Investigating commentary on the fifth Labour-led government’s Third Way approach

Gemma Piercy, Kate Mackness, Moana Rarere and Brendan Madley

Abstract
After the 1999 election of a Labour-led coalition government in Aotearoa New Zealand, a raft of policy reforms adopted characteristics of the ‘Third Way’ ideology promoted by Anthony Giddens. We argue, however, that Third Way characteristics were not implemented in Aotearoa New Zealand without attracting criticism. This article reviews academic analysis and wider commentary on the Third Way in Aotearoa New Zealand, much of which particularly focused on social policy reforms made by the Labour-led coalition government (1999-2008). We have used this literature to identify the varied ways in which the Third Way was defined and the extent to which Third Way ideology was considered to have influenced policy and practice the Aotearoa New Zealand context. Our semi-systematic literature review shows that many commentators argued that New Zealand did indeed implement a policy platform consistent with Third Way ideological characteristics but these were also adapted to the unique context of Aotearoa New Zealand. We explore in detail two key examples of adaptation discussed in the literature: the Labour-led government’s early focus on reducing inequalities between Māori and non-Māori and on renewing civil society through subsidiarity and a partnership approach.

Keywords Third Way; Civil society; Partnership; Giddens; Fifth Labour-led government

Introduction
The fifth Labour-led coalition government (1999-2008) of Aotearoa New Zealand initiated a wide range of policy reforms which reflected values consistent with ‘Third Way’ ideology. In particular, this article focuses on how the Third Way interest in social inclusion was represented by policies such as the short-lived ‘Closing the Gaps’ strategy (2000) and changes to the purpose of the Local Government Act 2002. We examine academic and wider commentary on the Third Way in the Aotearoa New Zealand context in order to describe the extent to which the fifth Labour-led government adapted as well as adopted a Third Way approach to policy-making. While
much of the literature relating to the Third Way builds on or makes reference to the work of Anthony Giddens (1999; 2000; 2001a; 2001b; 2001c; 2007a; 2007b; 2010), the Third Way is an ideology which varies based on the context in which it is implemented (Eichbaum, 1999; Eichbaum & Shaw, 2006; Powell, 2003). Given this, we were interested in determining not only how the Third Way was conceptualised in Aotearoa New Zealand but also how it might have been applied and adapted to the local context.

As such, this article contributes to the wider body of work on Third Way ideology by illustrating the ways in which the Third Way was defined (see Table 1) and the key legislation and policy initiatives which scholars have identified as ‘Third Way’ (see Table 2). Based on the arguments presented in the literature, we believe a case can be made that the Third Way was not only adopted but also adapted by the fifth Labour-led government. The process of adaptation was driven not just by contextual differences but also by electoral support for a change in leadership in 1999 and by commentators and advocates for the Third Way who argued that civil society needed to be renewed in Aotearoa New Zealand.

The varied nature of Third Way implementation is mirrored by contestation over the origins of the Third Way and its key characteristics. Finlayson (1999), in his discussion of the theoretical underpinnings of the Third Way generally, contends that two key strands comprise the theoretical basis of the Third Way. The first is neoliberalism, described by Finlayson simply as an economic and political transformation within contemporary capitalism that also transformed social structures. Neoliberalism is also usually characterised by a policy emphasis on economic deregulation, minimal government intervention, a heavily-targeted welfare state and individual responsibility rather than citizen rights (Cheyne, O’Brien & Belgrave, 2008; Powell, 2003). The second strand arises from the field of sociology, exemplified by the work of Anthony Giddens (see also Eichbaum & Shaw, 2006). Giddens’ long-term focus on reconciling values on the political left with individualisation and other forms of social change has been
articulated in publications such as *Beyond left and right: The future of radical politics* (1994).

A further line of argument is that the Third Way was grounded in a post-Keynesian environment and developed by parties of the left (for example in the United Kingdom, France, Holland, Germany, Sweden and the United States – Hattersley, 2001; Heywood, 2015) in the years spent largely in opposition during the economic recession of the 1980s and 1990s (Chatterjee et al., 1999; Connew, 2006; Newman & de Zoysa, 2001). However, the key local text *The new politics: A Third Way for New Zealand* (Chatterjee et al., 1999) and much of the literature we reviewed is indebted to and builds on Giddens’ conceptualisation of the Third Way.

Giddens (1998) developed his version of the Third Way as a political platform and a framework for thinking and policy-making which sought to adapt social democracy to a fundamentally changing world. Giddens identified five dilemmas, which he argued challenged the viability of traditional social democracy policies and practices in contemporary society. These dilemmas focus on:

1. Globalisation, presented as having weakened the ability of nations to pursue Keynesian economic management approaches and as having provided opportunities to promote local identities and transnational alliances and institutions;
2. Increased individualisation, presented as reflecting a reduced emphasis on tradition and as requiring new ways of balancing collective and individual responsibilities;
3. Increasing irrelevance of the political ideology of left and right, presented as opening up new positions for parties in the centre (due to globalisation, the retreat of communism and the emergence of ‘life politics’ which involved issues of choice, identity and ecology);
4. The need for ‘old’ ideas of government to be reconstructed to accommodate citizens’ groups and new social movements which operated at local and international levels;
5. Ecological risks, presented as requiring a commitment to a sustainable development approach, ecological modernisation and
balancing the social democratic quest for security with new ways of addressing risk (Giddens, 1998; also see Eichbaum, 1999).

Responding to the third phenomenon of the supposed diminishing relevance of the left-right political spectrum, Giddens considers the Third Way to be a middle way transcending both old-style social democracy and neoliberalism. Yet Giddens (2001b) further argues that the Third Way is unequivocally on the left, reflected in a commitment to social justice that is found most explicitly in policies aiming to reduce inequality. However, he believed the left’s commitment to social justice needed to be tempered by the economic realities imposed by the rising costs of the welfare state. As such, Giddens argues that, while the Third Way embraces social democracy’s interest in equality of opportunity and social cohesion, it is critical of social democracy’s top-down statism as neglecting individual aspiration and stifling innovation. Thus, Giddens’ Third Way also supports a neoliberal focus on the dynamism and efficiency of markets.

However, neoliberalism has been criticised because universal market solutions have failed to recognise the necessity for active government and have threatened communities and the broader social fabric due to social exclusion caused by market-based approaches (Eichbaum & Shaw, 2006; Miller, 2000; Powell, 2003). Therefore, Giddens believed that policy-making needed to be based on pragmatic evidence of ‘what works’ rather than ideological values. His view of the Third Way thus rejects past political binaries (a choice between social justice or economic efficiency), arguing that it is possible to achieve both a combination of social justice and economic efficiency (Heywood, 2015; Latham, 2001; Powell, 2003). Hence, the aim of the Third Way might be summarised as combining the benefits of free markets (neoliberalism) and social rights (social democracy) while avoiding the disadvantages of both (Giddens, 2000; Heywood, 2015; Powell, 2003) thus attempting to reconcile the potentially incompatible values of social justice with economic dynamism (Aimers & Walker, 2008; Powell, 2003; Jesson, 1998b).

Methodology
Our aim was to examine academic and other kinds of commentary on the Third Way in the Aotearoa New Zealand context prior to and at the time of the fifth Labour-led government (1999-2008). As such our overarching research question was: “how, and to what extent, do commentators consider that the fifth Labour-led government’s policy reforms represented a ‘Third Way’?” We were also concerned with how closely these Third Way ideas reflected Giddens’ concern with the five dilemmas identified in the last section. In order to address these research questions, we sought out literature to:

- Determine the ways in which the Third Way was defined by academics in Aotearoa New Zealand;
- Identify the fifth Labour-led government policies and practices which were analysed and commented on in relation to the Third Way in Aotearoa New Zealand;
- Assess the arguments made regarding the fifth Labour-led government’s adoption and adaptation of Third Way ideology, via its policies and their implementation, in the Aotearoa New Zealand context.

To address these aims, we conducted a ‘semi-systematic’ literature review, where we followed most, but not all, of the stages of a full review (see Cornell University Library, 2016; Khan, Kunz, Kleijnen & Antes, 2003). The steps in a systematic review include: (1) identification of a clear research question, often informed by a preliminary review; (2) development of criteria to include and exclude papers for review; (3) application of broad search strategies across a wide range of databases, including grey or fugitive literature (such as media items and organisational documents); (4) screening of the literature produced by the search in line with the criteria developed in step 2; (5) use of a spreadsheet or data extraction software to target relevant sources; (6) evaluation of risk of bias; (7) presentation of findings and assessment of quality of evidence. While we did seek out grey literature, in hindsight our search was not as broad as it could have been, due to the search terms used. Given the small number of sources collected, we also created an annotated bibliography rather than using analytical software.
Given our focus on the representation of the Third Way in Aotearoa New Zealand, we began our search using databases specific to the New Zealand context, namely FindNZarticles and Index New Zealand. Early search terms included the more obvious combinations, such as: Third Way’ AND ‘policy reforms’, ‘Third Way’ AND ‘policy change’, ‘Third Way ideology’, ‘Third Way politics’, ‘Third Way values’, ‘Third Way’ AND ‘social inclusion’ and ‘Third Way’ AND ‘community.’ Later we were able to narrow our search to more specific combinations that included, for example: ‘Third Way’ AND ‘Māori’, ‘Third Way’ AND ‘local government act.’ Third Way ideas, policies and practices have at times been referred to as ‘liberal inclusion’ (see Gibb & Walker, 2011; Porter & Craig, 2004) or a ‘new social democracy’; however, this slippage between terms has the potential to contribute to conceptual confusion. Given one of our aims was to determine how New Zealand academics specifically defined the Third Way, we intentionally chose to avoid using these terms. We acknowledge, however, that the decision to maintain our focus on the term ‘Third Way’ is likely to have resulted in a narrower set of search results than if we had included these other terms.

The next phase included a search of databases that catalogued international academic publications, such as Proquest Social Sciences and Humanities and Social Sciences Collection, and a general search using Google/Google Scholar. Through these two search phases we retrieved a total of 71 articles, which included nine newspaper/magazine articles taken from several domestic media outlets, such as the New Zealand Herald, the Otago Daily Times and Metro magazine and 62 academic journal articles. The latter came from a range of New Zealand, joint New Zealand-Australian, and international journals in the areas of geography (four), regional studies (one), political science (seven, of which two focused on gender), education (seven), public administration/management (two), social policy (four), social work (two) and community development and the third sector (two). Other material was selected from multi-disciplinary journals such as the Pacific World and Kōtuitui: New Zealand Journal of Social Sciences Online. We also examined six master’s theses, two doctoral theses, and a range of books and journal articles specifically focused on the Third Way. The books included
Giddens’ contributions, as well as New Zealand-based literature including: *The new politics: a Third Way for New Zealand* (Chatterjee et. al, 1999); *We the people: Participation in governance* (Charters & Knight, 2011); and *At the crossroads: Three essays* (Kelsey, 2002).

In line with the requirements of systematic reviews, we examined the abstracts of the 71 articles, 55 of which were selected for inclusion in the literature review based on the extent to which the subject material referred to the Third Way in Aotearoa New Zealand. The 55 articles were then read by one or more members of the research team. The articles were assessed for relevance in terms of addressing our broader research questions by identifying: the purpose of the article’s stated research area; the research method(s); the policy or legislation under discussion; the article’s key findings and arguments; the relevance and/or authority of the text for the purposes of our research (step 7); and any linkages or similar/contrasting findings within the 55 articles and other material selected for closer examination (steps 4 and 7).

**Findings**

In brief, we identified six key findings:

1. Both the academic and grey literature reviewed demonstrates that the policy framework of the fifth Labour-led government, particularly during the first term when Labour was coalition with the Alliance Party, was being described as Third Way;
2. The perceived shift to the Third Way was responded to with acclaim and critique, with a greater emphasis on the latter;
3. The Third Way characteristic most commonly highlighted was the notion of partnership between the state and civil society, including Māori communities;
4. The majority of the literature we reviewed focused on different aspects of social policy rather than both the social and economic policies that Giddens identified as important sites of transformation;
5. While a minor strand in the literature, it was significant that some academics highlighted a Third Way theory and practice in Aotearoa
New Zealand that differed from that espoused by Giddens (Eichbaum & Shaw, 2006; Harris, 1999; Law, 2003; Lowry, 2012; McManus, 2009; Piercy, 2005). These authors argued that the Aotearoa New Zealand practice was not simply derivative of Giddens’ Third Way concepts. For example, Eichbaum and Shaw (2006) and Law (2003) presented arguments that the fifth Labour-led government represented a revival of a more active state, illustrated by initiatives such as increasing taxation on high income earners and the Employment Relations Act 2000.

6. More commonly, the literature provided evidence that Aotearoa New Zealand’s Third Way was discussed in light of Giddens’ five dilemmas. For example, Phillips (2004) identified that a Third Way focus on professionalising social work offered social workers opportunities as well as risks to manage. First, reflecting Giddens’ argument about balancing social justice with economic dynamism, he argued that changing social work practice meant that the quest for social justice could be extended beyond combatting inequality by helping citizens to engage in positive risk taking. Second, Phillips argued that the Third Way ‘redesign’ of the welfare state was a shift from the redistribution of wealth to the redistribution of risk, potentially marginalising those already subjugated in society. Here he alludes to Giddens’ fifth dilemma focused not only on managing ecological risks but also the wider risks to society posed by social exclusion. Similarly, Harris’ (1999) arguments regarding the need to renew civil society connect to the second, third and fourth dilemmas of individualisation, life politics and the need for new approaches to policy. Harris argued that the partnership approach and subsidiarity could be used to create policies designed to respond to diversity and citizen (identity) groups through devolved decision-making. Some authors (for example, Batters, 2010; Eichbaum & Shaw, 2006; Kelsey, 2002) reported that both the Prime Minister Helen Clark and Cabinet Minister Steve Maharey explicitly articulated that their thinking was influenced by Giddens’ Third Way. Based on the literature reviewed, the extent to which Giddens’ ideas
were considered to have shaped and continued to influence the Aotearoa New Zealand policy framework beyond the first term of the Labour-led government is less clear.

One of our original contributions to this literature on the Third Way is providing a summary of sources that critically discuss the Third Way and its application in the Aotearoa New Zealand political context (Table 1). The sources have been split into groups to illustrate: which papers used the Giddens’ interpretation of the Third Way and which sources explored arguments beyond those provided by Giddens; which sources suggested that Aotearoa New Zealand adapted, as well as adopted, Third Way characteristics, policies and practices; and that the use of a Third Way approach in the Aotearoa New Zealand policy context was not received uncritically.

**Table 1: Sources critically discussing the Third Way and its application in Aotearoa New Zealand policy and practice**

<table>
<thead>
<tr>
<th>Definitional material</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sources which mention theorists other than Giddens.</td>
<td>Eichbaum, 1999; Eichbaum &amp; Shaw, 2006; Harris, 1999; Law, 2003; McManus, 2009; Nolan, 2010; Roper, 2006.</td>
</tr>
<tr>
<td>Sources which outline the argument that the Third Way was adapted to the Aotearoa New Zealand context.</td>
<td>Chapman &amp; Duncan, 2007; Eichbaum &amp; Shaw, 2006; Law, 2003; Law &amp; Piercy, 2003; Nolan, 2010; Piercy, 2005, 2011; Strathdee, 2007; Te Momo, 2004.</td>
</tr>
<tr>
<td>Sources that, while critical, also highlight the potential of the Third Way policy approach to contribute positively to New Zealand society.</td>
<td>Dalziel, Matunga &amp; Saunders, 2006; Gilchrist, 2000; Fitzsimmons, 2006; Law, 2003; Jesson, 1998a; Maharey, 2003; Munford &amp; Walsh-Tapiata, 2006; Nolan, 2010; Olssen, 2002.</td>
</tr>
</tbody>
</table>

In order to allow the reader to determine which policies were categorised as being Third Way, Table 2 also groups the sources into the policy areas commented on most frequently.

**Table 2: Policy reforms and legislation implemented by the fifth Labour-led government (1999-2008) that commentary identified as Third Way**

<table>
<thead>
<tr>
<th>Legislation/policy examples</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The welfare state</strong></td>
<td>Aimers &amp; Walker, 2008; Barnett &amp; Barnett, 2004; Chapman &amp; Duncan, 2007; Cheyne et al., 2008; Chile, Munford &amp; Shannon, 2006; Conradson, 2008; Curtin &amp; Teghtsoonian, 2010; Dalziel et al., 2006; Humpage, 2010; Knight, 2011; Larner &amp; Butler, 2005; Laurenson &amp; Collins, 2006; Law, 2003; L'Huillier &amp; Humphries, 2009; Lunt, O'Brien &amp; Stephens, 2008; Memon et al., 2007; Phillips, 2004; Piercy, 2005; Porter &amp; Craig, 2004; Te Momo, 2004.</td>
</tr>
<tr>
<td><strong>Māori</strong></td>
<td>Cheyne, O'Brien, &amp; Belgrave, 2008; Dalziel et al., 2006; Duncan, 2007; Humpage, 2006, 2010; Larner &amp; Craig, 2005; Lowry, 2012; Munford &amp; Walsh-Tapiata, 2006; Te Momo, 2004; Walker, 2007.</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>Barnett &amp; Barnett, 2004; Cheyne et al., 2008; Prince, Kearns &amp; Craig, 2006.</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>Cheyne et al., 2008; Eichbaum, 1999; Forbes, 2009; James, 1999; Law, 2003; Law &amp; Piercy, 2003; McManus, 2009; Piercy, 2005, 2011.</td>
</tr>
<tr>
<td><strong>Local Government</strong></td>
<td>Larner and Butler, 2005; Larner and Craig, 2005; Lowry, 2012; McKinlay, 2006; Memon et al., 2007; Stephens, 2014; Whitham, 2012.</td>
</tr>
</tbody>
</table>

**Discussion of key findings: The Third Way in Aotearoa New Zealand**
The commentators from the literature make links between the Third Way, Gidden’s writings and the policy approach of the fifth Labour-led government in Aotearoa New Zealand. As such we argue that the literature suggests that the Labour-led government was trying to respond to the five dilemmas highlighted by Giddens. A minor strand in the literature also suggests that responses to the five dilemmas were shaped by the unique context of Aotearoa New Zealand. The first section of the remaining discussion briefly outlines evidence from the literature that points to the adoption of his ideas on the Third Way. Second, we consider evidence suggesting that these ideas were adapted to Aotearoa New Zealand, using two examples. The local version of the Third Way was shaped by the legacy of colonisation and the existence of the 1840 Treaty of Waitangi in ways not conceived by Giddens. In addition, implementation efforts focused on the renewal of civil society and social inclusion, fleshing out Giddens’ rather general ideas into concrete policies that aimed to balance the use of markets with an emphasis on collaboration through a partnership approach and the use of strategies and action plans.

Adoption of the Third Way
The literature suggests that the Third Way was reflected in the following characteristics:

- The adoption of an evidence-based approach to policy formation, reflecting both Giddens’ fourth dilemma (the need to respond to social movements) and the government’s desire to shift away from what it perceived to be the ‘ideological’ policy-making associated with neoliberalism in the 1990s (Dalziel et al., 2006);
- The fifth Labour-led government demonstrated a belief that markets are the best way to redistribute opportunities but with an emphasis on citizen rights and responsibilities that differed from the stronger focus on responsibilities apparent under neoliberalism (Jesson, 1998a; Kelsey, 2002; Porter & Craig, 2004);
- There was a focus on humanising the harsher impacts of markets by balancing social and economic needs, illustrated by changes to the
provision of social services such as primary health care and, at least in the Labour-led government’s first term, treatment of benefit recipients (Chapman & Duncan, 2007);

- An emphasis on social inclusion based on ‘fairness, opportunity and security’ (Clark, 2002 cited in Porter & Craig, 2004) that emphasised inclusion as being best provided through access to paid labour market that arguably limited the ways in which citizens could access the security needed to participate in society. This is exemplified by the Working for Families In-Work Tax Credit which focused on those engaged in paid work but neglected beneficiaries (Eichbaum & Shaw, 2006).

The literature suggests that the adoption of these ideas by the fifth Labour-led government in Aotearoa New Zealand was driven both by local context – the public’s demand for change, shaped by the belief that the New Zealand neoliberal experiment had led to market failure and social exclusion (Barnett & Barnett, 2004; Eichbaum, 1999; Harris, 1999; Jesson, 1998a; 1998b) – and growing international consensus supporting the use of Third Way concepts in the late 1990s as the Washington Consensus promoting neoliberal ideas was increasingly regarded as unable to address major social inequalities (see Porter & Craig, 2004; Eichbaum & Shaw, 2006).

**Adaptation of the Third Way**

Although the literature indicates that the Third Way characteristics identified above were embraced by New Zealand politicians and articulated into policies and practice (at least in the first years of the new government), policy programmes cannot simply be exported from one location and put into place in another. Adaptation or adjustment to unique contexts is an inevitable part of the policy process. Two key issues any local adaptation of the Third Way needed to respond to were (1) New Zealand’s colonial history and the role of the Treaty of Waitangi and (2) the neoliberal legacy of the fourth National government (1990-1999).

**Social exclusion and social justice: Addressing inequality**
Giddens emphasised the need to address forms of social exclusion not just emerging from class inequalities but also those based on identities important to citizen groups and social movements as per the third and fourth dilemmas. Significantly, the place of indigenous groups is not explicitly considered by Giddens, requiring an adaptation of his Third Way ideas in the Aotearoa New Zealand context.

The status of Māori as the indigenous peoples of Aotearoa New Zealand and as signatories to the Treaty of Waitangi are key aspects of what makes this nation unique (Kelsey & O'Brien, 1995). The signing of the Treaty of Waitangi in 1840 was intended to formalise a ‘partnership’ between Māori and the Crown (Orange, 2013), through which the Crown would have the authority to govern (kāwanatanga), while tangata whenua (the people of the land) would retain tino rangatiratanga (sovereignty) over their resources and taonga. However, differences in the understanding of the Treaty and breaches of it by the Crown essentially alienated, disenfranchised and marginalised tangata whenua, relegating them to the status of subjects of the colonisers (Orange, 2013).

While National-led governments in the 1990s had been willing to address Māori property rights claims, they had been resistant to considering how the Treaty might shape social policy. The Labour-led government saw greater scope for considering Treaty rights in this policy space but frequently found it difficult to articulate this without recourse to a focus on Māori needs as individual citizens. This was illustrated by the short-lived ‘Closing the Gaps’ policy platform (Cheyne et. al, 2008; Humpage, 2010). Humpage (2006, p.229) notes that:

Māori Labour politicians promoted Closing the Gaps as responding to desires for greater Māori autonomy and an improved relationship with the state through frequent reference to partnership, self-determination and the Treaty of Waitangi .... The coalition government also facilitated the first-ever reference to the Treaty of Waitangi in social policy legislation.

However, the Labour-led government’s focus was mostly on visible ‘gaps’ in socio-economic status and opportunities between Māori and Pasifika communities and others, and it implemented policy initiatives specifically targeted towards Māori and Pasifika (Humpage & Fleras, 2001). The policy
initiatives were said to be framed by “a new social development approach” and “social inclusion” (Humpage, 2003, p.2). Social inclusion in this context was largely – although not exclusively – about balancing individual and collective rights and responsibilities by integrating Māori more successfully within the paid labour market. While aspects of the policy platform endured, the brand did not.

Based on “accusations that the Closing the Gaps strategy was a form of ‘apartheid’” (Humpage, 2010, p.238), the Labour-led government withdrew from the policy brand. Instead the government shifted to a model which more clearly embraced Giddens’ Third Way rhetoric of economic efficiency that emphasises targeted investment. With the focus on Māori rights diminished, the policy more closely reflected Gidden’s second dilemma focused on balancing collective and individual responsibility (Cheyne et. al, 2008; Humpage, 2010). In this setting, social policy more generally retreated to a model of welfare that drew on Tony Blair’s government’s (1997-2007) interpretation of Giddens’ Third Way in the United Kingdom, which emphasised a ‘workfare’ approach, rather than Giddens’ general framework (Powell, 2003). However, the literature suggests that a partnership approach that went beyond the confines of social inclusion within the paid labour market was evident in other aspects of New Zealand policy during this period, as considered in the following section.

An active state and renewal of civil society: Subsidiarity and the partnership approach
Authors such as Barnett and Barnett (2004) and Eichbaum (1999) have identified that the neoliberal reforms of ‘Rogernomics’ and the fourth National government created extensive social exclusion in New Zealand society. Barnett and Barnett (2004) indicated that the use of the market model in health led to market failure. Eichbaum (1999) and Porter and Craig (2004) allege that international rejection of the Washington Consensus was based on the view that the neoliberal market model had failed in fairly redistributing resources in society, evidenced by increases in social exclusion and poverty (Rashbrooke, 2013). Moreover, the literature also suggests that the neoliberal focus on devolution, contracting out to non-
government providers and ‘less state intervention’ had not improved the efficiency and effectiveness of policy as promised (Harris, 1999; Larner & Craig, 2005). The British Blair government, despite its adherence to the social democratic roots of the Third Way, chose to maintain a neoliberal emphasis on “authoritarian mode of governance and preoccupation with productivism” (Havemann, 2001, p.76). Havemann (2001) argued that the fifth Labour-led government were in danger of making the same mistake if citizenship rights were not addressed in their policy reforms.

The renewal of civil society was thus also a means by which the Third Way sought to pursue social inclusion. Civil society is defined as “that space between the government and the market... an expression of community and its values are broader than short-term financial gain” (Harris, 1999, p.31). The literature reviewed suggested that the layers of partnership established by the government between the state, Māori and non-governmental organisations attempted to largely maintain a market approach while also ensuring social protection for citizens by renewing civil society (Aimers & Walker, 2008; Barnett & Barnett, 2004; Chapman & Duncan, 2007; Dalziel et al., 2006; Larner & Butler, 2005; L’Huillier & Humphries, 2009; Te Momo, 2004). As such, the fifth Labour-led government did not necessarily provide services but aimed to facilitate the development of partnerships at regional and community levels, with local actors/brokers empowered by implementing the concept of subsidiarity (Batters, 2010; Harris, 1999; Larner & Craig, 2005; Lowry, 2012; Whitham, 2012). Subsidiarity is based on the “notion that inter-dependent human society operates at various levels” and therefore “a decision should not be taken at a higher level if it can more appropriately be taken at a lower level” (Harris, 1999, p.27).

The literature suggests that the fifth Labour-led government retreated from the previous National-led government’s ‘hands off’ approach and instead adopted a more interventionist style described by some as ‘steering’ (Law, 2003; McLaughlin, 2003). Steering is characterised as the use of strategies or action plans which encourage collaboration (Larner & Butler, 2005) and which determine the allocation of funding, resources and policy
tools (McLaughlin, 2003). These strategies and action plans shaped policy development and implementation at different levels, complemented by the goal of joined-up government departments (Chapman & Duncan, 2007), as well as the formation of partnership and collaborative arrangements at multiple levels.

Examples of this more active state include:

- An increase in taxation, the repeal of the Employment Contracts Act in favour of legislation offering more space for collective bargaining and socially inclusive, albeit work-focused policies, such as Working for Families (Eichbaum & Shaw, 2006; Law, 2003);

- Encouragement of collaboration and longer-term planning for organisations involved in market-based provision of services through steering. This is illustrated through the use of strategy documents such as the Tertiary Education Strategy, designed to facilitate longer-term planning and collaboration on the part of tertiary institutions, and action plans such as the Action Plan for Women 2004 (Chapman & Duncan, 2007; Curtin & Teghtsoonian, 2010; Law, 2003; McLaughlin, 200; Piercy, 2005);

- Capacity building through targeted funding, research, pilot studies and investment in health and education (Piercy, 2011; Porter & Craig, 2004) to community groups and traditional partners such as unions (Batters, 2010; Eichbaum & Shaw, 2006; Law, 2003; Piercy, 2005);

- Local and community-based partnerships designed to address issues via a bottom-up rather than top-down approach “based on the idea that communities themselves have the best knowledge of their social service issues and needs” (Larner & Butler, 2005, pp.80-81);

- Reforms to the Local Government Act and the introduction of District Health Boards in order to increase opportunities for citizen participation in democratic decision-making at local levels.

The literature suggests that the fifth Labour-led government’s attempts to ensure that citizenship rights were protected and extended saw it adopt a focus on citizen participation not discussed explicitly by Giddens but which reflects his fourth dilemma, focused on moving beyond ‘old’ forms
of government to accommodate the citizenry. The renewal of civil society proposed by Harris (1999) was given form by the fifth Labour-led government through its coupling of subsidiarity with the partnership approach, as the following discussion highlights.

Porter and Craig (2004) argue that Third Way partnership approaches in Aotearoa New Zealand and elsewhere aimed to contribute to reducing social exclusion and poverty. The multi-layered approach of partnerships through the principle of subsidiarity meant that citizenship participation was key to achieving a form of inclusion that went beyond participation in the paid labour market. Subsidiarity, in the rhetoric of Rose (2000) and Kymlicka (2007), challenges the state to devolve decision-making to the lowest possible level, enabling communities to create circumstance-specific policy. The partnership approach which facilitated subsidiarity was accompanied by a shift in the provision of state and social services to a focus on measuring outputs against social outcomes that various strategies and action plans aimed to achieve (Chapman & Duncan, 2007; Larner & Butler, 2005). Providers receiving government funding were also encouraged to not only efficiently distribute funding but also to gain collaboration and buy-in from users, providers and affected interest groups (Chapman & Duncan, 2007).

The focus on partnership and subsidiarity also aimed to revive citizenship participation at a regional and local level, reinforcing a view that government should take citizens’ views into account when creating and implementing policy, exemplified by the amendments to the Local Government Act in 2002 (Knight, 2011). Dalziel et al. (2006, p.268) argue that the Local Government Act 2002 provided a “framework of democratic local decision-making by communities”. The change in the purpose of local government to provide for the ‘social, economic, environmental and cultural well-being’ of their communities increased the capacity for local government to facilitate the development of social policy responses at both regional and community levels. Furthermore, the emphasis on ‘cultural well-being’ facilitated a greater emphasis on the Treaty of Waitangi and increased
engagement with Māori/iwi within the policy development and practices of local government (Dalziel et al., 2006; Lowry, 2012).

The formal recognition of the Treaty in law and the acknowledgement of the status of Māori as Treaty partners and indigenous peoples, were important milestones that proved “to be of great significance for the legal and political advancement of Māori causes” (Hill, 2009, p.164). However, it is important to note that the application of the Treaty principles has not always been consistent, timely or equitable. For example, even though the Crown and its public services make references to the Treaty in policy and law (such as the Local Government Act 2002), government organisations interpret the Treaty principles in variable ways and in accordance with their particular spheres of influence (Hudson & Russell, 2009).

However, the literature suggests that the 2002 Amendments to the Local Government Act (Lowry, 2012; McKinlay, 2006; Stephens, 2014; Whitham, 2012) did create space for partnership approaches that were influenced by legislation that acknowledged the need to “foster the development of Māori capacity to contribute to the decision-making processes” (Lowry, 2012, p.1). The capacity for Māori voices to be included in policy-making processes exemplifies Harris’ (1999) calls for a renewed civil society, which in turn reflects Giddens’ (1998) second, third and fourth dilemmas. The development of the Ohiwa Harbour Strategy between the Bay of Plenty Council and significant stakeholders (including local iwi and hapū) demonstrated that constructive engagement for Māori could be facilitated through the partnership approach if appropriate leadership and capacity building was provided (Hudson & Russell, 2009; Lowry, 2012). Still, despite the perceived promise offered by the local government legislation and the partnership approach, some argued that the partnership arrangements ran the risk of subsuming the interests of the non-governmental partners to the values and processes of the government (Aimers & Walker, 2008; Conradson, 2008; Phillips, 2004).

A further caveat was put forward by many authors in their critiques of the Third Way: that the perceived tension between the Third Way’s contradictory values of social inclusion and the preservation of the market
approach was seen to hold both promise and risk for the renewal of civil society and social justice (Porter & Craig, 2004; see also Codd, 2005; Fitzsimmons, 2006; Kelsey, 2002; McClelland & St John, 2006; McManus, 2009; Law & Piercy, 2003; Nolan, 2010; Piercy, 2003; Rose, 2000; Trotter, 2004). Rather than Giddens’ revitalisation of the left, the Third Way is viewed by many as a shift away from social democracy towards neoliberalism (James, 1999; Latham, 2001) because “the Third Way means modifying the free market rather than repudiating it” (Jesson, 1998b, p.20). Thus, the Third Way “enables centre-left governments to rationalise their role in consolidating neoliberalism” and can be seen as deepening rather than challenging neoliberalism (Kelsey, 2002, p.54; see also Codd, 2005; Fitzsimmons, 2006; Porter & Craig, 2004; Trotter, 2004). The validity of this critique has been supported through the work of commentators such as Rashbrooke (2013), which demonstrates that the policies of the fifth Labour-led government provided a context where poverty levels plateaued but did not decrease.

**Conclusion**
Numerous scholars and commentators have discussed the implementation of the Third Way in Aotearoa New Zealand. This article provides a succinct overview of these sources and the kinds of arguments that they have made. The commentators’ analysis suggests that the fifth Labour-led government responded to the issues encapsulated by Giddens’ five dilemmas by aiming to work alongside communities using targeted investment, in a range of ways. The policies of the fifth Labour-led government could not fully address the social justice goal of diminishing inequality – leaving it open to criticisms of not being ‘left’ enough, criticisms also made of Third Way approaches elsewhere – nor could they fully uphold the rights of Māori under the principles of the Treaty of Waitangi. However, an emphasis on social inclusion based on fairness, opportunity and security did consider – if incompletely – the role of indigenous/Treaty rights in addressing social exclusion and, in this way, Giddens’ Third Way were adapted to the Aotearoa New Zealand context. Furthermore, the partnership approach
which aimed to develop higher levels of cultural and social capital with the goal of enabling individuals and communities to better cope with, and form, the complex interdependent relationships that Giddens highlighted in his five dilemmas.

The implementation of subsidiarity alongside a partnership approach was not articulated by Giddens specifically, although it was certainly compatible with his overall arguments. As such, we argue that the literature reviewed suggests a key innovation of the Third Way in Aotearoa New Zealand was this partnership approach, which provided opportunities for a range of stakeholders, including Māori, women and the voluntary sector, to be included in policy implementation and participate in renewed civil society. Nonetheless, there is sufficient evidence to suggest that even this partnership approach was implemented in a fashion too reliant on the role of brokers to achieve the buy-in needed for delivery on social outcomes. The fifth Labour-led government’s revitalisation of the left, which Giddens stated was a key characteristic of the Third Way, was embodied in the renewal of civil society yet this did not deliver for all marginalised groups in Aotearoa New Zealand. Ultimately, the literature suggests that the policy platform developed was not able to reconcile the tensions between economic efficiency and social justice in a consistent and enduring way, ensuring that both the promises and the pitfalls of the Third Way were experienced.

**References**


Eichbaum, C., & Shaw, R. (2006). Labour in government, social democracy and the third way: the New Zealand experience. Presented at the British Political Studies Association Conference, 3-6 April, University of Reading, United Kingdom.


Research Conference (pp. 235–240). San Francisco, United States of America: San Francisco State University.


**Gemma Piercy** is a Senior Tutor in Sociology and Social Policy in the School of Social Sciences, Faculty of Arts and Social Sciences at the University of Waikato. Her research interests include: social policy - particularly employment relations and tertiary/adult education and training. Email: gemma.piercy@waikato.ac.nz
Kate Mackness is a Lecturer in Environmental Planning in the School of Social Sciences, Faculty of Arts and Social Sciences at the University of Waikato. Her research interests include urban planning, spatial planning, planning frameworks and policy development; local government; politics; and social housing.

Moana Rarere is a Research Officer at the National Institute for Demographic and Economic analysis at the University of Waikato. As an emerging demographer and researcher, she provides specialist quantitative data analyst skills to support lead researchers. Her her iwi (tribal) affiliations are Rongomaiwahine, Ngāti Kahungunu and Tūhoe.

Brendan Madley is a Master’s candidate in Public Policy at the University of Waikato and has research interests in the fields of development, political economy and political ideology.