

The Death of Citizenship?

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The central figure of modern liberal philosophy has been the democratic citizen. The great aim of the last generation's political theory has been to describe the deliberative path by which citizens may come together to define a society worthy of free and equal people. Different writers have, of course, conceived this problem differently. The big names here include John Rawls, Jurgen Habermas, Michael Walzer. Their work has generated a rebirth of political philosophy in the academy just as the age of ideology was coming to an end in social life. My aim here is not to contribute to this debate—using my moment in the pulpit of Battel Chapel to explain, once and for all, why I'm right and they are wrong on the nature of politics and justice in a liberal state.

I want you to reflect instead on the “Owl of Minerva” quality of the entire academic discussion. While philosophers debate the nature of democratic citizenship, the practice of citizenship is disintegrating before our eyes. Vietnam killed the citizen army. Television killed the political party as a popular institution. The citizen jury is on the fringe of everyday life -- jury duty has not yet completely disintegrated in manner of service in the citizen militia, but it is nothing more than a momentary nuisance. The only significant institution that still invites involvement by ordinary people is the public school, and it too is under attack.

The rituals of citizenship have been stripped down to a precious few. Besides the formal act of voting, perhaps the most significant ordinary act of citizenship is to show one's passport at the border, and thereby gain admission to this land of peace and plenty. But it is quite possible to live in America today without ever dealing with others as fellow citizens B fellow workers or professionals, yes; fellow religionists or union members, yes; but fellow citizens, focusing on our common predicament as Americans, no—that's for TV pundits..

Within this setting, the disagreements between so-called communitarians like Mike Walzer and so-called liberals like myself pale into insignificance. For both of us, the foundation of legitimate politics is an ongoing conversation among citizens; and such a conversation presupposes that people recognize each other as the sorts of creatures who meaningfully engage with one another as citizens concerned with debating the nature of the public good. This form of mutual recognition does not emerge magically from a state of nature. While it might have evolved spontaneously under the conditions of the Greek polis or the Italian city-state, this is definitely not true today. It is perfectly possible for us to live in mass market society without ever taking citizenship seriously.

As Benedict Anderson has taught us, the nation state is a form of imagined community—allowing hundreds of millions to create a political bond. But if these imagined communities are to survive as genuine conversational communities, they require something more than the New York Times and Saturday Night Live, or even Saul Bellow and Toni Morrison. They require ongoing social contexts within which ordinary Americans enact and reenact their national citizenship in ways that seem meaningful to them.

I emphasize “meaningful to them,” not to some philosopher harkening back to the imagined glories of classical Greece or Rome or even earlier phases of the American Republic.

To be sure, I have nothing against inspired efforts to defend or rejuvenate one or another aspect of our liberal republican tradition—especially the public school, but also the distinctive practices of American constitutionalism. But I do not think such rearguard actions will be enough without more affirmative exercises of the political imagination. We must invent new contexts within which Americans can recognize themselves as citizens, contexts that resonate meaningfully within the larger structures of life as we know it. Without such acts of collective imagination, American citizenship as we have known it will be dead within fifty years.

It is, a sobering, maybe daunting, thought: Is it even possible to *invent* meaningful contexts of citizenship? Isn't this stuff that simply grows organically out of the sediment of a Tocquevillean society like our own? And if Tocquevillean society is dying, and can no longer generate contexts of citizenship through the “invisible hand,” is it really possible for more self-conscious forms of political artifice to save the day? Anyway, even if it is possible, do we have the knowledge required to engage in meaningful acts of invention?

A few years ago, I was at a conference on law and economics, and it fell to my lot to make a lot of the usual trouble about the meaning of economic efficiency, the theory of the state presupposed by economics, and so forth. After engaging in a couple of hours of this, the conference organizers were plainly getting nervous. “Bruce,” they told me in no uncertain terms, “we think it's time to stop quibbling about the fundamentals, and get down to work!”

Well, I propose to proceed in the same spirit today. Rather than engaging in meta-speculation about the foundations of my project, I will summarize three projects of mine which exemplify it. Each is a book I'm writing in collaboration with a different co-author, and each gets on with the business of making a practical proposal which, if adopted, would create a new and meaningful context in which ordinary Americans would think of themselves as American citizens, and not merely mothers or fathers, workers or bosses, Catholics or Jews.

All three books adopt a stance that I will playfully call *realistic utopian*. Beginning with the realistic side of this oxymoron, each works out its particular proposal with all the tools of modern public policy analysis and aspires to the (undoubtedly unattainable) ideals of rigorous empirical demonstration prized at Yale's Institution for Social and Policy Studies and like institutions throughout the land. The task, in short, is to establish—as well as such things can be established—that the proposal will actually operate effectively as a functioning part of contemporary American society. But unlike most policy work, my focus is not on relatively minor modifications of the status quo, as defined by existing political forces and understandings. Instead, my aim is unabashedly driven by philosophical concerns: How might we change the world so as to create meaningful contexts for liberal citizenship? If something is doable, and pushes us in the right direction, then it should be added to the next liberal agenda. For God knows, we need a new liberal agenda B one more inspiring than subsidized prescriptions for the elderly and the elimination of the national debt by 2012.

After 40 minutes or so of programmatic musings, I will end by taking a step back to the meta-level. Suppose, heroically, that my three proposals seem both practical and desirable. What does

that teach us about the daunting question I left dangling about the art of political invention: Is there anything generalizable to be learned from these three particular exercises in citizenship construction?

[Note to readers I want to begin with the proposal of mine that's right on the political agenda right now, which is campaign finance reform. That's obviously central to meaningful citizenship. In the last election, all candidates, taken together, who were running for federal office (House, Senate and President -- all of them right together) spent \$3 billion to get elected. Now, the standard response to that news is that \$3 billion is much too much money. What we should do (and this is what the McCain-Feingold Bill, the so-called campaign finance bill suggests) is regulate the process of contributions much more intensely than we do today. Soft money should be eliminated. We should regulate giving more and repress it more. That's the first idea: comprehensive regulation. The second idea is full information. Everybody should know who is giving how much to whom. And third (it's off the agenda, really), public subsidy of parties in a bureaucratic operation: there is a big trough of federal money and then parties who are relatively popular feed at the federal trough. That's the traditional reform agenda, motivated first and foremost by the idea that there's much too much money sloshing around in politics.

I want to reject that idea. It is not true that \$3 billion (over four years) is a large amount of money. In 1999, in one year, the Automobile Manufacturers of America spent \$ 9 billion on advertising. And the total amount of advertising is variously estimated; the minimum would be \$70 billion. So we're spending maybe one billion a year on political advertising -- which suggests the dramatic triviality of the amount of money that we're spending on communicating on political things compared to Fords and Chevrolets. Now, I do not disdain advertising on Fords and Chevrolets. I think you learn a lot, actually, besides who has the prettiest model and things like that. But it gives you a sense of how curious people's reaction is. \$3 billion, a tremendous amount of money to spend on a fateful choice of President and Congress, and yet three times as much is spent in one year on the fateful choice of Ford and Chevrolet.

The problem is not the amount of money. The problem is its distribution. A surprisingly large number of Americans give something in campaign contributions. The numbers are rolling in and we're analyzing them right now, but about 5 million people, I would think, gave something this year. That's quite a lot of people. However, about 800,000 people in this Presidential cycle gave \$200 or more and that accounted for 2/3rds of all donations. And about 300,000 people gave \$1000 or more. And of course, even when we get to the \$200 givers, 80% of them have incomes of over \$50,000 a year. So we are basically engaging in plutocratic financing. That's the problem, not the total amount of money. The total amount of money is actually too small.

So this is the first of the three projects. I am writing a book called Voting with Dollars. It's written with a professor at Yale Law School, Ian Ayres, and the basic ideas are straightforward. First of all, when you go to vote, in the brave new world of ours, (and of course, we are now going to be spending a ton of money on new voting technologies) you will take your credit card and you will swipe it through an automatic card reader. You will then have a Patriot Account in which you will have fifty Patriot dollars which you can spend only for one purpose: to give to candidates, parties, and political organizations of your choice for campaigns. You go to any old ATM machine, you dial in, "I want to give it to the John Birch Society for distribution to

candidates. Great! I want to give it to the Sierra Club. Great! So this is the idea of voting with dollars. Now, 100 million people actually voted in this election. If 100 million people also voted with their dollars beforehand, that would add up to 5 billion dollars, which, of course, compares quite favorably to the 3 billion dollars that is now spent. So this is a pro-market system—we don't have a bureaucratic system of subsidy in which political parties try to crush everybody else and then feed at the federal trough. What we're doing is providing a new context for citizenship—which is, after all, the point of this lecture.

Now, consider, there are 128 million people registered to vote in this country, but 150 million have ATM or credit cards. So this is not a tough system to implement. Everybody knows how to vote with their dollars. Except now we're talking about citizen sovereignty, not consumer sovereignty. Poor people also have credit cards, thanks to federal regulations. By the year 2002, everybody who gets food stamps in the United States -- 7 million of them—will get food stamps through a credit card which they can swipe through when they vote. There are very, very few people in this country who don't have a credit card, and they're getting fewer every day. And of course, vouchers are the thing. We have vouchers for education, we have vouchers for health care. What we're talking about here is citizen money. That's the first thought.

The second thought is, we are against proposals - and there are millions of them—for eliminating private giving. I think private giving is great. When you take some of your hard earned dollars and you give to your church or give to a political party, that's great. It's just that when you're giving for a pay-off, that's not so great. That, of course, is what people are really concerned about. And so our second basic proposal is a secret donation booth.. That is to say: you can write out a check and give it to a blind trust opened up by a candidate. And then, six days later, the candidate gets the money but he doesn't know who gave it to him. Then, of course, you go up to him and say, "Hey, Tony, I just gave you \$10,000. He says, "Thanks a lot, Bruce." But, of course, I might not have. Indeed, tons of people are going to go up to Tony and say, "I just gave you \$10,000. Six days later he sees that his bank balance has, indeed, gone up \$10,000. Great, but he doesn't know who actually came through on his promise. Rather than full information which is the standard remedy, we advocate the secret donation booth. After all, we don't think it's so great to have full information about how you voted. We have a secret ballot. That was a great innovation of the late 19th century. Before then, for the first 100 years of our republic, you had to get up there and say, "I vote for x." And, you know what? There was tons of corruption, unsurprisingly, because, of course, many people sold their ballots. When the secret ballot was inaugurated, about 6% of the people stopped voting. But similarly, here, you see, we're going to have a secret donation booth. You go up to George Bush and say, "I voted for you last November." He says, "Thanks a lot." He doesn't believe you. Everybody tells him that. And that's good. To disrupt the informational relationship is a good thing. It generates autonomy of citizenship. And similarly here. People who really believe in the principles of George W. Bush will give money. People who just are giving it for pay-offs won't because he won't be able to identify them anymore. So that's the second thought. This is actually being tried in a couple of places—Chile and Korea.

And the third thought in this paradigm is an alternative to comprehensive regulation, which is the McCain-Feingold project. I think that's a terrible idea. It leads to the criminalization of politics.

We throw more and more regulations on giving. Now just think of what that means in the conduct of a real campaign. There are millions of little kids running around, picking up money, right? This is a very fly by night operation, these campaigns. This is not like General Motors. You are in business for six months and then you're out. It's impossible to run a campaign without violating these rules, in good faith. And then when we proliferate rules, which is the way we're going, it will be child's play for the winners to throw the losers in jail. This is the death of democracy. And you see it right now. Right now, we're not enforcing the laws. That's terrible. It would be worse if we enforced the laws.

So this is the first idea. We're voting with dollars. On the one hand, if every citizen would get this \$50 of patriot money, this by itself—you don't have to buy the whole plan-- would radically change the relationship between oligarchy and democracy in American politics. Second, if we had a secret donation booth, the present 3 billion dollars of private giving would go down to 2 billion dollars or 1 billion dollars because people wouldn't be buying influence anymore. But people would still be giving. And third, rather than having this sweeping set of regulations, Ian and I propose very narrow regulations which handle small problems that cannot be solved by these two big solutions, and thereby avoid the criminalization of politics. There are a lot of design problems here that we could talk about and I'll be happy to on Thursday when we have questions and answers.

But the important thing to recognize is how voting with dollars would lead to millions—probably billions -- of conversations by citizens. Let's take John McCain the last time around. He was the only candidate of all the bunch who generated the slightest bit of enthusiasm. When he won the first primary, in the first 48 hours, I think it was something like \$4 million that came to him on the Internet in the first 48 hours—some number like that. If people had patriot dollars, you can imagine how many people would start talking: "Should we spend our patriot money now?" "No." "What do you think?" and so forth. So it isn't merely the money that would change. It would be creating a context in which a lot of people, for many months, would be talking about what they should do with their money. That's good.

Lets imagine for the moment that all the little bugs in this scheme could be solved. I think they can be. A cynic might say, "Well, all that we've done is reallocate the sound bites." I think that's true. We still have Madison Avenue, right? Of course, different people would be having the sound bites, and that's not to be minimized. I mean, the sense of powerlessness. In the brave new world of patriot dollars, when you see a commercial, you say, "Well, is that the sort of thing I should give money to support?" That's good. That's another form of citizen involvement and that's what we don't have. However, at the end of the day, what we have is a different array of 30 second sound bites, and that's bad.

So the next book I'm working on is with a colleague of mine, Jim Fishkin. He used to teach at Yale but now he is a professor at the University of Texas. I think he is doing some of the best work in political science anywhere. What he does is deliberative polls. Let's take one that he did recently in Australia, about a year ago. The Australians voted on whether they should kick the Queen out and become a republic, or whether they should remain part of the British Commonwealth. What Fishkin does is, he gets 500 people, a stratified sample of 500 people, by income, by gender, by race, you name it. He brings them to Canberra, which is the capital of

Australia, and he then asks them what they think about this issue: are you for or against one of the proposals, for independence or continued membership in the English Empire? (The Australians later voted, by the way, to remain in the English Empire.) So everybody in the group writes down their answers and then they talk about it for three days in structured settings in which they are doing most of the work. It isn't as if they are being lectured at. They get briefing books ahead of time and that kind of thing. In the end, they vote again. Lo and behold, unsurprisingly, about 30% of them have changed their minds. This is really fascinating stuff and I commend it to you. Fishkin has written a couple of books with the Yale University Press over the years, describing these experiments. But they are only experiments after all. It's not like a Gallup Poll where people call you on the phone and say, "What do you think about the space program?" and you say, "I think it's great," or something like that. You haven't thought about it at all. In the case of the Deliberative Poll, you actually think about it, and that's great. But, of course, it's 500 people. (And the Australian Poll group voted, in fact, to become independent, even though the masses of Australian society voted to remain. Though it wasn't a large difference, it was close.)

So what we propose is something much grander, but modest. We propose a new national holiday which we call "Deliberation Day." This would be a new national holiday: no one could work. I mean, the big businesses are closed. If you want to go to the beach, if you want to sleep, that's fine with us. But it's a holiday two weeks before the election and, if you go to your neighborhood school, we'll pay you \$150 on the analogy with jury duty and jury pay. And what you do for the day is deliberate. Now, I'll tell you in a minute or two the structure, how we propose to organize Deliberation Day. But forget about that. Let's just imagine that such a thing existed and maybe 40 million people showed up. There are 100 million people who vote. So let's imagine 30, 40, some number like that showed up. The rest had a great time—grateful that they had a day off. I don't care. Just knowing that 40 million people are going to talk about a couple of issues for a day would dramatically change Madison Avenue in the direction of James Madison.

Forget about my first proposal. Either you accept voting with dollars or you reject it. Let's imagine that we had the same system that we have today. You are working for Madison Avenue. There's a new big question that you're going to ask. If there are 40 million people who show up a couple weeks ahead of time and talk about a couple of issues, well, your advertising campaign, your communication stream had better satisfy those 40 million people. 30-second sound bites aren't going to do. Maybe 5 minutes, maybe 7 minutes, maybe 3 minutes. Of course, there will be a lot of people who don't go to Deliberation Day. Well, they will be reached during the two weeks because, of course, the day after Deliberation Day, everybody is going to say, "You would never guess the dope who I was sitting next to yesterday." And all these other people who didn't show up at all say, "Oh, really, you know, I was there." Good thing. Hypocrisy is great. And so there will be a lot of conversational trickle-down during these two weeks. So this is going to be a very important thing and, if one side just does 30 second sound bites, they are in trouble. You know, people on Madison Avenue are no dopes. We produce them in large numbers at Yale University. Let's imagine nobody ever changed his mind on Deliberation Day; it doesn't matter. It would radically change the conversation because, of course, they might change their mind. That's enough. The reason they're not changing their mind is because we've gotten at them with this new set of communications, info-mercials of the Ross Perot kind. So that's the basic thought.

This one will cost a little more money. As I said, the voting with dollars is a trivial amount of money given the proper appreciation of citizenship values. Let's imagine that the thing worked and 100 million people not only voted but voted with their dollars so that's \$5 billion during Presidential years and maybe \$3 billion during off years. That's \$8 billion divided by four is \$2 billion a year plus a billion dollars a year for cost of administration (probably it would be less, actually, given the only positive consequence of the Gore/Bush election which will be high tech voting). So we're talking peanuts, literally peanuts. The amount we would save on not having special interest legislation would be much larger than that because, after all, they are paying for something. They're paying for legislation. And as a result, generating citizenship estrangement. So Voting with Dollars costs peanuts. Deliberation Day one may be more expensive if, lets say, 50 million people showed up. That would be \$7 billion for 50 and then you would have costs of administration. It would be \$5 billion. That doesn't really add up to a lot, but it's not nothing. I think it's well worth it because, you know, this is a dangerous situation we're in. Right now, of course, we've never had it so good. It's prosperity, everybody's doing well. But democracy can be dangerous if the only thing these alienated citizens get are 30 second sound bites and we have a crisis on our hands. And that's basically where we are today. So I actually think that the larger cost of this program, when we cost it out in dollars and cents, is actually what economists call the opportunity cost of an extra holiday. See, if you had an extra day off, that's maybe \$40 billion, \$50 billion of cost in not working. Well, if you're concerned about that, we propose the abolition of Presidents Day. It's a fascinating fact but a true one that all our civic holidays have been destroyed as part of this death of citizenship. Presidents Day is a day to shop. Memorial Day is the first day to go to the beach. July 4th: in my little town of Branford Connecticut, we have a little parade, and it's very nice. And, Labor Day: the last day to go to the beach. So if you really are concerned about this, let's have a civic holiday. That's what Deliberation Day is. And eliminate Presidents Day. Declare that Deliberation Day is Presidents Day. George Washington, I assure you, would be pleased.

How would Deliberation Day work? Well, we have the following sketch, but it's just to give you a thought experiment. You show up in your neighborhood school. There's a debate for the first period, lets say an hour and a quarter. You shake hands. You watch the debate. Then you break up into 15-person groups. Indeed, you watch the TV in classrooms so you're already in 15-person groups. The debate is on two issues that have been specified four weeks previous to Deliberation Day. The two issues could be whatever the parties suggest. If they converge, then there are two issues. If they diverge, then there are four issues. And then, of course, all of the advertising would be focused in on those four issues. So the Day begins with the Presidential candidates debate. Then, in the second half of the morning, these 15-person groups talk about what questions to ask local party representatives during the big session after lunch and each are given 5-minute clocks. There's a foreman and each person has 5 minutes to talk. They can say anything they want: relevant, irrelevant. Propose questions. At the end, the group votes on the questions. The top three questions go to the Head of the League of Women Voters or a local judge or whoever is going to preside at the 2:00 session. At the 2:00, we have the 500 people sessions in which there is a debate between two local representatives of the parties. This is, to be sure, a great thing in and of itself. At the present time, as a result of the revolution in media, the candidates speak to you through Madison Avenue, not through local elites. The fact that you have

several million of these sessions means that local elites will be briefed. The parties are going to have to integrate them into their operations, which they don't do today. The 500 person assemblies are organized as a question/answer session: with the questions are taken by the local judge from the pool of questions generated by these groups during their morning sessions. At the end of the day, there's a final session in which people go back to their 15-person groups, talk about the responses, shake hands and leave. They don't come to any decision. Then two weeks later, they vote.

My third project is the one that's published. The other two will be published. I guarantee it. But this one actually is published. It's called The Stakeholder Society and I've written it with Anne Alstott who is a professor at the Yale Law School. The paperback is out, with Yale University Press. The basic premise is just the opposite of the one that George W. Bush is presenting to us. We're moving on now from political citizenship, from these two basic ideas, two little ideas, really: patriot dollars and donation booth on the one hand, and Deliberation Day. These sound like crazy ideas, but they're little things—teeny little things. Certainly, no more fundamental than the clever idea of the Australians to institute the secret ballot which revolutionized and created for the first time modern universal suffrage in the 1880s and 1890s in the United States. Before that, the whole thing was just a corrupt sham. But here, we are talking about the fundamental problem (according to me, at least) that afflicts America today, and that is that the top 1% of Americans own, in 1998, 39% of total wealth. I'm very grateful I'm one of them, thanks to Yale. This is terrible. 100 years ago, in 1900, America was, in fact, the most equal society; it wasn't very equal, but it was the most equal society in the west. Today, we're much less equal in wealth than Europe, much less. We are on the way to Mexico and Brazil. Let there be no mistake about this. President Levin is absolutely right. And we really should confront this. I believe in markets. I'm a liberal. I believe in free markets. I believe in freedom. But I also believe in citizenship. And, as we move in the direction of Brazil, citizenship will be just a lot of hooey. These little gimmicks, you know. It's not the same thing as seeing the top one percent, as they are doing today in the United States, retreating behind gated communities, walling themselves off from the hoi polloi, you. (Not me!)

The fundamental weakness, the point of entry of moral critique in liberal capitalist society, is the intergenerational transfer of wealth, the so-called "death tax." The Bush family's effort to repeal this task is utterly wrongheaded: There is no reason why your kid and my kid start off so unequally, just because I did well. No reason within the ethos of liberal capitalism. My kid didn't work for it. Your kid didn't work for it. He didn't choose me as his money-making asset. And yet, that's what happens. And, of course, to eliminate the estate tax, that's morally crazy. Let's imagine that I deserved what I worked for in my life. I was, in fact, the son of a tailor and here I am. But I worked for it. That's quite a different thing from your kids and my kids. I've given my kids tremendous advantages. The idea of repealing the estate tax: what a weird thought! The fundamental thought of the Stakeholder Society is not to abolish private inheritance, although I think, frankly, there's very little to be said for it, but to create an alternative form of citizenship inheritance as well. The fact that ours is this great and rich country and my children will enjoy it is not a function of my work alone. It is a function of generations of American citizens working, and killing themselves, it should be said, in wars. And every American citizen, as a young adult, should have a stake in America. How much of a stake? \$80,000. Every young

adult should have, as a birth right, \$80,000. Why did I make up \$80,000? Because \$80,000 is how much it costs to go to a good private college (not Yale) and get a first rate four year college education.

Those people have economic autonomy. We shower subsidies on those people. Crazy. Why should the people who are going to make out like bandits for their entire life be subsidized? It's the rest of Americans, especially this big middle class, who need help. By middle, I mean from the 20th percentile to the 80th percentile, people who often get second rate high school educations, are thrown into the market, and that's it. They are the people who should get \$80,000 because that \$80,000 will give them something like economic independence. Not independence: a kind of cushion. If their boss is a jerk (and that happens) they can quit, look for a job for three months. If they want to become a mechanic, that takes a couple of years now, with these computers. They can do that. If two people want to buy a house together, \$80,000 times two is \$160,000, and raise a couple of kids, well, that gives them a cushion there, too. If they want to blow it, then they blow it. But the fact that some people will act irresponsibly doesn't mean that we should be paternalistic toward everyone else. Let's put it in this framework. Right now, we give people education for free. When a kid of five goes to school, we don't ask him, "How rich are your parents?" Why not? Because it's a birth right of everybody to have an education. But I want to have people have a birthright also to have property. I love private property. I love it so much that I think everybody should have it. Everybody should have it. Of course, some people will act irresponsibly. Maybe my kids will act irresponsibly, too, when they have their inheritance. That doesn't undermine the institution of private inheritance, does it? Why not? So everybody should have a chance at economic independence.

Now, for people in the top 20-25% of the population, what stakeholding means is that, basically, they'll have freer choice of college. They'll spend their \$80,000 in college, except right now we have this system of serfdoms: if you live in Connecticut, you go to UConn for cheap, but you have to pay a lot to go to a better program for you at the University of Kentucky. Crazy. If you go to a junior college, this is even worse because the junior colleges feed at the bureaucratic trough and they don't respond to the particular demands of students at two-year places. They're not going to pay a lot of money to learn Latin and Greek, or a watered-down version of liberal arts. They'll want something else and, once they are paying out of their stakes, supply will respond to their demand.

We are moving into a new form of society in which symbol users are the privileged class. There are tens of millions of people, you know, who don't do very well looking at computer screens. They're perfectly capable of running their lives. How are we going to deal with these people? Give them property. Not say, "You have to go to higher education." Give them property. Make them walk around thinking that they're something, rather than nothing.

We do impose three conditions on obtaining a stake. One condition is that people are citizens and they have to live in the United States for half of the years before they get the stake. They get the stake at 18 if they're going to college. If they're not, they have to wait until their mid-20s. And then they get it in four payments, so they don't blow it immediately. Now, notice how this would revolutionize teenage culture in the United States. Teenage culture in the United States at the present time is a culture of irresponsibility and hedonism. Let's take a melodramatic example. If

you are a kid in the ghetto, with a really terrible high school that resembles a prison, of course you're going to be a hedonist. There's nothing for you. Then you have all these drug dealers running around. They're doing this for money. Stakeholding for these people will mean: every mother and father in America is going to say, "Don't blow it. You really do have a chance. Stay in school." So you have to get a high school education in order to qualify for this program. If you don't, you only get the interest on the principal. You don't get the \$80,000. And you can't commit crimes. If you commit crimes, then, maybe, you get it ten years later, if you are honest in the meantime. So the basic thought is that this will generate an enormous amount of positive socialization, of mothers saying, "Stay in high school and graduate, and you'll get to fulfil the American dream." Right now, for a lot of people, this a lot of hooey. With a stake, it will not be hooey for anyone. When the drug dealer down your street is thrown in jail, he loses \$80,000. These kids who actually go to high school and get out, they don't lose their \$80,000.

Similarly, for the large middle class, the high school course, "How to Manage Your Stake," will be the only course, in addition to driver's education, that anyone will pay attention to. This is good. Then, of course, there will be years of conversation. "Did you hear Tony Kronman just blew his \$20,000 on a ridiculous scheme?" This will be a conversation about responsibility. That's what it's about. And it's citizen responsibility because everyone will be getting this money as his stake in America because he is an American. Now, this is the big ticket item. The other ones I gave you were nickel and dime things--\$2 billion, \$5 billion. These are trivial sums in the federal budget. It's odd, you see, that we spend trillions of dollars for health care but nothing for citizenship construction. But this one is expensive. It will cost, let's say, \$250 billion—more or less the size of the defense budget. It does, of course, have precedents: the GI Bill which was the last great program for young adults. Before that, there was the Homestead Act which was another great program for young adults.

The question is, how can we construct another kind of program like this? And the answer is, from the money of the people who have gained tremendous profits out of the market, from the market winners. That's the only answer that I would propose. So Anne Alstott and I propose a wealth tax, very much like that which is the general rule in Europe, and Japan. We have a real estate tax, which is a wealth tax. We have capital gains taxes. But we don't have a tax on your wealth in total every year. Everybody gets a \$180,000 exemption. So a married couple gets \$360,000 with no tax. And, of course you might have a \$200,000 house but you have to net that by the mortgage, so you might have only \$40,000. So you should keep that in mind. In fact, this \$180,000 exemption means that nobody in the bottom 4/5ths of the population pays a penny. We propose a flat tax but it's not quite the one that Steve Forbes has in mind. He wants a flat tax on income and he pays nothing on his wealth. That's his idea of a flat tax. My idea of a flat tax is, with this exemption, we have a 2% per annum tax on wealth which is more than enough to finance a stake of \$80,000 on the most conservative assumptions. My coauthor Anne Alstott is very conservative in her assumptions: assuming 25% of the wealth is hidden away and the tax inspectors don't find it. We make a lot of assumptions like that. 2% flat is more than enough to finance an \$80,000 stake for every American citizen.

There is an old idea that taxing the rich won't get you anywhere. This is not true. Of course, stakeholding would lead to a politics of old against young because 75% of the wealth is held in

the United States by Americans over the age of 55. The crucial voters will be 40 year olds, with two kids of 10, who know full well that when their kids are young adults, they're not getting an \$80,000 inheritance. They're not going to get anything like that. They guess maybe they'll have to pay a little tax when they're 70. Maybe not. How will they vote? Of course, it's not merely a question of self interest. Here, in this audience, I'm sure a large number of people think I'm crazy not because they're going to pay for the program (although maybe that's one of the reasons) but because it's just wrong. And vice versa. So the fate of stakeholding will depend on both self interest and morality in the familiar mix of politics. But the thing that I want you to think about is the consciousness of all these kids who get \$80,000 by virtue of their American citizenship throughout life. Will they act like the elder generation that I know who remembered the GI Bill for their whole lives and want to give back to America? The way to generate patriotism, citizenship, free gifts of time, is to generate this massive conversation about how to use your freedom as an American, your real economic freedom as an American. And for their whole lives, people will be saying, "You know, that \$80,000 made me what I am today," or even if it's a bum and he blew it, or he started a Meals on Wheels with three of his friends or whatever, all these people will say "I should give back to America." Well, that's precisely the aim.