

“The good society is messy and unpredictable because it vests power in people...”

THE LIBERAL REPUBLIC

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Contents

	Introduction	9
1	Independence	15
2	Capability	29
3	Power	45
	Notes	63
	References	71

Introduction

Leonard Hobhouse, the Edwardian radical, insisted that ‘an ideal is as necessary to the reformer as the established fact is to the conservative’.¹ The ideal animating this essay is that of a liberal republic, in which individuals have the power to determine and create their own version of a good life. The ‘good society’ is one composed of independent, capable people charting their own course, rather than a perfect shape to be carved by the elite, out of the crooked timber of humanity.

Liberals demand that people be permitted the space to construct their own life; republicans insist that power be held in people’s hands. A republican liberal prospectus recognises that a self-authored life requires both independence and individual capability. But it is founded on the conviction that people are in charge of their own wellbeing. By contrast, conservatives on left and right prefer power to be exercised by institutions, rather than people. They fear that, in the end, people do not know what is good for them.

The economic wreckage of 2008 has served as a brutal reminder that power can concentrate in market institutions as well as political ones. Markets serve liberal ends by dispersing power to individuals. When economic power becomes concentrated in monopolies or cartels, the liberating potential of markets is undermined. Liberal economics is not neo-liberal economics.

But there is a grave danger that recent economic events will blind us to the overwhelmingly positive contribution of free markets to prosperity and liberty. The test to be applied to any social or economic structure is the same as the one TH Green posed for any action by government: ‘Does it liberate individuals by increasing their self-reliance or their ability to add to human progress?’² Over the last two years, free markets

have performed patchily against this benchmark: but not over the last two hundred, and two thousand. Markets provide an important means through which people can exercise what Berlin called ‘the painful privilege of choosing’.³

The liberal republic is built on freedom. Individuals will not agree about the best way to live. On the contrary, they are certain to disagree fundamentally about the ends of life. The freedom to argue for different ways to live is therefore absolute. And the freedom to live in the manner of one’s own choosing is limited only by the requirement not to harm the abilities of others to do the same. Free speech and equal rights are founded on the principle that dissent and diversity are not only inevitable, but welcome indicators that people are leading radically different versions of the good life. This is not to say that everyone will be successful. Some will fail. Our lives may be wracked with tragedy and failure – but they are our own tragedies and failures.

The demand for independence of thought and deed is a radical one. Most moral philosophies are based on the presumption that some individual, institution or ideology should supply a definition of a good life for us. The medieval popes thought someone leading a good life would be pious and poor; modern social democrats think they will be secular, but freed from poverty; conservatives that they will be married and economically productive. The goal of conservative politics then becomes to ensure that as many people as possible conform to this standard. Liberals pay people the compliment that they might know their own mind, and their own good.

Liberals, unlike their libertarian distant cousins, do not however assume that the conditions for a self-directed life emerge out of thin air. Independence requires a set of what Amartya Sen labels capabilities – especially financial resources, education and skills and health. Without them the goal of independence is a pipe dream. Liberals care deeply about equality, but in terms of what people can do, rather than what they receive. ‘The problem of inequality,’ Sen argues, ‘in fact gets magnified as the attention is shifted from income inequality to the inequality in the distribution of *substantive freedoms and capabilities*.’⁴

Most of these key capabilities will be developed within institutions such as the family, but also state agencies such as schools, hospitals and job centres. Indeed, the liberal state has a special responsibility to ensure that people have the necessary capabilities for autonomy. Institutions also embody the desire of people to engage in collective, social activity. Nobody yearns for a world sandblasted clean of civic, social and state organisations.

But for republican liberals, institutions exist to serve individuals, not the other way round. The power to exit from, ignore or abolish institutions ultimately rests with individual people. Conservatives believe, by contrast, that power ought to inhere in the institutions themselves. Economic conservatives invest private sector corporations with power, even when they are acting arbitrarily and monopolistically. Social conservatives emphasise the family, church or community. Social democrat conservatives gather power to the state. The social democrat who wants a centralised, prescriptively defined state education system will clash noisily with the social conservative who wants to use the tax system to encourage heterosexual marriage or protect the privileges of an established church. But they share a view that institutions should hold sway. Institutions and communities can be valuable and liberating, or cloying and dangerous. Bertrand Russell warned against ‘attributing ethical qualities to communities as such’, and insisted that ‘what is good or bad is embodied in individuals, not primarily in communities’.⁵

If independent, capable people are to build their own lives they also need power. The long tradition of republican thought insists that people are only free when they are not, in Rousseau’s phrase, ‘at the mercy of others’. This idea of freedom as non-domination departs from the classic liberal focus on freedom as non-interference. A dictator may govern liberally, but his people are not free. Citizens are only free when they have an equal voice in a properly democratic political system.

Republican liberals insist that power is held at the lowest level possible. Discussions in political circles about ‘devolving’ power approach the question from the wrong direction.

The default assumption should be that individuals have power, unless there is a good reason for consolidating power *upwards* to communities, local agencies, national government, or international bodies. Individuals should control their own health or social care, for example, through the possession of an individual budget: an approach to policy being pursued in the UK, but at a glacial pace.

Giving more power to parents, patients and local authorities will result in a more complex and diverse society. This will be unappealing to conservatives, who prefer people to live tidily, along carefully signposted paths. William Wordsworth, in *The Old Cumberland Beggar*, perfectly captured the spirit of the paternalist ‘statesman’:

... *ye*

Who are so restless in your wisdom, ye

Who have a broom still ready in your hands

*To rid the world of nuisances*⁶

A liberal republic, populated by free citizens is necessarily a cacophonous, unpredictable and messy place. It will have its fair share of nuisances, but it is not the job of a ‘restless statesmen’ to clean us up. It is time to put the broom away.

1 Independence

The only freedom which deserves the name is that of pursuing our own good in our own way.

John Stuart Mill, *On Liberty*

In order to construct their own version of a good life, it is essential that people are independent. If an individual is dependent on another for ideas, income or status, their opportunities for leading their life according to their own lights are necessarily narrowed. This is why a great evil for liberals is dependency. In the Levellers' words, 'those who depend on the will of other men cannot genuinely be free'.

There are two ways of thinking about and defining dependence. The first indicates a condition of being reliant at a particular point in time for some support from another. The second kind of dependence describes a condition of being 'unable to do without' something. It is the difference between being 'dependent' on your spouse for love and being 'dependent' on your husband for income, because laws or custom dictate that women cannot work; between needing state financial support having lost your job, and relying on it for life.

Republican liberals worry about dependence in the second sense. Being independent does not mean that people do not receive good things from other people or from institutions. It simply means that they can choose to go without them. Marriage is one example of an institution that allows people to share life plans, such as raising children and forming a lifelong, loving relationship, with another; there are of course countless others. Promises made and contracts signed are mechanisms for tying together our plans with the plans of others – Hannah Arendt called them 'islands of predictability' in an 'ocean of uncertainty' – but of course they can be untied.⁷

That these associations are voluntary does not make them any less valuable; it simply means that the valuation must be undertaken by the participants, and that they must be free to change their view. Once the contours or trajectory of a person's life are defined for them by an external agency, they are not free. Others may guide, influence and advise us – and will frequently help us – but they cannot, in the end, define a good life: that work is ours alone. Being independent means being free to revise our own definition of a good life, and to revise our own life. For some people, the institutions and customs of others will seem absurd, backward or dangerous. Communitarians of all political stripes accuse liberals of denying the value of civic life, communities and shared endeavour; but communitarians are liable to forget that communities can crush opportunities to live differently from the expected norms.

It is precisely because liberals insist that each individual is the author of his own life that they end up as the fiercest defenders of equal liberty for all. Advocates of equal rights sometimes adopt a narrow, legalistic platform that is too easy to caricature as motivated by so-called 'political correctness'. Rights are nothing more – and nothing less – than a means for ensuring that every individual, regardless of gender, ethnicity, sexuality or age, has the same chance to pursue a particular course in life. The principle of equality has to be enshrined in the education system, as well as in the criminal, civil, employment and electoral law. The argument for equality stems ultimately from the one for liberty. This is why republican liberals make the best egalitarians.

The idea that independence and joint endeavour are mutually exclusive is wrong in any case. Independence is strongly related to a range of positive social and collective goals; including wellbeing, civic engagement and social mobility. As Jonathan Wolff and Avner De-Shalit argue in their book *Disadvantage*, being dependent on others is an obstacle to achieving other goals, including civic engagement.⁸ People who rely on the state for an income are in fact at greater risk of becoming detached from broader society,

as Habermas and others have noted.⁹ Independent people are more active, engaged citizens – more likely to vote, volunteer and help others.¹⁰

The implications of a focus on independence for policy and politics are profound. Three core ingredients of independence are addressed here: welfare and wealth; freedom of opinion; and choice of lifestyle.

Welfare and wealth

At the time of writing, more than two million people were claiming unemployment benefit in the UK. This number is set to rise as the recession deepens. A key role for the state is providing assistance in such circumstances. But as Mill warned, ‘assistance should be a tonic, not a sedative’.¹¹ The problem labelled ‘welfare dependency’ should not be confused with the state providing necessary, but usually transitory, support.

The danger is that people become entangled in the welfare safety net. Labour’s 2009 Budget contained significant provisions to keep the young unemployed in touch with the labour market and avoid the ‘scarring’ effects on long-term unemployment as skills and confidence are corroded. This was a welcome recognition of the role of welfare as a temporary support, not, in Alistair Darling’s words, ‘a scrapheap’.

It is a mark of a civilised society that people are not allowed simply to go to the wall: the welfare state, inaugurated 100 years ago, is founded on this principle. The problem occurs when a person becomes ‘unable to do without’ state hand-outs. They then lose their capacity to earn for themselves – to be independent.

Moves towards greater ‘conditionality’ in the benefit system, asking more of claimants in return for their claim, task the welfare state with building, or rebuilding, independence: of being a ‘liberation welfare’ system.¹² The 2008 white paper *Raising Expectations and Increasing Support*, following reviews by Paul Gregg and David Freud, proposed a benefits regime which was both more demanding and more supportive of

claimants.¹³ After two years on benefits, recipients will be placed on a *Work for Your Benefits* scheme requiring full-time work, training or voluntary activity as a condition of receiving income support. This is the right approach; but two years is too late. Scarring has already taken place. The condition ought to be applied at one year. Moves towards a greater role for the private sector and voluntary sector in providing services to the unemployed are welcome, and should be accelerated.

At the same time, there is a strong case that out-of-work benefits are too low. It is of course difficult to assess the right level for benefits. They should not be so high that people are financially better off on the dole than in paid work. Equally, setting levels very low means that claimants end up disconnected from the labour market and less able to make real choices about the course of their lives.

The Joseph Rowntree Foundation has conducted ongoing research to establish a Minimum Income Standard (MIS). Rather than drawing a line at some arbitrary percentage of medium income, the MIS estimates the income needed to purchase what the general population consider to be the 'necessaries' of life: for example a Christmas tree for families, a pay-as-you-go mobile phone, an occasional bottle of wine, or one budget holiday a year.

There is a substantial gap between the income levels indicated by the MIS research and current benefit rates. A single person on Job Seeker's Allowance receives £60.50 a week, after housing costs. The MIS level is £158 a week. This is not to say that statutory benefit rates should rise by anything like this amount, especially in the current fiscal climate. But there is no doubt that benefits for claimants of working age are perilously low in the eyes of anyone who sees individual autonomy as the ultimate good. For a republican liberal, then, benefits should be more conditional, but more generous: harder but higher.

But while income attracts most of the political attention, especially in debates about inequality, wealth and capital arguably play a more important role in terms of enhancing independence. Assets give people a buffer against economic

misfortune, reduce levels of dependence on monthly wage packets, and provide an economic stake in society: there is a rationale for the phrase ‘independently wealthy’. The problem is that wealth has become very much less evenly distributed; this is why David Cameron’s goal of ‘recapitalising the poor’ is so important. Home ownership has been extended considerably. But fluctuations in house values, the dangers of negative equity and the difficulty of capitalising property assets in a harsh economic climate have driven home the truth that property ownership represents, in Niall Ferguson’s terms, ‘a totally unhedged bet on one market’.¹⁴ The distribution of wealth excluding property has widened sharply. In 1986 the bottom half of the population held 11 per cent of the liquid wealth of the nation; by 2006 their share had dropped to just 1 per cent. In the meantime the share of national wealth owned by the top 10 per cent rose from 57 per cent to 71 per cent.¹⁵

The transition from Conservative to Labour governments in 1997 did not alter the trend towards greater inequalities in wealth. Classical republican thought emphasises the need for citizens to own property, in order to be truly independent. Capital and wealth are more reliable bases of power than income, which by definition can be transitory. There is then a strongly republican, ‘power egalitarian’ rationale for focusing more closely on wealth inequality rather than on gaps in income.

A sharp distinction between ‘earned’ and ‘unearned’ financial resources also underpins a liberal tax system, one based on promoting independence. There is a very much better case for taxing the inheritance of a millionaire or the capital gains of a Chelsea homeowner than the labour of a part-time cleaner. But there has recently been an unedifying contest between the two main political parties to relax inheritance tax, with the Conservatives pledging to lift the threshold at which tax is paid to estates worth £1 million, and Labour responding by effectively lifting the ceiling to £650,000 by allowing couples to combine their allowances. The Budget Report noted simply: ‘Inheritance tax receipts dropped sharply by 25 per cent in 2008–09. This is principally owing to the impact of

the 2007 Pre-Budget Report measure on transferable tax-free allowances for married couples and civil partners.¹⁶

The Treasury expects to raise just £2.3 billion from inheritance tax in 2009–10, compared with £3.9 billion in 2007–08. Of course £1.6 billion is small beer compared with borrowing of £175 billion, but it would cover the costs of Sure Start. This is a complex area for reform, but the principles are clear enough. People should be able to leave money to their children, grandchildren or whoever they wish. But the recipient has done nothing for it; it is entirely ‘unearned’ and as such is a better, fairer target for tax than income, especially low income.¹⁷

Inheritance should be heavily taxed, in the hands of the recipient. There is a strong case for raising the top rate at which inheritance can be taxed, currently 40 per cent. If people earning more than £150,000 a year are being asked to pay 50 per cent of their income – as they will be from April 2010 – it seems odd not to be making the same demand of those who are simply receiving very much larger sums. At the same time, it is not clear why capital gains from the sale of homes should be free from tax, simply because they provide a primary residence. Almost all of the gain in property values is unearned. Above a certain level of return – up to, for example, what would be received from a gilt – these gains should be taxed.

Taxes on consumption of ‘bads’, most obviously alcohol and tobacco, present some difficulties for liberals. There are no grounds for using the fiscal structure to try and reshape behaviour in these cases – nor, incidentally, for using marital tax breaks to induce more people up the aisle. But since revenue must be raised somehow it is preferable to levy tax on ‘bads’ – which if consumed in large quantity are deleterious to health – than ‘goods’, such as earned income. The justification for these taxes is not to coerce people away from self-harming behaviour, but a purely pragmatic one. If the requirement for revenue somehow disappeared, the liberal would eliminate all the taxes. A different argument applies to taxes on carbon emissions, which do harm other

people (see Chapter 3) and should therefore be aggressively curbed with all the means at the policy maker's disposal.

By contrast to unearned revenue in the form of inheritance or house price rises, or the consumption of 'bads', income should be taxed as lightly as possible. Given the desire to support autonomy, it is preferable that nobody should pay tax until they have enough money to meet their basic needs. A liberal taxation system – and the one in fact proposed by the Liberal Democrats – would include a generous tax-free allowance of at least £10,000 in current terms. Incomes above this point might have to be subject to rising rates. The government has just introduced a new top rate of tax, 50 per cent, for incomes over £150,000 a year, in addition to the existing rate of 40 per cent on incomes above £40,000, and the basic rate of 22 per cent. Higher rates might be necessary simply in order to raise sufficient revenue, but they provide no grounds for celebration. A framework within which higher incomes attract higher tax rates is sometimes described as a 'progressive' tax system. But in philosophical terms, there's nothing inherently progressive about it.¹⁸ There is no virtue in taking money off people simply because they are rich.

Financial independence for citizens is a cornerstone of a liberal society. But just as people should not be dependent on anyone else for their income, nor should they rely on an external agency for their ideas. Freedom of conscience, thought and speech are sacred to liberals because they allow us each to decide upon the good.

Offensive freedoms

Open societies will host an ongoing argument about the best way to live. There can never be agreement about the values and purposes of life. Indeed such an agreement would be stifling and backward: we should always beware the 'deep slumber of a decided opinion'.¹⁹ Individual people will disagree fundamentally about the ends of life. The gay bohemian atheist and the fundamentalist Christian husband are unlikely

ever to approve of the other's lifestyle or views. Between some positions there is no resolution, or at least no synthesis. They may be made unhappy by the other, and a liberal does not assume that a more diverse society will necessarily be a happier one. But diversity of opinion, especially in a multicultural society such as the UK, is both inevitable and valuable.

A republican liberal society is the best possible response to the irreconcilability of different points of view. The liberal good society is not based on a forlorn appeal for everyone to share the same values, but on the assumption that people do not, and will not, share a specified conception of social justice, the good life or the 'common good'. Diversity is a fact of life, and a 'good' society is one governed by rules and procedures that recognise this fact, rather than wish it away. One of its key values, therefore, is tolerance.

Liberals see diversity of opinion and lifestyle as inevitable and welcome. For choice to be real, there has to be a range of options. The Christian must have the option to lose his faith and discover his latent homosexuality; the bohemian the chance to find Jesus. The availability of these alternative lifestyles is strongly related to the presence of people living them. Civil liberties are, in the end, about ensuring that each individual can live, think and speak as they wish – so long as they do not harm others. In a free society each of us is required to tolerate, even while violently opposing, the different views that others might hold.

Recent small-scale assaults on freedom of speech have caused justifiable anxiety among campaigners and the press. The attempt by the Government to criminalise incitement to racial and religious hatred is a case in point. The legislation finally passed, after years of controversy – the Racial and Religious Hatred Act 2006 – is warm-hearted, but wrong-headed. It should be repealed. There are related concerns about the possession and use of private information by government, the lengthening of the permissible period for detention without trial and the use of the Terrorism Act of 2000 to stop and search, to date used on 180,000 citizens.

Free speech is precious because at any time each and any of us might be wrong. As Mill told his fellow MPs in 1867, ‘We all of us know that we hold many erroneous opinions, but we do not know which of our opinions these are, for if we did, they would not be our opinions.’²⁰ Galileo on planetary alignment; Wollstonecraft on women’s rights; Darwin on natural evolution; Bradlaugh on religion. Because liberals know that yesterday’s heresy is today’s truth, they do not presume always to know heresy when they see it.

Free speech comes with a price. People holding views that the majority find obnoxious – racists, misogynists, homophobes – have to be permitted a platform. Attempting to curb the expression of these views is counter-productive and wrong. It is counter-productive because the censorship simply gives more publicity to the cause. The decision by the UK government in February 2009 to refuse entry to the Dutch MP Geert Wilders, a controversial figure who has dubbed the Koran a ‘fascist book’ and made a film linking Islamic beliefs to terrorism, generated huge media coverage. The decision was wrong, too: if Mr Wilders’ opinions are half-baked and intellectually infantile, the last thing we should do is pay him the compliment of censorship. Instead he should be demolished in argument.

Ministers defending the decision made some disturbingly illiberal comments. Foreign Secretary David Miliband said: ‘We have profound commitment to freedom of speech but there is no freedom to cry “fire” in a crowded theatre and there is no freedom to stir up hate, religious and racial hatred, according to the laws of the land.’ For one thing, the law of the land would require proof of a deliberate intent to ‘stir up’ hatred. More importantly, Mr Miliband wrongly equated a statement that could cause immediate physical harm – as panic-stricken theatre-goers crush towards the fire exits – with statements that are only inflammatory in the metaphorical sense.²¹

Attacks on religion are always offensive, at least to adherents of that faith. Equally, some people find evangelical religious conviction unpalatable. Either side may be motivated by hatred, and cause hatred in return. But people have to be

free to hate, or they are not free at all. It is uncomfortable to hear people spouting opinions we find reprehensible. But liberal societies are not designed to maximise comfort. As Terry Eagleton puts it: ‘The liberal state has no view on whether witchcraft is more valuable than all-in wrestling. Like a tactful publican, it has as few opinions as possible.’²²

Experiments in living

Just as tolerating the views of others is discomfiting, so a diversity of lifestyles can be unsettling to those with a fixed view of the good life. But as Mill insisted: ‘The only purpose for which power can rightfully be exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant.’²³

This means that those actions that do harm others ought to be subject to severe sanctions. Precisely because republican liberals prize autonomy, they have a strongly interventionist streak when it comes to actions inhibiting another person’s opportunity to lead an autonomous life.

But the freedom of individuals to engage in what others regard as self-harming activities is equally important. Drinking alcohol, smoking, eating junk food or gambling are enjoyable recreations, self-destructive habits or heinous sins, depending on your point of view. The point of view that matters, in the end, is that of the person concerned. This is not because people are rational maximisers of their own utility. Recent work in psychology and behavioural economics has generated compelling empirical evidence that people are myopic and weak-willed. Most of us knew this already. Hence the importance of what Professor Avner Offer has labelled ‘commitment devices’ and ‘commitment strategies’, which people adopt to help themselves resist short-term temptation, apply themselves to necessary but onerous tasks, and save and plan for the longer-run.²⁴ But these devices should not be imposed. Liberals know that people are often their own worst enemy – but, unlike

paternalists, do not therefore feel the need to intercede between them.

Kant described paternalism as ‘the greatest despotism imaginable’. This seems an overstatement, especially in the light of the history of the tyrannical regimes of the twentieth century. But his point, elucidated by Isaiah Berlin, is that the root of tyranny is the view that someone in authority has a superior view about the proper conduct of life. Paternalism is dehumanising, Berlin argues, ‘because it is an insult to my conception of myself as a human being, determined to make my own life in accordance with my own (not necessarily rational or benevolent) purposes’.²⁵

The trend towards bans in recent years signals a shift away from a liberal view of the relationship between state and citizen. The power to determine behaviour has in some cases been taken away from individuals and determined by law. Bans on drinking in public places are now common. Mayor Boris Johnson has banned the consumption of alcohol on the London Underground – which to many Londoners looked like a solution in search of a problem.

The nationwide ban on smoking in public places is perhaps the most obvious example of the New Puritanism. The evidence on passive smoking was not strong enough to justify a ban on ‘harm principle’ grounds, especially in pubs and clubs that nobody was forced to visit.²⁶ The preference for smoke-free establishments was in any case being expressed through the market long before the ban.

At the very least, this was a decision that could have been taken at a local authority level, rather than from Westminster (which would also have given a fillip to local democratic engagement). Different decisions in different localities would have given rise to what some conservatives – usually those of a social democrat stripe – call a ‘postcode lottery’. If decisions about local services are made by elected councillors, the resulting diversity is not a ‘lottery’; it is postcode democracy. None of this is to argue that reversing the ban ought to be high on the list of legislative priorities, especially in current circumstances. But the example of smoking demonstrates

the need to be vigilant against the drift towards paternalism, also evident in the current moral panic about binge drinking – which echoes similar concerns at many points in our history.

The sight of women drinking heavily seems to excite particular outrage. But alcohol is relatively cheap, young people are unmarried, childless and – until the recent recession – fairly affluent. The freedom to drink carries substantial attendant costs in terms of crime, injury, costs to the NHS, illness and public disorder. The liberalisation of opening hours may in fact have heightened some of these costs. These cannot be lightly dismissed. But nor should they be seized upon as an excuse for a new temperance movement. They are costs, which as Mill wrote, ‘society can afford to bear, for the sake of the greater good of human freedom’.²⁷

The dramatic rise in levels of obesity – one in five Britons are now obese – is more challenging to those with a liberal prospectus. On the one hand, it is clearly the result of ‘self-regarding’ actions. The obesity of person A does not harm person B. For a libertarian, this is the end of the argument: obesity is no business of government. For a liberal, the impact of obesity on an individual’s independence and capability enters into the equation. Obesity is associated with a range of serious physical and mental health conditions, reduced mobility and shortened life expectancy. The state should warn, educate and persuade: aggressive public health campaigns, mandatory food labelling and curbs on advertising junk food to children are all legitimate responses, but only on the grounds of supporting independence.²⁸

There is an argument that ill-health ‘harms’ others through the price tag for the welfare state. It is certainly true that smokers, heavy drinkers and the obese cost the NHS a lot of money.²⁹ In a socialised health care system, the ill-health of one person will have implications for the taxes of another. Shifting towards a private, insurance-based system would solve this problem, but create bigger ones, not least the financial inability of those most in need of health care to buy insurance. But even if this harm principle argument is accepted – and it is a fairly weak application – the sensible approach is to levy

additional tax on the consumption of products underlying the problem (already the case with alcohol and tobacco) to help fund the NHS, rather than directly regulating behaviour.

The urge to micro-manage behaviour from Whitehall and Westminster is strong. It is usually motivated by genuine concern about the wellbeing of ordinary people: like parents themselves, paternalist legislators generally mean well. In 2008, the government decided to permit the building of casinos (though not a 'super-casino' in Manchester) but added a number of additional rules for these establishments. Unlike pubs, they will be forced to close for six hours a day, free drinks will be banned, cash machines will have to be located 'away from gaming areas', and customers will be forbidden from paying by credit card. It seems likely that the current economic climate will act as a sufficient deterrent against people blowing their credit limit on a pile of roulette chips. But these provisions, particularly the restrictions on the precise method of payment, reveal the deep-rooted paternalism of large swathes of the political class, the continuing desire expressed by Sidney and Beatrice Webb, founders of the Fabian Society, to 'constrain' the individual in order to make them each 'a healthier, nobler and more efficient being'.³⁰

A liberal society is a noisier and more challenging place than a well-ordered, predictable, conservative one. As Nick Clegg put it in a speech to Demos: 'A Liberal believes in the raucous, unpredictable capacity of people to take decisions about their own lives.'³¹ But a dependent relation between citizen and state is ultimately corrosive of liberty. Permanent reliance on others for money, ideas or life plans deprives people of the most human attribute: the ability to choose. Independence is, then, a necessary prerequisite of an autonomous life. But it is not a sufficient one. People also need the resources to make abstract choices real ones. These capabilities are the subject of the next chapter.

2 Capability

Responsible adults must be in charge of their own well-being; it is for them to decide how to use their capabilities. But the capabilities that a person does actually have (and not merely theoretically enjoys) depend on the nature of social arrangements, which can be crucial for individual freedoms. And there the state and the society cannot escape responsibility.

Amartya Sen, *Development as Freedom*

Linen shirts and leather shoes

The sovereign idea of this paper is that people ought to be free to live as they would like, as free spirits. Free spirits know what they want – but they only become free when they are capable of getting it. An independent, flourishing life can take a lot of work. It is made, not born. Individual flourishing requires resources that not everybody possesses.

In 1776 Adam Smith pointed out that a linen shirt and leather shoes were necessities:

A linen shirt... is, strictly speaking, not a necessity of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times... a creditable day labourer would be ashamed to appear in public without a linen shirt... Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them.³²

The question, then, is what capabilities the independent person needs. The capability approach has been articulated with great wisdom by Amartya Sen. In a series of works,

most notably *Development as Freedom*, Sen has articulated an idea of justice which begins and ends in the real conditions of people's lives, rather than in the patterns that their choices produce.³³

Where people lack capability they lack the opportunity to make of their life what they would. These facts of their lives, rather than their arithmetical relations either to one another (income inequality) or to their former selves (social mobility), are what really matter. Injustice is lived and experienced, not calculated in a Gini co-efficient. Injustice flares up when people cannot do things they want to do, things that they value. 'In fact, given interpersonal diversity, related to factors such as age, gender, inborn talents, disabilities and illnesses,' writes Sen, 'the commodity holdings can actually tell us rather little about the nature of the lives that the respective people lead.'³⁴

What does capability mean?

A capability approach focuses on the ends of life rather than the means – the outcome rather than the income. It is about the independent power of people to live as they would like to live. Hence it is very much about people as agents, people as actors.

That is why giving people an income is not as good as them earning it. Not having a job is a deprivation in itself, even if the level of income replacement is generous. It is better to act than to be acted upon, better to earn than to receive. Unemployment brings not just a loss of income, but a loss of self-reliance and self-confidence. It is the cause of psychological infirmity, induces stress within the family and hardens a sense of exclusion.

Sen explains the idea of capability with a parable. He describes three labourers, each of whom apply for a job clearing up a garden. The employer discovers that the first applicant is the poorest. That seems like a good reason for giving him the job. The second, however, has been unhappy lately and the psychological benefit to him would be the greatest. The third applicant, it transpires, has a chronic

ailment which could be cured with the money that he would earn if he got the job.

Sen points out that the strict income-egalitarian would employ the first man. The utilitarian, with his privileged view of happiness, would employ the second. The capability liberal, who is concerned with the set of things that an individual is free to do, would employ the third. The point of the parable is that a case can be made for all three appointments. But it is the gain to capability which, in the third instance, clinches the job.

This is not to say that income does not matter, nor that happiness can be dismissed. Income is an important ingredient of capability. People who live flourishing lives, with a genuine sense of control, are apt to be happier than people who do not. But the same level of income will translate into life chances at a very different rate for different people.³⁵ A severely disabled person needs more money to attain equal capability with an able bodied person, for example.

Capability is about the things that money can (or cannot) buy, not about the money itself. As Aristotle says in the *Nicomachean Ethics*: ‘wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else’.³⁶ The central question is not: what have you got? It is: what can you do?

The definition of which capabilities are essential cannot be settled mathematically. It needs to be the subject of political deliberation and argument. As Sen insists, ‘the work of public valuation cannot be replaced by some cunningly clever assumption’.³⁷ But wherever this debate leads the requirement for capability applies equally to all.

The idea of equality needs to be enriched and enlivened by attention to agency rather than cash. Equality has, unaccountably, come to trail a series of sterile arguments in which people fixate about the top rate of income tax, the blurred line between opportunity and outcome, or the rewards of hedge fund managers. Income egalitarianism is not an idea to govern an approach to politics. It is not ambitious enough. Imagine that a household, whose income puts it just the wrong

side of the poverty line, is given an increase of £20 in the child element of the Child Tax Credit, as they were in the 2009 Budget. For too many commentators this is the equivalent of a journey from bad to good. They have gone from poor to not poor and joined the ranks of those who, in a tellingly patronising metaphor, have been ‘lifted out’ of poverty.

But what has really changed? Are the circumstances of their lives really any different? Have we made a major change to the opportunities that present themselves? Why have we not mentioned their rights, their literacy, their nutrition, their longevity? The set of possible outcomes for these people’s lives has barely altered at all. Their capability has hardly shifted.

Whether or not the payments to a disabled woman allow her to get the bus into town is more important than the overall benefit level. A wealthy man with a chronic disease is deficient in his capability in a way only partly offset by his capital. It matters more whether a child can read than how much her father earns. Some children suffer the misfortune of being born to the wrong parents, and not everything that makes parents bad can be represented on a graph. Children can live in ostensibly similar circumstances, in the same street, but while in one house a sense of possibility is being fostered, in the other, a child is being neglected.

It will not be possible to draw up an exhaustive list of capabilities. But there can be no doubt that a capable life requires enough work – not too much and not too little. It requires freedom from the tyranny of custom and a sense of possibility. It requires a good level of literacy and numeracy. It requires a reasonable degree of freedom from ill-health, adding up to the expectation of a long and full life. It requires good, or at least not bad, housing. It requires peace and stability and the maintenance of order.

There are many candidates and a full life requires many capabilities. But what are the most significant *deprivations* of capability which might feasibly be addressed by policy, at least in part?³⁸ What are the contemporary equivalents of the linen shirt and a pair of leather shoes? The five principal capability deprivations in the UK today are not being able

to read, not having enough money, growing up in a poor family, going into care and being in poor mental health.³⁹

Illiteracy

Nothing matters more than being able to read. No deprivation of capability is more serious, none more debilitating. Fail to learn to read and you are more likely to go to prison, less likely to be in work, more likely to be a teenage mother. But the deprivation is contained in none of these connected facts, crucial though they are. A country that does not teach all its children to construct a clear sentence in its own language is failing its people.

The government currently has a target that 90 per cent of children should be functionally literate at the age of 11. It is extraordinary that the government is prepared for 10 per cent of the next cohort *not* to be able to read. As a general rule, targets are always better expressed by subtracting from 100 and establishing what is *not* expected. There is some dispute about how many children pass through school without attaining functional literacy. They usually turn on the definition of literacy. But it is uncontroversial to say that there are far too many.

There is no reason why everyone but a tiny minority should not be able to read well. The problem begins at home. The child of professional parents is exposed on average to 2,100 words per hour, but children with parents on benefits hear on average only 600 words per hour.⁴⁰ In some parts of the country, at least 50 per cent of children start school without the speech, language and communication skills they need to learn and interact with teachers and other children.⁴¹

The deprivation of capability that comes from illiteracy is so severe that drastic measures may be necessary. Schools should certainly be paid according to the numbers of children who can read well. A school should have a performance-related bonus, like a GP practice. The curriculum needs to be flexible enough for the recognition that illiteracy is more important than anything else. Of course it is better to ensure that the

curriculum remains broad while a child is learning to read. The best thing of all is to use the arts curriculum as a subject for the teaching of literacy.

For those children who have fallen behind, intensive reading recovery work is a matter of urgency. Right now, 8 in 100 children leave primary school with literacy and/or numeracy skills below the level of the average seven-year-old.⁴² Much beyond primary school and the task of recovery becomes a lot more difficult. Reading recovery is the best way of helping struggling pupils catch up.⁴³

But it may not be enough on its own. Reading is more important than everything else so we have to be prepared to keep children in education until they can read properly. The government is just about to increase the leaving age. It ought to replace it with a leaving achievement. A certificate of literacy should be the very least that everyone has on leaving school.

The price of capability

Capability is more than income but it has an important financial component. The Joseph Rowntree Foundation research highlighted in the previous chapter suggested that a minimum acceptable income for a single adult of working age is £13,400 p.a. before tax, and for a couple with two children it is £26,800. A single person on Income Support is currently on less than half that figure; a single adult, working full time, would have to earn £6.88 an hour to meet the threshold. The minimum wage is currently set at £5.73 an hour for people over 22 years of age. In 2008 around 4.5 million employees were paid less than £7 per hour. Two-thirds of them were women. Lest anyone think this is another example of rapacious capitalism, a quarter of all employees earning less than £7 an hour are in the public sector and, again, almost two-thirds are women.⁴⁴

This means that a large proportion of the working population earns an income insufficient to support the capability needed. It is an inopportune moment to press

a claim for extra money. If anything, the state of public finances will put further downwards pressure on public sector pay. But, if the capability target were to replace the child poverty target, this is the scale of the ambition. Quite what would happen to income inequality in the process is not clear. It is also not the point.

The obsession of many on the political left with the gap between the affluent and the ‘super-rich’ is not one that liberals share. The gap that really matters is between the bottom and the mainstream: it is the ‘super-poor’ who should worry us most. As the recession bites, and the bonuses paid in the City evaporate, traditional measures of income inequality – such as the Gini coefficient – are likely to show a narrowing gap. But few, surely, will see this as progress. Income inequality *per se* is an inadequate measure of the health of a society. The question is how far it translates into substantial differences in the opportunities of people to lead lives of their own choosing. And it is hard, on the face of it, to see why the mega-incomes of a handful of people at the very top of the income distribution should prevent the rest of us leading a good life.

Financial capability is a lifelong issue, of course, extending well beyond the working years. Ensuring an adequate income for old age remains a serious policy challenge, a century after the introduction of state pensions. The Labour governments since 1997 have launched a series of successful assaults on pensioner poverty – but two million pensioners remain on a low income. In the longer term, the challenge is that at least seven million people of working age are not saving sufficiently towards their retirement. From 2012 firms will be obliged to automatically enroll all employees into an occupational pension scheme. Of course they can opt out, but merely changing the default option – a ‘nudge’ in Richard Thaler and Cass Sunstein’s terms – dramatically increases participation rates.⁴⁵

This kind of approach is challenging to liberals. A purist liberal would insist on the default option being zero. Automatic ‘opt in’ is very soft paternalism, but paternalism

nonetheless. On the other hand, given the acknowledged force of inertia, and the serious implications for financial capability deprivation, a ‘nudge’ has liberating consequences over the longer term. On balance, the loss of liberty represented by the nudge is outweighed by the gain in liberty from a better-financed old age.

Your mum and dad

Capability is an idea with implications throughout the life cycle, but it is especially relevant in the earliest years of life. Though nobody is destined to live out a fate set in their first years, this is the most important time of all. We all gain capabilities in the first years of life that stand us in the best stead for living a flourishing life. Or, too often, we do not.

James Heckman famously showed that the return on human capital was very high in the early years of life and diminished rapidly thereafter.⁴⁶ This relationship holds especially, he said, for the most disadvantaged children. The optimal investment is therefore made between birth and three years of age. Yet the emphasis in spending in British social policy had always been the opposite. Investment has always been negligible in the early years. It then begins to rise at just about the age that diminishing returns were setting in. If policies had been devised expressly to defy the evidence they could hardly have done better.

So, at this crucial moment, we depend on the family. And yet some parents are clearly failing their children. It is the interest of the child which is paramount, not the interest of the family. The family is an institution which, like any institution, can succeed or fail. As Berlin reminded us, ‘to be deprived of my liberty at the hands of my family or friends or fellow citizens is to be deprived of it just as effectively’.⁴⁷ Social conservatives want to insulate the family from scrutiny. A republican liberal position cannot allow an individual’s flourishing to be subsumed into any institution and the family is not immune from that requirement.

There are few things so unfair as having your capability limited through no fault of your own. Some families have many, related, problems. Income, the education level, employment status and mental health of the parents, poor housing, the cognitive inheritance of the children and the availability of support all coalesce, in ways that nobody fully comprehends, into a life of less than full capability.

A child born into the most disadvantaged 5 per cent of families is 100 times more likely to have multiple problems at age 15 than a child from the 50 per cent best-off families. For every 100 children of a high socio-economic status who are in the top quarter of intelligence at the age of five, 65 will stay there for the duration. Only 27 out of 100 bright children from poorer backgrounds will stay the distance. Some of the most important capabilities for life chances are an ability to apply oneself to a task, regulate emotions and connect with other people. These character traits are also profoundly influenced by parenting style and engagement.

Most struggling parents are not bad people. When they are neglectful it is almost always without malice. When they are incompetent it is not for lack of trying. When they fail to develop deep bonds with their children it is matter for regret rather than blame. Many of these parents have problems of their own which, unwittingly, they are communicating. Many of them live in a household in which the wolf is never far from the door.

Their lives are not easy and what they need is not being sneered at, nor is it being told that they would be better off if they were married. They need help. And there is credible help available. There are parenting classes, like Triple P and the Webster Stratton, which work. Triple P has been shown to work for parents of children who have serious problems as well as for parents in general.

The Family Nurse Partnership offers two years of visits to the home by a specifically trained health visitor or midwife, to support first-time mothers who are thought to be vulnerable. It currently gets to 2,000 families, but should reach very many more because, although it is expensive, it works.

The American programme, on which it is based, showed a substantial return to investment: for those on the programme, maternal employment improved, child neglect and abuse fell and the children were less likely to be in trouble with the law. The first evaluation of the scheme in this country heralds the same promise. It also makes the case for a more specific focus in Sure Start on those families with identifiable needs.

There is also a case for a much more direct linkage of services for adults with those for children. Whenever a parent has a mental health problem, for example, the child should get some support automatically. In other words, the system ought to recognise that patients are parents and that the status of 'patient' is likely to impair their capability as parent.

It is often clear, for example, that a mother is on drugs but that fact alone does not warrant any action at the moment. But if we think of the capability of the child we would not have to wait until such a time as abuse takes place and the system cranks slowly into action, usually to take the child into care, with all the lack of care that often implies.

This runs the other way, too – schools are the obvious places to help the parents of troubled children with their own health, housing and benefits questions. The current government seems to want to give teachers a duty of care for all sorts of things that are entirely beyond its competence. But, at the same time, schools can be the place where parents can find many of the services they need.

Children in care

When parents are palpably failing to provide the most basic care, there is nothing liberal about leaving their children to their fate. The process of taking children into care has become too slow, too expensive and too bureaucratic. Martin Narey, the chief executive of Barnardo's, is right to say that we have become too concerned to leave children with their parents: 'There has been an absolute conviction... that taking a child into care is to be avoided almost at all cost... But if most of these children had stayed with parents who either cannot or

will not, look after them, their life chances would probably have been worse.⁷⁴⁸

A thoroughly liberal argument for the welfare of the child underpins a strong case for intervention. This will incite the charge of the nanny-state, a charge which has a lot less force when children are involved. However, this argument then requires that the care system be good, and it is far from good. Indeed, there cannot be a greater irony in all of public policy than ‘children in care’ or, even worse, the new euphemism ‘looked after children’. If only they were properly cared for and looked after, then the deprivation of losing their parents might be mitigated, if only a little.

There are approximately 60,000 children in care at any one time. The circumstances that lead a child into care are always bad enough. Once a child passes into the care system, their disadvantages are compounded. Placements are usually unstable and their education is interrupted, even if they avoid the brutal experience that is disgracefully too common.

They are very likely to end up unemployed, to have mental health problems and to become teenage parents. Only 1 in 10 children in care get five good GCSEs compared with 6 out of 10 of other children. Only 6 per cent make it to higher education compared with 30 per cent of all children; 26 per cent of the prison population has been in care, 80 per cent of *Big Issue* sellers and half of all prostitutes; 22 per cent are unemployed the September after leaving school, three times higher than other school leavers. This is not a call for more spending. We have known these risk relationships for a long time, but the system is not working. The relationship between spending and outcomes is negligible. The state already spends £1.9 billion acting in loco parentis for children in care. It costs about £110,000 a year to keep a child in residential care. The crucial factor is the ability of the person managing the home.

There is a systematic waste of capability here. Potential is left unexplored because the bureaucracy is hopeless. The best solution is fostering. It is also the cheapest, which two virtues make it peculiar that it is the least funded. It is also far too tightly regulated. The pool of possible

foster parents is too narrowly drawn. Foster parents need more help and better training to deal with trauma and the behavioural problems of the children.

Mental health

Mental health is as susceptible to treatment as physical health but it is not viewed in the same light. It remains, as it has ever been, in a kind of metaphorical Bedlam, shunted aside, out of sight, out of mind. More than 125,000 people in Britain have a severe and enduring mental health problem. About 70,000 are on Incapacity Benefit and employment rates among the mentally ill have been falling, despite the fact that the majority are keen to work. The links with other problems are very notable: half of those misusing drugs and alcohol have mental health problems.

A general lesson can be drawn from the specific way in which mental health treatment is organised. The problem is that someone has to be acutely ill before they are helped. Provision according to need means, in conditions of financial scarcity, that minor ailments receive no great attention. Early intervention, which is critical, requires mental health problems to be recognised in schools and workplaces. The most common alarm bell is usually a decline in physical health, but it is rarely bad enough to trigger action.

This is a recurrent theme in health care. Social care funding is targeted at those in most need, who are, usually and for that reason, the most expensive patients. There is no extra money to go into preventing or postponing these acute care packages. And, even if a magic pot of cash suddenly appeared, the councils have the outlay while the institutions of the NHS book the saving. The individual falls victim to the perverse incentives in the system, despite good intentions on every side.

There is another systemic problem. State services tend to provide a menu of goods. It is far too common an experience for a mental health patient that there is nothing on that menu that they want. Often, peer support would be

more valuable to them than the statutory service. Finally, many seriously mentally ill people are in the criminal justice system just for the want of somewhere else to put them. Small crimes are often the direct result of being ill and treatment is better than punishment. A jail sentence can be waived on condition that a treatment programme is followed rigorously.

Being author of your life story

It might be better, in all these instances of capability deprivation, to apply a broken families approach analogous with the ‘broken windows’ theory, which suggests that rapid and decisive action on the small crimes will help to prevent the big ones. The same will apply to a family living a chaotic life. Rather than fit the action to the severity of the need, we turn it the other way round, change the symmetry. This could work with both support and punishment. The support should be escalated immediately and the punishment should escalate rapidly.

All of this ought to be done in the hope that every person can become the author of her own life. Consider that metaphor and think of what it takes to get there. Before she is ready to write, an author needs to be able to read. She learns to write well by reading well. Clearly, in order to read well she needs to trade on the work of better authors. Her reading, even though conducted alone, presupposes all the others who have gone before.

It requires, not least, all of those involved in the production of the book, both the one in the author’s hand and the one in her head. There is a market in books and she needs access to it, along with all the cooperative help – her agent, her publisher – that create a competitive system such as a market for books.

The needs of the reader, of course, go way back. He needs to be taught to read in the first place. He needs the panoply of institutions that a society provides in order to teach children the elementary task of reading. He is standing on the work of the teachers and their predecessors who devised the techniques

that they pass on. As her education progresses the author will move through different levels of institution, different standards of scholarship, different traditions of learning, prolific networks of social communion taken so much for granted that they are all but invisible.

Those bonds also help the author to sharpen what it is she wants to say. Often writing helps her to break the bonds or to reconcile herself to the fact that they are beyond repair. The ideal of self-authorship describes, then, a state of becoming, not a state of being.

The task of the author, sometimes taken as a by-word for solitary activity, is a fully social role. It implies many others. The state, the market, the civil society combine, in ways in which nobody has planned, to make her a viable author. Nobody who is left to her own devices becomes a writer. There is, if one cares to describe it as such, a community that stands behind the act of writing. The author is never alone, even before she calls for the attention of that other necessary community, her hoped-for readers. And between them both is the indispensable institution they share: the medium of language.

So, two important caveats need to be entered on any hope of self-authorship. The first is that we are describing a state of becoming, not a state of being. The second caveat is that nobody ever arrives there alone. Before the question of whether you are a writer comes the question of whether you are capable of becoming a writer.

3 Power

One must be fond of people and trust them if one is not to make a mess of life

EM Forster, *What I Believe*

The lowest possible level

The hardest part, said Descartes, is to know where to begin. Ah, but begin at the beginning says the King in *Alice in Wonderland*. The beginning of a liberal politics is the individual. The republican liberal believes that power should be located at the lowest appropriate level, originating with individuals. Here is the real political dividing line: if we depute power to ordinary people do we believe they will exercise it well? Or do we believe, if we are honest with ourselves, that we – either the politician or the agent of the service – are usually better placed to tell people what they really want?⁴⁹

There are plenty of politicians who tell a good tale about how they wield power, the better to yield it. Lots of them turn out, on closer inspection, to want the electorate to prove its credentials before actually making the transfer. There are plenty of politicians who claim an optimistic view of human nature in the abstract but a pessimistic view of the actual human beings they encounter.

Social democrats and conservatives spend an inordinate amount of time devising how they divide from one another. But, on close examination, they share a fatal flaw. They do not trust people. They both prefer, though they whisper it, their own expertise. Social democrats gather wisdom collectivised in the state. Conservatives unearth it out of the vestiges of tradition. But neither finds it in the people themselves. They are both, at root, paternalistic.

The social democrat, in a perfectly nobly intentioned move, cares at least as much about the overall pattern of distribution as he does about me. He has a developed idea of the good society but an attenuated vision of the good life. He has an even more attenuated notion of why it is important for me, intrinsically important for me, to be the principal author of my own life. The task of meeting my individual needs by fine-tuning a vast bureaucracy does not daunt him as much as perhaps it ought.

Hence the social democrat often finds himself in the uncomfortable position of having to defend an offer from the public realm that is close to derisory, especially for the poor. He is stuck with a system in which standards remain stubbornly low, beaten upwards by performance managers with sticks. Institutional learning is meagre in the absence of the right incentives. I, the citizen, and we, the people, are granted services we do not want and denied services we do. The articulate middle class argue their way into privileges and hoard the resources. Professionals are protected and valued for the important but inadequate regulatory regime of the public service ethos. The poor get the poor services, the middle class move house to take the best places and we all feel unloved, not listened to, frustrated and powerless.

Trapped in his elevation of means over ends, the social democrat is not sure what to do. The pattern of society seems oddly recalcitrant to his reforms and yet he cannot see that his own ends – which are right and good – can only ever be served by liberal means. Power to the people is in his gift if he holds the levers of power – but only by letting go, not by pulling them even harder.

The conservative, by contrast, is happy to advertise the fact that she has nothing much to say for herself. She wants to preserve relations of power and wealth, historically unearned hierarchies that the liberal wants to confront. She prefers not to subject her institutions to critical reflection. She tends to accept she is the creation of a natural order in which, miraculously, she has been granted a leading role.

Never quite ascending above autobiography, she then wants to argue in a circle that traditions should remain there because they are there now. She does not like fluidity and she does not care for change. She has trenchant and unexamined views on the natural capabilities of people different from her and received prejudices on private conduct which she deems beyond the pale. Her theory of natural superiority means she is immodest in her desire to instruct other people how to behave.

This innate desire to wag her finger occasionally softens into a paternalistic offer to help. She cares more about the poor at a distance than close up and it does not feature high in her list of priorities. And, all the while, she manages to hold these vexatious ideological positions while professing to have no ideology at all.

This chapter is an attempt to work out the implications of supposing that power should, as a matter of philosophical right, be the property of individuals. What happens to power if we assume that we have to argue ourselves *out of* individual power, for good reason, rather than *into* it?

There will be plenty of times when pushing power upwards makes good liberal sense.⁵⁰ When there is a good reason to think that individuals will be better served by passing that power upwards, an office at street-level or neighbourhood should be considered. Or perhaps power is ideally vested in the ward councillor. Very frequently, the individual's interest will be best served by representation in the collective bodies of local government. Some issues are bigger than local but smaller than national. A regional association will make sense in these cases. Where there are major economies of scale, the best unit will be the national state. And then there are some questions in which the interests of by now distant individuals will be protected by pushing the power even further up, to supra-national bodies, and, at the most remote, global institutions.

Imagine we recast the whole of the public realm on this basis. Start with power reposing to you and me and then work up, all the way to the International Monetary Fund and the Copenhagen Summit.

At the end of that process we would have arranged an enormous transfer of control to the citizen. This is good instrumentally because the outcomes would be better and, in all probability, the costs would have been reduced. But it is also good intrinsically because people making their own choices, governing themselves, is just better than somebody else doing it. It is also obvious that the pattern of power that emerges from this experiment in thinking bears almost no relation at all to the organisation of power in Britain today. The best way of describing what we are suggesting is that it is a revolutionary transfer of power from one class, the bureaucracy, to another, the people.

Republican liberalism

None of this is to say that people live in separate little spheres, sealed off from one another. They live together, in groups and societies. Even independent, capable individuals rely on others for a huge array of goods, services and support. Their actions have an impact on others, for good or for ill. One of the deepest and most enduring challenges confronted by human societies is the encouragement of individual liberty within deeply interconnected social environments.

And it is necessarily the case that some institutions, especially state institutions, will have power over individuals. Nobody seriously imagines a society without a police force, for example. It is therefore imperative, for the republican liberal, that this power is held to account, and that each individual has an equal voice in decisions about who wields power, under what circumstances and with what constraints. This is why liberals have to be democrats; and republicans, too.

In common parlance, 'republicanism' indicates a single-issue campaign, focused on the abolition of the monarchy. But republicanism is a rich, long-standing philosophy of government and society, founded on the principle that power lies with people and that nobody should live at the mercy of another.⁵¹

A republican liberal society is an assembly of powerful people. Hence, there are two guiding ideas to a republican liberal distribution of power. The first is that power originates with individuals. It is not devolved from its rightful place in the state. The crowning glory of grudging devolution is the unintentionally comic idea of ‘earned autonomy’. On any recognisable liberal view, autonomy is a fact to be recognised, not a status to be conferred.

The second power principle is implied by the first: institutions justify themselves when, collectively, they increase the power of their members. Public policy in Britain has a deep bias in favour of institutions. We fund schools and hospitals. We give the money to the Jobcentre Plus and the local authority. Most of these institutions are granted the money before they do anything, paid by dint of being there. These bureaucracies often gather interests, their mission grows, their results stagnate, and they start to defend themselves.

Individuals in control

The most distinctive liberal republican policy would be very simple – transfer the money, and the power that comes with it, to the people rather than converting it into services first.⁵² The flagship policy of liberal republicanism is therefore individual budgets. Encouraging independent enterprise is a good thing in itself. Individual budgets give *control* to the citizen. You can get what you want, rather than feign gratitude for what you are given. Recipients are happier, results are better and costs are lower. Almost a third of the total budget for social care is spent on assessing what clients need. When the client holds the budget there is no need for this exercise in information-gathering.

All the evidence suggests that individuals with individual budgets use the money more efficiently than either government or professionals do on their behalf. The evaluations of direct payments have shown a 20–40 per cent reduction in costs over services provided directly by local authorities.

People are also more satisfied at the same time as outcomes improve. The evaluations of Cash and Counselling in the US also show this to be the case.

Individual budgets will also make collective institutions work better, by forcing them to cooperate. At the moment we simply *demand* that institutions talk. We set up multi-agency conferences and implore people to cooperate. Then we lament the fact that they do not. But why should they talk? What is the incentive to do so? If we gave the money to the citizen and they had the power to arrange the package relevant to them, then the institutions in question would have to work together. They would not get commissioned otherwise.

The most common argument against individual budgets is the claim that people are not able to exercise power responsibly. They lack the information, the time or the expertise to do so and any transfer of power, while good in theory, will lead to unwise purchases and a growing gap between the rich and poor as the latter are less likely to know what they are doing.⁵³

The relentlessly patronising nature of this case is rarely spelt out as emphatically as that. But that is what the criticism amounts to. The best response is that people need to make their own mistakes. It is their life and their decision. Even if they do get it wrong first time, they will surely learn, and others will learn from them too. The process of drawing down the money can be regulated to avoid the most egregious mistakes. Money can be made available in tranches, or in accordance with a care plan agreed at the outset. But, in fact, most of the time people make perfectly rational decisions about what is in their own best interests and they do not waste the money because they do, after all, want to get better.

However, there are many good reasons why individuals might be wary of taking up the option of controlling their own budget. The service may be very complex or the choices within it time-consuming. The individual may not wish to take on any administrative burden or they may view the implications

of managing money with trepidation. For all of these reasons, individual budgets work best when they are accompanied by service brokers. All choices given to individuals imply a degree of activism on the part of the citizen. For the most part, people will exercise the power they are given. But there is a good case for supplementing individual choice with a champion and a navigator. The decisions we have to take, the packages of service we could assemble, the conversations we have with the service provider – they would all be enhanced if we have a supportive agent in close support.

This is especially true for the least powerful people, those who very often find themselves stranded between different services. The attempt to combine services, in children's trusts or local area agreements for example, is a bureaucratic fix to a deficiency in the bureaucracy. There has been some experimenting with appointing a lead professional to grant authority over a complex process to a named individual. That is better but that authority is always, in practice, limited, not least because that professional is rarely in charge of the money.

Giving the budget to the citizen is the obvious answer but it is usually even more powerful to do so in combination with an agent. Budgets have their own audit trails, their own infrastructure, behind them. Pooling different budgets is much harder than it should be⁵⁴ and so is buying anything extra-curricular.

So, for example, in the true case of an elderly woman who felt unsafe and anxious at night because her husband was unwell, the service responded with genuine compassion. She was offered either a sit-in service in which a stranger came to her home and sat awake all night at a cost of £500 a week, or a pop-in service in which the local community warden checked on her two or three times a night at a cost of £200 per week. But, on reflection, having a stranger in the house or being woken up in the night was not quite the answer she was looking for. What she wanted, in fact, was a 20 Watt bulb for the landing light costing 40 pence.⁵⁵

Properly designed, and backed up by brokers, individual budgets could transform the provision of services. There is an

enormous range of people who could benefit from the power that comes with having the money in their hands: people seeking training and further education; talented children whose parents want them to follow an extra-curricular dream; a young family looking for better social housing allowances; a cancer patient who needs someone to take the children to school while she is having chemotherapy; a family with severe problems that cut across several departments of the social services; a disabled woman who would like a neighbour to help her dress; an old man who knows more about the chronology of his chronic condition than anyone else; an elderly lady who needs physiotherapy for a back complaint or a home help out of hours; a hospital patient who would prefer to die at home; a mental health patient who wants to supplement his treatment by going to the countryside for the day; an expectant mother who has a clear view on where and how she wants to give birth.⁵⁶

Institutions in the public interest

The individual budget and the service broker is a way of negotiating the relationship between individuals and institutions to the benefit of the former. But the institutions are themselves important to a republican liberal. As we proceed up the power chain from the citizen, a great deal of power and importance attaches to institutions of all kinds and a certain account of what institutions look like follows from the precepts that we have set out in this paper.

The republican liberal begins from the public interest, even where that is uncomfortable for the providers of the service. The correct position on institutional provision is a form of political agnosticism. Apart from the small class of genuinely public goods, there is no reason, in principle, why any one sector is better than any other. Anyone who favours the private sector *a priori* over the public sector knows very little about either. But an ideological commitment the other way will also get in the way of good services. The question of whether a service should be provided by the public, private

or voluntary sector is the wrong question. The important distinction is not public versus private. It is competition versus monopoly. If there are alternate providers, then individuals will have options and the service will respond.

Responsiveness to citizens should also be built into funding arrangements. Where passing the money to the citizen is not appropriate, the institution should be paid by the results it generates. As a rule and where possible, per capita payment is to be avoided. An institution needs to justify itself by what it does and its funding should be linked to these facts.⁵⁷ Good schools and good hospitals should be paid for excellence and failure should no more be rewarded here than anywhere else. There is a lot that is good about schools and hospitals, to take the two most vital examples, in Britain.⁵⁸ But the organisation of the systems of education and health cannot, taken as a whole, satisfy a republican liberal desire for powerful, free citizens.

The main contours of this approach can be illustrated by describing the desired landscape for schools.⁵⁹ In the republican liberal school system there would be many different types of school. Some would be in the public sector, some private and some voluntary. The private sector would itself be highly diverse rather than simply the preserve of anxious and wealthy parents keen to buy access to other well-bred infants. Some schools would have religious associations, there would be large sites on which clusters of many schools congregated, and there would be tiny schools set up by parents in a village hall. There would be management buy-outs by entrepreneurial teachers running an educational charity. There would be schools that specialised on the basis of academic ability, proficiency at art, and sporting prowess. There would be schools that developed a curriculum expressly for children who were struggling. There would be selective schools that were keen to select children other than just the academically brightest. There would be teachers who gained specialised credentials in teaching to a certain ability range, with particular pedagogical techniques. The school would draw on a very wide range of local expertise, far beyond the traditional profession.

There would be chains of schools, in all sectors, in which the brand heralded the promise of an equally good education in every outlet. There would be an active market in mergers and acquisitions, spreading the scarce asset of managerial brilliance more rationally. Schools would be independent entities for managerial purposes, though many would choose to gather their business functions into far larger purchasing units. The educational and the business aspects of the school would be split and the latter done under the auspices of a chief executive, with the benefit of scale economies. The local education authority would be recast solely as a provider of essential services and there would be no compulsion on the school to purchase from them. The central state would maintain its role as inspector, auditor and provider of information, on which powerful parents rely.

Admission to all schools would be open, by right, to everyone. Private schools would be encouraged to establish endowments so the barrier of payment was brought down. Parents would be free to buy whatever education could be purchased with the funding that is allocated to every child. There would be no catchment areas. Any child would be permitted to choose any school at all, subject only to a limitation on the cost of transport that the public purse could support. The iniquitous mapping of local wealth onto school admissions would be eradicated by the extensive use of lotteries to settle admissions disputes in the event of a school being over-subscribed. Siblings would be granted priority but, beyond that, every child would have an equal chance of getting in. The sheer diversity of schools and the encouragement to new providers that they could make a regulated return on capital would ensure a far greater abundance of school places than exist at the moment.

The school would be paid by the cumulative progress it made, calculated by adding up the improvement made by every child, rather than its ability to bend the curriculum to hit a prescribed target. Good literacy and good numeracy would have heavier weights than anything else in the

funding formula. A premium would sit on top of this for children with low attainment, to reflect the fact that progress does not always come easily, especially when the teachers are forced to act, in effect, as behavioural therapists. Any child that knocks over a hurdle in the way of their education would not proceed to the next, as they do at the moment. The main principle of schooling would be attainment, rather than age. Anxiety about stigma would not be allowed to act as a cover for doing nothing.

The payment by results system, coupled with parental choice, would ensure that good schools were rewarded and poor schools were not. At a very early point in the cycle of decline, as soon as a school begins to lose pupils on account not of demographic changes but of the expression of parental preference, the state will have to intervene with a rapid and very tough failure strategy. A quick takeover by better managers is desirable but, whatever the solution, no school can be permitted to drift along at a low level of performance. The reduced payments due to that school on account of its poor performance are an alarm bell, not a punishment. The children in that school do not deserve the poor service they are receiving.

Schools, in this conception, have a great degree of autonomy. They could choose to be folded into the structure of local government but need not be. That is not to say that strong local government would not be a feature of a liberal republican polity, on the principle of locating power as close to the people as possible. In an excessively centralised state like Britain, it would be desirable to see local democracy flourishing, under the aegis of local mayors charged with executive authority to run their town or city. The police should answer to a local body. So should most of the institutions of the health service. By the same token, local authorities should devolve some of the functions they currently hold, delegating budgets to neighbourhoods and streets.

Liberal markets

Even in such a highly plural polity, these will be public institutions. It is very rare that public services are provided in a pure market setting. As long as people do not pay the cost of the transaction directly and in full, this is not a market. But liberals are, of course, as preoccupied with economic power as with political or social power. The institutions of the market are important repositories of power.

Liberal markets are not the same as neo-liberal markets, and republican liberals can never be market fundamentalists (or any other kind of fundamentalist, for that matter). This is not to suggest an automatically anti-market inclination. State-run economies combine poor productivity with a tyrannical elision of political and economic power. But markets left to their own devices tend towards monopoly; and monopolies, by definition, have arbitrary power. A republican liberal approach to competition policy will focus not just on the need for different suppliers, but on diversity of provision: plentiful competitors, not just competition.

The shareholder-owned model has become entrenched in the economic landscape, with other forms, such as co-ops, employee-owned firms, partnerships, mutuals, public interest companies and community interest companies accounting for a small slice of corporate Britain. Monopolies of any kind threaten liberty, and a liberal state uses fiscal incentives to ensure that a single model of ownership does not come to dominate the market.

Just as there needs to be a constant collision of ideas to ensure the progress of knowledge, so political economy requires a contest between different concepts of the firm. The joint stock company cannot dominate to the exclusion of all other models. Employee ownership is a particularly attractive alternative to the traditional model, because it gives workers both a capital stake in their firm and, as shareholders, a say in how it is run.⁶⁰ Fiscal changes in recent years – for example to capital gains tax – have had the unintended side-effect of discouraging employee ownership, just when we need incentives in the opposite direction.⁶¹

The collapse of the financial sector has been a sharp reminder of the risks of being at the mercy of the market. The potential for markets and companies to wield arbitrary power has been amply demonstrated in recent months. Since the credit crisis in the autumn of 2008, millions of people have been struck by market forces beyond their comprehension or control. A republican liberal political economy judges markets by the same standards as other human institutions. Does a market enhance autonomy? Does it enable people to pursue their own version of a good life? Does it wield arbitrary power over them?

Power politics

The same question defines the republican liberal approach to politics. The goal of non-domination requires the maintenance of high walls between economic and political power, otherwise economically unequal societies can drift towards oligopoly, as the rich buy political influence. So there should be state funding of political parties in place of large private donations, and strict rules against the wealthy providing funds directly to politicians.

The electoral system should also ensure that all citizens have an equal voice. If liberalism insists that individuals be authors of our own lives, republicanism demands that we are also co-authors of our collective lives. In constitutional terms, this means, of course, that democracy is the preferred republican model. But the retention of a queen or king only really matters to the extent that they retain real political power. An ornamental monarchy does not pose a serious threat to republican political structures. The House of Lords should be similarly permitted to wither on the vine, rather than being democratised into an anglicised Senate. Far better to bolster the Commons by introducing voting by proportional representation; giving select committees much more bite, including confirmatory powers over ministerial and other significant public appointments; and allowing parliament more power to initiate legislation. If democracy needs

‘checks and balances’, these should be built into the principal democratic body, not bolted onto it in a revamped Lords. As the Edwardian MP John Robertson said in 1911, ‘if a Second Chamber dissents from the first, it is mischievous; if it agrees with it, it is superfluous’.⁶²

There is a strain of republican thinking, stretching from Aristotle to Arendt, in which political participation is seen as valuable in itself – and that being publicly engaged is part of what make us human. For others, participation is a means to a liberal end. The scholar Iseult Honohan usefully distinguishes between ‘strong’ republicans who ‘emphasise the inherent value of participating in self-government’ and ‘instrumental’ republicans who ‘see citizenship as a means of preserving individual freedom, rather than as an activity or relationship which has intrinsic value’.⁶³ Republican liberals fall squarely into the latter category. Political or civic engagement provides the opportunity to determine the environment within which people can lead good lives: it does not make them good people. Bertrand Russell, as so often, got it right: ‘The organized life of a community is necessary, but is necessary as a mechanism, not something to be valued on its own account.’⁶⁴

The prevention of harm

Republicanism provides a powerful rationale for restraints on arbitrary power and opportunities for power sharing, and in this sense goes beyond classical liberalism. But liberals have always been extremely concerned to prevent individuals from harming each other (if not so concerned, as discussed in Chapter 1, with harm to themselves).

There is inevitably some difficulty in satisfactorily defining ‘harm’, and philosophers have produced many volumes on the subject.⁶⁵ From a republican liberal perspective, it seems clear that an action is harmful to a person if it directly reduces their chances of leading their life the way they wish, free from the unwanted interference of others. This is why liberals are wrongly caricatured as being

‘soft’ on crime. Criminals are violently anti-liberal. They are imposing their actions on another, very often causing long-lasting fear and isolation as a result.

Anti-social behaviour can effectively incarcerate people in their own homes, as they become too fearful to venture out. This is a direct assault not on their person, but on their freedom. Crime and anti-social behaviour is an area where communities ought to be able to act to protect liberal values of non-interference and autonomy, reducing the need for heavy state intervention. There is some evidence that community courts and community-sanctioned ‘acceptable behaviour contracts’ (ABCs) are proving effective. A liberal approach to crime does not mean an obsession with the minutiae of legal process, or an over-emphasis on the rights of the perpetrator – it is evidence-based, preventative and clear about the good being protected: the rights of all citizens to be free.

At this point, law enforcement, it is clear that individual power is best fostered by national state enforcement. But harm can extend beyond the national boundary. Mill once hoped for the day when people would see themselves as citizens ‘of that greater country, the world’.⁶⁶ We now know that climate change, fuelled by carbon emissions, represents a new level of interconnectedness for global citizens. The evidence for the acceleration of global heating accumulates by the week. This is a republican concern: Honohan describes civic republicanism as addressing ‘the problem of freedom among human beings who are necessarily interdependent’.⁶⁷ Power to act on climate change must be exercised at an international level.

Given that the necessary reforms to slow global heating will curb some individual freedoms, not least in terms of mobility – at least in the short or medium term – there have to be good liberal grounds for the drastic state action now required. The harm principle, applied across borders, provides such grounds: climate change represents passive killing. The harm from carbon emissions cannot be limited to the polluter. Indeed, most of the nations doing the polluting are not the ones that will bear the brunt of the impact of global warming.

What is required is not high carbon taxation, or ‘cap and trade’, or investment in alternative technologies, or carbon sequestration, or a revolution in transport policy; it is all of these. But the fiscal element is important as a part of a republican liberal approach to tax. In Chapter 1 the case for taxing ‘unearned’ in preference to ‘earned’ income was outlined. Fiscal policy should, second, focus on taxing activities that are harmful to others: above all, the emission of carbon. When the chief executive of Exxon comes out in favour of carbon taxation, as Rex Tillerson did in January 2009, there is some reason to hope that change is possible.

The Copenhagen International Summit in 2009 represents the best chance for serious action; and multilateral action is the only kind with any real chance of success. This will require a willingness to see power exercised by international bodies to oversee and enforce commitments by nation states to cut emissions. Institutions are reluctant to shed power, either upwards or downwards.

The republican liberal will not permit such accreted power. The very purpose of politics is to transfer power. There can be no prospect that individuals are ever at the mercy of another. That principle will require vastly different institutional formations, but the principle itself is the bedrock of a liberal republic.

Notes

- 1 Hobhouse, 'The ethical basis of collectivism'.
- 2 Quoted in Green, *Individualists who Cooperate*.
- 3 Berlin, 'Two concepts of liberty'.
- 4 Sen, *Development as Freedom* (Sen's italics).
- 5 Russell, *Power*.
- 6 Wordsworth, *Poetical Works*.
- 7 Arendt, *The Human Condition*.
- 8 Wolff and De-Shalit, *Disadvantage*.
- 9 Habermas, *Postmetaphysical Thinking*.
- 10 Wolff and De-Shalit, *Disadvantage*.
- 11 Mill, *Principles of Political Economy, Collected Works*.
- 12 Gregg and Bartlett, *Liberation Welfare*.
- 13 See Gregg, *Realising Potential*; Freud, *Reducing Dependency, Increasing Opportunity*; and Department for Work and Pensions, *Raising Expectations and Increasing Support*.
- 14 Ferguson, *Ascent of Money*.
- 15 'Share of the Wealth', *Social Trends*, 2006.

- 16 HM Treasury, *Budget 2009*.
- 17 Prabhakar, Rowlingson and White, *How to Defend Inheritance Tax*.
- 18 John Stuart Mill: 'to tax the larger incomes at a higher percentage than the smaller is to lay a tax on industry and economy', he wrote, 'and to impose a penalty on people for having worked harder and saved more than their neighbours'.
- 19 Phelps, quoted by Mill, *On Liberty, Collected Works*.
- 20 Mill, *Principles of Political Economy, Collected Works*.
- 21 'Dutch MP refused entry to Britain'. Cabinet Office minister Liam Byrne said: 'this guy wasn't coming here to exercise his right of free speech. This guy was trying to come here in order to sow division between us in this country. Everything I've heard about this guy tells me he's a bigot and the right place for him is to stay at home.'
- 22 Eagleton, 'The liberal supremacists'.
- 23 Mill, *On Liberty, Collected Works*.
- 24 Offer, *The Challenge of Affluence*.
- 25 Berlin, 'Two concepts of liberty'.
- 26 Cancer Research UK, *Smoking and Cancer*. The evidence of the impact of 'second-hand' smoke is strong for the spouses and children of smokers, and moderate for co-workers.
- 27 Mill, *On Liberty, Collected Works*.

- 28 See NHS, Statistics on Obesity, *Physical Activity and Diet: England*, Feb 2009, at [www.ic.nhs.uk/webfiles/publications/opan09/OPAD Feb 2009 final.pdf](http://www.ic.nhs.uk/webfiles/publications/opan09/OPAD_Feb_2009_final.pdf) (accessed 28 Apr 2009).
- 29 In some primary care trust areas, spending on obesity-related medical conditions has risen seven-fold in the last three years. See 'NHS trusts see spending on obesity rise seven-fold in three years'.
- 30 Quoted in Marquand, *Britain since 1918*.
- 31 Clegg, 'Why I am Liberal'.
- 32 Smith, *Wealth of Nations*.
- 33 Sen, *Development as Freedom*. Sen has himself indicated the intellectual tradition to which he is heir. His work bears the marks of Aristotle's focus on flourishing and capacity and, especially, Adam Smith's analysis in *The Wealth of Nations* of the necessities and the conditions of living.
- 34 Ibid.
- 35 It is very common that people who struggle to earn a good income – perhaps on account of a handicap of one kind or another – have a concomitant difficulty in converting their depleted income into genuine opportunity. Someone who, in fact, requires a higher income in order to reach an equal capability is very likely, precisely because of their handicap, to have a lower income. This is exactly the kind of compensation that a capability approach leads to. It will thus tend to be more generous and require a higher social minimum than a strict income egalitarian approach. It is, of course, true that a higher income tends to lead to greater capability.

- 36 Cited in A Sen, *Development as Freedom*.
- 37 Ibid.
- 38 A map of the relevant capabilities required to live a full life, and then the serious deprivations that exist, is an urgent task.
- 39 Of course there are many more deprivations but these are the most serious.
- 40 Hart and Risley, *Meaningful Differences in the Everyday Experience of Young American Children*.
- 41 Locke, Ginsborg and Peers, 'Development and disadvantage'.
- 42 Gross, 'The need for a focus on literacy and numeracy'.
- 43 The Institute of Education's annual review of reading recovery in the UK is the best source for evidence.
- 44 Millard and Machin, 'Characteristics of public sector workers'.
- 45 Thaler and Sunstein, *Nudge*.
- 46 Heckman and Krueger, *Inequality in America*.
- 47 Berlin, 'Two concepts of liberty'.
- 48 Narey, 'Our duty of care'.
- 49 GDH Cole once distinguished between the centralisers on the one hand and the federalisers on the other. The centralisers thought power was best held by the state and solutions enacted from there. The federalisers, by contrast, wanted to disperse power. The centralisers did not think the people were up to it; the federalisers did.

- 50 To draw a map of power in Britain will be a major Demos project in the year to come.
- 51 The tradition of republican thinking that is being invoked here has precious little to do with anti-monarchical sentiment, especially in an ornamental monarchy like Britain. The various works of Cicero, Rousseau, Harrington, Machiavelli, Wollstonecraft, de Tocqueville and Arendt offer a rich perspective on popular power. In recent times political philosophy has taken a republican turn, embodied in the work of, among others, Quentin Skinner, Philip Pettit and Stuart White.
- 52 There is a set of technical issues about how to design the optimal budgets package. Care needs to be taken not to draw the list of purchasable items very tightly, thereby eliminating the main freedom of the policy. It is also important not to erect an iron cage of audit requirements. This has already happened with direct payments. The administrative burden was too heavy and the rules about legitimate purchases too strict. In the midst of the regulation, control passes back from citizen to state.
- 53 This is a mostly phantom concern which reveals a complete lack of trust of the agency of non-experts. Research into how parents have spent increases in income received through tax credits and higher child benefit payments since 1997 have shown that the additional money has been spent on the children rather than on, say, lottery tickets.
- 54 The individual budget pilots have shown this problem.
- 55 Duffy et al, *Economics of Self-Directed Support*.
- 56 At the moment only 2 per cent of women choose a home birth but it is likely that very many more would do so if they could. A home birth costs 68 per cent less than a birth in hospital.

- 57 Of course there will be huge arguments about what it should do. A school, for example, should not be judged solely on examination results. It needs to be judged on a value-added measure, which gives a heavy weight to the basics but includes a broad array of extra-curricular activity.
- 58 At the time of writing the nearest approximation to liberal republican public services would be Conservative policy on schools and Labour policy on hospitals.
- 59 Most, though not all, of the characteristics apply to hospitals, too. However, the bulk of health outcomes have precious little to do with hospitals. That said, a liberal republican health service would be more local than the NHS. Patient budgets would be common and payment by results, with tariffs attaching to all episodes, would be a spur to both innovation and efficiency. Patients would be able to choose locations and types of treatment, usually with their GPs, who would be the budget-holder, rather than the PCT. Provision would be highly diverse, across different types of specialist unit, like independent diagnostic centres.
- 60 Davies, *New Models for the Firm*.
- 61 Burns, *Good business*.
- 62 Robertson, *Second Chambers in Practice*.
- 63 Honohan, *Civic Republicanism*.
- 64 Russell, *Power*.
- 65 Feinberg, *Harm to Others*.
- 66 Mill, *Three Essays On Religion, Collected Works*.
- 67 Honohan, *Civic Republicanism*.

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