

## THE NEW LEFT AND THE MOVING CENTER

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We either make a clear distinction between the New Left and the Old Left, or we will have to be constrained to say that the classical left-right contradiction does not exist any more. That would be an easy way out, gladly welcomed by the conservatives that say to be center-wing, but not a realist solution, since political parties and politicians continue to be identified by the voters according to their left or right-wing stands. New Left political parties emerged sometime ago in the developed countries, and more recently have been noticed in some developing countries, although it would make no sense to expect a close correspondence of the later with their counterparts in the advanced countries. They are the outcome of change – a huge historical change that took place in contemporary societies, as the political center changed to the right. In recent years the center again started to move, now to the left, but the world is not coming back into the 1950s, it is bursting into a new millennium.

I view the “political center” just as notional point in the center of the political spectrum. There are no center-wing political parties or individuals in capitalist societies. There is a center-left and center-right. In some cases we may find an unidentifiable individual or group of individuals. They will most likely be opportunists of several kinds, with little political prospects in modern democracies. Although a notional concept, the political center is essential in politics. Politicians on the left and on the right know that they are supposed to fight to control the center. And if they are able to see the new, they will know that it is historically a moving center, requiring changes in political parties programs and strategies.

Considering just the advanced liberal-democracies, the right was the first to change in the 1970s and 1980s, rejecting tradition and nationalism and going wild for a libertarian or neo-liberal approach. The left also changed in the 1980s and 1990s,

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rejecting nationalization and planning, and going for regulated market coordination and the reconstruction of the state. As right and left changed, the center also changed. In the 1930s it shifted to the left, in the 1970s, went to the right. As the center shifted, the “policy regime” also changed.<sup>1</sup> Out of the 1930s’ “crisis of the market” the center turned left: the policy regime became Keynesian. Out of the 1970s’ “crisis of the state”, it turned right: the policy regime became neo-liberal. Now, it is already visible a new although still timid shift of the center in direction to the left, as a new social democracy, or the “third way” as it is called in Britain, gets politically stronger.<sup>2</sup> A shift that, if confirmed, will tend to relatively reduce internal conflicts within the left, now dominant, while, in the declining right, disarray comes out, and old forms of nationalism if not nazism emerge again.<sup>3</sup>

In this paper distinction between a new and an old left will be central, although I am aware that it is risky for its simplicity. Left political parties cannot be simply classified as new or old left. In each party there is a wide range of ideological positions. In one, the old left still dominates, in another, the New Left is already dominant. When a left party wins national elections it usually does not have alternative but to be dominantly modern. The new ideas may be presented before the elections, as a clear divide between the old and the New Left, as it happened in Britain with New Labour, or they may be consolidated in office. Socialists in France, for instance, are successfully advancing New Left policies, but had no need to make clear the change, since New Left policies were dominant in this country since the early 1980s. In the first Mitterrand administration, after the failure of the attempt to implement a mistaken “Keynesian” macroeconomic policy in a single country, the French government adopted in 1983 – as Schmidt had done in Germany and González was already doing in Spain – modern social democratic economic policies.

Yet, nevertheless the old left and conventional wisdom continued to have a view of social democracy as committed with nationalization of enterprises and deficit prone

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<sup>1</sup> - Przeworski (1999) defined more precisely what I am calling political center shift developing the concept of “policy regime” change: “Policy regimes are situations in which major parties, regardless of their partisan stripes, propose and implement similar policies”. Voters will choose which is the dominant political regime. Parties will strive for gaining the median voter.

<sup>2</sup> - Perry Anderson (1992), quoted by Colin Hay (1999: 42) observes critically: “Labour’s new program accepts the basic parameters of the Thatcher Settlements, in much the same way that the Conservative government of the fifties accepted the parameters of the Attlee Settlement”. I would not argue against this. Yet, I would not take critically. It obviously does not mean that the Labour in the 1990s became equal to the right, nor that the Conservative in the post-war period could be identified with left. The differences remained real, politically meaningful.

<sup>3</sup> - In countries like Austria and Switzerland parties with these tendencies won recently (1999) around one-fourth of the total vote.

macroeconomic policy,<sup>4</sup> the New Left, rejecting these policies, remained clearly distinct from the right. In his well documented book on political regimes and social democracy in Europe José María Maravall, referring to France, remarks: “if we compare the policies after 1984 with those of the Chirac government from 1986 to 1988, the Socialist Party maintained a highly progressive income tax system, introduced the *revenu minimum d’insertion* (RMI – a guaranteed minimum income), and made company tax reductions dependent on the reinvestment of profits. In contrast the conservative government, which maintained the same level of fiscal pressure, made taxation less progressive, reducing the top marginal rate, abolishing the tax on large fortunes, and increasing wage earners’ social security contributions”.<sup>5</sup>

The new social democrat governments remain committed to improved equality and democracy, but they know that in office they are supposed to govern capitalism in a more competent way than capitalism. Given the international public attention that the British Third Way called, some may have understood that the third way was an alternative to social democracy. It is not. New Labour always affirmed that was an alternative to Old Labour. Anyway, this belief was probably what left Lionel Jospin (1999) to publish an article, in the eve of the November 1999 Florence conference of chiefs of social democratic governments, to say that “if the Third Way means to find an intermediary position between social democracy and neo-liberalism, this is not my way”. To immediately after reassure himself: “Instead, I believe that the Third Way is the form that took, in the United Kingdom, the effort to reform theory and politics; the same project in which all European political parties of socialist or social democratic inspiration are engaged in”. Jospin probably felt compelled clear this point because, after an initial success, there is an increasing criticism to the Third Way among social democrats. Most of this criticism ignores, as Jospin underlines in his article, the specific historical roots and particular political and ideological frameworks faced by the New Left political parties in different countries.<sup>6</sup>

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<sup>4</sup> - Two French journalists, in the book, *La Gauche Imaginaire* (Desportes e Mauduit, 1997), say that the New Left is not real, it is fruit o imagination. As a matter of fact, today the imaginary left is the old left, which only exists in remembrance or in utopia.

<sup>5</sup> - See Maravall (1997: 154).

<sup>6</sup> - See Jospin (1999b). The title of this article in *La Repubblica*, “Blair’s Unuseful Third Way” (“La Inutile Terza Via di Tony Blair”) was most likely given by the newspaper, not by the author. Jospin did not say that the Third Way had no utility. He just said that, if the Third Way was between the left and the right, this was not his way. Two days later, in the same *La Repubblica*, in the eve of the Florence seminar, Blair “responded” to Jospin, saying in the first paragraph of his article that his government is part “of a new generation of left-to-the-center administrations in Europe”. The seminar, “Progressive Governance in the 21<sup>st</sup> Century”, sponsored by the New York University and the European University Institute of Florence took place in Florence, November 21. Participated the chiefs of government of the six largest countries where center-left governments are in office: Bill Clinton, Gerard Schröder, Daniel Jospin, Tony Blair and Fernando Henrique Cardoso. The seminar was a demonstration of the unity in the diversity of the New Left. Even Bill Clinton, in his final words in the seminar,



Considering the North-South divide, the analysis of political change is supposed to focus on globalization. The New Left in the South is more critical of the inevitability of globalization than the one in the North, and denounces the ideological character of this posture. Besides that, since developing countries are primarily debtor countries, while the advanced ones own this debt, their views often diverge. The New Left in the developing countries does not make the mistake of imputing its countries problems to external factors – a mistake the old left is customary – but understands that the debt requires substantial trade surpluses rather than getting still more indebted, as the right still believes possible.<sup>7</sup> And it attributes to the state a more positive role than the New Left in the developed countries is ready spouse in public speech.

My basic contention in this paper is that the concepts of what is left and right, of what is new and what is old left, change historically. They are different from country to country, according to the respective national experiences and stages of economic growth, and will vary in the same country, from time to time. The political center in the United States is to the right of the one in Britain, which is to the right of Germany and France, which is to the right of Brazil. And the attitude in relation to globalization follows a similar pattern, although the dimension of country should also be taken into account. Larger countries tend to be more inner-directed than small countries with the same level of economic and political development.

I will examine the concepts of left and right in historical terms, but, for that, I am supposed to have an abstract concept in mind. It is possible to arrive to this abstract concept in many ways. Singling out equality – a value that would be privileged by the left, not by the right, as does Bobbio (1994). Or saying that the right is allied to the economic forces, the left, to the social ones, as does Touraine (1999). Or asserting that the left emphasizes solidarity, the right, competition, as does Massimo D'Alema (1999). Or, finally, affirming, as I do, that order and social justice are the relevant political objectives in distinguishing the right from the left: while the left is ready to risk order in name of justice, order is always the first priority for the right.<sup>8</sup> General distinctions like these ones are necessary. Once we have them clear, we may say that there is always a left and a right. In each capitalist society we will find, most likely, a political group that gives priority to order in relation to anything else, while other

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declared to be, in his country, “in the left side of the political spectrum”. In the future the Florence seminar will, probably, be seen as a milestone in social democracy’s history: for the first time such a significative chiefs of government, following an ideological criterion coupled with a GDP one, got together and debated in public political ideas and political values.

<sup>7</sup> - I discussed this theme in my last paper: “Incompetence and Confidence Building Behind Latin America’s 20 Years Old Quasi-Stagnation” (1999).

<sup>8</sup> - See Bresser Pereira (1997a). According to my view, there are four relevant political objectives in contemporary society – order, equality, liberty and welfare – but only the first two are criteria to distinguish left from right. In spite of all claims left and right-wing proponents may make, freedom and economic growth are not clear determinants of the distinction between left and right.

group, although valorizing order, will know that often it is necessary to cautiously risk it and empower people if justice is the priority. The radicalism of some proposed neo-liberal reforms apparently refutes my criterion. Simon Schwartzman, commenting an earlier version of this paper, said that “your own paper shows that the liberal right is more radical (than the left) in introducing state reforms, reforms of education and health, etc”. The neo-liberal right is, indeed, in some cases more radical than the left, but it is radical in favor of the rich, and does not risks social order by empowering the poor. The left knows how important is order, but risking it means to support – although not necessarily to agree with – initiatives deepening democracy, involving more direct control of society over the state, empowering social movements, NGOs, citizenship.

In this paper I will essentially discuss ideas, not governments or administrations. I will examine the historic form the left assumed in present times. How the new social democrats have been able, through these ideas, to distinguish themselves from the old social democrats and from the conservative New Right, to conquer the center, and to win elections. The first country where this clearly happened was in Spain, in the early 1980s. It was, however, in Britain, with the Third Way, that the New Left gained more precise conceptual character. I will focus the differences among the new and the old left, and the New Right, in relation to the globalization issue. I will give special attention to what is or would be the New Left in a developing country like Brazil. And, in the end, I will ask myself if these ideas will tend to produce good outcomes or no, if they will foster better governments and better states, or will be indifferent in relation to such results.

### **Historical Perspective**

Starting in the early 1970s we witnessed a crisis that was marked by reduction of the growth rates and concentration of income in practically all countries except the well-known cases of East and South-East Asia. This crisis was essentially a crisis of the state – as the 1930s’ crisis was a crisis of markets. Its most evident political outcome was the shift of the political center to the right, which caused a crisis in the left, while a neo-liberal or libertarian right advanced in all fields. In the 1990s, when the failure of the neoliberal proposals in resuming growth and distribution of income became apparent, the pendulum again started to move, now towards the left. Probably never before such a great number of governments has been social democratic as today. In Europe, from the thirteen countries of the European Union, eleven are social democratic, one, conservative, and one, undefined.

This 20 years old crisis allowed for the emergence of a new center-left: the new democrats in the United States, the third way in Britain, the new center in Germany, the New Left in France and Italy, the modern social democracy in Brazil.

This change was possible, first, because the neo-liberal New Right failed in fulfilling its vows. Uncontrolled markets produced unprecedented levels of social insecurity and of income concentration, without having as trade-off economic growth. The neo-liberal convention wisdom that there is a trade-off between equality and efficiency proved economically wrong and politically disastrous. According to Glyn and Miliband (1994), empirical research suggests that the neo-liberal assumption that this trade-off exists “is at best unproven, and at worst, wrong”. On the other hand, this 1994 book already acknowledges the fact that public opinion in the advanced industrialized countries strongly rejected the alleged trade-off. The unprecedented number of electoral defeats conservative parties suffered since then is the better evidence in this direction.

Second, the New Left won elections, defeating the right in most developed countries, because it was able to successfully criticize both the neo-liberal right and the old left, while presenting new and pragmatic programs in the respective countries. The fall of the Berlin walls, in 1989, produced an enormous literature on the “crisis of the left”. Actually, its outcome was a crisis of the old left, while the New Left got strengthened given the decades old critique it have been directing toward the Soviet system. On its turn, the New Right, which assumed a triumphalist attitude, commemorating “the definitive victory of markets over states”, soon realized that its reforms, although necessary, were not being well received by voters, given their unnecessary radicalism and poor results. And got into its own crisis.

In United States, the progressive “new democrats” in office since Bill Clinton won the 1992 presidential elections, are to the left of neo-liberal republicans; in Britain New Labour is to the left of the tatcherite right; but both are to the right of the German or the French social democrats. The later constitute the Rhenish model, where the state plays a major role in intermediating in welfare and industrial policy; the former, the Anglo-American model, where the market is dominant – more in the United States than in Britain. Accordingly, the right political parties in United States and in Britain are more conservative than the correspondent right parties in France and Germany. In Germany, following Streeck (1998: 238-241), the existing political and economic regime “reveals a complex historical compromise between the liberal-capitalism which was introduced after World War II and two compensating forces, social democracy and Christian democracy”. From this resulted that “markets are politically institutionalized and socially regulated – seen as outcomes of the public policies oriented to public objectives”. This is a good synthesis of the Rhenish model, shared by Germany and France. In the United States or even in Britain, this compromise was never achieved, nor the market is seen in this way.

The Old Right’s conservatism was the respect for order, for traditional institutions and professions; the New Rights’ neoliberal or market-oriented fundamentalism is essentially contradictory to this. It is a strange conservatism, which, as a well-known conservative political theorist, John Gray (1997: 3) asserts, had the



effect of undermining real conservatism as a political project. Neo-liberal policies brought about social problems that New Right politicians do not know how to face. In his words, “the hegemony, within conservative thought and practice, of neo-liberal ideology had the effect of destroying conservatism as a viable political project in our time”.

The old left believed, following Marx, that there was a direct correlation between the working class and the left, the capitalist class and the right. If in Marx’s time this simple dichotomy could make some sense, it does not today. The enormous increase and the pervasiveness of the new middle class blurred class relations and ideologies. Simon Schwartzman, commenting a doctoral dissertation on voters’ choices and ideological identification in Brazil, observed that the tables in the dissertation “show no clear relation between ideology (self-localization in the left-right range) and education or income”.<sup>9</sup> I believe that this is generalized fact in contemporary society. One of main criteria voters choose their candidates is ideological allegiance, but ideological preferences are increasingly determined by moral or civic consideration, and less for class or group interests.

The New Left politicians are only favored by left’s intellectuals while they are out of government. In the moment a given social democratic party use the new ideas to win elections, and then come to the challenge of transforming them in effective public policies, intellectuals feel uneasy. This recently happened with New Labour in Britain. In Brazil, this is a permanent phenomenon. In Britain the new ideas were developed by party members and intellectuals, but soon after the Labour Party won the 1997 election, intellectuals started to be critical. John Lloyd (1999: 23), which wrote in *Prospect* a well documented piece on the subject, verified that “most intellectuals of the left now dissociate themselves from New Labour and especially from Third Way – its efforts to create a political philosophy – of which most speak with scorn.”

Why? Because governments, in order to govern, are supposed to deal with practical issues, and to make compromises in order to address them, while intellectuals do not need to compromise. Because politicians’ legitimate objective is getting and exerting political power, while academics are concerned with the advancement of knowledge. And, third, because politicians of the left are usually still less pragmatic than average intellectuals are. @ Davidson

Thus, when a social democrat party gets to power, its fate will soon be to be accused of betraying the “left’s ideals”, or the “socialist ideals”. Censure of this kind always existed. Before the communists accused the social democrats of betrayal, now the old left and idealistic academics do the same in relation to the New Left. There is, however, major differences between the two moments. Divergent views between the

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<sup>9</sup> - Written comments by Simon Schwartzman to the doctoral dissertation presented by André Singer to the University of São Paulo, 1999.

new and the old left are less accentuated than they were when the divide was between social democrats and communists. And, second, the New Left is a more viable political power alternative to the right than the old social democracy was.

The New Left is also accused by the New Right of imitating its proposals. *The Economist*, for instance, in its May 2<sup>nd</sup> 1998 issue, wrote an editorial, funny, starting from the title, but full of contradictions ("The strangest Tory ever sold") The editorial was in direct contradiction with the special report on New Labour's first year, published in the same issue. In the editorial, the liberal magazine says: "It is true, in sum, that the differences between New Labour and watered-down Thatcherism are far more of style than of substance".<sup>10</sup> Yet, in the special report, the magazine presented at least seven initiatives of clearly social democratic character.<sup>11</sup> Or, these initiatives are not consistent with New Right.

There are, however, similarities between the New Left and the New Right. They may be attributable to the fact that both dispute the center. Besides, the precedence gained by markets over the state in resource allocation is a lasting one. The political pendulum may already started to move in direction of more equality and to some industrial policy, but it will not return to the state planning the whole economy. It will plan its own expenditures, and it will regulate markets, instead of being a substitute for markets. These facts make people say that the New Left in government follows the lead of the New Right. As a matter of fact, the New Left learned with the New Right, and now, in power, it is transforming what it learned into its own terms, while the pendulum again starts to move to the left. The similar phenomenon took place in the 1930s. Then the crisis was of the market. The lead was taken by the left, or by the progressive, like Keynes and Roosevelt. The right, in order to be able to win elections and recover power, was constrained to learn with the left, and adopted many of the policies the left parties originally implemented when in government.

The New Left is modern, it is oriented to technological change and efficiency; to the rational use of human and natural resources in production; to respect of human and republican rights. Efficiency will be achieved mostly through free markets, but not through uncontrolled markets. There is a conventional critique to this concern with efficiency within the New Left. It would reducing politics to economic goals. It not a

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<sup>10</sup> - This is a perfect illustration of the Hirschman's (1991) "futility effect" describing the rhetoric of reaction. Real change is impossible. Economic and institutional constraints will prevail over progressive reform, which will only appear.

<sup>11</sup> -The social democrat initiatives according *The Economist's* special report: (1) a 5 billion pounds wind fall tax on utilities that made excessive profits; (2) reduction in benefits paid to single parents more than compensated by later welfare reforms; (3) a "mildly redistributive" budget; (4) New Labour "flexible" labor market appears to mean more than getting rid of legal barriers to hiring and firing, preferring to stress making workers better trained; (5) Britain signed European Union's social chapter; (6) the nursery-vouchers scheme was abolished; (7) the European Convention on Human Rights is being incorporated into British law; (8) university students are being required to contribute to the cost of their tuition fees.



critique that it is worthwhile to discuss. More interesting is the distinction that Jeremy Gilbert makes between two concepts of modernity: one, conservative and power centralizing, proposes accommodation to the present without challenging it; the other, democratic and consistent with the left, “conceives modernity as a constant, if uneven, process of change... not the centralization of power, but its diffusion through a permanent process of democratization”. And criticizes the New Left – more precisely New Labour – for not being characterized for an exclusive commitment to the last.<sup>12</sup> Or, the New Left favors the second but cannot have “an exclusive commitment” to it. Creative as it is, this critique typifies intellectuals’ and politicians’ conflictive approaches: the former, when stop to be analytical, turn utopian; the later have in mind utopia, but make compromises to win elections or form parliamentary majorities.

Two factors limit decision making’s freedom of the New Left, when it becomes a viable power alternative. First, the New Left is supposed to conquer the political center. It already counts with its supporters in the left. Its problem is to take over the center from the right. Or, to do that, it has to moderate its proposals, it has to have rather a discourse of consensus than a discourse of conflict. This always was true, but it is even truer in our times, when the middle class became so large and pervasive.

Second, the New Left is supposed to abide by the economic constraints. There is an ingrained propensity among critics as well as patrons of the left in identifying it with state expending and budget deficits – an identification that has some historical support but makes little sense. Macroeconomic fundamentals are there to be respected. One may respect them in a dumb way, as if they were articles of faith, or in a smart and creative way. The real good economists and policymakers are the ones able to do the second thing, but this has nothing to do with left and right: there are competent and incompetent economists in the right and in the left.

Among the macroeconomic fundamentals one with which the left is supposed to be especially careful with is the security and profitability of investments. The veto power capitalists have on economic policies derives from the fact that they will invest or not depending on their confidence on the institutions and on the administration.<sup>13</sup> Capitalists will only invest if they can expect reasonable and relatively secure rates of return on their investments. Or, as the New Left learned well, there is no viable government if capitalists are not investing.

Throughout the twentieth century the left had to change several times in order to achieve political power. Przeworski (1999) observes that it changed goals. In the end

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<sup>12</sup> - See Jeremy Gilbert (1998), in Anne Coddington and Mark Perryman, eds, (1998) *The Modernizer’s Dilemma*. This book is the product of the debates promoted by Sign of the Times, an independent an open discussion group, in London. Two previous books were already published by the same publisher, Lawrence & Wishart.

<sup>13</sup> - For the original analysis of capitalists’ veto power and its political implications see Przeworski (1985).

of last century the goal was socialism through revolution. With the advent of social democracy, the goal remained socialism, but it was supposed to be achieved through reform. More recently social democrat parties would have given up altogether socialism, and would be between “remedialism” and full “resignation”. This synthesis of social democracy’s history is intellectually attractive, but puts too much emphasis in the identification of socialism with the state ownership of the means of production. This was how socialism was usually defined by the old left – the communist and the non-communist one – in the past. Bernstein’s beginning of century social democracy was reformist and socialist, but socialism continue to mean public or collective ownership of the means of production. The New Left – and the first “third way” – that emerges out of the Check (1968) rebellion, remains socialist and reformist, but socialism began to be viewed as not involving anymore the collective ownership of the means of production.

The New Left changed throughout the years. Now, the New Left that emerged out of the crisis of the state, and of the 1989 collapse of Soviet Union, and won elections, still aims at socialism, but often avoids the word, given its statist connotation. Democratic socialism does remain a goal, but socialism is defined in new terms, stressing its radically democratic character.<sup>14</sup> Socialism will be consistent with a market-coordinated economic system, where a fully democratic political system prevails, since only through political equality will be possible to achieve thorough equality of opportunity, and the protection of the unable to compete in the market – the two defining characteristics of socialism. That is why, following a tradition, which in Italy comes from Carlo Rosselli and Bobbio, and in England, from Harold Laski and Anthony Crosland, I have been identifying the New Left or the new social democracy with liberal-socialism or social-liberalism.<sup>15</sup>

The New Left assumes that a market economy will not be, necessarily, a capitalist economy. Capitalism already changed immensely and will continue to change. Thus, some form of democratic socialism may well materialize in the future. Now, according to Beck (1998), advanced countries are reaching the stage of “a second modernity”. The first modernity was the one of Marx’s industrial or capitalist society, and of Weber’s instrumental rationality. The new modernity cannot yet be clearly defined, but it is a modernity in which we will see a new and more complete freedom, and a new individual, self-oriented and autonomous, but able to take on republican responsibilities. If this view points in the correct direction, why may we not

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<sup>14</sup> - See, for instance, the papers in Mouffe, ed. (1992), or Held (1994), and Meehan (1994), in Miliband, ed. (1994), who define equality essentially in political terms.

<sup>15</sup> - Carlo Rosselli (1930), an Italian socialist killed by the fascists was the first to write about social-liberalism. In his works Bobbio refers often to social-liberalism and to Rosselli. I will quote here one of his main books published in English, and a long interview he gave to me in 1993, whose main subject was social-liberalism (Bobbio, 1984, 1993). For the English liberal-socialist tradition see Michael Freedon (1996: ch.12).

have a market controlled and socialist society? A society in which public non-state organizations will be increasingly important players in the market, although mostly financed by the state when producing social services. A society in which knowledge will be still more strategic, and equality of access to knowledge will be effectively pursued, not just as an ideal, but as something coming to the reach of the advanced societies.<sup>16</sup>

In this future society, which the citizens in the developed countries may already visualize, the individual will have major role. Equality is not anymore seen by the New Left as an equality of income and wealth, but as equality of opportunity. In the words of Blair and Schroeder (1999), “the prosecution of social justice was sometimes confused with the imposition of equality of outcomes. The result was a neglect of effort and responsibility”. A more sophisticated form of posing the problem is to say that the New Left is for “complex equality”, as defined by Michael Walzer (1983) in this today classical *Spheres of Justice*. In an advanced and democratic society there are different kinds of social goods – income and wealth (money), power, security and welfare, education, free time, kinship and love, health, social recognition, divine grace, free time – corresponding each good to a sphere of justice or a sphere of distribution. Complex equality will be achieved not when all – or the major social goods were equally distributed – but when people that is ahead in some spheres are unable to convert their advantage from one sphere to another, to cross boundaries, and exert “dominance”. This goal was not yet achieved, but it is a feasible goal in advanced societies. When good quality basic education and health care is free to everybody we start to get near. When people react negatively to the attempts of wealthy or of politically powerful people to cross spheres’ boundaries and buy or appropriate education, health, honors, we have a signal in direction of complex equality. According do Walzer, who calls himself a democratic socialist, complex equality presumes democracy, or, more specifically, assumes “equal citizenship”. Social goods will be valued and equality achieved in social terms, by citizens debating their problems and respecting each other in its own sphere of distribution. Miller (1995: 206) follows Walzer, but adds the concept of “equality of status”, which would strengthen the equality of citizenship and leads to complex equality. “In a society that realizes complex equality people enjoy a basic equality of status which overrides their unequal standing in particular spheres of justice such as money and power”. Status, according to Miller, dos not refer just to prestige. It refers rather “to a persons’ standing within a society, as manifested by the public institutions and by other individuals”. Where there is the plural recognition of the spheres of distribution of their autonomy, each citizen, disposing of equal citizenship and equal status, looks to other people across spheres’ boundaries or within the same sphere with equal respect.

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<sup>16</sup> - I ended my 1972 essay on the emergence of the technobureaucratic or new middle class with this question. Almost thirty years later I believe that the question is still more appropriate.



One individual may be superior in one sphere, but it will not be in the others, and he or she will know that.

Complex equality is a concept related but more elaborate than the concept of equality of opportunity. In complex equality each sphere of justice has a specific criterion of distribution. Thus, it is not inconsistent with mild meritocratic views, since the criterion for higher education and for income will be individual skill. Rocard (1994), who may be viewed as one of the founding fathers of the New Left, underlines that it is false to believe that a global economy could work counting with participation of desinterested individuals. In a world where an increase in the number of individuals have a say on political matters, and, more than that, aspire autonomy in their own lives, the New Left searches for a new individualism. The “new individual” is self-interested but not just egoist, and so, he will be able to defend his own interests, while being responsible in a solidary way for the community he is part of. In Giddens (1994: 29) words, “the individual must achieve a certain degree of autonomy of action as a condition of being able to survive and forge a life; but autonomy is not the same as egoism and moreover implies reciprocity and interdependence”.

Yet, the equality of opportunity to which the New Left refers should not be confused with the “American dream”. In this case, equality of opportunity would be something imbedded in the American society, something that market forces and democracy, just corrected for racial discrimination, would automatically provide. In New Left terms, equality of opportunity is to be pursued by public policy in a deliberate form, in all areas of society. Equality of opportunity starts with offering effectively equal opportunities of access to education and health. It obviously involves the active elimination of all kinds of discrimination – gender, ethnic, racial, religious – but it is supposed to further than that.

Or, the old left is not prepared to accept such a definition of socialism. Thus, although not having an alternative and feasible definition, it is eager to speak of betrayal. The new progressive left, on its turn, is not particularly interested in getting involved in such a discussion, since it lacks practical purpose. The New Left, particularly when in government, is pragmatic, concerned more with doing a better job than the conservatives and less in debating abstract ideas. The challenge of the new social democrats is to govern capitalism more efficiently and in a more just way than capitalists do. It is not sufficient to reduce the injustice which is built in capitalism, nor just to promote democracy which is not a necessary condition of capitalism, nor to protect effectively the environment and more broadly, the public patrimony, which capitalists and bureaucrats often capture for private ends. Besides all that, the new social democracy is supposed to manage well the economy, to regulate competently markets, to achieve macroeconomic stability, and economic growth. Or, in other words, it is required to be efficient and effective – more so than the capitalists, or the conservative right.

In order to achieve this goal the new modern left is concerned with ideas and values. Besides being committed with some old and basic values as justice, freedom, and solidarity, it is supposed to adopt relatively new values as equality of opportunity, and individual achievement (coupled with civic responsibility or republicanism).<sup>17</sup> In more specific terms, the New Left opts for being strong to crime, and for having the family and civil society as the basic institutions in society. According to Tony Blair (1998: 3-4), “My politics are rooted in a belief that we can only realize ourselves as individuals in a thriving civil society, comprising strong families and civic institutions buttressed by intelligent government. For most individuals to succeed, society must be strong. When society is weak, power and rewards go to the few not to the many”. But a strong society requires a strong state: “The grievous 20<sup>th</sup> century error of the fundamentalist left was the belief that the state could replace civil society and thereby advance freedom. The New Right veers to the other extreme, advocating wholesale dismantling of core state activity in the cause of ‘freedom’. The truth is that freedom for the many requires strong government (state)”.

To be achieved, the new values require adequate means. They require a strong civil society and a strong state, active and free markets, and good governments, i.e., governments that are able to take the right decisions in the right moment, and that are able to manage the state apparatuses in an efficient and effective way. Thus, when the New Left demands efforts in deepening democracy and citizens’ rights, in rebuilding state capacity, in freeing while regulating markets, and in creating an adequate technical and political environment for competent policymaking, it is being consistent with its major political objectives.

When the left order in name of justice it does that empowering the poor. Yet, observe that empowering popular social movements and advocacy organizations is different of empowering representative or corporative associations. The old left based much of its power in the later strategy. Workers’ unions continue to have an important role in the left parties, but more in the old than in the New Left view. The former identified social justice’s advancement with unions’ successful strikes, that would be a major form class struggle would take place. The New Left supports unions and recognizes the right to strike, but is well aware that in some occasions unions are just tools to introduce monopoly in labor markets and to conserve undue privileges. More important than that, it eliminates from its vocabulary “class struggle”. Not because it ceased to exist, but because it lost a large part of its political relevance and electoral attractiveness. As the middle class increased enormously, and large part of the working class assumed middle class patterns of consumption, the classical class struggle model,

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<sup>17</sup> - I am understanding republicanism as the active involvement and responsibility of each citizen for the republic, for the common good (see on this Pettit (1997), and also as the defense of republican rights (Bresser Pereira, 1997b). An English version of “Citizenship and *Res Publica*: The Emergence of Republican Rights” is available in [www.bresserpereira.ecn.br](http://www.bresserpereira.ecn.br).

putting the capitalist and the working class in direct opposition, lost explicative power. On the other hand, left political parties are now supposed to have a discourse that, besides making sense to workers, make also sense to the middle class. Ruth Levitas observes critically that new labor leaders “work to eradicate the image of the Labour Party as the party of the organized working class, by rejecting a class analysis of society altogether in favor of a pluralist model”.<sup>18</sup> The fact is that the Labour Party was the party of the working class. Today, as any other New Left political party, it is or has to be much more than this, if it is to win elections.

### **New Left and Globalization**

Globalization is a central problem for the New Left. An usual assertion of the New Right is that globalization made social democracy a phenomenon of the past, because the social and economic policies it proposed “rested on the capacity of sovereign states to limit the free movement of capitals”. Since the state, according to this vision, lost capacity in relation to this, it follows that active macroeconomic policies and welfare policies, both intending to limit markets’ mastership have no more room in contemporary world. And concludes the New Right (in this case fully in agreement with the old left): if the New Left acknowledges these new realities and dutifully adopts monetarist macroeconomic policies and opts for flexible markets, it ceases to be left: it is watered New Right, disguised neo-liberalism.

To this allegation the New Left has two answers. First, it strongly rejects the “new realities”, the unfettered dominion of markets that globalization would have brought about. The new social democrat parties may have different views in relation to globalization, but they all share Lionel Jospin’ (1999) recent statement, that globalization does not make the state powerless: “We fully recognize globalization. But we don’t see its manifestations as inevitable”<sup>19</sup> Or Hobsbawm’s assertion (1998: 6): “The global economy has not *replaced* the world of states, political power and policies. The two *coexist* in mutual negotiation”. The state indeed lost some macroeconomic autonomy due to globalization in exchange rate policy matters. Given that in the global economy capital flows are huge and fast, the exchange rate will either float, or will be firmly pegged to a strong currency, leaving national economic authorities with little room for active policymaking in this area. In other areas, however, national states conserve a substantial autonomy. The state has many and

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<sup>18</sup> - See Levitas (1998: 114). In this book on social exclusion and New Labour, Ruth Levitas’ main point is that “the inclusion potentially offered by social democracy is limited by the nature of capitalism and the nature of social democracy themselves” (p.187). There is no doubt that both “natures” limit inclusion. Instead of thinking in terms of a fixed “nature” it would make more sense for socialist analysis of social exclusion to consider the historically changing character of capitalism and of social democracy. Today the limits are set, or relatively set, tomorrow they aren’t.

<sup>19</sup> - As quoted in *The Economist*, October 2<sup>nd</sup>, 1999, p.56, and in Jospin (1999).



major roles to perform. If well governed, state institutions and policies may have a substantial positive impact on the economy and society.

Second, the New Left rejects the proposed substitution of “flexible markets” – the euphemism for unfettered markets – for the welfare state.<sup>20</sup> It is not opposed to markets, spirit of enterprise, profits, and individual incentives. It is contentious with dogmatic pro-market views. It affirms the permanent possibility of regulating markets, including the labor market. And asserts that an well regulated market will, in the long run, produce a kind of social solidarity that more than compensates some shirking on the part of workers. There is a trade-off here, but this trade-off proved, till now, favorable to the Rhenish model of social democracy, when compared with the more individualist Anglo-American liberalism.<sup>21</sup>

The new social democratic parties do not fully agree in relation to the social and economic consequences of globalization. In this subject, France and Germany are more critical, United States and Britain, less, if not supportive. Giddens (1999: 27), for instances, says that the New Left “takes a positive attitude towards globalization, although not an uncritical one. Globalization is not the prime source of new inequalities”. Giddens’ last phrase is correct: the acceleration of technological progress, increasing the demand for skilled people and decreasing the demand for non-skilled labor, the rise in the number of single mothers, and the rise in the number of economically successful childless people are, as Giddens himself emphasizes, primarily to blame.<sup>22</sup> But if one understands globalization as the dominion of uncontrolled markets, there is little doubt that markets are usually prone to promote insecurity at all levels of society, and concentration rather than distribution of income within the each nation and among nations. The recurrent critique of some major British

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<sup>20</sup> - For a New Right approach in this direction see, for instance, Novak (1998). In the pamphlet Novak reproduces the classical right’s criticism of the welfare state in Europe, which he compares unfavorably with the United States. In Europe the welfare state would be a major factor leading workers to shirk, many calling in sick when they were not sick. In his commentaries in the same volume, Lloyd (1998:30), referring to the enormous increase in crime in the United States, asks: “Is it better to have the moral hazard of people cheating the state by claiming they are sick when they are not, or the physical hazard of robbery with violence?”

<sup>21</sup> - A recent study comparing productivity in France, Germany, the United States, and Britain, show the Rhenish countries in a clear advantageous position. Taking Britain as index 100, production per hours worked in France and Germany are respectively 132 and 129, while for the United States, 121 (and for UK, 100). This study, referred by Samuel Brittan (1999), was made by Mary O’Mahony, of the National Institute of Economic and Social Research.

<sup>22</sup> - Giddens also includes among the factor behind income concentration, “the growing value of capital assets”. Or, this is a direct consequence of the less controlled (or uncontrolled) markets, which define globalization. Actually, markets will only play for income distribution when the demand for non-skilled labor increases faster than supply. It is what is happening in the last years in the United States.

left intellectuals to New Labour in a special number of *Marxism Today* (November 1998) was addressed to its view of globalization.<sup>23</sup>

According to D'Alema (1988), "to see globalization just as a threat leads to the idea that there are no options but to strength defenses and resist to a reality that changed". Indeed, for the New Right globalization is an opportunity; for the old left, a threat; for the New Left, a challenge. The New Right sees globalization as an opportunity for further international integration of the dominant elites in each country. For the New Left the challenge involved in globalization is clear. It will not refuse competition, as the old left wants, but it will try to increase the national industries' capacity to compete. As Fernando Henrique Cardoso (1996) says, analyzing the impact of globalization in the developing countries: "globalization modified the role of the State... intervention today is almost exclusively geared out to make possible for the national economies to develop and support structural conditions of competitiveness on a global scale."

Globalization only severely limits the autonomy of highly indebted countries. Capital flows volatility is a major concern for these countries. Particularly when they insist in incurring in trade and current account deficits to be financed by foreign savings. The best way to confront globalization challenge is to reduce foreign indebtedness by achieving substantial trade surpluses. But this will only be possible if developing countries are committed to increase state capacity, to achieve fiscal balance, to draw stable institutions. The loss of state capacity that took place in the last twenty years was not, primarily, a consequence of globalization, but of the endogenous crisis of the state. Thus, it not as a permanent deprivation, as globalization apologists affirm, but a transitory one that will be overcome as the crisis of the state is overcome.

Bill Clinton (1999), who, as president of the United States, one could suppose would be the least to be constrained by the global economy, indeed is. He is not a critic of globalization, but knows that markets are blind to fairness. He expressed this, in his Washington Third Way Seminar speech: "The question that any political party that purports to represent ordinary citizens must answer is: how do you make the most of the possibilities of the global information economy and still preserve the social contract". Or, in other words, there is a short-term trade-off between the globalization and the respect for social rights. Uncontrolled markets disorganize communities, unsettles the Habermas' lifeworld system. The challenge for the new social democracy is to overcome this trade-off, is to find ways of profiting from the economic opportunities which markets and the new technologies offer, while protecting the poor and the excluded, and enhancing the social and republican values.

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<sup>23</sup> - The publication of *Marxism Today* was suspended several years ago. This special issue (November 1998) was published to evaluate and criticize Blair's first year in government. Hobsbawm's and Stuart Hall's main critiques were directed to Blair's views on globalization as a phenomenon countries have to accept and adapt. Says Hall (1998: 11): "New Labour does deal with globalization as if it is a self-regulating and implacable Force of Nature".

The social compact that emerged from the World War II is not exhausted, contrarily to what the New Right insistently claims. It is being challenged by technological progress, by the crisis of the state, and by globalization. Or, the response to the challenge is change: social change, institutional change. Thus, labor contracts are being reviewed. But, when economic development takes place, isn't democracy coupled with economic development the political regime whose contracts are permanently re-written? The question is how far to go in changing labor contracts. Given the overall high levels of productivity coupled with a relatively even distribution of social goods that the social democratic compact achieved in Europe, there is no reason for the advanced social democracies to acquiesce in the radical changes neo-liberals propose.

Neo-liberals are not anymore able to sell their ideas in the advanced countries. But, with the support of local elites, they remain relatively dominant in the developing countries, particularly in Latin America. They have been successful in leading most countries to privatize and liberalize their economies in a extent developed countries did not follow. They are not being so successful in making labor contracts much more flexible, nor in dismantling the poorly established, but anyway existent, welfare systems. But they still represent a threat, which only a New Left, emerging or to emerge in these countries, will be able to neutralize.

### **Developing Countries Considered**

The distinction between left and right, besides having a historical character, as left and right changing as time goes, depends on the stage of economic growth of each country. There are substantial differences between what may a New Left be in Latin America, when compared with the one existing in, for instance, Europe.

First, the left and the right, in order to conquer the political center are usually supposed to be more nationalist than the advanced countries, since they have yet to build a nation and a state – a task that was already achieved by the developed nations. How much nationalist should the left be? The old left has a negative view of nationalism, assuming that the country is surrounded by imperialist powers. It has a general attitude “against” advanced countries, viewed as “imperialist powers”, and wants rather to close the country to foreign influence, than to negotiate mutual and conflicting interests. The New Left, on its hand, refuses that the national interests of developed and developing countries are always contradictory, but does not believe – as the New Right usually does – that they are always common. Instead of a general attitude “against” or “in favor” advanced countries, the national interest is supposed to be assessed in each case.

Again, it will be easy for the old left out of power (and also for the intellectual left which is by definition out of power) to criticize. A critique that only can be made by whom does not hold office. If a political party with old nationalist ideas wins



national elections, it will have to live with international capitalism; and it will soon realize that the existing constraints in running a developing country are greater than they could imagine. The constraints will be particularly strong if the country is highly indebted, but even for the developing countries that have comfortable international balances, the global economy's constraints will be always there.

If the country is highly indebted confidence of international markets will be required. This is an objective constraint that governments in developing countries face. But it is a constraint that can be faced in three different forms. It can be faced as the right does: affirming that globalization reduced substantially the autonomy of the national states, rejoicing for that, and happily engaging in the "confidence building game". It can be approached like the old left, which ineffectively denounces the fact when it is out of government, or engages in populist politics, when transitorily achieves political power. And, third, globalization may be lived with, but not overestimated, nor accepted as a will of God.

For the New Left in the developing countries globalization as real phenomenon should be clearly distinguished from globalization as ideology – the ideology of definitive loss of state autonomy. In the opposite side, the crisis of the state approach views loss of state autonomy as a transitory phenomenon. The fiscal crisis of the state, the crisis of the strategies of state intervention, and the crisis of the bureaucratic form of managing the state indeed reduced state capacity. In the moment this crisis is overcome, state autonomy will be back. When someone explains loss of state autonomy with globalization he or she is suggesting a permanent change, when the explanation is based in the idea of a crisis, the alleged constraints to state autonomy turn transitory. The state will always face constraints, as everything does, but not new and overwhelming constraints, as neo-liberals claim. Besides, this kind of interpretation supplies the left with a major assignment: to rebuild the state institutions, to overcome the state's crisis.

The full acceptance of globalization as the full dominance of markets lead the right, in the developing countries, to engage in the "confidence building game". By this I mean the uncritical adoption of the economic policies that officials in Washington (i.e., the G-7 governments), and in New York (the international financial market) believe the country should adopt. It is a game that will most likely be headed to disaster, unless we assume that Washington and New York have the monopoly of universal economic policy wisdom... If they don't, if they will often recommend mistaken policies, given, on one side, their interest and own ideological constraints, and, on the other, their limited knowledge of local conditions, which are permanently

changing, the only possible alternative for the developing countries governments' will be to decide according to their own judgement.<sup>24</sup>

But, is it possible to achieve confidence in this way, not always accepting Washington's and New York' advice? The New Right and the old left say, "no", for different reasons. The New Right, because it believes the elites in developed countries are almost always rightful; the old left, because it believes that Washington and New York impose full subordination to developing countries. In fact, argues the New Left, it is possible to achieve confidence without necessarily following prescriptions. It is not an easy task, as it is not simple to govern capitalism in a more competent way than capitalists do. But it is necessary to consider that elites – particularly politicians, officials, and financial agents – in the advanced countries are rational and pragmatic people. They may offer some resistance to initiatives which do not count with their initial approval, but eventually they look for good outcomes.

A last difference. New social democratic parties in Europe are already looking for effective equality of opportunity at all levels, starting from the educational one. Complex equality is not achieved, but it is not a dream. In contrast, in Latin America economic inequality is still looms large. Social democrats in the region are far from being able to speak in realist terms about equality of opportunity.

### **Some Distinctions**

The policies that the New Left is adopting profits of and goes ahead with some of the New Rights necessary market-oriented reforms (for instance, trade liberalization, privatization of competitive industries, introduction of managerial public administration). The New Left believes rather in the market than in the state as a coordinating agent of the economy, but it is not dogmatically pro-market as is the New Right. And still attributes to the state a major role. The state exists not to replace markets and entrepreneurs, but to regulate markets and protect property rights, to maintain macroeconomic stability and to create an appropriate climate for investment and growth, to promote science and technology and to foster national competitiveness, to guarantee a minimum income and to provide basic education, health and culture for all, to protect the environmental and the cultural patrimony of the country. Yet, these roles will be differently performed in a developed and a developing country.

In Latin America, and particularly in Brazil, it is possible to see the distinctions between the new and the old left, and between the New Left and the New Right. I will

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<sup>24</sup> - In Bresser Pereira (1996a) "confidence building" is defined in these terms, out of the Mexican (Salinas) experience. Recently Krugman (1998), writing about the 1997-98 emerging countries financial crisis, gave to his article the title "confidence game". It is precisely the same thing that I have been calling "confidence building" for some years: it is, put together the words, "the confidence building game".

ignore the Old Right, not because it fully disappeared, but for sake of simplicity. In synthesis, the old left in Brazil is corporatist and statist, while the New Left is pro-market and is committed to reform and to rebuild the state. The New Right is radically pro-market, and involved in the confidence building game, i.e., in doing everything it assumes rich countries believes should be done, instead of carefully evaluating alternatives and independently adopting to the solutions policymakers in developing countries believe right.<sup>25</sup>

The criteria that I will utilize will have the form of questions: Who controls the New Left political parties? The role the state is supposed to perform is central or not? What means to reform the state apparatus? Which organizations are supposed to perform the social and scientific services financed by the state? How to reform social security? Which kind of macroeconomic policy is to be adopted? Which approach to adopt in relation to globalization?

**Table 1: Old and New Left and New Right in Developing Countries**

Criteria	Old left	New left	New right
<b>Party Control</b>	Bureaucrats	New middle class and capitalists	Capitalists
<b>Role of the State</b>	Central	Complementary	Secondary
<b>State Apparatus Reform</b>	Remain bureaucratic and large	Change to managerial	Downsize
<b>Execution of Basic Social Services</b>	Directly by the state	By public non-state organizations	By private business firms
<b>Financing of Basic Social Services</b>	By the state	By the state	Private
<b>Social Security (Basic and Complementary)</b>	State assured	State assured basic social security	Privately assured
<b>Macroeconomic Policy</b>	Populist	Keynesian	Neoclassical
<b>Globalization</b>	Threat	Challenge	Benefit

<sup>25</sup> - I have been criticizing the “confidence building strategy” since the early 1990s. Paul Krugman (1988) joint forces, criticizing the “confidence game” Asian and Latin American countries were engaged, instead of adopting sound economic policies suggested by economic theory.



The criteria and the differences are in the Table. I will not go over all them. Some were already referred. Till a certain extent they are self-explanatory. On the other hand, some of differences alluded in the table have already been discussed. I will emphasize rather arbitrarily some that I consider yet not discussed or worth some additional explanation.

**Party control.** It is restricted to elites. The left was never not able to change this. Only recently there are signals in this direction, as civil society assumes an increasing role. The left just added to the existing elites – capitalist and bureaucratic elites – two kinds of bureaucratic elite: unions leaders in the private sector and in the civil service, and apparatchik in the political parties. In Brazil the old left parties remain on control of sizable sectors of the state bureaucracy, of the new professional middle class, and of union leaders. The New Left parties are mostly under control of the new professional middle class associated with progressive capitalists – a concept that is quite elastic. The New Right parties respond essentially to the capitalist class. All, obviously, strive to conquer the workers and the poor.

**State reform.** The old left is not interested in reforming the state. It would like to have it large and bureaucratic. The New Right understands reform as liberalization and privatization, or just as downsizing. For the New Left to reform the state means to rebuild it, to increase state capacity, to recover public savings overcoming its financial crisis, and to involve in managerial reform. It means also to redefine the role of the state, giving to organizations of civil society a larger role, be it in the production of social and scientific services, be it in exerting social control.

Managerial reform means devolving authority to decentralized units to be directed by a new kind of officials: bureaucrats with managerial capacity. It means controlling decentralized units through agreed outcomes rather than through detailed procedures. But the New Left is not just concerned with reforming institutions, it is convinced that day-to-day public services' improvement are vital. Blair (1999a: 1), for instance, often says that the emphasis of his administration is in delivering real progress in public services. And, although not ignoring the importance of institution reform, he sees this step-by-step advance as the real concept of what is governing: "I accept that this can be difficult, but that is what being in government is all about".

Managerial reform is only viable in democratic regimes when civil society plays a double role. It supplies social and scientific services in competitive basis, and it exerts social control. The state is supposed to transfer to the public non-state sector (or non-profit sector) the execution of social and scientific services, like schools, hospitals, research institutes, but keeps its social democrat role as main provider of funds to these activities. The assumption is that, being competitive, they will be more efficient than state agencies, and being public (oriented to public ends) they will be more reliable than private enterprises in providing services in which information is limited, and trust, extremely important given the core human values involved. Basic

education, health, and a minimum income are supposed remain financed by the state, since they keep their character of universal citizenship rights. In other words, if managerial reform means decentralization and devolution, it means also control of outcomes by officials and politicians in the strategic core of the state, and social control by civil society.<sup>26</sup>

Third, state reform means to strength democratic institutions. Efforts should not be limited to representative democracy, but include direct forms of democracy, particularly the ones that involve social control by NGOs and other forms of active social capital. In this direction, committees and associations formed with the objective of providing social services in the areas of education, health, crime protection, public transportation, poverty alleviation are particularly important.<sup>27</sup>

Forth, state reform means creating institutions able to protect what I have been calling “republican rights”, i.e., the right every citizen has that the public patrimony, be it the historical-cultural, the environmental, or the economic, be used for public ends. For a long time we have been defending civil rights against a powerful state; more recently it became particularly pressing to defend the state against powerful citizens. Since state revenues became high as a proportion of GDP in all countries, rent-seeking, the capture of the state for private objectives, became increasingly dangerous, and the need to protect republican rights, pressing.

**Social security.** In this matter the distinction between the old left, that wants pensions state-guaranteed, and the New Right, that favors total privatization, is simple. More complex is the New Left view, that favors state guarantee for a basic income in old age, while the complementary pension system would be private. The left, old and new, wants the basic pension system financed according to a cash system, while the right, repeating wise economists' counseling, favor a complete capitalization system, Chilean style. Finally the old left, given its corporativism, defends special (and privileged) pension system for civil servants, while the New Left and the New Right aim at making it more similar the pension system of private workers. The significant is that the only countries that fully adopted the right's prescription are developing countries: Chile and Bolivia. The developed countries did not adopt the prescriptions, and probably will not do in the future. First, because they know that, in the end, the state is supposed to guarantee a basic pension system. Second, because, when the state is in charge, it makes little sense to develop capitalization systems, since the state is not a competent agent in managing the financial assets backing pension funds.

This “anomaly”, however, is not at all, restricted to social security systems. In some South countries, privatization or trade liberalization went much farther than in

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<sup>26</sup> - On this role of social control on the part of civil society organizations, see the papers in Bresser Pereira and Cunil Grau, eds. (1998).

<sup>27</sup> - On the reform of the state, following these lines, see my book *Reforma do Estado para a Cidadania* (1998), and, in English, the papers in Bresser Pereira and Spink, eds. (1999).

the North. I already referred to the confidence building game. It is consistent with an old say: subjects are often more royalist than the king. In fact, it is always important to distinguish ideologues from governments. Although ideologues are also part of governments and part of the multilateral institutions, when they act as government or international institution, they are quite more pragmatic.

**Economic policy.** The old left imagines to be Keynesian, but actually it is populist and interventionist. Often in the past it got involved in the “populist cycle”, that starts with the over-evaluation of the currency, leading to lower inflation and higher salaries, and eventually ends in balance of payment crisis and devaluation. The New Right hopes to be modern, but in fact is *laissez-faire* and engaged in the confidence building game, which also easily leads to balance of payment crisis. The New Left is supposed to think independently, but not always is successful. It is essentially Keynesian when macroeconomic policy is in hand, but it is ready to use mainstream microeconomic tools to understand how a market economy works or should work. It assumes that markets are imperfect, that asymmetry of information is pervasive, that negative and positive externalities are everywhere, but still believes that market is more efficient resource allocating mechanism than the state. Only in limited cases the state is supposed to intervene in resource allocation. But it believes that markets are lousy in distributing income. Thus, in this area, and in science and technology, it reserves a major role for the state. It does not believe, as the left does, that increasing taxes is always a good solution, but refuses the tax reduction or tax flattening, that the dogmatic right proposes.

The New Right proposes tax cuts, but, when in power in Latin America, it will not reduce taxes. In the North there is a lot of fuss about reducing taxes, but, with a few exceptions, the left is not also able to put in practice what it preaches. Eventually taxes are maintained in their levels. What does happen, when tax reform is achieved by the New Right, is that taxes turn less and less progressive, a greater emphasis being put in indirect taxes. This happened in the developed countries, but soon found a limit, and taxes remain progressive, while in some developing countries, although direct taxes are dismally small and inheritance taxes, absent, tax reforms intend often to follow the neo-liberal model. Again, subjects are more royalist than the king.

### **The New Left Makes a Difference?**

I hope the distinctions are clear. Yet, the left intellectuals remain uncomfortable given the fact that the New Left ideas are at once connected with real governments. Or, governments will never fit the model. They will follow the tendencies here presented, but only in broad terms. In practice they will do rights and wrongs, they will make compromises, or the governments themselves will already be the outcome of political coalitions, so that reality will never reproduce the model.



I am not here discussing actual governments, but political ideas. There is, however, a question that yet was not posed. Is a New Left government more prone to be a good government? Does it make a difference? Przeworski poses the question, and is pessimist about the answer. Maravall, on the other hand, after a major study of political regimes in Europe, concludes that social democratic governments do make a difference. He says: "The principal characteristic of these social democratic governments was the way in which, both for ideological and electoral motives, they attempted to use the state in a non-subsidiary role to redistribute material resources and life chances equally... when faced by economic crisis, these governments proved more reluctant to renounce these policies than other elements of their programs."<sup>28</sup>

My view is that good government depends obviously on the good state, but also depends on the ideologies orient its action. Good government is the one that makes the right decisions in the right moment, and that is able to manage the state apparatuses in an efficient and effective way in order to achieve the socially agreed political objectives. It is the competent government that maintains order, enhances freedom, promotes economic growth, and advances equality of opportunity.

It is well known that a good government depends on a good state, i.e., on good political institutions, on a law and enforcement system that protects property rights and contracts, distributes well the tax burden and the state expenditures, stimulates innovation, resolves conflicts, and facilitates cooperation. Thus, institutions are essential, but they are not enough? Good government depends also on the consistency of its goals with the goals of society, and on their feasibility. Ideas, more specifically ideologies may foster or hinder good government. They will foster good government if the ideas about how the state institutions are supposed to be, and how government is supposed to act are in the right direction. If the government makes good use of the positive trends already existing in society and in markets. If the political ideas are attractive enough to allow for winning elections and forming stable political coalitions. If the political ideas do not threaten but stimulate work and investment, creativity and innovation.

The general political ideas the New Left presents have these qualities? I believe so. Although the New Right ideas will not be much different, since economic constraints are quite strong today, the difference is enough to make the New Left to make a difference. The New Left ideas are, today, more realist than they were in the past, and more generous than conservatives' ones; they respond to the demand for more social justice without threatening order; they refuse economic orthodoxy, without recurring to economic populism. larger number of voters

The strength of economic constraint and the fact that all political parties fight for the control of the political center led Przeworski (1999), after defining what is a

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<sup>28</sup> - See Maravall (1997: 127).

policy regime, to conclude that social democracy does not make a difference.<sup>29</sup> Given the same policy regime, the room of maneuver of social democrat policymakers will be narrow. According to his words, “if some policies are better than others, if different parties share the understanding of the constraints, and if voters learn from experience, then most of the time parties of different stripes will follow similar policies.” The logic is perfect, but, first, policy regimes do change; second, there is some room within each policy regime.

On the other hand I understand that the New Left’ views make a difference in the long run, across policy regimes. I believe that now societies arrived at a given level of economic and political development, in which New Left ideas are more germane with the four political objectives contemporary society strive for: order, liberty, equality and welfare. Thus, the new social democracy is increasingly associated with good government.

But New Left governments will not push necessarily society in these directions. They may, as any government may, be unlucky, incompetent, or dominated by interest groups. They may begin being successful, and, as times goes, get inflated, distorted. A conservative government may in some cases be better than a New Left government. That is why alternance of power will be always a rule in democratic regimes. New Left views are not an assurance of good government, but today they make it easier to governments to be good. Thus, my bet is not that New Left political parties will be permanently in office, but that, in the twentieth one century, it will reverse the twentieth century pattern according to which conservative parties remained most of the time in power. This was so because, except in the Scandinavian countries, conservative parties were most of the time better equipped to manage capitalism. This does not hold anymore. The new social democrats are not only more committed with the people and with justice, in a moment in the history of capitalism where equality of opportunity is finally seen as a required signal of modernity. They are also more pragmatic, more realist about the complementary roles of the state and the market are supposed to perform, more faithful defenders of representative and direct democracy, and so, more able to respond to electors’ demands – all this leading to one prediction: in this century they may win elections more often than conservative political parties.

Notice that I did not use the argument that New Left government will tend to be more successful because they will be more able to demand concessions on the part of labor. This is a classical argument, but a dangerous one. When sacrifices are required, good governments are supposed to impose them on a wide spectrum of political actors, not only the workers. Conservative political parties are supposed to have an elitist view of politics that is turning less and less realistic, as democracy gets consolidated. Social democrat political parties do not face the same kind of contradiction with

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<sup>29</sup> - See footnote 1 for Przeworski definition of policy regime.

democracy, when they are able to get rid of their classical commitment with state bureaucracy and turn into New Left.

## Conclusion

In synthesis, the concepts of left and right are relative to a political center, which shifts in one moment to the left, the other to the right. Thus, there is no meaning in analyzing different national political regimes with the same parameters. The Anglo-American model is traditionally to the right of the Rhenish model. Also, it makes little sense to fix the left and the right in history. The New Left and the New Right emerged in the last twenty years as an outcome of huge societal changes. There is also a New Left emerging in the developing countries, but it is supposed to be more nationalist and more to the left than the in the developed ones.

These characteristics of the New Left – market oriented, committed to rebuild state capacity, and to reduce social inequalities – are the ones that will be mostly required in the twentieth-one century. That is why it is possible to predict that modern social democrat political parties will tend to be in power more often than they used to be in the twentieth century.

I am well aware that, in sketching the characteristics of the New Left, I often left undetermined if some traits are actually present or should be. It is impossible to right a paper like this pretending neutrality and objectivity. As member of a social democratic party, I am committed to new-left proposals. Ideas that, in the developed countries, are well designed, and consistent with the new social democratic project, where complex equality plays a major role. Ideas that, in developing countries, will still require hard work, imagination, and courage, to confront the difficult and the new, since almost every problem is difficult and new in present times.

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