised. Hence “the ensuring state” provides resources, enables local autonomy and responsibility for budgets and at the same time offers performance guarantees. Giddens (2003: 16) charts the accompanying change in the concept of citizenship:

The notion of the ensuring state … presumes a different concept of citizenship from that formerly involved with third way thinking. The third way emphasizes the active citizen – summed up in the principle “no rights without responsibilities”. It was a crucial innovation, but we need to specify where the responsibilities come from. Do they come from the individual or are they set by the state? … We should speak of shared responsibilities, or what some have called the co-production of public goods. That is to say, there should be collaboration between the state and the citizen in the production of socially desirable outcomes.

Such co-production is clear in the example of recycling which makes an environmental policy the responsibility of everyone. It may be that such co-production is also evident in the consumption of services like health and education that require the motivation, knowledge and participation of the individual in the provision of the service, as well as the opportunity and level of access provided by the state.

Giddens (2003) suggests that the enhancement of choice is always in principle desirable for a social democrat because of its conceptual and practical connection with the promotion of autonomy and freedom. Where consumer choice is a mechanism of quality and trust in the market context it must be defined in relation to rights and responsibilities in the context of public services. He goes on to argue:

In the market sphere … the individual functions as a consumer-citizen. In market-provided goods and services, there is open competition and high product diversity. The consumer regularly makes choices, although neither producer nor consumer acts as a pure market agent, since all market transactions relate to, and are affected by, wider aspects of the civic and regulatory environment. In the domain of public services, by contrast, the individual is more of a citizen-consumer.
Greater choice and diversity have to be introduced into public services, but in the context of clearly defined public purposes (Giddens, 2003: 18).

In part, the notion of the civil economy is precisely the framework of agencies and institutions that are designed to monitor business activity. There is no doubt that the issue of “the social market”, which might be taken to imply a socialization of the market or more broadly the ways that markets can be made to be compatible with the demands of social democracy is a critical question not only for the third way but for all governments irrespective of their professed political persuasions. The dialectic of the consumer-citizen and citizen-consumer is just one more symbolic and policy-related means of spelling out a new interdependence and renegotiation of the traditional politics surrounding the relationships between state, market and individual.

As Blair prepares for introducing his new raft of 44 new bills to Parliament during 2006, with a focus on social order and creating “a culture of respect,” he has been accused of stealing the Conservative’s agenda and yet he describes it as quintessentially New Labor. The reform and “renewal” of public services, with education as a top priority, is clearly at the heart of his third term and the strategy is to put the parent and patient first, widening consumer choice, improving quality of service and speed of delivery, and jettisoning the concept of the welfare state as “one size fits all.” The 2006 Education bill is designed to make the school system more responsive to parents by providing greater consumer choice and encouraging parents, community groups and other providers to open their own schools. The bill also promises more individualized learning and enhanced powers of intervention for local authorities and watchdogs. Under The Five-Year Strategy for Children and Learners, secondary schools are encouraged to adopt foundation status and take control of their own land, buildings and other assets and employ their own staff.

In early 2006 with a strong neo-conservative Republican government in power and EU governments dominated by the right it seems appropriate to ask what was the Third Way and is there a distinctive legacy. In 2003 Anthony Giddens, perhaps the best known Third Way theoretician asked whether the Third Way then was a “dead duck.” In his answer Giddens, then Director of LSE, adamantly defended the Third Way project, arguing:
The main outlines of the third way remain as relevant as they ever were: the restructuring of the state and government to make them more democratic and accountable; a shake-up in welfare systems to bring them more into line with the main risks people face today; a stress upon high levels of job creation, coupled to labour market reform; a commitment to fiscal discipline; investment in public services (but only where conjoined to thorough-going reform); investment in human capital as crucial to success in the knowledge economy; and the balancing of rights and responsibilities of citizens (http://politics.guardian.co.uk/progressive/comment/0,13255,943358,00.html accessed Jan, 2006).

Giddens denied that neo-conservativism had a philosophy (falsely in my opinion) and was to make these comments before the strong Euro-skepticism of both the left and the right derailed the ratification process of EU constitution and stole votes from center-left governments. The question of progressive social government and the future of the European social model is, of course, an important issue. It is important to the EU’s identity, to Europe’s “social model” and vision of the governance of globalization. It is also crucial to Europe’s conception of social policy, not least the emerging shape of EU educational policy through the Bologna processes.

3. Third Way Governmentality

This is an ideal time to revisit the impact of the Third Way and to give an account of legacy and future, especially in relation to education policy. We are probably still too close to recent political events to be able to give a full account. The aim of this paper, building on previous work (e.g., Peters, 2005, 2006), is to investigate Third Way governmentality in terms of its techniques of governing focusing on the construction of the citizen-consumer, the social market, and the reform of public services, especially in the context of Tony Blair’s administration. It is tempting to guess what Michel Foucault would have said about Third Way politics were he still alive. No doubt he would have examined the multiple meanings and genealogy of “modernized social democracy” and the complex intersections, continuities, differences and breaks of Third Way politics.
as a set of governmental techniques with neoliberalism, on the one hand, and with neoconservativism, on the other. I very much doubt whether he would have described or analyzed a distinctive mentality so much as emphasized historical links with earlier discourses of the “social market” that arose with German neoliberalism in the period of postwar reconstruction and with historical forms of liberalism. In analyzing the practices and techniques of government as they have been formulated in Third Way policies, Foucault would have stressed the importance of Ordnung – translated as “order” as in the English expression “law and order” – a concept which played an importance conceptual role in the “soziale Marktwirtschaft,” or “social market economy” (a term coined by Alfred Müller-Armack) signaling a phobia of state control (after the Nazi experiment) and an active distancing from ‘socialism.’

Ordoliberalism based on the central concept of Ordnung (order) is a school based on the theoretical conjunction of economics and law. The concept of order is central to the “Freiburg School of Law and Economics,” founded by Walter Eucken (1891–1950), Franz Böhm (1895–1977) and Hans Großmann-Doerth (1894–1944) in the 1930s. The Freiburg school addressed itself to the central question of the constitutional foundations of the free economic and social order. Eucken himself tired to organize German universities to stand against Hitler and struggled against Heidegger as Rector at Freiburg, delivering a diatribe against Nazi ideology in 1936. He also devoted himself to the new order of society after the fall of National Socialism. It is reported that Ludwig Erhard relied on him as “the leading advocate of the social market economy,” leading Peter Oberender (1989) to conclude that “the concept of Soziale Marktwirtschaft, which has shaped German policy decisions, is to a large extent identical with Eucken’s concept” (Oswalt-Eucken, 1994).

As mentioned above Eucken’s concept of a funktionsfähige und menschenwürdige Ordnung (functional and humane order) was a result of analyzing the historical form of economic systems. He maintained that the centrally administrated economy is incapable of allocating investments rationally and fails to respond to technological change. What is more, he argued that the Rule of Law, democracy and the parliamentary system are incompatible with the central control of the economic process. However, he also provided a trenchant critique of laissez-faire capitalism, where, in theory, prices are considered to solve the allocation problem in a competitive order
that developed spontaneously. Eucken refuted the notion of spontaneous order characteristic of Hayek’s work through attention to detailed historical case studies. He held that while economic freedoms (such as freedom of contract and free trade) were responsible for industrialization, new constraints on freedom quickly emerged in the form of monopolies and syndicates. Eucken differed from Hayek in that he understood that freedom of contract could be used to destroy freedom and by contrast did not believe that the economic order could be left to evolutionary processes. When he talked of *Die Wettbewerbsordnung* (the order of competition) he maintained that the state is responsible for the structures in which the economic process works and had to establish and sustain the conditions for competition. Eucken argued that constitutive and regulative principles (private property, freedom of contract, open markets, antitrust policy, monetary and income policy, etc.) were necessary for establishing an order of competition. Thus, the order of competition corresponds to the rule of law and parliamentary constitution.

This is a highly influential position that views the market as a developing contingently and historically within a judicial-legal framework. For these German *Ordoliberals* in the post-war era the economy is thus based on a concept of the Rule of Law, firmly anchored in a notion of individual rights, property rights and contractual freedom that constitutes, in effect, an economic constitution (closely related to the constitutional economics developed in the U.S. by James Buchanan⁶). German neoliberal economists (including Müller-Armack, Röpke, Rüstow) invented the term “social market economy” which shared certain features with the Freiburg model of law and economics but also differed from it in terms of the “ethics” of the market. This formulation of the “social market economy” proved significant not only in terms of the post-war reconstruction of the (West) German economy but through Erhard, as Minister and Chancellor, was a significant influence on the EEC’s and, later, EU’s “social model,” that has served, at least in the past, to “protect” education as an aspect of social policy from the forces of pure competition.

Foucault’s (2004) prescient analysis in 1979 of German neoliberalism focused strongly on the Freiburg school of ordoliberalism as an innovation in the rationality of government by devising a conception of the market order based squarely on the Rule of Law. This conception, and its related versions in both German neoliberalism
(after Müller-Armack and others) and Austrian economics going
back to Mises and Hayek, was responsible for a form of con-
stitutional economics that invented the “social market economic” and
shaped Gesellschaftspolitik or “social policy”, as an ethical excep-
tion to the rules of the market game. In Naissance de la biopolitique
(2004), better understood as “the birth of neoliberalism,” Foucault
examines the birth of economics as a scientific discipline as a regime
of truth (and falsity) makes it possible for political economy to take
the role of arbiter of governmentality where government intervention
can now be assessed in terms of its economic efficacy, rather than
justice. As Francesco Guala (2005) puts it in his review of Foucault:

To claim an objective knowledge of the functioning of
markets effects a reversal in the traditional hierarchy
between what is and what ought to be. In the old regime,
the relation between markets and government is framed
primarily in moral and legal terms: the government (the
monarch, usually) is in charge of supervising and guar-
anteeing justice in the market place, by making sure, for
example, that market prices are not fraudulent. Under
the new savoir, the mechanism of price generation (the
market) becomes the arbiter and measure of the ade-
quacy of government. The positive theory of markets
will tell us whether the government is “right” – where
this term loses its juridical connotation to acquire the
utilitarian sense of “efficacious”. Liberal political econ-
yomy shifts the attention from the problem of the origins
and legitimacy of government, to the issue of its effects
or efficacy. There are things that a government cannot
and should not do, not because it doesn’t have the right
to do them, but because it lacks the means and the power.
There are intrinsic limitations to governmentality, which
stem from the market mechanism and come to light via
its scientific study.

As Guala (2005) points out “For Foucault’s neoliberals, political
discourse stems from social science rather than moral philosophy. By
framing the rise of neoliberalism historically the way he does,
Foucault implicitly introduces a deep wedge between the “juridical”
traditions of contractarian and natural rights philosophy, and the
form of (neo)liberalism he is interested in.” This, however, may not
be the entire story. While the shift from classical political economy
of Smith (and Marx) to neoclassical economics revolved around
subjective theories of value rather than “substance” theories (implying that value inhered in the object) and assumptions of the individual rational utility maximizer making choices on the basis of available information (later giving way to supply and demand), it is clear that Hayek and the Mt Pelerin Society were responsible for re-moralizing and re-politicizing economics in a spirited defense of liberal democracy and free market capitalism against socialism in the immediate post-war period when “state phobia” was at its highest point.7

Foucault shifts his attention to the Chicago school and the *economization of everyday life* and the “economic imperialism” of Stigler and Becker who on the basis of the hypothesis of *homo economicus* proceed to apply economics to the whole of life. Yet what is important, and Foucault takes this on board from the *ordoliberals*, is that markets require a social and constitutional context in which to function, which is, in part, provided by the concept of “civil society.” For this conception he returns to Adam Ferguson and the genealogy of *homo economicus*. While it is the case that he presents liberalism as a critique of state reason, via Ferguson, he is also interested in the question of the way civil society underwrites liberal governmentality even if it is focused on the question of *how much* market, and in its advanced states, the interlacing and rethreading of market-state relations. For Third Way politics the question becomes how social democracy can be modernized when the value of efficiency in delivery of welfare services presides over all others. Third Way politics, therefore, is still very much an experimentation within the problematic of liberal government which utilizes consumerism in the remaking of the state-citizen relationship through the creation of citizen-consumers and introduces the concept of the marketplace democracy.

4. ‘Citizen-Consumers’ and Third Way Governmentality

On coming to government and throughout his three terms Tony Blair in a series of speeches has referred to the way the social foundations on which Beveridge’s welfare state was built have dramatically changed. In particular, he has drawn attention the changes in the nature of family composition and structure with the growth of lone parent families and the number of women with children in paid work. In his policy prescriptions for the preservation of the welfare state he
has emphasized “choice” and “flexibility” arguing that the relationship between the citizen and state needs to be recast in terms of “partnership” that avoids dependency and abandonment. For Blair, this has meant replacing monolithic, “one-size-fits-all” state provision with a far more flexible and adaptable system that encourages innovation, finding new ways of funding social provision based on contributions from citizen and state, changes in “personal responsibility,” and confronting the “20/60/20 society” and the creation of an underclass.

In large measure this has meant that public services in the UK have been under pressure to develop a consumer orientation that mark changes in the model of citizenship with consequent changes in funding, the private-public mix, and systems of accountability.

Gordon Brown, Chancellor of the Exchequer, also has made a number of speeches trying to clarify the role and limits of the state and markets. In speeches to the Social Market Foundation, an independent think-tank in the UK established in 1989, Gordon Brown has argued that markets are in the public interest though not to be equated with it. He made it clear that he was committed to advancing market disciplines across the economy while also addressing the issue of market failure where it was necessary to ensure that markets perform better such as in skills and training and in science and research and development. He also suggested that “where there are systemic problems with the operation of markets that cannot easily be corrected, such as in healthcare and other public services, the challenge is develop efficient and equitable but non centralist means of public provision” (see Peters, 2004). Summarizing his argument he states: “I argued for more devolution, more local accountability, more flexibility and more choice – more diversity of supply – in the delivery of services.” And he suggests that through the concept of “information asymmetries” evident in professional and care relationships it is possible to empower patients and student/parents by providing the necessary information to the consumer to enable the best choice. Attending to the information deficit, together with greater personalization of services, it is argued will enhance efficiency, increase equity and encourage greater investment. Note here that the notion of “power” in health and education is linked to a concept of the exercise of consumer freedom based on choice; it is a prime example of what we can call governing by and through the market.
Needham (2003: 6) has referred to this new relationship between citizen and state as “Labor’s new marketplace democracy” which remodels it along consumerist lines. She argues:

To claim that citizens are being treated as consumers is to say that the government-citizen relationship is replicating patterns of choice and power found in the private economy. The consumer is primarily self-regarding, forms preferences without reference to others, and acts through a series of instrumental, temporary bilateral relationships. Accountability is secured by competition and complaint, and power exercised through aggregate signalling.

The “consumerization” of citizenship, she argues is presented as a response to a set of social and cultural changes. The UK government’s line of argument suggests that in a “consumer age” people demand more and has become used to services that are characterized by greater flexibility, choice and responsiveness. The argument as stated is very thin but might be better filled out by an understanding of a new logic of consumption in a service-based economy, represented by a shift from the metaphysics of production to the metaphysics of consumption where identity formation and politics becomes consumer-led (Scammel, n.d.; Trentman, 2006).¹¹

Needham wants to question the collapse of the citizen-political and consumer-market distinction and raises the question whether in fact citizenship as a contested term can be properly understood in terms of the market which entails a commodification of social rights and advances the private sector model of the consumer as the basis for citizenship. She advocates the model of the participatory citizen and draws up the contrast in the following table.

**Two models of citizenship**

<table>
<thead>
<tr>
<th>The citizen-consumer</th>
<th>The participatory citizen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-regarding</td>
<td>Community-regarding</td>
</tr>
<tr>
<td>Reflexive preferences</td>
<td>Preferences shaped by deliberation</td>
</tr>
<tr>
<td>Market accountability</td>
<td>Political accountability</td>
</tr>
<tr>
<td>Voice as complaint</td>
<td>Voice as discussion</td>
</tr>
<tr>
<td>Loyalty to the political community on common citizenship</td>
<td>Loyalty to the political community based secured through promotional advertising</td>
</tr>
<tr>
<td>Instrumental attitude to politics: political activity as a means</td>
<td>Non-instrumental attitude to politics: political activity as an end</td>
</tr>
</tbody>
</table>

(Source: Needham, 2003:15)
Needham’s stance might be regarded as traditional social democratic. Others have taken a more empirical view asking if consumer involvement and representation are paramount then what forms could it take, how it fits with older models, and whether there is a clash between public service production and consumption. Does the promotion of a consumerist ethos in the public service provide a basis for a participatory model? Certainly, it is the case that we need a better empirical base to understand changing patterns of consumption, transnational elements, and whether services that are aimed at specific age/sex, class and ethnic groups vary, yet it is also necessary to examine the changing political economy of welfare state regimes and their shifting assumptions. Here the question centers on whether the Third Way represents a new and distinctive approach to governance of the welfare state. Powell (2000) suggests that “it appears to be neither distinctive nor new, leaning to the right rather than the centre or centre-left, and having some roots in the New Poor Law and the mixed economy of welfare of Beveridge.” He plots dimensions of the Third Way in the following table.

### Dimensions of the Third Way

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Old Left</th>
<th>Third Way</th>
<th>New Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach</td>
<td>Leveller</td>
<td>Investor</td>
<td>Deregulator</td>
</tr>
<tr>
<td>Outcome</td>
<td>Equality</td>
<td>Inclusion</td>
<td>Inequality</td>
</tr>
<tr>
<td>Citizenship</td>
<td>Rights</td>
<td>Both</td>
<td>Responsibilities</td>
</tr>
<tr>
<td>Mixed economy</td>
<td>State</td>
<td>Public/private civil society</td>
<td>Private</td>
</tr>
<tr>
<td>of welfare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mode</td>
<td>Command and control</td>
<td>Co-operation/partnership</td>
<td>Competition</td>
</tr>
<tr>
<td>Accountability</td>
<td>Central state/upwards/national</td>
<td>Both?</td>
<td>Market/downwards/local</td>
</tr>
<tr>
<td>Social expenditure</td>
<td>High</td>
<td>Pragmatic</td>
<td>Low</td>
</tr>
</tbody>
</table>

(Source: Powell, 2000)

Yet Powell may be premature in his analysis, especially when the approach is considered from a governmentality perspective. Such a perspective might emphasize the relation of Third Way to classical liberalism as a doctrine about the self-limiting state based upon the constitution of freedom in market terms, yet it may also admit that both Third Way and Neoliberalism represent new ways of governing by and through the market, albeit with different emphases: the former focusing on the “modernization of social democracy” through
the creation of citizen-consumers where consumer participation becomes a “technology of government”\textsuperscript{14} and the latter through a generalization of the figure of the entrepreneurial self to all forms of conduct. The Third Way also promulgates “the localization of the social” through renewal and empowerment of local communities (see Barnett, 2002; Amin, 2004).

5. Education, Power and Freedom

Among Foucault’s great insights in his work on governmentality was the critical link he observed in liberalism between the governance of the self and government by the state – understood as the exercise of political sovereignty over a territory and its population. He focused on government as a set of practices legitimated by specific rationalities and he clearly saw that Hayek (as well as members of the Freiburg school) was highly influential as instigator and conduit in both redefining liberalism as mode of government based on a permanent critique of the state and in inspiring contemporary forms of neoliberalism that became a set of techniques for governing the self by and through the market. The Third Way has participated in the extension of this critique of the state, driven as much by the exigencies of globalization as the commitment to classical liberal principles, and has attempted to resolve it through a modernization of democracy pursued through creating and empowering the citizen-consumer in the marketplace.

Liberal modes of governing (and the consequent exercise of legitimate government power), Foucault tells us, are distinguished in general by the ways in which they utilize the capacities and consent of free acting subjects and, consequently, modes of government differ according to the value and definition accorded the concept of freedom. These different mentalities of rule, thus, depend on whether freedom is seen as a natural attribute as with the philosophers of the Scottish Enlightenment or philosophers of natural right, a product of rational choice making as with rational choice theorists, a civilizational artefact as with Hayek, who theorized freedom as both negative and anti-naturalist, or, a legal-juridical construction that creates the market, as with the law and economics Freiburg school. Each concept of freedom carries a different view of the individual, of state-individual relation and of the market-state relation. We can
pursue this Foucauldian point further through a brief consideration of Hayek treatment of “freedom.”

Hayek’s conception of freedom characterizes the market as neither natural nor artificial but rather the product of a spontaneous social order governed by rules selected in a process of cultural evolution which is to be contrasted with Eucken’s view which de-naturalizes the market to emphasize its active juridical constitution. Both views have strong consequences for a conception of public services in education and health considered in market terms. For instance, Hayek’s (1960) conception of freedom as he outlines it in *The Constitution of Liberty* is defined, as Hamowy (1978: 287) notes, “in a manner consistent with nineteenth-century English liberal theory.” Hayek (1960: 11) writes “Individual or personal freedom the state in which a man is not subject to coercion by the arbitrary will of another or others.” But this negative view of freedom as the absence of coercion only occurs “when no one else manipulates my environment in such a way that my action (or actions) benefits him” (Hamowy, 1978: 288).

Third Way governance now depends for a notion of legitimate government power that in the tradition of classical liberalism utilizes the consent and active capacities of the free subject to govern by and through the market. In terms of government, Foucault would say that in the course of the development of liberalism as a set of practices there has been a shift from coercive practices to practices of self-formation of the subject. Third Way politics and the “modernization of democracy” extends this set of techniques governing by and through the market, promoting the efficiency of market-like arrangements in the delivery of public services and “empowering” the consumer through the creation of citizen-consumers where increasingly freedom is defined through a set of commodified social rights based on individualized “choice” that also attempts to redress the asymmetry of information in the market.

The problem with these formulations is that education is not just another public service but is integral to the ethos that defines the “public” in the sense that schooling and higher education are themselves inherently involved in the tasks of nation-building through the construction of citizenship and its social cohesion “externalities.” To redefine education in terms of the citizen-consumer is to commodify citizenship and any ascription of rights associate with it. It is also to prejudge the form that the future “citizen” can take emphasizing its
market construction based on constitutional forms of economics built around the Rule of Law and juridical-legal construction of the individual consumer even though it might favor some formulation of “freedom of choice” rather than “freedom from state interference.”

NOTES

1. Labor secured 35 per cent of the vote, against the Conservatives 32 per cent and the Liberal Democrat’s 22 per cent, reducing Blair’s Parliamentary majority from 167 to 67 seats.


3. The work of Leo Strauss, arguably, has provided a platform for U.S. neoconservatism. The first generation of neoconservative intellectuals, including Irving Kristol, Daniel Bell, Norman Podhoretz, Daniel Patrick Moynihan, Gertrude Himmelfarb, Peter Berger, Nathan Glazer, Edward Shils and Seymour Martin Lipset, provided the historical grounds for the rejection of many features of modern liberal society and politics. Many of these thinkers, who flirted with Trotskyism and Marxism during the 1930s and ‘40s, only to move to the right thereafter, were motivated by the question of values in relation to Americanism, to American identity and the American way of life, and, later, to the assertion of values (over national interests) in foreign policy and national security. the second generation – including Paul Wolfowitz and Richard Perle – were products of Albert Wohlstetter and Allan Bloom at the University of Chicago, who, in turn, were protégés of the German Jew émigré political theorist, Leo Strauss. It would be wrong to overestimate the extent of the direct influence of Strauss as some commentators have done and yet his biography, his teaching in classical political theory and written work indirectly has led to the formulation of a very persuasive critique of liberal modernity that has formulated a basis for neoconservative political philosophy in the U.S. and a guide to the best political order and ethical form of life. For a good introduction to Strauss’ life and work see http://www.strauussian.net/. For a list of his courses given at the University of Chicago see http://www.strauussian.net/strausscourses.html.

4. Also Leonhard Miksch, Fritz W. Meyer, Karl Friedrich Maier and Friedrich A. Lutz who together formed the core of the Freiburg school.

5. The Walter Eucken Institute was founded in Freiburg im Breisgau, Germany in 1954 and advertises itself in the following terms: “Our work is inspired by a special emphasis on the connection between the Freiburg School of Law and Economics, founded by Walter Eucken and Franz Böhm
with the evolutionary constitutionalism of Friedrich A. von Hayek and the constitutional political economy of James M. Buchanan. In addition, the ordoliberal research agenda tries to find answers for questions dealing with an international economic order as well as an economic constitution of the European Union.” See the website at http://www.eucken.de/en/about the institute.htm (accessed Jan 23, 2006). In evolutionary economics order is considered a state of structural stability of systems and as denoting the structural coordination between institutions, technology and power in economic systems.

6. James M. Buchanan, winner of the 1986 Nobel Prize in Economic Science, is best known for developing the “public choice theory” of economics that analyzed economic and political decision making, focusing on how politicians’ self-interest and non-economic forces affect government economic policy. His Calculus of Consent (1962), with Gordon Tullock, laid what he called “the logical foundations of democracy.” In “Public Choice: Politics without Romance” (Buchanan, 2003), he writes: “Nations emerging from World War II, including the Western democracies, were allocating between one-third and one-half of their total product through political institutions rather than through markets. Economists, however, were devoting their efforts almost exclusively to understanding and explaining the market sector. My own modest first entry into the subject matter, in 1949, was little more than a call for those economists who examined taxes and spending to pay some attention to empirical reality, and thus to politics.” Strongly influence by the Swedish economist Knut Wicksell, Buchanan studied the “constitutional way of thinking” which “shifts attention to the framework rules of political order-the rules that secure consensus among members of the body politic. It is at this level that individuals calculate their terms of exchange with the state or with political authority. They may well calculate that they are better off for their membership in the constitutional order, even while assessing the impact of ordinary political actions to be contrary to their interests.”

7. The Society advertised itself in terms of the following: 1. The analysis and exploration of the nature of the present crisis so as to bring home to others its essential moral and economic origins; 2. The redefinition of the functions of the state so as to distinguish more clearly between the totalitarian and the liberal order; 3. Methods of re-establishing the rule of law and of assuring its development in such manner that individuals and groups are not in a position to encroach upon the freedom of others and private rights are not allowed to become a basis of predatory power; 4. The possibility of establishing minimum standards by means not inimical to initiative and functioning of the market; 5. Methods of combating the misuse of history for the furtherance of creeds hostile liberty; 6. The problem of the creation of an international order conducive to the safeguarding of peace and liberty and permitting the establishment of harmonious international economic relations. See http://www.montpelerin.org/aboutmps.html


11. The best research program that address these issues in the “Creating Citizen-Consumers: Changing Relationships and Identifications” which is part of the wider UK Economic and Social Research Council’s program “Cultures of Consumption” at http://www.consume.bbk.ac.uk/. The “Creating Citizen-Consumers’ project found that people were becoming more assertive in their relationships with public services and “more positive about the anticipated benefits of choice than service providers” though choice did not always mean the same thing and was often not the primary value. See http://www.open.ac.uk/socialsciences/citizenconsumers/index.html. On the shift from production to consumption the literature is huge. It is the case, for example, that France and Germany both strongly producer-oriented in the 1970s began to implement elaborate consumer protection regimes. With struggles over consumer protection, as Trumball (2004) argues, “the very identity and role of the consumer in modern society became the focus of political discourse and contestation. Was the consumer an economic actor, on par with producers and suppliers? Was the consumer a social actor, to be insulated from the risks inherent in market transactions? Or was the consumer simply another societal interest group, capable of representing its own interests through mobilization and negotiation? Depending on how one answered such questions, different policy options were likely to appear either more or less attractive.”

12. For these and related research questions see http://www.consume.bbk.ac.uk/research.html.

13. This last question would seem to be relevant, for instance, in studying health services aimed at older age cohorts versus higher education services aimed at students in the 18–25 age group, for example, especially when consumer costs impact differently upon the future structure of the life world.

14. See Barnett (2002) who argues that “it is the combination of these approaches ['the responsibilization of the self', managerialism and the logic of entrepreneurialism] with the ‘hard’ communitarianism emphasis upon duty and obligation which distinguishes the approach, and in which participation can be most clearly seen as a ‘technology of government.’” He suggests that Foucault’s governmentality “allows us to make sense of the paradox of simultaneous ‘empowerment’ and ‘manipulation.’”

15. Equally, we might pursue this argument about ‘freedom’ to question the neutrality and the universality of this concept of individual freedom. To ask with Kant “How does this concept of freedom come about?” and “What
are some of the arguments that justify this concept of individual ‘auto-
nomy’?; or, with Nietzsche, “What are the class or religious prejudices that
lie behind this concept of the autonomous individual?”; or, with Kierkegaard,
“Is rationality the only basis for freedom?” or “Is the fact of freedom absurd
(irrational) so that it requires a ‘leap of faith’?” Foucault’s great insight is to
historicize these questions of freedom.

16. Hamowy (1978) detects a fallacy in Hayek’s concept of freedom
because “if freedom resides in the absence of certain types of threats to those
things I feel are ‘crucial to my existence’ or the ‘preservation of what I most
value’, then my freedom can be enlarged by narrowing the set of things I
find crucial to me or most value.” Hamowy argues that if Hayek’s goal is to
offer a theoretical structure for a free society, a constitution of liberty based
on the Rule of Law which is juxtaposed to arbitrary government, then Hayek
needs to anchor his definition of freedom in a theory of rights in order to
avoid the possibility that the law can become a repressive instrument of
government power.

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