



Building a Public Culture of Economics

Final Report of the RSA Citizens' Economic Council

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The Citizens' Economic Council

This report sets out the findings from the RSA Citizens' Economic Council, a nationwide programme of work prototyping a range of democratic innovations on economic policy. The Council aimed to be a catalyst for sparking a broader public discussion about the goals and priorities of economic policy. This process has been overseen by an Independent Advisory Group and an Economic Review Panel.

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¹ We have now included feedback from citizens who joined the process at a later point in time, to replace participants who were unable to complete all of the sessions

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Executive Summary

"I'd like an economy that responds to the people that use it."

Participant, Citizens' Economic Council

The RSA's Citizens' Economic Council set out to explore whether engaging citizens through the use of high quality deliberative processes, and bringing them together with experts and economists in a sustained and informed dialogue, could make a positive difference to economic policymaking.

Our hypothesis is that when citizens are effectively engaged with economics and economic policy:

- they gain a greater *awareness* of the economy and how it affects their lives,
- they are more *empowered* in their role as active citizens to influence the economy, and
- the process can strengthen both the *quality* and *legitimacy* of economic policymaking.

Our motivation was a view that the quality of economic debate in the UK was poor and deteriorating. The conduct of the national political conversation leading up to the referendum on the UK's membership of the European Union (EU) served only to strengthen our view. Of particular concern were the doubts cast on the role of economic statistics and forecasts, and sustained criticism of the experts responsible for them. There is an urgent need to rebuild trust in, and the trustworthiness of, political and economic institutions.

In this context, we argue that good public engagement has three important and intertwined outcomes:

- **Agency:** participation, when done well, builds human capacity and active citizenship. This has intrinsic value in contributing to the pursuit of fulfilling lives and respecting human rights. It also has instrumental value in contributing to the other two outcomes.
- **Legitimacy:** gaining the explicit and implicit consent of the governed for both the goals of economic policies and institutions, and the means by which these goals are pursued.
- **Efficacy:** helping economic policy and institutions to be more effective in delivering such legitimately determined outcomes.

The CEC programme stands on the shoulders of a body of work that has explored the impact of and best practice in deliberative democracy across many nations and decades. Deliberative democracy is the school of thought in political theory that claims that political, social and economic decisions should be the product of fair and reasonable discussion and debate among citizens. In the process of deliberation, citizens exchange arguments and consider different claims that are designed to secure the public good.

There is much international evidence on the benefits of deliberative democracy and a depth of UK expertise and experience that has not necessarily had the attention it deserves. Our aim with the CEC was to **add to** this body of work by applying deliberative techniques to national economic policy in the UK, *and to draw the attention* of new audiences to the larger field of democratic innovation.

Our Findings

The CEC was a two year programme of activities with a number of components. At the core was the Council itself - two groups of citizens in London and Manchester, both meeting on four occasions before coming together for a combined final summit in Birmingham. In total 59 citizens participated in these deliberation days. We preceded the convening of the Council with a series of 11 half-day workshops around the UK, hearing from 190 citizens in some of Britain's most 'left behind' communities

and networks. We also used an online platform to crowdsource 47 policy ideas in response to three challenges. This report also draws on our analysis of relevant literature, engagement with experts in the fields of democracy and economics, and on the results of an opinion poll we commissioned to examine public attitudes to economic policymaking. Our conclusions and recommendations are based on a synthesis and analysis of all these sources.

We saw clear benefits for the citizens who participated in the Council in terms of their sense of agency and self-esteem, and hence their capacity to influence the economy and engage in economic debate. For example, the number of citizens stating that they did not know what influence they had over the economy halved, and two out of three reported a significant increase in their sense of agency over economic issues.

Of equal importance to this benefit to individual citizens was a marked increase in participants' sense of connectedness and optimism. This demonstrates how deliberative processes can also strengthen solidaristic feelings and understanding between citizens. It builds not just individual agency, but collective agency. This is particularly important as a counterweight to increasing social, economic, political and cultural polarisation.

We found that once economics is made less abstract, related firmly to people's everyday lives and presented in plain English, citizens from all socio-economic backgrounds and levels of education can engage more effectively in discussing complex concepts and challenges. The citizens co-produced a charter of principles for economic policy, and through our crowdsourcing policy challenges, we showed that citizen participation can be a source of new policy insights and ideas.

Finally, the impact on expert participants was arguably as profound as that on the citizens. Rising to the challenge of talking about the economy in a dynamic and discursive way with lay people was an, ultimately satisfying, eye-opener for some. For others, they gained new insights into complex policy challenges through the lens of an individual or household's lived experience.

In particular, drawing connections between different policy issues comes naturally to non-experts – people’s lives are inherently ‘joined-up’. By seeing how citizens recognise the existence of policy trade-offs and of the differential impact of policy on different groups of people that are represented in the room, a richer way of thinking through the implications of policy emerges. This goes beyond more passive qualitative and quantitative research techniques such as polling, modelling and data analysis, towards a genuine co-production of policy between expert and citizen.

Our conclusions

Deliberation has a role to play in building a stronger democracy. Its role is not to replace forms of either representative or direct democracy, but to complement and strengthen them. Deliberation strengthens representative democracy by shortening the feedback loops between decision-makers and those governed. It strengthens direct democracy by ensuring that, before individuals cast a direct vote on an issue, they have directly participated in, or at least observed, a vibrant and respectful democratic discourse.

Deliberative methods can be successfully applied in the sphere of economic policymaking. Citizens with no training in economics are quite capable of engaging with complex and sophisticated concepts, including balancing trade-offs between different outcomes. Furthermore, given that economic judgements rest on blending technical expertise with underlying political and value judgements and assumptions, economic policymaking is both particularly suitable for, and particularly in need of, more effective citizen engagement. We see particular opportunities for citizen deliberation in the formulation of regional and local economic strategies.

Importantly, this benefit is possible for institutions, even with deliberative processes that stop short of giving up the ultimate decision. Unlike a jury in a criminal trial, or in some participatory budgeting processes, the Council itself was not connected to any lever of power – the citizens were not charged with making a decision about the economy.

In our view, this opens up a safe space for economic policymaking institutions to experiment with consultative, or collaborative, deliberative processes on one important condition: where the ultimate decision departs from the direction set by citizens, those in power must demonstrate open and transparent leadership by explaining the rationale for their decision and by being willing to be held to account for its outcomes.

Conversations about the economy start at home. To build a strong democratic discourse about economics it is essential to meet people where they are; to proceed from people's everyday experience of the economy through work, at play and in their communities. Extra care needs to be taken to be inclusive and to reach marginalised and disadvantaged communities. This suggests that the most fruitful domain for applying deliberative democracy may be, at least initially, at the local and regional level. Our opinion poll with Populus (conducted at the beginning of 2018) emphasised the scale of the challenge and the opportunity, with only 16 percent of people reporting they felt they had influence over Local Enterprise Partnerships, and 33 percent saying they had influence over their local council.²

We have outlined three potential outcomes from high quality public engagement:

- 1. Efficacy of policymaking:** deliberation creates a much tighter feedback loop between those designing policy and those impacted by it. Our conclusion is that high quality public engagement, done well, holds benefit for the expert policymaker as well as the citizen participant. As such, by contributing to the quality of decision-making, it can benefit society as a whole. This holds the promise of enhancing the efficacy of policy and also preventing damaging U-turns or the abandonment of policies that simply fail to get traction or are derailed by unintended consequences. The way forward is for more experimentation in the use of deliberative methods by economic institutions, while also pursuing measures to build capacity and ensure quality delivery of such processes, as bad engagement can be more damaging than no engagement.

² Populus (forthcoming) Economic Institutions Survey

- 2. Legitimacy:** deliberation does not need to be *done by all*, but it must *be seen by all to be done*. In other words, the power of formal deliberative processes is not primarily the impact on the participants, but the demonstration effect on the rest of society. Therefore a key test of the impact of deliberative processes is the extent to which citizens who never get to participate in one both know about their existence and outcomes, and have a high degree of faith in the authenticity and balance of the process. Our opinion survey revealed that 47 percent of people would trust economic policymaking more if they knew that ordinary citizens had been formally involved in the process.³
- 3. Agency:** deliberation is not a tool for mass literacy or public education. Rather, it is about building capacity among citizens to gain deeper understanding of problems and solutions that is based on high quality information, respectful debate, and which honours diverse viewpoints, values and experiences. As with legitimacy, the larger impact of deliberative processes will depend on how this can alter the public's sense of what normal political and democratic discourse should sound and feel like. The idea that 'people like me' have participated in a deliberative process that was directly connected to decisions taken about the economy could be almost as empowering as actually taking part.

Through the following recommendations, we suggest five routes by which they might be realised:

Recommendations

- 1. Integrate citizen engagement into local government and devolution deals.** Devolution offers a chance to boost interest in participatory budgeting in the UK and pioneer the use of Citizen Reference Panels to deliberate on regional economic strategy and devolution deals.

³ Ibid

- 2. The Bank of England should establish regional Citizens' Reference Panels.** We propose that the Bank of England pilot Citizens' Reference Panels for each of its 12 Regional Agents, to provide additional sources of information about the economy which can aid decision-making and communication of the Bank's role and policies.
- 3. Central Government commission regional Citizens' Reference Panels for major economic decisions.** We recommend that HM Treasury and other economic policymaking departments should commission Citizens' Reference Panels for major economic decisions and publish the results of the Panels' deliberations.
- 4. Support citizens and civil society organisations to directly scrutinise economic policy.** We recommend that national and local government expand the use of open data and online data tools to allow public scrutiny of economic data, and provide resources to civil society organisations to provide independent analysis of policy.
- 5. Establish an expert resource centre on participatory economics.** We propose the creation of an expert resource centre on participatory economics within government, drawing upon a range of public engagement and participation techniques so that policymakers can best understand when and in what context deliberative forms of engaging the public are most appropriate and necessary.

The way forward

Deliberative processes add something different and valuable to our democratic system. Deliberation emphasises collaboration, cohesion and empathy in political discourse, greatly enhances the sense of agency of the participants and, we contend, could also increase the sense of agency and degree of trust and confidence among the wider public if the use of deliberative democracy were to become widespread, consistent and well publicised.

We are in no doubt that economic decisions are just as well suited to citizen deliberation as other domains where the practice is more established, for example health and science policy. In our view, deliberative democracy is

powerful for policy makers as well as citizens, as it provides a new source of rich and diverse insights into the current state of the economy, the impact of policy proposals and new and creative perspectives on potential solutions.

Accordingly, the RSA will continue to explore the potential of deliberative approaches in areas such as working with cities on implementing strategies for inclusive growth to understanding the public's attitudes to the adoption of new technologies.

In conclusion, we contend that deliberative democracy, as a complement to representative democracy and direct democracy, could help renew democratic discourse as a whole. The benefits will unfold over years, perhaps decades, as both citizens and experts become more accustomed to deliberative democracy and as public awareness gradually grows. Our recommendations identify how economic policymaking institutions at both national and regional level can take the next steps on this journey.

Why Citizen Deliberation and Why Economics?

"Generally, there is a feeling of lack of trust and a sense of the imbalance of power between corporations and bankers, institutions and ordinary people on the streets. There is a lot of: why get engaged if I cannot make a difference to influence anything? There's a feeling of disillusionment."

Participant, Citizens' Economic Council

Britain has never had especially high levels of trust in economic and political institutions, but in recent years levels of trust have fallen to a point that calls the legitimacy of those institutions into question. In turn, this threatens the very effectiveness of economic policy, if politicians are unable to draw decisively on their democratic mandate to underpin their initiatives.⁴

The decline in trust has been accompanied by a growing polarisation of British society on socio-economic, political, age, and ethnic lines, partly driven by globalisation and rapid socio-economic and technological change.

In this section we examine these twin forces of polarisation and declining trust. We argue that while democratic innovation is desirable across the board, it is of particular importance to rebuilding the legitimacy and efficacy of economic institutions.

The age of polarity

We are now in an age of polarity. We are witnessing a polarisation of narratives that seems to threaten the liberal democratic ideal of a 'free marketplace of ideas', and we are witnessing growing polarisation among communities, leading to a less homogenous and less collaborative society.

⁴ The Public Impact Fundamentals Report (2016) *Centre for Public Impact*. [pdf] Available at: publicimpact.blob.core.windows.net/production/2016/10/CPI-FUNDAMENTALS-REPORT.pdf

Divided narratives

“Polarising people is a good way to win an election, and also a good way to wreck a country.”

Molly Ivins⁵

The era of ‘third-way’ politics and centrism, as expounded by the work of democratic theorists including Anthony Crosland and Anthony Giddens, now seems a vestige of the past. The 2017 General Election re-established that Britain is divided along traditional two-party lines, with Labour under Corbyn’s leadership and the Conservatives under May’s, occupying 82 percent of the national vote. This is the highest it has been since 1970.

In his book *The Myth Gap*, Alex Evans talks about the importance of myths and stories in drawing people together in movements for change, whilst on the other hand he reveals the damaging impact of “scarcity messaging”.⁶ Where stories about economic insecurity, migration, and building walls, increase a sense of fear, causing people to act selfishly and individualistically. These polarising stories have been further influenced by the emergence of new technologies, which may work to entrench narratives. Two specific examples are as follows:

1. **Microtargeting:** advertisers are now able to identify issues that are important to individual voters or consumers, with the intent of presenting tailored messaging appealing specifically to those groups. Such information is often almost indistinguishable in presentation and format from information that is shared with and by friends, family and peer networks. Taken to its extremes, there is the potential for the emergence of digital space to be one in which ‘metaphorical narratives warfare’ is conducted by interest groups against each other (“weaponised narratives”).⁷

⁵ Ivins, M. (1998) *You got to dance with them what brung you*. New York: Random House Inc

⁶ Evans, A. (2017) *The Myth Gap: What Happens When Evidence and Arguments Aren’t Enough*. London: Eden Project Books

⁷ Allenby, B and Garreau, J. (2017) *Weaponised Narrative Is the New Battlespace*.

[online] Available at: www.defenseone.com/ideas/2017/01/weaponized-narrative-new-battlespace/134284

- 2. Filter bubbles and echo chambers:** content platforms are also using and applying artificial intelligence to predict which news articles might be most engaging for citizens and individual users. This creates a dynamic through which citizens can be presented with narratives and stories that serve almost exclusively to reinforce existing opinion, pandering to human confirmation bias, through which citizens increasingly lack access to the plurality of narratives that might be described as the ‘free market place of ideas’, necessary for a more democratic society and economy.

As a result, despite living in an information-dense society, the polarisation of narratives, both online and offline, has resulted in declining trust in both the quality and credibility of information itself, making it difficult to know what to trust or how to engage with it.

“I probably do not look wide enough for my sources of information. I choose to trust a small number of sources. There is too much information really and it is difficult to select.”

Participant, Citizens’ Economic Council

That these narratives have polarised may not be intrinsically problematic. Rather, it is the failure of diverse narratives *to engage critically and respectfully with each other*, interacting on an equal footing, which is undermining the quality of public discourse. Despite the creation of an online world in which any individual is ostensibly able to communicate on equal terms, inequalities of power have replicated and entrenched themselves through the emergence of ‘weaponised narratives’.

Divided nation

“We weren’t considering our nationality and if we were European or British, but with the referendum we were forced to take sides and make nationality decide our identity.”

Participant, Citizens’ Economic Council

Analysis of the Brexit referendum focused primarily on those that the media had dubbed ‘left-behind’. These were people in regions of the

UK who turned out in disproportionate numbers to vote to leave the EU because that was against the 'established view'. Research has revealed the extent to which high inequality and poverty helped to trigger this Brexit 'protest' vote in areas where income inequality and poverty are higher, where there were more Leave votes, even after controlling for the influences of socio-economic and geographic factors.⁸

This disaffection goes well beyond income inequality and poverty, however. Those who Robert Ford and Matthew Goodwin describe as "on the wrong side of social change" feel threatened by a combination of rapid and unpredictable shifts and a political establishment they believe to be ignoring their concerns.⁹ This disaffection is also unlike previous eras in which workers could organise economically and politically to demand better outcomes. The new working class is socially, economically and ethnically disparate and therefore harder to forge into a collective identity.¹⁰

There is growing recognition that policies based on growth and 'trickle-down economics' have failed to ensure that all people contribute to and benefit from economic success.¹¹ That too has itself perpetuated the polarisation of society and the creation of a sense of 'us-and-them'.

David Goodhart has described the country as divided between the "anywheres" and the "somerwheres".¹² The former are the degree-educated, geographically mobile who embrace change and define themselves by their experiences. In contrast, "somerwheres" have an identity rooted in their hometown, and find rapid change, such as that brought on by globalisation and immigration, unsettling. This binary characteristic is

⁸ Darvas, Z. (2016) *High inequality and poverty helped trigger the Brexit protest vote*. [online] LSE BREXIT. Available at: blogs.lse.ac.uk/brexit/2016/08/31/brexit-should-be-a-wake-up-call-in-the-fight-against-inequality

⁹ Ford, R and Goodwin, M. (2014) *The Revolt on the Right: Explaining Support for the Radical Right in Britain*. Oxfordshire: Routledge

¹⁰ Ainsley, C. (2018) *The New Working Class: How to win hearts, minds and votes*. Chicago: The University of Chicago Press

¹¹ Inclusive Growth Commission (2017) *Inclusive Growth Commission: Making our Economy Work for Everyone*. [pdf] London: The RSA. Available at: www.thersa.org/discover/publications-and-articles/reports/final-report-of-the-inclusive-growth-commission

¹² Goodhart, D. (2017) *The Road to Somewhere, The Populist Revolt and the Future of Politics*. London: Penguin Books

simplistic, with many people sitting between such extremes, or changing how they define themselves over the course of their lives. However, there does seem to be evidence of a widening gap between the ends of the spectrum. For example, the British Social Attitudes survey (2017) revealed a 46 percent point difference between graduates aged 45 and under, and school leavers aged 65 and over on positive attitudes to immigration.

"In London people are in a bubble, and experts don't take into account the rest of the country...they don't understand life outside London...the housing markets, the wages, the jobs people do are all very different."

Participant, Citizens' Economic Council

The 2017 Social Mobility Report highlights a different division: that between London and the rest of the country. It examined England's 324 local authority areas and ranked them using indicators of education, employment and housing prospects of people in that area. Hotspots on the index are where people from disadvantaged backgrounds are most likely to make social progress. Cold spots are where there is least chance of mobility. Although London does contain pockets of high deprivation, overall it has almost two thirds of the country's hotspots, whereas the cold spots feature predominately in rural or coastal and deindustrialised areas.¹³

Where someone is born and brought up in the UK, more so than their individual merit or capability, dictates how well they will do in life. In light of this it is telling that a substantial majority of cold spots, 60 of the 65, voted Leave in the EU referendum.¹⁴

All of this serves as evidence that we have seen a widening chasm, not just between 'expert' and 'citizen' (as evoked in politician Michael Gove's now

¹³ Social Mobility Commission (2017) *State of the Nation 2017: Social Mobility in Great Britain*. [online] Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/662744/State_of_the_Nation_2017

¹⁴ Milburn, A. (2017) *Social mobility is a stark postcode lottery: Too many in Britain are being left behind*. [online] Available at: www.theguardian.com/inequality/2017/nov/28/social-mobility-stark-postcode-lottery-too-many-britain-left-behind-alan-milburn-commission-report

infamous line that “people in this country have had enough of experts”),¹⁵ but also between citizen and citizen. It is clear that this chasm has not narrowed in the aftermath of the vote. Despite the opportunity to vote in the EU referendum, a Populus (2018) opinion poll, commissioned by the RSA, reported that only 21 percent of respondents felt they had either a lot or a little influence on Central Government handling of Brexit as Britain initiated the process of leaving the EU. This figure was significantly higher in London (30 percent), and lower in regions such as the North East (16 percent), North West (19 percent), East of England (17 percent) and the South West (17 percent).¹⁶

The decline of deference to economists

In the face of this evidence that many people have not been well served by the economy or economic policy, the British Social Attitudes survey reports that trust in government (the civil service) to put the needs of the nation first has declined significantly: from just under 40 percent in 1986 to 18 percent in 2013 (see Figure 1). Banks have fared especially poorly. In 1983, 90 percent of the British public thought that banks were ‘well run’. By 2014, only 34 percent agreed that was the case – perhaps the most dramatic change of attitude registered by survey.¹⁷

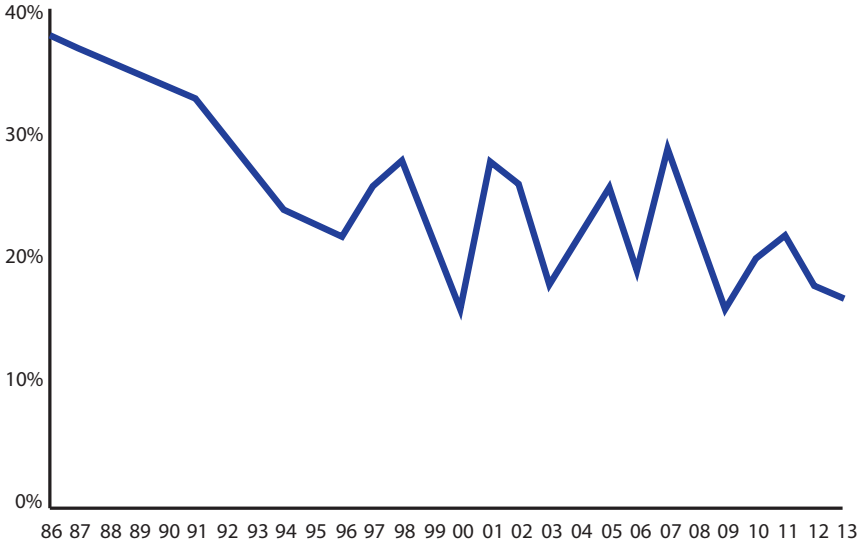
The Edelman Barometer of Trust reported in 2017 that only 17 percent of the British public trusted the Chancellor of the Exchequer, Philip Hammond, to communicate honestly with the public, or to do what is right for the country (19 percent), trailing behind Nigel Farage (20 percent) and Jeremy Corbyn (23 percent).¹⁸

¹⁵ Mance, H. (2016) *Britain has had enough of experts, says Gove*. [online] Available at: www.ft.com/content/3be49734-29cb-11e6-83e4-abc22d5d108c

¹⁶ Populus (forthcoming) Economic Institutions Survey

¹⁷ Phillips, M and Simpson, I. (2017) *British Social Attitudes: The 32nd Report*. [pdf] London: NatCen Social Research. Available at: www.bsa-29.natcen.ac.uk

¹⁸ Edelman. (2017) *2017 Edelman Trust Barometer*. [online] Available at: www.edelman.com/trust2017

FIGURE 1: Trust in government to put needs of the nation first (1986 – 2013)Source: *British Social Attitudes Survey*

Falling trust in economists

"If the public become more disengaged, they become less aware, and more easily manipulated. This way you end up with a dangerous mass rather than an engaged and informed population [who can help strengthen democracy]."

Participant, Citizens' Economic Council

Managing the economy is consistently in the top three priorities determining voters' decisions to vote in UK General Elections.¹⁹ Yet we live in a world in which economics is experiencing a crisis in legitimacy and public trust, at the same time as economists are seen as holding disproportionate influence and power.

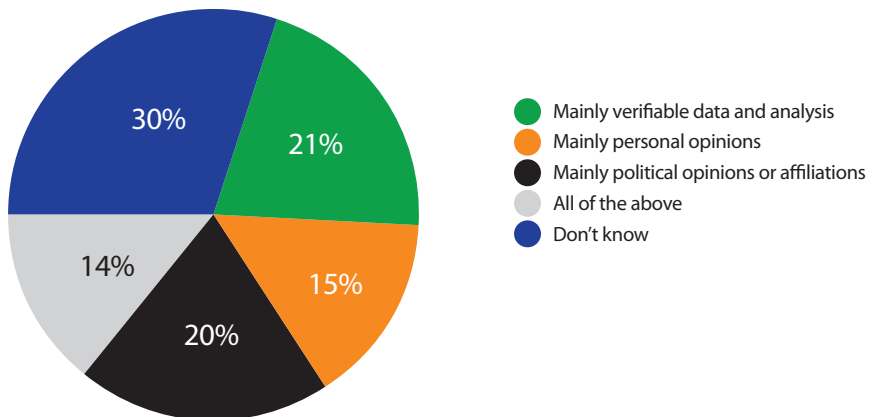
¹⁹ Ipsos MORI (2014) *Economy, immigration and healthcare are Britons' top three issues deciding general election vote*. [online] Available at: www.ipsos.com/ipsos-mori/en-uk/economy-immigration-and-healthcare-are-britons-top-three-issues-deciding-general-election-vote

The Brexit referendum marked a particularly low point for the relationship between citizens and experts. In a poll commissioned by ING-Economics Network, 35 percent of respondents said they felt that economists in the debate before the referendum had based their comments on “mainly personal opinions, or mainly political opinions and affiliations,” with another 30 percent saying that they “did not know” what economists based their comments on. Only 21 percent of all those polled said that they thought economists’ comments were based on “mainly verifiable data and analysis.” Levels of public trust in economists was especially stark among those who had not studied economics (55 percent), among residents of the north of England (44 percent) and among Leave voters in the EU referendum (54 percent).²⁰

FIGURE 2: Distrust in the motivations of economists

Source: ING-Economics Network polling (2016)

Thinking about the debate around Brexit before the referendum, which of the following do you think economists based their comments on?



²⁰ The Economics Network (2017) *ING-Economics Network Survey of Public Understanding of Economics* [online] Available at: economicsnetwork.ac.uk/research/understandingecon

This heightened sense of distrust is fuelled by the perceived distance between economists and citizens. Almost three quarters (71 percent) of respondents to the same ING/Economics Network poll, said that public figures were very important or fairly important in communicating to the public about their specialist subject, but only 16 percent were able to name any such public figure in relation to economics.

Those 'experts' famously described by Michael Gove are, in reality, a nebulous grouping – ranging from politicians, unelected policymakers, Bank of England officials, retail banks, investment banks and commentators on the economy. Perhaps the one characteristic all have in common is that this loose grouping have in recent years been successfully characterised as the 'establishment' or the 'elite', against whom a vague, homogenous class of 'citizens' are asserting their rights, values, prosperity, identity and voice.²¹

"Poverty is an intrinsic part of the economy."

Participant, Citizens' Economic Council

Many citizens experience profound levels of economic insecurity, poverty and/or inequality, which contributes to undermining their sense of agency and self-trust in the economy. The RSA's work through the Inclusive Growth Commission,²² as well as recent reports on economic security,²³ illustrate the extent to which insecure housing, personal debt concerns, and inflation outstripping pay, squeezes incomes and contributes to rising levels of in-work poverty. IPPR's Economic Justice Commission has argued for a structural overhaul of policy, pointing to the decoupling of average weekly earnings from gross domestic product (GDP) growth, and how the share of national income going to wages as opposed to capital, has fallen since

²¹ Albertazzi, D and McDonnell, D. (2008) *Twenty-first [21st] century populism*. Basingstoke: Palgrave Macmillan

²² Op. cit.

²³ Balaram, B and Wallace-Stephens, F. (2018) *Seven Portraits of Economic Security and Modern Work in the UK*. [online] The RSA. Available at: www.thersa.org/discover/publications-and-articles/reports/seven-portraits-of-economic-security-and-modern-work-in-the-uk

the 1970s.²⁴ This marks a significant departure from the 'trickle down' assumption held by economists that an increase in economic growth would accrue benefits to all.

As Claudia Chwalisz has argued, populists have preyed on this combination of economic polarisation and the decrease in expert legitimacy to argue that decisions have been taken behind closed doors by the 'elite', and that power needs to be reclaimed by the people.²⁵ This, she proposes, is a signal that politics and democracy itself needs to change.

The decline of expert legitimacy fuelling populism is a trend which is now confirmed by the Edelman Barometer of Trust as global, not simply national. In 2017, the Barometer reported a "global implosion" of institutional public trust in economists, banks and politicians. A more recent survey by Ipsos MORI of 25 countries reveals the extent of public discontent. In Britain and the USA, 60 percent and 63 percent of respondents said that their country was "on the wrong track".²⁶ In France, we have recently witnessed an electoral showdown between an independent (Macron) and the far right (Marine Le Pen) at the expense of both moderate right and left wing political parties, between them capturing 89 percent of the vote.²⁷

A Freedom House report found that, "in 2016, populist and nationalist political forces made astonishing gains in democratic states," in which "a total of 67 countries suffered net declines in political rights and civil liberties in 2016, compared with 36 that registered gains. This marked the 11th consecutive year in which declines outnumbered improvements."²⁸

²⁴ Economic Justice Commission (2017) *Time for Change: A new vision for the British Economy*. London: IPPR

²⁵ Chwalisz, C. (2015) *The Populist Signal*. (1st ed.) London: Rowan & Littlefield International

²⁶ Ipsos MORI (2016) Majority across countries say their country is on the wrong track. [online] Available at: www.ipsos.com/ipsos-mori/en-uk/majority-across-25-countries-say-their-country-wrong-track

²⁷ Ibid

²⁸ Freedom House (2017) *Populists and Autocrats: The Dual Threat to Global Democracy*. [pdf] Freedom House. Available at: freedomhouse.org/sites/default/files/FH_FIW_2017_Report_Final.pdf

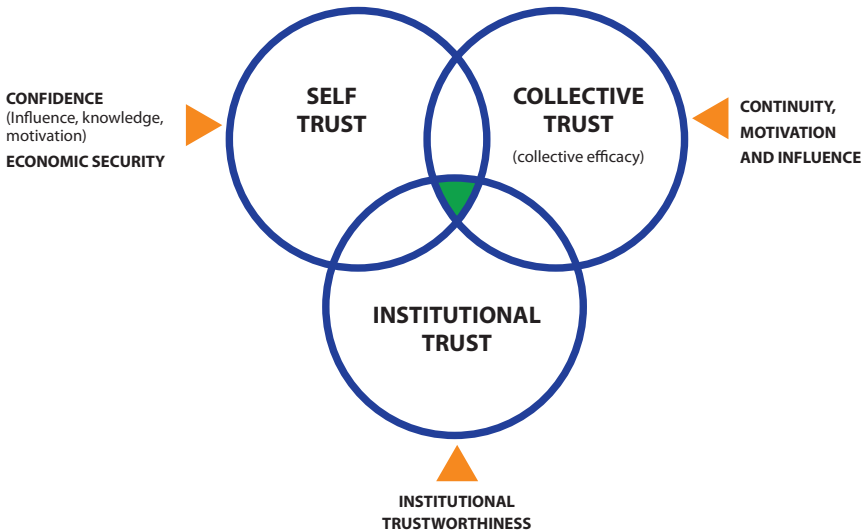
Understanding trust and trustworthiness

"The people when rightly and fully trusted will return the trust."

Abraham Lincoln

Trust can be understood in terms of three inter-related forms of trust (see Figure 3): self-trust, collective trust and efficacy, and institutional trust. To reverse the decline in trust requires attention to all three forms.

FIGURE 3: Three interconnecting levels of trust



First is a decline in citizens' sense of *self-trust*. This may stem from *economic insecurity* – defined by the RSA as:

*"harmful volatility in people's economic circumstances. This includes their exposure to objective and perceived risks to their economic well-being, and their capacity to prepare for, respond to, and recover from shocks or adverse events."*²⁹

²⁹ Shafique, A. (2018) *Addressing Economic Insecurity*. [pdf] London: The RSA. Available at: www.thersa.org/globalassets/pdfs/reports/rsa-addressing-economic-insecurity.pdf

Findings from our Economic Inclusion Roadshow³⁰ in particular illustrated the extent to which efforts to address economic insecurity often undermined citizens' perceptions and experiences of agency and influence over the economy. But even if citizens feel economically secure, they might still lack *confidence, as well as lack a sense of self-competence*, influence over external affairs, knowledge, and motivation to effect change.

Addressing a decline of trust in this sense requires approaches that tackle both economic insecurity and low levels of personal confidence. Taken together, this may help build what psychologists describe as an "internal locus of control", the belief that a person can influence events and their outcomes, rather than an "external locus of control", where citizens may be inclined to place responsibility and blame on outside forces.³¹

These external forces might well include institutions and others in their society. So the issue we confront is a rise in populism, which feeds off and perpetuates a mistrust of both institutions and those people who are 'othered', and which is intimately connected to a decline in self-trust for many.

Second, we have witnessed a decline in *collective trust and collective efficacy*.³² Collective efficacy refers to the mutual trust among neighbours combined with a willingness to act on behalf of the common good. Trust is a relational concept in this respect and is exhibited in the informal behaviours, practices and norms that result in strongly forged solidaristic bonds between people.

Through our work on the roadshow, where we engaged with diverse groups and communities experiencing profound levels of economic exclusion, we encountered very different responses to a sense of community. Without clear implicit norms and incentives that promote co-operation between neighbours, or where levels of distrust and fear are high, we found that

³⁰ Patel, R., Gibbon, K. and Warden, J. (2017) *On the Road: Findings from the RSA's Economic Inclusion Roadshow*. [pdf] London: The RSA. Available at: www.barrowcadbury.org.uk/wp-content/uploads/2017/11/rsa-cec-roadshow-report.pdf

³¹ Rotter, J. (1966) Generalized expectancies for internal versus external control of reinforcements. *Psychological Monographs*, 80, pp. 609

³² Parker, S. et al (2008) *State of Trust: How to build better relationships between councils and public*. London: Demos

citizens are less likely to aim to secure outcomes that serve the best interest of the group and communities as a collective.

Conversely, it was in those communities where people trusted each other more and were more willing to cooperate that they were more likely to aim to secure those outcomes. This is corroborated by evidence gathered by a number of sociologists and criminologists – notably, in Chicago in the early 2000's, where an absence of collective efficacy was amongst one of the single biggest predictors of crime in an area.³³

There is also a substantial body of evidence, including that gathered through the Citizens' Economic Council, that suggests increased deliberation and interaction with different perspectives and viewpoints promotes a greater sense of collective efficacy.

"People were open minded. The opportunity to meet people from different walks of life and different age groups was the most valuable. Especially as people tend to self-select people in their lives. I used to work with teenagers so I would interact with people of different ages, but now I'm retired."

Participant, Citizens' Economic Council

Collective efficacy in relation to the economy can be understood in different respects and can take many diverse forms. It requires the rebuilding of shared values and working with common parties in pursuit of shared, common interest in reshaping the public square, which includes the local economy. Historically, these are the kinds of ethos and values that have led to communities and groups creating organisations in pursuit of the solidaristic economic interest such as mutuals, guilds and cooperatives, as well as trade unions and credit unions. More recently, others, like Rachel Botsman, have suggested that the platform and sharing economies have promoted, and have potential to promote the creation of collective efficacy amongst strangers, at the expense of trust in institutions.³⁴

³³ Maxwell, C. et al (2011) *Collective Efficacy and Criminal Behaviour in Chicago, 1995-2004*. [pdf] Available at: www.ncjrs.gov/pdffiles1/nij/grants/235154.pdf

³⁴ Botsman, R. (2017) *Who Can You Trust?: How Technology Brought Us Together - and Why It Could Drive Us Apart*. London: Penguin Books

Institutional Trust – Creating Trustworthiness

To restore trust in economic institutions will require that they take action to restore their own trustworthiness. During the Council, citizens repeatedly told us that they wished to be *heard* by those who had the power to change their lives, not simply *listened to*. This requires clear signals from economic institutions and decision-makers that:

- they are committed to being *transparent and clear* in their communications;
- they *value* citizens' voices as a form of expertise ('expertise of experience');
- they *take account* of their views when making their decisions; and
- they are committed to building *more inclusive economic institutions*.

Rich and meaningful interaction between institutions and citizens is therefore fundamental to trustworthiness. Professor Onora O'Neill argues that an essential component is the

*"intelligible communication of evidence of trustworthiness to others, without which they cannot place or refuse trust intelligently."*³⁵

Similarly, Geoff Mulgan writes on the importance of integrity, honesty and the *need to be seen* to be working in public interest to win and maintain trust.³⁶ Extensive data also illustrates that citizens are more inclined to trust organisations that interact closely with them (eg GPs, NHS, retailers) than they are to trust those organisations and institutions perceived to be more arms-length (eg government institutions).³⁷ Institutions perceived to

³⁵ O'Neill, O. (2016) *"What is Banking For?": Remarks by Baroness Onora O'Neill*. Federal Reserve Bank of New York. [online] Available at: www.newyorkfed.org/medialibrary/media/governance-and-culture-reform/ONEILL-Culture-Workshop-Remarks-10202016.pdf

³⁶ Mulgan, G. (2009) *The Art of Public Strategy: Mobilising Power and Knowledge for the Common Good*. Oxford: Oxford University Press

³⁷ Parker, S. et al (2008) *State of Trust: How to build better relationships between councils and public*. London: Demos

be acting only in the public's interest (in opposition to personal or private gain) are, similarly, more likely to be trusted by the public. Economics and economic institutions fail on both counts.

Firstly, economists and economic institutions fail to communicate both the relevance and transparency of economics itself to citizens. And secondly, economic institutions lack effective feedback loops between institutions and citizens, including a sufficiently regional and local account of how the economy itself works.

In the next section we set out how better citizen engagement in general, and the use of deliberation in particular, can help to address these deficiencies.

The Benefits of Citizen Engagement

“Have we as a country agreed, indeed – have we even properly debated, what a successful economy means?”

Matthew Taylor³⁸

What can citizen engagement in economic policymaking bring to bear on the challenges of social and economic divisions, and declining trust?

There is much international evidence on the benefits of deliberative democracy and a depth of UK expertise and experience that has not necessarily had the attention it deserves. Our aim with the CEC was to *add to* this body of work by applying deliberative techniques to national economic policy, and to *draw the attention of new audiences* to the larger field of democratic innovation.

Deep engagement processes such as the deliberative approach described below, necessarily only directly involve a tiny proportion of the public. We consider later in Section 4 how the impact of such engagement can be scaled up to have a much broader impact on political economic debate and on the formulation and implementation of economic policy.

About the RSA Citizens' Economic Council

The CEC was a two year programme with a range of component activities that aimed to test the following hypothesis:

When citizens are effectively engaged in economic policy, they gain greater awareness of economic issues, are more empowered to influence the economy and can help to strengthen both the quality and legitimacy of policy making.

³⁸ Taylor, M. (2015) *The Human Welfare Economy*. [online] Chief Executive's Annual Lecture, RSA. Available at: www.thersa.org/action-and-research/arc-news/chief-executives-lecture-2015-news

It sought to explore whether new narratives about economics can be more accessible, reflective of, and responsive to the experiences of the wider public, now more diverse in outlook and demographic characteristics than ever.

Launched against the backdrop of the challenges set out in the preceding section, we set out to explore new approaches that could:

- build citizens' capacity and confidence in talking about the economy;
- improve citizens' sense of agency and influence over the economy; and
- build the confidence of policymakers and economic experts to collaborate with citizens, with a view to strengthening both the legitimacy and quality of economic policymaking.

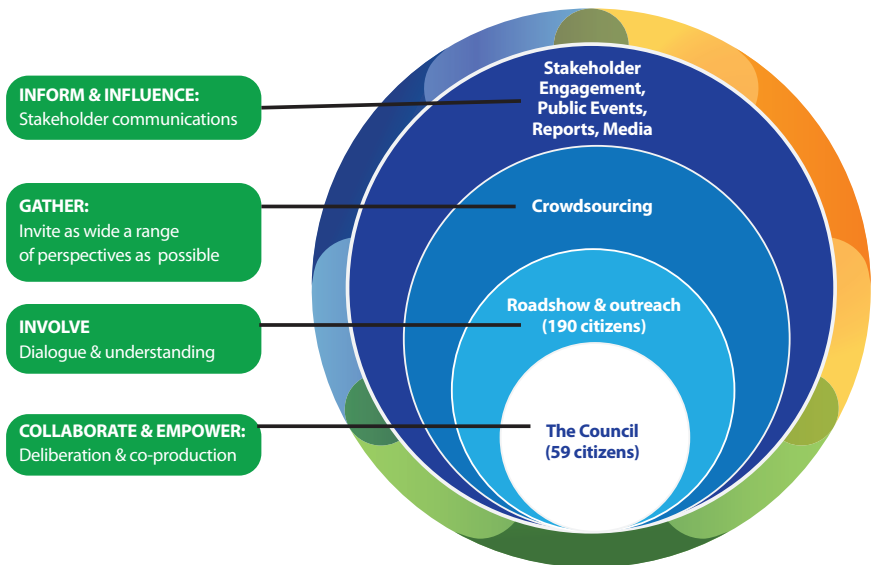


This 'multi-method' engagement programme worked in an experimental, iterative and collaborative manner, bringing together a wide network of citizens, economists, policymakers, businesses and civil society partners (see Figures 4 and 5).

The centrepiece of our engagement was a deliberative democratic engagement approach, the Citizens' Economic Council – a group of 59 citizens³⁹ selected from diverse age, ethnicity, gender, socio-economic background and disability characteristics, paid for their time in a manner akin to jury service. This group deliberated on national economic policy and co-created a Citizens' Economic Charter over a five day period.

Their deliberations were supported by fieldwork across the UK engaging with marginalised groups and communities (the EIR). In turn, the Council's deliberations helped frame three crowdsourcing challenges to which any UK citizen could respond.

FIGURE 4: Mixed methods engagement



³⁹ For more information on the composition of the Council, please see Appendix A

FIGURE 5: Components of the CEC programme

The Citizens' Economic Council	Engaging 59 citizens on national economic policy over a period of five days in five months. This was a model akin to an extended period of 'jury service' and the citizens were selected to represent a diverse range of backgrounds and characteristic from the areas of Greater Manchester and Greater London.
An Economic Inclusion Roadshow	Engaging with 190 citizens in some of Britain's most 'left behind' communities and networks with a view to understanding their perspective on the economy and economics and exploring the disconnect between citizens and experts. The Roadshow travelled to Glasgow, Oldham, Birmingham, Clacton-on-Sea, Port Talbot, as well as engaging specifically with care workers, disabled citizens, LGBTQI citizens and young people (London & Birmingham).
Crowdsourcing	Using Wazoku, an online crowdsourcing platform, to gather 47 policy ideas in response to three economic challenges identified by the Council.
Stakeholder engagement	Engaging directly with policymakers, economists, politicians, RSA Fellows and self-organising networks through a broad programme of external stakeholder engagement, face-to-face meetings, and public events.
DIY Economics Toolkit	Collaborating with Economy, the sister charity of Rethinking Economics that focuses on communication and public education, to create a toolkit supporting individuals and self-organising networks to engage with economics across the UK.

The RSA sought to embody the goals and objectives of the programme in its very designs - working iteratively and collaboratively with citizens and just over 50 economists, policymakers and experts to co-create a vision for a citizens' economy - the Citizens' Economic Charter (See on the following page).

Suggested provisions for the Charter were initially produced by citizen participants working in small groups. They were then discussed and refined over the course of the Council's deliberation days in London and Manchester. Finally, the two draft Charters were deliberated on by each group and merged to reach a common position supported by the whole Council.

There was a high degree of commonality within each group and between the two groups, although there were also clear differences of emphasis and priorities. By focussing on general principles, it is interesting to note that the citizens did not seek to incorporate prescriptions about how the economy and markets should best be organised to achieve the outcomes and qualities set out in the Charter. For example, there is no prescription on the overall size of the state, levels of taxation or spending relative to GDP, or the balance between market, mutual and state provision of goods.

This suggests the possibility that deliberative processes can create a more common sense of purpose and goals for the economy, while still allowing space for robust and healthy political debate over alternative policy manifestos.

The Citizens' Economic Charter

A citizens' economy is one that secures:

Fairness

- Citizens are able to make an equal contribution to the economy, according to their means and their ability.
- Citizens have equality of opportunity within an economy.
- The gap between those citizens who can make contributions and have access to opportunities, and those who do not, is closed through education, transparency and policy.

A socially just society

- Where no citizen fails to have their basic needs met, and vulnerable citizens are protected. We understand basic needs as:
 - Food
 - Shelter
 - Healthcare
 - Access to work
 - Participation in society
 - Education
- Ensures that everyone has what they need, everyone contributes and everyone's contribution is valued equally.
- Creates policies that support the realisation of these goals, through increased government investment in the necessary infrastructure.
- Ensures equality of access to opportunities and confers rights upon citizens. It also confers responsibilities upon citizens.

Innovation for social good

- **Involvement in innovation:** Decisions made about the economy should provide many opportunities for all citizens to be involved in innovation. Economic decision-makers should have a strategy in place that allows all citizens to influence innovation.
- **Innovation to secure social justice:** Innovation should be led by and aim to contribute to social value and social need – understood as developing new ideas and ways of working that help communities and individuals to achieve social justice.
- **Innovation has a purpose:** Whether for profit or non-profit, organisations and businesses aim to secure innovation that promotes social justice.

Sustainability

- **Economic sustainability:** Sustainability should aim to secure a more resilient economy in the longer-term, able to withstand and weather crises in the financial system.
- **Environmental sustainability:** Economic decisions must consider long-term impacts on the environment and society (communities and citizens), and take into account the indirect consequences of policy changes and external conditions or impacts eg technological change. Sustainability requires us to manage resources well for the long term; preserving our soil, water, forests and clean air for our basic needs.
- **Social sustainability:** Social sustainability seeks to build mixed and balanced communities – ensuring that citizens with diverse skills and a diverse workforce can live in any area of the country.

Governments should think beyond the constraints of short-term, political timeframes when formulating economic policy. Longer-term thinking must be secured and ensured by continuity of government policy, which seeks to protect the planet and people.

Citizen engagement and empowerment

- Citizens have the knowledge and capacity to **positively** contribute to society and the economy.
- Citizens have the information, knowledge, capacity, understanding and the opportunity to participate to the degree they wish, in local, regional and national economic policymaking.
- Citizens are engaged and empowered to make decisions as **communities in ways** that affect them locally and nationally.
- Citizens are able to participate in their workplaces and in their roles as consumers, suppliers and employees.

Devolved power and decision-making

- Stronger accountability between citizens and institutions should be created with national economic institutions directly responsive to, and supportive of local government, shifting away from a 'top-down' model of decision making.
- In turn, local government should be responsive to locally agreed priorities, generated by citizens.
- Decisions should be made at a local level where possible, seeking to re-establish trust.

Accountability and transparency

- All institutions making economic decisions should have stronger accountability to citizens and provide mechanisms through which citizens can hold them to account for their decisions.
- Transparency underpins all of the values laid out in this Charter. Transparency means:
 - Providing public access to unfiltered and straightforwardly presented information, through multiple channels and using a wide range of platforms (for example online, paper and so on).

- Information should be both understandable and trustworthy.
- Systems must encourage the transparency, impartiality and independent scrutiny of leaders within them. Those leaders should have clearly defined roles, and the appropriate knowledge and skills to make policy that is fit for purpose.
- Having the appropriate legislative and regulatory framework in place to enable citizens to monitor performance against the Charter values, supported by an effective enforcement system.

Benefits for Citizens, Insights for Policymaking

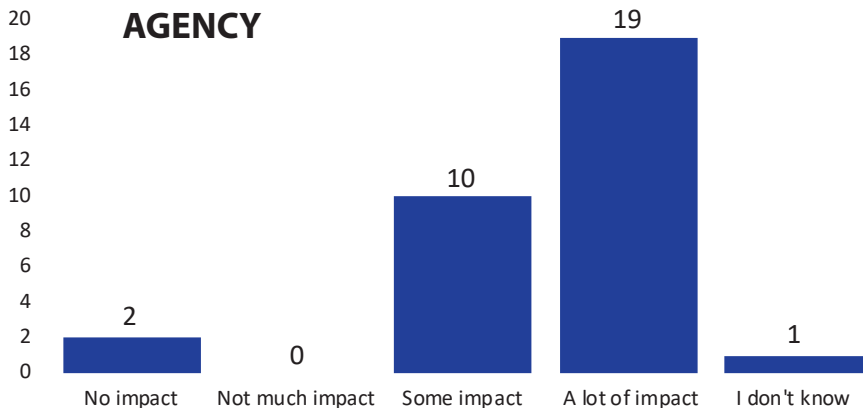
Building Citizens' Capacity, Agency and Collective Efficacy

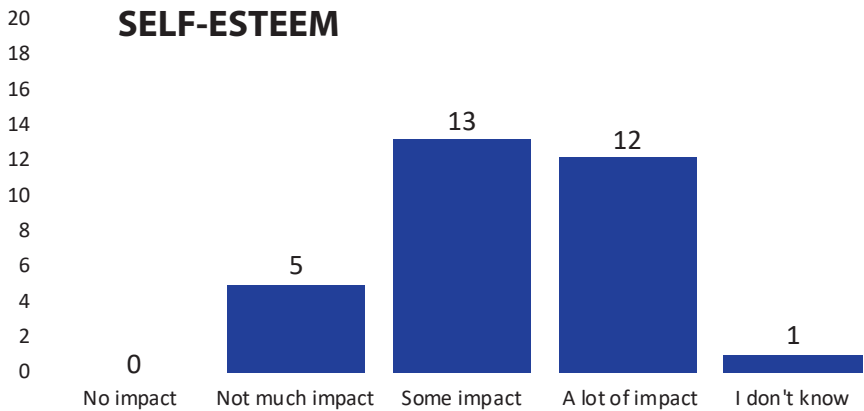
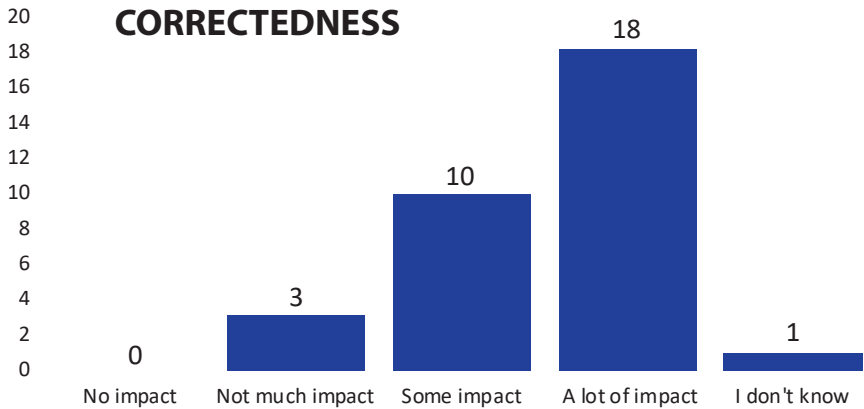
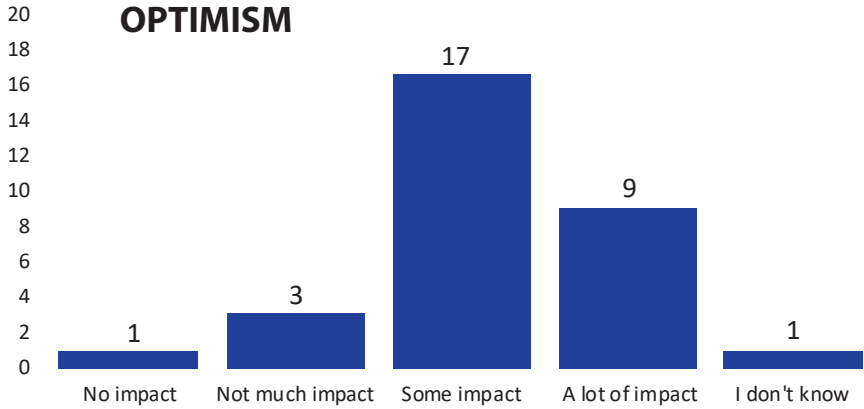
The Council process and emerging findings from forthcoming evaluation work have illustrated the extent to which citizens' sense of influence over the economy shifted demonstrably.

For those who participated in the process, their sense of autonomy and agency markedly improved, as did their sense of optimism about the future, their sense of connectedness to others and their feelings of self-esteem (see Figure 6).

FIGURE 6: Impact on Council participants' sense of agency and connectedness

(Based on surveys of participants in the final summit in Birmingham with 37 respondents.)



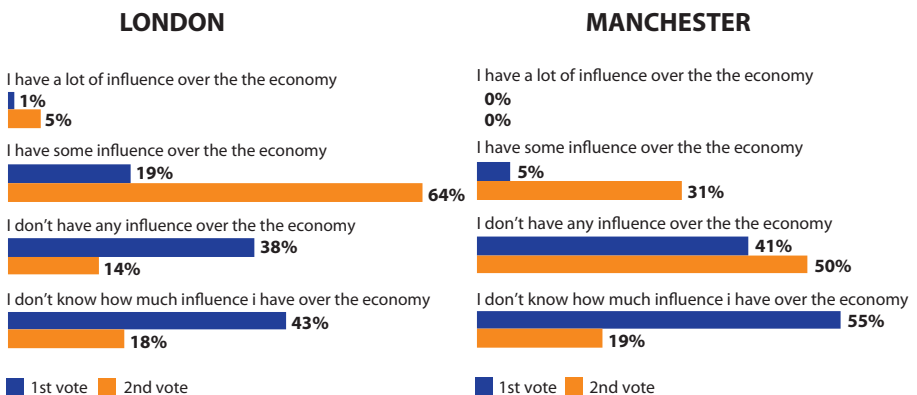


Many citizens also began to inform and empower themselves as well as others – speaking to the extent to which such processes have the potential to build greater collective efficacy. A marked number of participants spoke about the benefits of engaging with others who held opinions different to their own, and all of the 10 citizens we spoke to in evaluation interviews specifically mentioned how much they valued the interaction with people from different backgrounds.

Towards the end of the deliberative process, participants explored moments where they had ‘noticed’ features of the economy in the wider world. They described hearing about and connecting more with economics as reported in the news, and a number of citizens reported greater understanding and empathy for policymakers when they face making policy with challenging trade-offs, choices and values.

In particular, we noticed that participation in deliberation had the effect of increasing citizens’ sense of influence over the economy to some extent (by just over 50 percent) – although it is noted that very few citizens felt that they had a *lot* of influence over the economy (see Figure 7); data which is corroborated by our evaluation interviews.

FIGURE 7: Impact on Council participants’ sense of influence over the economy



During the course of the Council deliberations, a snap General Election was called in June 2017. This presented the RSA with the opportunity to ask the participants about the extent to which participating in the process had affected their approach to voting in the General Election. In a poll of 36 participants, 81 percent of the respondents from London reported that discussing economics had either a significant or some impact on their confidence as a voter. In Manchester, this figure was 87 percent (see Figure 8).

FIGURE 8: Impact of discussing economics on confidence as a voter in the 2017 General Election⁴⁰

How much impact will having a better understanding of economics have on your confidence in voting in this election?

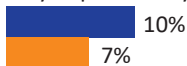
Discussing economics with others in my local area and with experts has had a significant impact on my confidence as a voter



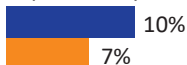
Discussing economics with others in my local area and with experts has had some impact on my confidence as a voter



Discussing economics with others in my local area and with experts has not had very impact on my confidence as a voter



Discussing economics with others in my local area and with experts has had no impact on my confidence as a voter



■ LONDON ■ MANCHESTER

⁴⁰ These figures are from those who participated in an e-voting exercise we held on Day 4 in Manchester and London, on the 13th and 20th May respectively

Looking beyond the clear benefits for citizens participating in or observing such a process, further evidence revealed by the Populus/RSA opinion poll suggests that even those citizens who are *aware* that such a process took place has positive impacts on their perceptions of decision-making. This is true *irrespective of whether they were actively involved in the process*. In the poll, we asked respondents to imagine that ordinary citizens were involved in informing economic institutions and decision-making, through participation in jury-style events (citizen juries, assemblies etc). The results were significant: 47 percent of respondents said that they would place more trust in those economic institutions that better engaged citizens (the figures for regional bodies such as councils and local enterprise partnerships were slightly higher, at 52 percent). The findings suggest that citizen engagement methods contribute in multiple ways to the overall health of the deliberative system, further described in Section 4.⁴¹

Citizens engage with complexity, navigate trade-offs, and open up new policy insights

"I don't think any political party gets elected by saying 'pay more taxes'. The problem is there's a gap in our expectations. We expect things that we're not prepared to pay for."

Participant, Citizens' Economic Council

A core part of our hypothesis was that public engagement processes contribute to the quality and efficacy of policymaking. A growing body of research illustrates the extent to which public deliberation improves the efficacy of policymaking, increasing participants' knowledge of evidence, shifting attitudes regarding the role of evidence, as well as influencing public opinions.⁴²

⁴¹ Populus (forthcoming) Economic Institutions Survey

⁴² MacLeod, P. (2018) *MASS LBP: Creative Publics*. Presentation at the RSA. 18 January 2018; Gastil, J., Knobloch, K. and Richards, R. (2014) Vicarious Deliberation: How the Oregon Citizens' Initiative Review Influenced Deliberation in Mass Elections. *International Journal of Communication*, 8, pp. 62-89. [online] Available at: sites.psu.edu/citizensinitiativereview/wp-content/uploads/sites/23162/2015/04/VicariousDeliberation.pdf

"I found myself examining that policy more than I would have usually, is it a good use of money? I like the sound of it, I like the idea that we would want to support young people, I started to examine that and think is that workable. As a voter I want the truth, in truth can we afford to abolish tuition fees? It's not just about the values I want to hear the truth no matter how hard it is. People who studied who could have had a trade or apprenticeship, was it a good policy to push so many people into university?"

Participant, Citizens' Economic Council

Crowdsourcing enabled the RSA to access a wider range of innovative and well-thought out policy ideas, supporting the programme's initial hypothesis that it is possible to gain creative insight from the public on challenging economic issues through effective policy engagement, online or offline.

Using Wazoku, an online crowdsourcing platform, we framed three policy challenges which any UK citizen could respond to and gathered 47 policy ideas. Each policy idea was assessed against criteria of being creative and innovative, feasible, and likely to have a positive impact. The judging panels comprised one specialist in the area relevant to each challenge, a citizen from the Council and an RSA staff member.

The three key challenges we asked the public to address and the policy ideas that won these challenges are listed on the following page.

Winning policy ideas

Challenge 1: Getting a fairer deal on what we buy

Taking into consideration the information given to consumer, how our financial circumstances affect what and when we buy, and how we make choices, we wanted ideas on how to empower consumers and make purchasing decisions fairer for everyone.

Featured Idea: Clear & Concise Terms & Conditions

This idea called for the creation of an independent website where organisations can place the terms and conditions of their product or service in a simple, easy to understand way. The products or services could be categorised by sector or type to allow purchasers to review other similar items and link to relevant suppliers. This idea was designed to provide some much needed clarity in a number of purchasing areas where terms and conditions seemed designed to confuse people rather than assist them (eg mobile phones, pensions, and investment funds). The author felt that implementation of this policy may have consumers take into account other aspects of their choices besides cost and could even put public pressure on companies to rethink the services that they are providing.

Challenge 2: Engaging the public in decisions about the economy

Most decisions made about the economy are made independently of those who will be affected. Often the level of engagement with the public is relatively low, with institutions either informing the public by announcing proposed changes, or implementing changes and then asking for feedback. We wanted to find new ways for how these institutions can involve, collaborate and empower the public in decisions about the economy.

Featured Idea – Standards for articulating cost benefit

This idea argued that whilst the public have various opportunities to engage in economic decisions such as via participatory budgeting and annual local government budget consultations, these are often small scale, with the latter being primarily about budget-setting. In addition, consultation is limited with budget cuts and almost non-existent with budget increases. We therefore need a better set of rules about when consultation should apply, particularly around spending. Efforts need to be made to help the public understand the costs and benefits of options better when changes to public services are made. Additionally, companies need to adopt the democratic machinery of government, for example, through online petitions and scrutiny process.

Challenge 3: Making today's economy work for tomorrow

We asked the public to consider how we can build an economy that builds resilience for the long-term and engages our collective interests as citizens ahead of our consumer instincts. We asked idea creators to consider social, economic and environmental sustainability within their submissions.

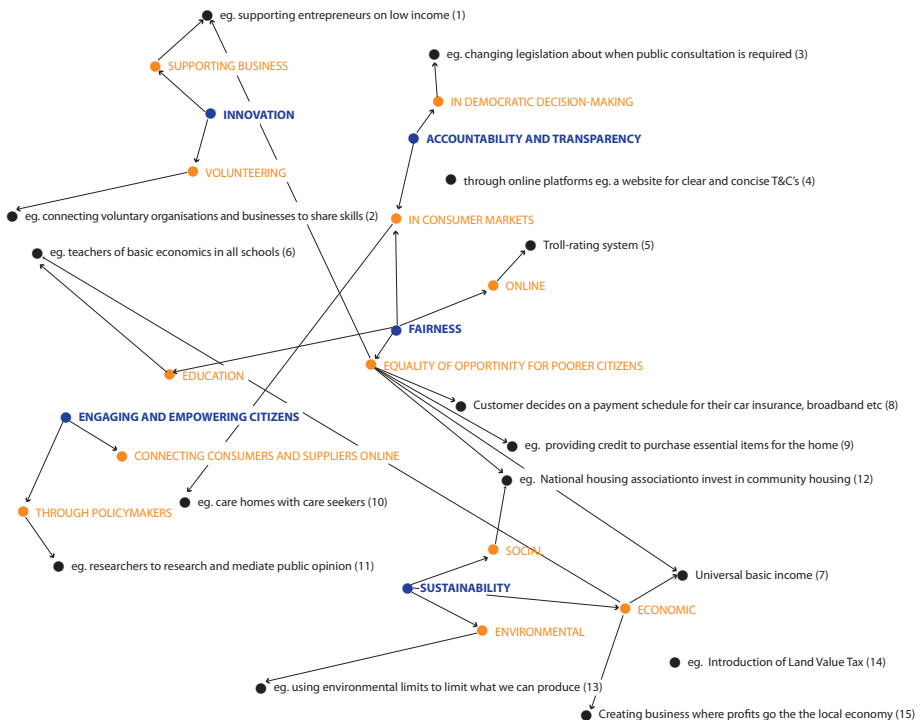
Featured Idea – Developing a framework for radically inclusive enterprise growth

This idea considered how the resources allocated through government business support initiatives could be applied in more inclusive and effective ways. The author noted that while the average rate for UK self-employment is 10 percent, in the most deprived areas of the country it is only five percent. Therefore, the policy idea advocates for community-led support for low or no income entrepreneurs, who would otherwise be barred from self-employment, thereby creating job opportunities and boosting local economies.

Alongside these three winning ideas, we had a range of diverse and thought-provoking policy proposals, which embodied norms of fairness, transparency and empowerment.

Many of the submitted 47 policy ideas stemmed from values that were outlined in the Citizens' Economic Charter – confirming that when the economy is presented to citizens in an accessible way, they can be united through their shared values. We have mapped some of the key crowdsourcing policy ideas against the values outlined in the Citizens' Economic Charter (see Figure 9).

FIGURE 9: Citizens' Economic Council map of crowdsourcing policy ideas



Aligning expert citizens with citizen experts

'Experts should be on tap, but never on top.'

Winston Churchill⁴³

The Citizens' Economic Charter (see page 34) placed increased transparency about economics at its core, especially regarding the subjective nature of economics. We have seen growing calls from civil society and associated networks for improvements to economics education, as well as calls for improved clarity of communication about the economy.

However, it is vital to distinguish the need for better communication by experts, and economics literacy by citizens on the one hand, from the idea that citizens' experiences and views of the economy are themselves a source of information that has equal validity to those of experts. In economics, it is difficult in practice to untangle technical judgements from the values and assumptions on which they are based.

This means that matters of economics are often open for debate on a political or ethical basis in the same ways as matters such as the question of whether we go to war or not, or whether a nation state should introduce same-sex marriage.⁴⁴ In the words of one of the Council participants:

"There's a whole social, cultural and economic history that's specific to us which affects the way we behave... conceptions of the good life are dependent on our contexts and environments"

In their book *The Econocracy*, Joe Earle, Cahal Moran and Zach Ward-Perkins criticise the dominance of economic expertise, particularly in its mainstream neoclassical economic forms, in determining decisions that are essentially political.⁴⁵ They argue that this has created an "econocracy", which subsumes important political questions into questions of objective

⁴³ Bannister, J. (2016) *Churchill*. CreateSpace Independent Publishing Platform

⁴⁴ Chang, H. (2014) *Economics: The User's Guide*. London: Pelican

⁴⁵ Earle, J., Moran, C. and Ward-Perkins, Z. (2017) *The Econocracy*. (1st ed.) Manchester: Manchester University Press

economic expertise, to be determined by economists and policymakers alone. Consequently, questions that are legitimately the domain for a wider, public dialogue have been removed from public view and scrutiny. Furthermore, they propose that this has undermined the accountability of unelected economists and experts to citizens.

Expertise by experience

“Policymakers often don’t know what it’s like to be poorer or come from a different background. This [the Citizens’ Economic Council] is more representative of the nation.”

Participant, Citizens’ Economic Council

Citizens can bring all kinds of expertise to bear on deliberations about the economy and economic policy. Detailed knowledge of engineering, medicine, history, construction and so on can provide valuable insights for any policy discussion.

However, citizens are also experts of a different kind: of their own lived experience and moral judgements *in their capacity as citizens*. This means carving out space in decision-making for the exploration of both kinds of expertise, ensuring that citizens’ voices can influence economic policy. The Roadshow illustrated the extent to which many people both engage with and respond to economic issues (interest rates, debt, low pay, the effects of deindustrialisation) by connecting their personal experiences with national economic change. Economists have much to gain by recognising this ‘expertise by experience’,⁴⁶ in particular at a regional and national level, when thinking through the implications of economic decisions.

Lived experience can enrich the insights of experts in numerous ways. But it can also work from the other end, serving to increase people’s understanding of and empathy for the challenges that policymakers, economists and politicians face in navigating trade-offs and balancing

⁴⁶ Pollard, A. (2017) *Experts by experience are invaluable, but how exactly?* [online] Available at: www.mentalhealth.org.uk/blog/experts-experience-are-invaluable-mental-health-how-exactly-0

competing priorities and interests. Combined, these factors contribute to the increased, shared legitimacy of economic policy.

The people that we engaged with through throughout the Council deliberations and Roadshow spoke to us of their desire to be equipped with the skills, knowledge and capacity to be more active citizens; moving beyond being a passive 'consumer', to be empowered and have more direct opportunities to influence the economy.

Citizens described to us in detail the barriers to realising that vision:

- lack of clarity and communication about the economy;
- lack of transparency about how economic and political decisions are made;
- structural inequalities of power they often experienced in the economy (class, regional diversity, gender, socio-economic background, disability, sexual orientation, language and ethnicity); and
- the presumption that still exists in political, economic and policymaking circles that 'economics is just for the expert', which creates no space at all for the relevance and importance of peoples' lived experience.

Harnessing citizen insight and values about the economic choices we face is essential if we are to be more adept at tackling the issues we care about. It has the potential to help us find a better way of 'doing economics' that makes the most of our collective and creative potential.

Improving the relevance of economic policy

"The world isn't as black and white as described by experts – what about the grey?"

Participant, Citizens' Economic Council

The inability of the economics discipline to take into account socio-cultural context, such as regional inequality, has contributed to a growing sense that 'economics' itself lacks relevance. Amartya Sen argues that regional economic effects are often overlooked or rendered invisible by national narratives about the economy, which tend to aggregate figures and mask the varying levels of income and wealth distribution for different sections of society.

This was a point somewhat bluntly made by a Newcastle resident, when Europe expert Anand Menon invited an audience to contemplate a decline in the UK's GDP as a consequence of Brexit. She yelled at him, "That's your bloody GDP. Not ours."⁴⁷ Many citizens participating in the Council and Roadshow also highlighted how a discrepancy between narratives about the economy and their own experience of it contributed to a sense of mistrust and scepticism about economics.

Whilst the issues of citizens lacking a voice on economics and economic exclusion itself are distinct, research demonstrates the strong connection between them. Those who are most negatively affected by the economy and decisions made about the economy tend to be those who are least empowered and able to influence it.

A February 2017 YouGov survey on how far the British public trust various different types of experts when they talk about their own fields of expertise, found that trust in the statements of economists varied greatly by socioeconomic grade. Eighteen percent of those in lower income households (C2DE) said they trusted in statements by economists, whilst 30 percent of those in higher income households (ABC1) trusted their statements.⁴⁸

⁴⁷ Chakraborty, A. (2017) *One blunt heckler has revealed just how much our economists are failing us*. [online] The Guardian. Available at: www.theguardian.com/commentisfree/2017/jan/10/blunt-heckler-economists-failing-us-booming-britain-gdp-london

⁴⁸ YouGov (2017) YouGov Survey Results. [online] Available at: d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/w5uik0fcsy/InternalResults_170215_TrustExpertise_W.pdf

Building more responsive economic institutions

"We're all human – we all have our own biases. That will frame so much of what you think. The guy from the Bank of England seemed to have common interests at heart. But he lives in a bubble - we all do. The system doesn't challenge us to look outside these bubbles."

Participant, Citizens' Economic Council

The impact on expert participants in the Council was arguably as profound as that on citizens. Rising to the challenge of talking about the economy in a dynamic and discursive way with lay people was an, ultimately satisfying, eye-opener for some. For others, they gained new insights into complex policy challenges through the lens of an individual or household's lived experience.

In particular, drawing connections between different policy issues comes naturally to non-experts; people's lives are inherently 'joined-up'. By seeing how citizens recognise the existence of policy trade-offs and of the differential impact of policy on different groups of people that are represented in the room, a richer way of thinking through the implications of policy emerges. This goes beyond more passive qualitative and quantitative research techniques such as polling, modelling and data analysis towards a genuine co-production of policy between expert and citizen.

When done well, good engagement and participation strengthens economic institutions' ability to *respond* to citizen voice, as well as to create policy that works in the interests of the majority. The twin issues of legitimacy and efficacy are, of course, not distinct. We argue that *legitimacy* is core to securing public impact and efficacy, but that *efficacy* - good policymaking (which works) - will be able to consider and take into account the interests, needs and preferences of a wide range of citizens. In such instances, we encounter a virtuous circle of public engagement and participation, where increased responsiveness strengthens citizens' trust in the process of engagement, which in turn encourages continued participation and engagement (see Figure 10).

FIGURE 10: Institutional responsiveness as a feedback loop

This must be distinguished from a lack of public engagement, or worse, poor public engagement which exists without institutional responsiveness. Such approaches instead have the consequence of damaging trust and legitimacy between people and institutions and form instead a *vicious* cycle of declining engagement, legitimacy and participation.

Citizens on the Council felt positively about their interactions with individual experts, but they recognised barriers preventing those experts adequately responding to the process on behalf of the institutions themselves. For example, one citizen in a follow-up evaluation interview described the need for major organisational change beyond the good intentions of specific individuals to effect genuine responsiveness:

“It’s not really the individuals but the organisations that need to change. Until the top changes I can’t trust these organisations. Well maybe a few I can...but not all of them.”

This is borne out by a range of evaluations of deliberative processes which have made the case for strong leadership from the top, with a view to driving organisational and cultural change. Examples include: participatory budgeting in Porto Alegre, Brazil; evaluations of deliberations undertaken by British expert resource centre, Sciencewise; and initiatives undertaken by Canadian social enterprise, MASS LBP.⁴⁹

Crucially, space for citizen deliberation alone will not secure active citizenship without a restoration of the responsiveness of economic institutions to citizens. Participants in the Council strongly felt that for people to be inspired to engage with the economy or any other element of community life, belief that their action can have impact is necessary. Engagement requires effort, so people will only do so when they think it will have a consequent result, or when they can see the relevance of that activity to their lives.

“We can get more influence if we make an effort but I’m not sure I can make that effort... It requires effort, and I don’t know if people know how much or are willing to put in the effort. Will people get involved if there is no tangible outcome?”

Participant, Citizens’ Economic Council

In the next section we examine further how we create more responsive economic institutions as part of a building a more participatory economics.

⁴⁹ Souza, C. (2001) *Participatory budgeting in Brazilian cities: limits and possibilities in building democratic institutions*. [online] Available at: www.ucl.ac.uk/dpu-projects/drivers_urb_change/urb_governance/pdf_part_budg/IIED_Souza_Budgeting_Brazil.pdf; Sciencewise. (2017) *Sciencewise - the UK’s national centre for public dialogue in policy making involving science and technology issues*. [online] Available at: webarchive.nationalarchives.gov.uk/20170110110308/http://www.sciencewise-erc.org.uk/; MASS LBP. (2018) *MASS LBP: Work*. [online] Available at: www.masslbp.com/work/

Towards a Public Culture of Economics

“Ninety-five percent of economics is common sense.”

Ha Joon Chang⁵⁰

What are the practical pathways towards a more participatory public culture of economics? The starting point is to consider the interaction of public and economic institutions as a system – what Simon Burall refers to as a *deliberative systems analysis* (see Figure 11).⁵¹ A critical failing in the economic system is that it lacks a certain *quality* of dialogue and discussion that we come to expect of properly democratic and deliberative systems.

Systems analysis identifies three spheres of political conversation, each of which is a deliberative space:

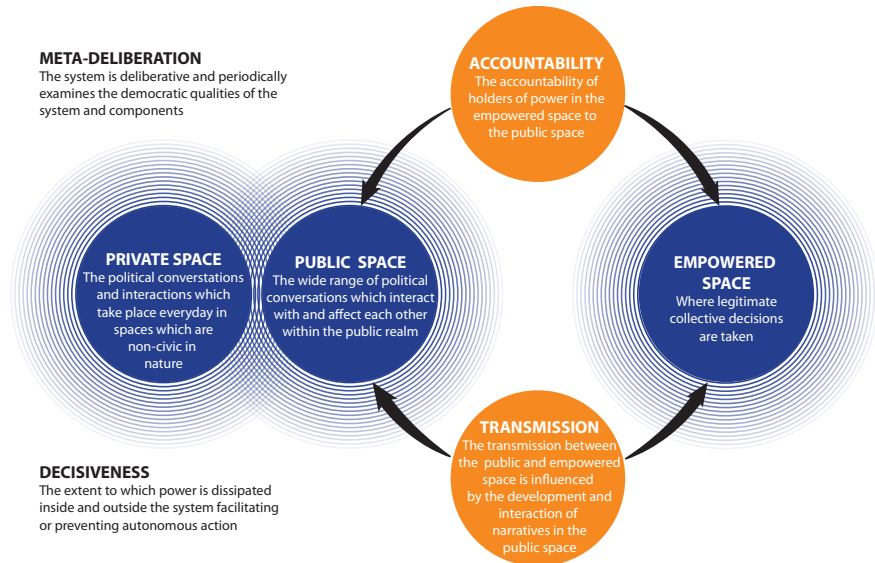
- The *private* space is made up of political conversations at home and in communal but bounded spaces such as the workplace or places of worship.
- The *public* space includes the media, civil society and citizens, and is where different narratives and arguments are tested and debated in open fora in which any citizen can participate.
- The *empowered* space is where legitimate collective decisions are taken, for example Parliament.

⁵⁰ Chang, H. (2014) *Economics: The User’s Guide*. London: Pelican

⁵¹ Burall, S. (2015) *Room for a view: Democracy as a Deliberative System*. Available at: www.involve.org.uk/wp-content/uploads/2015/10/Room-for-a-View.pdf. See also: Mansbridge, J. et al (2010) The Place of Self-Interest and the Role of Power in Deliberative Democracy. *Journal of Political Philosophy*, 10; Stevenson, H. and Dryzek, J. (2014) *Democratizing Global Climate Governance*. Cambridge: Cambridge University Press

FIGURE 11: The deliberative system

Source: Simon Burall, *Room for a View*, 2015



The health of the system requires high levels of deliberative capacity in all its components. It can be judged first by the diversity and intensity of the exchange of views within each sphere, and second by the depth of interaction between the spheres. In particular, it is vital to a well-functioning democracy that the empowered space is accountable to the public sphere, and that there is effective transmission of narratives between the public and empowered spaces.

Taking this systems approach allows us to evaluate the health of the overall system, not just the components and relationships within it. One of the qualities of the system is that it should in some basic sense be effective in delivering the outcomes expected by citizens. Our starting point for this report was that economic outcomes have fallen short of standards considered acceptable to significant sections of the public.

While it might be tempting to conclude that policymakers simply need to up their game, and design and implement 'better' economic policy on behalf of citizens, we argue instead for the need to improve the functioning of the overall deliberative system, in order to improve the quality, diversity and interaction of deliberation over economic policy.

This requires democratic and social change in several respects. First, it requires us to create a more understandable and empowering way of communicating about the economy; one that feels more *relevant*, in that it both speaks to citizens' lived experience and is adequate in being able to explain it. Second, it requires greater transparency about the economy itself, and the nature of economics as a moral and political subject. Third, it requires the creation of more inclusive economic institutions that act in more responsive ways to citizens.

In the following section we have drawn on evidence from the Council, the Economic Inclusion Roadshow, review of the broader literature and our discussions with stakeholders and experts in the field to explore three respects in which we can build a more participatory public culture of economics. In the final chapter we suggest how the greater use of citizen engagement and deliberative processes in particular would be beneficial.

More understandable and relevant

"The more I realise the economy affects me, the more I think I should care and that I would want to learn about it."

Participant, Citizens' Economic Council

Economics continues to feel intimidating, jargon-laden, disempowering and inaccessible to many people. Only 12 percent of the general public feel that the way the subject is communicated about in the media and politics is accessible and easy to understand.⁵²

A recent poll undertaken by YouGov found that, despite 36 percent of respondents reporting that they never or rarely paid attention to

⁵² Norrish, A. (2017) *Exploring how people feel about economics and why we need to improve it*. [online] Available at: www.ecnmy.org/research/report-2017

economics stories in the media, more than four out of five (83 percent) thought that economics was relevant to their everyday lives.⁵³ Another survey found that 20 percent of respondents said that they never talked about economics, but of those who said that they talked about economics less than once a week with their colleagues, friends and family, only one percent said that economics was not important.⁵⁴ These polls highlight the significant gap between the importance of economics to citizens and our ability to engage with economics in day-to-day conversation or to understand some media reports.

Citizens on the Council mentioned that through the process they had learnt that “economics is part of my life”, “about the processes that affect our lives”, “what the economy is and how it affects us”. By understanding that economics touched upon and had relevance to their lives, they felt as if they had a greater right to an opinion about the economy, as well as greater ability to choose how it affected them.

While we support calls for improved education, information and communication, we see this as a *necessary but not sufficient* condition of a more participatory public customer of economics. As we explored in the previous section, it is the quality of interaction and relationship between experts and citizens that is key. This is not a one way street, and better communication by those in power will not, in isolation, improve the legitimacy and efficacy of policymaking.

Improved economics education

“Education is necessary – this means making sure people are empowered to make changes and influence in ways they want to.”

Participant, Citizens’ Economic Council

In creating a more understandable economics, it is essential to address a *lack of economic education*. While nearly 64 percent of respondents in an ING-Economics Network survey had not studied any economics, almost three quarters reported that they thought economics should form part of the school curriculum. Over half (55 percent) said that this should be

⁵³ Op. cit. The Economics Network

⁵⁴ Ibid

embedded in general education, and 21 percent said that this should be taught as a specific course. At the RSA we understand 'education' as a broad concept which is inclusive of economic literacy, but one that also equips citizens with the means to their own empowerment within the economy; understood broadly as "education of the head, heart and hand."⁵⁵ Conventional approaches to economics education usually speak to the 'head'. Where literacy and learning how the economy works, is prioritised over matters of the 'heart': understanding why it matters, and what goals or purposes an economy might have, or the 'hand': how students might be able to influence the economy as actors within it.

"Why isn't economics education compulsory in schools?"

Participant, Citizens' Economic Council

One example of how the RSA has tested approaches to a more practical economics education has been to co-create a DIY economics toolkit. This aims to empower citizens to influence the economy, as well as being able to identify themselves within the economy and understand it.⁵⁶ Indeed, early findings from our evaluation of the Council shows that many citizens of adult age enormously valued the opportunity to learn, to share their experiences of the economy with peers, and felt a greater sense of agency as a consequence of their participation. Our position is that education must be understood as a means to equip citizens on a journey towards wider empowerment.

Improved communication from opinion formers about the economy

"You and I come by road or rail, but economists travel on infrastructure."

Margaret Thatcher⁵⁷

⁵⁵ For a fuller exposition of this see: Astle, J. (2017) *The Ideal School Exhibition*. [online] Available at: www.thersa.org/discover/publications-and-articles/reports/the-ideal-school-exhibition

⁵⁶ The RSA & Economy. (2017) *Discovering the economy around you*. [online] Available at: www.thersa.org/discover/publications-and-articles/rsa-blogs/2017/02/discovering-the-economy-around-you-toolkit

⁵⁷ Thatcher, M. (1985) Speech to Conservative Women's Conference. 22 May 1985

Deliberations with citizens revealed that how information is communicated is critical, not only to empower people, but to help form relationships and build trust between citizens and decision-makers. Citizens maintained that demystifying information and making it more accessible was linked to better democracy and accountability. This in turn leads to greater levels of trust.

The use of technical language was not itself held to be sinister. Participants recognised it to be a means of simplifying communication among economists, and a natural product of economics training (in much the same way as doctors or scientists might use technical language). However, citizens suggested that it was essential that economists and economic policymakers sought to create a common language with non-experts in order to foster more effective communication and deeper engagement.

“The single biggest problem in communication is the illusion that it has taken place.”

George Bernard Shaw

During the deliberation days we encouraged participants to call out any use of jargon by expert presenters (or indeed other participants). We collected a total of 64 words, many of which were replicated across both groups. This gives an indication of how often proceedings had to be paused in order to make sure all were communicating in the same language. Ones that came up repeatedly were: GDP, inflation, quantitative easing and monopoly/oligopoly, and participants were particularly interested to learn what meaning economists ascribe to the words ‘barter’ and ‘externality’.

“It’s how [economics] is communicated. The reason I came here from day one, is that I couldn’t break down the GDP. I’m not daft but with some of the jargon I was thinking I don’t get it. I can get things in other ways, through videos and other means.”

Participant, Citizens’ Economic Council

They proclaimed that if politicians or economists were to be sincere in their attempts to communicate, they would need to do so in a way the public understands and can see as relevant to their lives. This is corroborated by a recent survey in which many respondents, when asked how they would

like to access further information in economics, reported that they would prefer short videos or podcasts that explain economic concepts in non-technical language (43 percent), followed by television documentaries on economic issues (41 percent).⁵⁸

Reframing language about the economy

We argue that improved communication must reach deeper than merely explaining complex concepts in a more accessible way. As cognitive linguist George Lakoff describes:

*'Our ordinary conceptual system, in terms of which we both think and act, is fundamentally metaphorical in nature.'*⁵⁹

Economics, we argue, is no exception to this principle. Indeed, it is noticeable that many of the metaphorical frames used to 'describe' or 'conceive' of the economy suggest, either implicitly or explicitly, that citizens have little or no agency or influence over the economy.

Economic language is often accompanied by a metaphorical model that depicts it as fixed, unchanging, and behaving as a 'deus ex machina', occasionally intervening into the everyday realities of citizens' lives. The language of the 'free market' implies that the economy is part of the natural order of the world, as opposed to frames suggesting the economy may instead be 'reconfigured', as PIRC research has highlighted.⁶⁰

Language such as 'boom,' 'bust' and 'crash' similarly communicate messages and frames about the economy acting in a manner that wreaks havoc and operates independently of personal agency or influence. The consequence of such language and framing is that:

⁵⁸ Op. cit. The Economics Network

⁵⁹ Lakoff, G. (1990) *Don't Think of an Elephant: Know Your Values and Frame the Debate*. Vermont: Chelsea Green Publishing Co

⁶⁰ Public Interest Research Centre (2017) *Framing the Economy*. [online] Available at: publicinterest.org.uk/framing-the-economy

1. It deprives citizens of a very legitimate realisation that they have an interest in the economy and that it is as relevant to them as what they will be eating for breakfast or how they are going to get to the supermarket, and that they have a right to shape its goals and purpose.
2. It misrepresents economics as devoid of values. In describing it as similar to natural sciences, with 'laws of supply and demand' - a 'fixed' state of affairs rather than inherently laden with values, choices and trade-offs for legitimate public discussion – we are implicitly told that it cannot (and must not) be interfered with.
3. It suggests that questions of responsibility and accountability are disconnected to questions of the economy. That the 'system' is acting of its own accord, independently of the actions, corporate cultures and behaviour of others (when, as the 2008 financial crisis demonstrated, it patently is not).

Deconstructing the 'rational agent'

One frame that has particularly damaging consequences is one of the 'rational agent' searching for and able to achieve 'optimal outcomes' for everyone in society. Paradoxes such as the Prisoners' Dilemma have proven this to be a false construct, by demonstrating that people are unable to reach the best outcome for both themselves and those they interact and engage with without collaboration.⁶¹

Embedded within this model is an assumption that people are more necessarily motivated by individual, short-term self-interest than by longer-term, collaborative endeavours and goals of a more shared prosperity. The assumption of the 'rational agent' also fails to acknowledge the diversity of citizens' lived experiences and the extent to which that can shape their sense of agency and value within the economy. To borrow an excellent question from Rethinking Economics:

⁶¹ An experiment that demonstrates how two individuals acting in their own rational self-interest can end up worse off than if they had collaborated to achieve a better outcome

“Is the rational agent a man or a woman? Questions of gender don’t feature in our curriculum.”⁶²

It is rare that questions of class, regional difference, disability, race, or sexual orientation are addressed,⁶³ and yet our findings through the Roadshow highlighted how people’s experiences of the economy are inextricably shaped by their diverse identities and contexts.

A particular challenge to the rational agent approach is the body of work pioneered by Daniel Kahneman, Richard Thaler and Cass Sunstein (now described as behavioural economics). Kahneman’s *Thinking Fast and Slow* details a range of cognitive biases and heuristics that individuals are subject to at any given point in time.⁶⁴ Whilst Thaler and Sunstein’s work on choice architecture further undermines the model of the rational agent, illustrating the extent to which preferences can be ‘nudged’ by interventions or changes in people’s environments (which are themselves often also a question of choice).⁶⁵

The general conclusion to be drawn from this work is that the suggestion that there really is a ‘rational agent’ or a ‘neutral’ economic environment is entirely unrealistic. In recognition of these shortfalls, both the UK government and the Bank of England have sought to introduce behavioural insights to policymaking through initiatives such as the Behavioural Insights (‘Nudge’) Unit.⁶⁶ However, despite the more regular use of behavioural insights in policymaking, the framing of rational agents and rational choice still remains at the heart of what most conceive of as ‘mainstream’ economics.

Human beings are complex and may at any given point face tensions between their own views and preferences. We encountered such

⁶² Rethinking Economics (2017) *Is the rational agent a man or a woman? Questions of gender don’t feature in our curriculum*. [online] Available at: twitter.com/rethinkecon/status/917404788505010176

⁶³ Op. cit.

⁶⁴ Kahneman, D. (2012) *Thinking, Fast and Slow*. London: Penguin Books Ltd

⁶⁵ Thaler, R and Sunstein, C. (2009) *Nudge: Improving Decisions about Health, Wealth and Happiness*. London: Penguin Books Ltd

⁶⁶ Behavioural Insights Team (2018) *The Behavioural Insights Team*. [online] Available at: www.behaviouralinsights.co.uk

circumstances several times through the deliberations on the Council. Citizens often highlighted the tensions they experienced between wanting to be a 'good citizen', acting for public good, and the reality of everyday life pressures to behave as a 'rational agent'.

"What I would like to do is to create something or do something that could benefit the masses rather than the few. Turn the tables on the institutions providing the products to provide us with things that suit us needs rather than what they think."

Participant, Citizens' Economic Council

For example, citizens contrasted their longer-term desire for food policy to promote healthy eating, sustainability and fair rewards for those in the supply chain, with their shorter-term consumer desires for cheap, readily available and low cost food. Such examples demonstrate the importance of looking 'beyond' the model of the individual *consumer* towards a conception of people as *citizens*. This requires economists to find ways of engaging with citizens to draw out that deeper dialogue. To understand people's views beyond the mere immediacy of consumer behaviour which may only reveal short term preferences at the expense of those which are broader and longer-term.

More open and transparent

"Don't tell me what you value. Show me your budget – and I'll tell you what you value."

Joe Biden⁶⁷

As well as a sense that economics is communicated poorly, Council participants highlighted the lack of transparency underpinning economics. They called for greater transparency about how economic institutions worked and functioned, including increased transparency about how decisions (such as the setting of the budget and the setting of interest rates) are taken.

⁶⁷ NRCC Communications (2013) *Joe Biden: Show Me Your Budget and I'll Tell You What You Value*. [online] Available at: www.youtube.com/watch?v=vuLwjFmESrg

They also criticised the lack of transparency about the nature of economics as founded in moral and political assumptions. There is also often a (related but distinct) lack of transparency about what the proper 'goals' of an economy are at any given moment in time, and accordingly, how economic success ought most appropriately to be measured.

Assumptions and value judgements in economics

"The economy doesn't exist in a political vacuum"

Participant, Citizens' Economic Council

Markets are socially constructed and evolve over time as society's moral values change. Economist Ha-Joon Chang makes the point that the slave trade was historically a legitimate form of market transaction. It took a transformation in ethical and political norms in the 19th century to abolish slavery and the huge markets derived from it.⁶⁸

Michael Sandel illustrates the extent to which citizens deliberating together can determine 'the moral limits of markets'.⁶⁹ In his book *What Money Can't Buy*, he cites a range of examples including the outsourcing of war to private contractors, the use of payment-by-result to motivate students and teachers, and the advent of for-profit prisons. These cover questions not simply about consent, efficiency and utility, but also about how we value social practices and how we protect non-market norms from marketisation.

Uncertainty and pluralism

Council citizens also called for greater transparency in relation to the *choices and trade-offs* economists and policymakers make under conditions of uncertainty about what the eventual outcomes of decisions will be. The predictive power of economics is often overplayed in the media.

⁶⁸ Chang, H. (2014) *Economics: The User's Guide*. London: Pelican

⁶⁹ Sandel, M. (2013) *What Money Can't Buy: The Moral Limits of Markets*. Penguin Books Ltd: London

There is also a lack of transparency over the contested nature of economics as a discipline. The dominance of mainstream economics has historically led to the underrepresentation of heterodox economists in major policymaking bodies and organisations (such institutions might include the Federal Reserve in the United States, or the Bank of England's Monetary Policy Committee and the leadership of HM Treasury). The consequence is a profound lack of diversity in perspective, resulting in a narrower, less creative approach to economics and economic decision-making than might otherwise be possible.

The dominance of a single school of economic thought has come under scrutiny since the widespread failure of orthodox economics to either foresee, or even understand, the causes of the 2008 financial crisis. Andy Haldane, Chief Economist at the Bank of England, has described this episode as not just an economic and political crisis but also an analytic crisis for the discipline.⁷⁰

The goals of economic policy

Many of the participants in the Council described the need to measure things we consider of value to society, lest they be overlooked in order to improve conditions and measure progress. Some citizens challenged the focus on growth in GDP without regard to how this growth and wealth is distributed.

Others suggested measuring environmental and social factors, such as improving health and wellbeing, in order to 'put a human face' on the economy. Additional indexes and measures such as the Human Development Index and GINI coefficient were also mentioned in dialogue with experts, as adding depth to the measure of a country's overall economic situation.

This very clear critique of the primacy of GDP growth as the goal of economic policy, corroborates the increasing adoption of terms among policymakers

⁷⁰ Giles, C. (2017) *Bank of England's Haldane admits crisis in economic forecasting*. Financial Times. [online] Available at: www.ft.com/content/e94c96a2-d3e3-11e6-b06b-680c49b4b4c0

such as 'inclusive growth',⁷¹ 'sustainable prosperity',⁷² and 'wellbeing economics',⁷³ that seek to redefine the goals and purpose of the economy.

Creating an Inclusive Economy

"I feel I have no voice in society. I don't have a concept of my voice being heard."

Participant, Economic Inclusion Roadshow

To better understand the relationship between economic insecurity, inequality and economic agency, the RSA directly engaged with 190 citizens in some of Britain's most 'left behind' communities through a series of workshops we referred to as the Economic Inclusion Roadshow.

We found, firstly, that *there is a profound disconnect between those 'left behind' and those who make decisions about their lives*. Despite considerable differences in views shared and people's very unique experiences across the workshops, participants' sense of inequality in how they are treated, and their ability to influence and feel part of the wider economic system, was a consistent theme.

Secondly, participants spoke about their experience of the economy and economic decision-making, as undervaluing their contributions, as well as stigmatising their *identities and the places they live in*.

In a sense there is nothing new or surprising in our findings. Within the sphere of community development the challenges of social and economic marginalisation, and the importance of local anchor institutions and social investment to build capacity are well known.

However, in the light of the polarisation of narratives and society that we drew attention to earlier, we consider it essential to improve economic

⁷¹ Op. cit.; OECD (2018) Inclusive Growth. [online] Available at: www.oecd.org/inclusive-growth

⁷² Jackson, T. (2016) *Towards a sustainable prosperity*. Available at: www.cusp.ac.uk/blog/towards-a-sustainable-prosperity

⁷³ New Economics Foundation (2008) *Five Ways to Wellbeing*. [online] Available at: neweconomics.org/2008/10/five-ways-to-wellbeing-the-evidence

inclusivity and in this section we seek to draw out the implications of this for building a more participatory public culture of economics.

Start at the local and regional level

“There is a whole country that makes up the UK, I don’t think [economic institutions] have been set up in the past on a regional basis to pick up information at what’s going on at a regional basis. That explains how the Bank of England’s assessment of Brexit was completely wrong... they didn’t understand.”

Participant, Citizens’ Economic Council

Relating economics to citizens’ everyday lives in the places where they live can increase both the understanding of, and engagement with, economics. A 2015 opinion poll found that 46 percent of respondents said the economy/economic situation was important to them when asked to think about their own situation and families, whereas 36 percent reported it was important from a national perspective.⁷⁴

In our own poll there were clear regional variations in citizens’ sense of influence over their councils. Some, notably in Scotland and London, reported relatively high levels of influence: 40 percent and 38 percent respectively. Others reported considerably lower levels of influence: 27 percent in the North West and West Midlands, and 30 percent in Yorkshire and Humberside, and Wales. There was a similar pattern when considering citizens’ sense of influence over decisions made by Central Government departments such as HM Treasury, Department for Work and Pensions and the Department for Business, Energy and Industrial Strategy. Whilst in London 29 percent of respondents felt they had either a lot or a little influence over central government departments, in other regions the sense of citizen input was considerably lower: 13 percent in the North East, and 17 percent in the North West, South West and Eastern England.⁷⁵ Other data suggests that those services and professions that citizens interact

⁷⁴ Drummond, A. (2015) *Local vs. national issues*. [online] Available at: opinium.co.uk/local-vs-national-issues

⁷⁵ Populus (forthcoming) Economic Institutions Survey

with the most are also the ones they trusted the highest.⁷⁶ This indicates the importance of familiarity built through more devolved and localised structures.

“Individuals need to be able to engage on a level they are comfortable with, be it local, regional or national. People are most likely and interested in getting involved when they can see direct relevance to their own lives; when they can connect on a local level as that is where they experience the outcomes of national policymaking”

Participant, Citizens' Economic Council

While citizens have an appetite for greater involvement at both a local and national level (46 percent of citizens have a desire to be involved in decision-making locally and 41 percent nationally), they report a much greater sense of influence over decision-making in their local community (23 percent) than at the national level (16 percent).⁷⁷

Addressing barriers to participation in the economy

“How does one put together a democracy based on the concept of equality while running an economy with every greater degrees of economic inequality?”

Lester Thurow⁷⁸

Despite profound levels of economic exclusion, some participants in the Roadshow told us that there is cause for much optimism. Whilst there are high levels of distrust in the political and economic system, this does not translate into apathy. Indeed, citizens revealed an appetite for change and meaningful involvement, but they felt that they were not able to do so without a public culture and systems in place to support meaningful participation.

⁷⁶ Ipsos MORI (2016) *Trust in Professions*. [online] Available at: www.ipsos.com/ipsos-mori/en-uk/trust-professions

⁷⁷ Hansard Society (2017) *Audit of Political Engagement*. [online] Available at: www.hansardsociety.org.uk/research/audit-of-political-engagement

⁷⁸ Thurow, L. Foreword in Collins, C., Leondar-Wright, B. and Sklar, H. (1999) *Shifting Fortunes: The Perils of the Growing American Wealth Gap*. Boston: United for a Fair Economy. [online] Available at: d3n8a8pro7vhmx.cloudfront.net/lufe/legacy_url/2467/ShiftingFortunes.pdf?1448064891

What emerged was a clear consensus that the proper role of an active state is to support citizens to be able to maximise their potential, and that good participatory processes could play a vital role in ensuring they are able to do so.

“People don’t show up to consultations...one of the reasons is that there just isn’t enough time....What I find is few people have as much time as me, people have kids, there might be care issues, the time just disappears.”

Participant, Citizens’ Economic Council

In one workshop run as part of the Roadshow, participants were part of a local community group Revive. This group had been given a small amount of NHS funding and supported by a local housing association (Ardenglen Housing Association) to run activities such as gardening, walking and other forms of exercise for older women in one of Glasgow’s most deprived areas. When the funding ran out the group felt they had enough of a stake in the initiative to keep it going, and it continues to this day.

This was just one of a number of powerful stories that illustrate the way in which participative approaches can build citizens’ capacity to lead change in their social networks and their communities. With the right support, people can have a greater stake in their relationships with other people, in their communities, and in the outcomes of the change that they have created.

Building economic resilience and inclusivity

“We all live in the same place and are affected by the same issues. Voice together as a group has more power through numbers. We’ve brought a bit of change in our area by bringing people together.”

Participant, Citizens’ Economic Council

In particular, for those citizens we engaged with in the Roadshow who are the most ‘left-behind’, there is need for investment in both people and places to create a more inclusive and resilient economy. Investment is

required to build a stronger 'social infrastructure',⁷⁹ such as education and healthcare, the benefits of which accrue directly to society, endure into the future, and build the capabilities of its beneficiaries to flourish.⁸⁰

In order to realise this, there is also a pressing need for a shift in the way we *treat* people and places in such communities, moving away from *stigmatisation* towards recognising their potential. Existing work in this space has included the approaches developed through asset based community development, as well as the work of initiatives such as the Early Action Taskforce on early intervention and prevention.⁸¹

Community anchor organisations in collaboration with active citizens play a vital role in supporting local areas to maintain economic resilience, defined as 'the capacity of an economic system to adapt to both short-term shocks and long-term change, while supporting the community to thrive'. Resilience, in this sense, is 'an ambitious concept that makes tackling disadvantage and supporting environmental sustainability central to economic success'.⁸²

Including the 'future citizen': sustainability and economic inclusion

"Fifty years is not a long enough time frame when it comes to managing planetary resources – let alone the [timeframes within] the current political system."

Participant, Citizens' Economic Council

Many citizens suggested that a more inclusive economy would also be a more environmentally sustainable one, with regard to the interest and needs of others in the future as well as in the present.

⁷⁹ Op. cit. Inclusive Growth Commission

⁸⁰ Reimagining the Existing Economic Model Report (2017) *Fabian Women's Network*. London: Fabian Society

⁸¹ Community Links (2018) *Early Action: The taskforce*. [online] Available at: comlinks.beepweb.co.uk/earlyaction/the-taskforce

⁸² Locality (2017) *Powerful Communities, Strong Economies*. [online] Available at: locality.org.uk/resources/powerful-communities-strong-economies-report

They recognised the economy, society and environment as being part of an interdependent system, in line with formulations of sustainable development that have been in use ever since the Brundtland Report offered a definition in 1987,⁸³ and which have been built upon through a growing body of academic work⁸⁴ and popular books on the connection between social justice and environmental sustainability.⁸⁵ They adopted a broad definition of sustainability that included all three of the following elements, which they recognised as interconnected:

- 1. Economic sustainability:** citizens deliberated on the importance of creating an economic system that sought to mitigate 'boom and bust' cycles; many referred to the detrimental impacts that arose as a result of the 2008 financial crisis.
- 2. Social sustainability:** sustainability was immediately linked to people and communities, and citizens spoke of the need for diversity in creating a society resilient to shock. Communities made up of diverse groups of people, with different types of work, and mixed housing or schooling options were considered to be best able to adapt to change and work together in the face of crisis. To respect and encourage this diversity, participants wanted decision-making at the national and regional level, or even within local communities and families, to be made with consideration of what is best for the collective.
- 3. Environmental sustainability:** participants observed that the condition of our air, soil, water and forests were all stated as being vital to conserve, not only for the instrumental value they provide in terms of food and materials we need to survive, but also for the intrinsic value and beauty of nature. Many citizens advocated for a shifting focus in our economic system, away from profits to planet, from fossil fuel extraction to renewable resources, and from a linear economy that produces and wastes to a circular economy that reuses and recycles.

⁸³ United Nations (1987) *Report of the World Commission on Environment and Development: Our Common Future*. [online] Available at: www.un-documents.net/our-common-future.pdf

⁸⁴ Centre for Understanding Sustainable Prosperity (2018) *CUSP: elaborating visions, exploring possibilities*. [online] Available at: www.cusp.ac.uk

⁸⁵ One participant cited Kate Raworth's recent book 'Doughnut Economics' and was invited by fellow participants to give an impromptu presentation on its core argument. Raworth, K. (2017) *Doughnut Economics: Seven Ways to Think like a 21st-Century Economist*. Random House Business: London

Citizens on the Council identified that the most significant barrier to action on sustainability in the sense outlined above, is the nature of the political system. The structure of which implicitly prioritises short-term interests and 'quick-wins', over gains that take a longer time to accrue and reflect the needs and the interests of the 'future citizen'.

One group suggested the need for an Act of Parliament that can weather changing political agendas, something that holds government to account regardless of the economic situation. The Welsh Wellbeing of Future Generations Act (2015) was pointed to as a potential benchmark.⁸⁶ Other positive developments include the creation of an All Party Parliamentary Group (APPG) for Future Generations (2017), with the aim to raise the profile of issues affecting future generations in Parliament, and explore ways to institutionalise the representation of future generations.⁸⁷

⁸⁶ Welsh Government (2016) *Well-being of Future Generations (Wales) Act 2015*. [online] Available at: gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en

⁸⁷ All-Party Parliamentary Group for Future Generations (2017) *What We Do*. [online] Available at: www.appgfuturegenerations.com

Conclusions and Recommendations

"Democracy is not just a referendum, it's an ongoing process. Being involved in decision-making is a part of it, but those involved also need to develop knowledge and reason."

Participant, Citizens' Economic Council

The Case for Citizen Engagement in Economics

Deliberative democracy strengthens representative and direct democracy

We conclude that deliberative processes have a role to play in building a stronger democracy. They should not displace either representative or direct democracy, but rather complement and strengthen them.

At the RSA we draw on a body of work known as 'Cultural Theory' to analyse competing forces that influence human behaviour in a policy context.⁸⁸ Based on the initial work of anthropologist Mary Douglas⁸⁹, Cultural Theory sets out four sources of motivation, three of which are active and one which is passive:

- **Hierarchy:** the domain of authority, strategy, expertise, rules, and regulations
- **Solidarity:** the mode of belonging, values and ideas of fairness and responsibility
- **Individualism:** driven by competition, freedom, enterprise, and autonomy
- **Fatalism:** the passive category, fatalism is the domain of scepticism, disengagement, and pessimism

⁸⁸ Taylor, M. (2018) *Democracy needs a clumsy solution*. [online] Available at: www.thersa.org/discover/publications-and-articles/matthew-taylor-blog/2018/02/democracy-needs-a-clumsy-solution

⁸⁹ Douglas, M. (1982) *Natural Symbols*. New York: Pantheon; Douglas, M and Wildavsky, A. (1982) *Risk and Culture*. Berkley: University of California Press

The cynicism and lack of trust in democratic institutions that we discussed earlier in this report can be seen as representing the forces of fatalism. Representative democracy can be seen as the hierarchical form in that it ultimately delegates decisions to those in elected authority. Direct democracy, in which authority lies in the aggregated choices of every individual, can be seen as the individualist method because the ultimate act of decision-making is a private matter in the voting booth. Finally, deliberative democracy can be seen as appealing to solidarity through its emphasis on collaboration, discussion, building empathy, understanding and consensus, or respecting differences where consensus cannot be achieved.

The implication of Cultural Theory is that we need to find the best balance between the different forms of democracy, and the implications of the decline in trust in political and economic institutions and the polarisation of narratives and communities outlined earlier, are that we need to promote solidaristic forms of democracy that can build empathy, understanding and social cohesion.

Deliberation benefits representative democracy by shortening the feedback loops between the governors and the governed in a far more structured and transparent way than MPs surgeries or letters, focus groups or opinion polls. It also benefits direct democracy by ensuring that before individuals cast a direct vote on an issue they have directly participated in, or at least observed, a vibrant and respectful democratic discourse with space for data and evidence to be presented and interrogated.

Deliberative democracy can be applied to economic policy

Our second conclusion, drawn from the evidence of the Citizens' Economic Council programme in addition to international evidence (see Figures 12 and 13),⁹⁰ is that deliberative methods can be successfully applied in the sphere of economic policymaking. Citizens with no training in economics are quite capable of engaging with complex and sophisticated concepts, including balancing trade-offs between different outcomes. Furthermore, given that economic judgements rest on a combination of technical

⁹⁰ For example, participatory budgeting in many cities around the world including Paris, and citizen engagement in setting regional economic strategy such as Participate Melbourne

expertise and underlying value judgements and assumptions, economic policymaking is both particularly suitable and particularly in need of more effective citizen engagement.

FIGURE 12: Participatory Budgeting in Paris

Participatory Budgeting: co-producing ideas for citizen engagement in Paris (2014-2020)⁹¹

Paris's participatory budgeting programme runs from 2014 –2020, during which period it will allocate half a billion euros. It has set aside five percent of its investment budget (approximately €100m in 2017). Of that amount €30m have been set aside for areas experiencing high levels of social deprivation.

Citizens are able to propose ideas that benefit the entire city, that address areas which experience social deprivation, and ideas that benefit their own borough and locality. Mayors and local political representatives convene dialogues and workshops to support the idea and policy creation process. In addition, citizens can propose ideas online, and can partner with a coalition of residents around a shared/similar set of ideas. All ideas must be in the general public interest, and complement the existing public infrastructure available in the city of Paris.

Once gathered, ideas are filtered by the Paris regional administration on the basis of how technically (financially and operationally) feasible they are, and are further studied by a Commission which involves lay representatives (citizens), elected representatives, officials (either at a borough level, or at a city-wide level) and a variety of civil society interest groups. Those ideas deemed to be feasible are then presented to the wider public for voting through the participatory budgeting process. Citizens are able to vote in person at stations across the city, or online through an identification process.

Identified projects are then presented, either to the Mayor of the local borough, or, if the idea is a city-wide idea, to the Mayor of Paris, for

⁹¹ Yves, C. (2017) *Participatory Budgeting in Paris: Act, Reflect, Grow*. [online] Available at: budgetparticipatif.paris.fr/bp/plugins/download/PB_in_Paris.pdf

approval. The decision is then formally validated and signed off when elected representatives vote on the city's budget.

To date, the public have decided to spend money on co-working spaces, public botanical and wall gardens, revamped school canteens and pedestrianising streets. In 2014, the first year, over 40,000 Parisians voted and in 2015 this increased to over 67,000.

FIGURE 15: AmericaSpeaks – a national deliberation about economic policy

Our Budget, Our Economy, AmericaSpeaks, United States (2010)⁹²

The most extensive public engagement and deliberative national debate about economic policy was conducted in 2010 in the United States by an organisation called AmericaSpeaks. They were tasked with identifying key economic priorities to be presented to Congress, the-then President Barack Obama, as well as to the United States' National Commission on Fiscal Responsibility and Reform. The initiative convened 3,500 American citizens together to propose a vision on creating a sustainable fiscal future and strong economic recovery. The event itself was co-convened across 60 different cities – with the support of volunteer organisations and bodies. All 60 sites were connected through the use of technology, which included satellite based live webcast and the use of individual voting. Participants were selected for their demographic diversity in terms of race, age, income and political orientation, and the initiative itself was politically neutral. During the course of the deliberations, 85 percent of participants voted to raise the cap on earnings taxable for social security, 67 percent supported raising payroll tax by one or two percent points. Sixty-eight percent supported raising a five percent extra tax on millionaires, and 59 percent supported raising the corporate income tax. When asked about new taxes, 64 percent of participants supported a carbon tax, and 61 percent a transaction tax on securities.

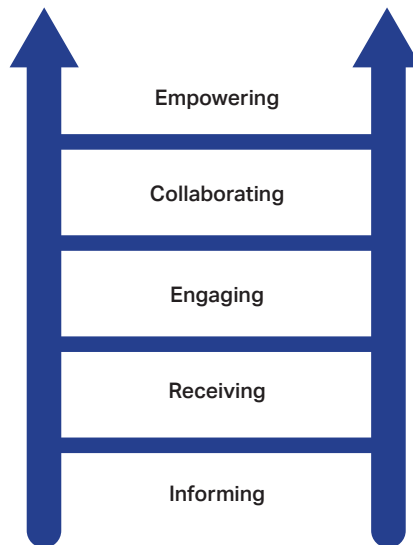
⁹² Fung, A. (2010) *Public Deliberation: The Left Should Learn to Trust Americans*. [online] Available at: www.huffingtonpost.com/entry/public-deliberation-the-l_b_627983.html

Importantly, this benefit is possible for institutions even with deliberative processes that stop short of giving up the ultimate decision. Unlike a jury in a criminal trial, or in participatory budgeting processes, the Council itself was not connected to any lever of power – the citizens were not charged with making a decision about the economy that would be implemented.

Economic institutions can therefore start to climb the 'ladder of participation' (see Figure 14) without having to leap immediately to the top rung. In our view, this opens up a safe space for economic policymaking institutions to experiment with consultative, or collaborative, deliberative processes. However, this is subject to one important condition: where the ultimate decision departs from the direction set by citizens, those in power must demonstrate open and transparent leadership by explaining the rationale for their decision and by being willing to be held to account for its outcomes.

FIGURE 14: The Ladder of Participation

Source: Arnstein, 1969⁹³



⁹³ Arnstein, S. (1969) A Ladder of Citizen Participation. *Journal of the American Planning Association*, 35 (4), pp. 216 - 224

Finding practical ways forward

Conversations about and comprehension of the economy start at home. To build a strong democratic discourse about economics it is essential to meet people where they are; to proceed from people's everyday experience of the economy through work, at play, and in their communities. Our Roadshow supported the contention that extra care needs to be taken to reach marginalised and disadvantaged communities.

Once citizens are able to locate themselves in the economy, more abstract reasoning becomes possible. This suggests that the most fruitful domain for applying deliberative democracy may be, at least initially, at the local and regional levels. Our survey emphasised the scale both of the challenge and the opportunity, with only 16 percent of people reporting they felt they had influence over Local Enterprise Partnerships, and 33 percent saying they had influence over their local council.⁹⁴

Earlier in this report we outlined three potential outcomes from high quality public engagement:

- 1. Quality of policymaking:** deliberation creates a much tighter feedback loop between those designing policy and those impacted by it. This holds the promise of enhancing the efficacy of policy but also preventing damaging U-turns or the abandonment of policies that simply fail to get traction or are derailed by unintended consequences. The way forward is for more experimentation in the use of deliberative methods by economic institutions, while also pursuing measures to build capacity and ensure quality of delivery of such processes, as we contend that bad engagement can be more damaging than no engagement.
- 2. Legitimacy:** deliberation does not need to be *done by all*, but it must be *seen by all to be done*. In other words, the power of formal deliberative processes is not primarily the impact on the participants, but the demonstration effect on the rest of society. Therefore a key

⁹⁴ Populus (forthcoming) Economic Institutions Survey

test of the impact of deliberative processes is the extent to which citizens who never get to participate in one both know about their existence and outcomes, and have a high degree of faith in the authenticity and balance of the process. Our opinion survey revealed that 47 percent of people would trust economic policymaking more if they knew that ordinary citizens had been formally involved in the process. This suggests that where deliberative processes are adopted, a sufficiently well-resourced and executed public awareness campaign is as important to its success as the quality of implementation of the deliberation itself.

- 3. Agency:** the purpose of deliberation is not to enhance economic literacy or public education. Rather, it is about building capacity among citizens to gain deeper understanding of problems and solutions that is based on high quality information, respectful debate, and which honours diverse viewpoints, values and experiences. As with legitimacy, the larger impact of deliberative processes will depend how this can alter the public's sense of what normal political and democratic discourse should sound and feel like. Again, not every citizen needs to participate in a deliberative process. The idea that 'people like me' have participated in a deliberative process that was directly connected to decisions taken about the economy could be almost as empowering as actually taking part.

Recommendations

There are multiple routes towards realising these outcomes. Indeed, our research findings point to recommendations across a number of areas including economics literacy, education in schools, promoting pluralism in economics teaching and the improving the clarity and accessibility of economics communication. Council participants did call for better economic education in schools and resources to support members of the public to become better educated about economics. They also called for experts to be more conscious in communicating in a more open and clear manner, including being more transparent about the contested nature of economic theory and the inherent uncertainty of economic predictions and prescriptions.

However, we have not included recommendations on economic literacy, education, pluralism or communication in this report.

There is already much positive activity across these areas, including Rethinking Economics, the student movement promoting more pluralist economics teaching, and Economy, the sister charity of Rethinking Economics, focusing on communication and public education.⁹⁵ In our view our findings provide support for continuing and expanding the work of such initiatives.

Instead, we have intentionally focused our recommendations on expanding the use by economic policy institutions of citizen engagement in general and deliberative processes in particular, and also on key interventions to build capacity and quality in the delivery of such processes. We detail them below.

1) Integrate citizen engagement into local government and devolution deals

Devolution offers a chance to boost interest in participatory budgeting in the UK and pioneer the use of other deliberative methods such as Citizen Reference Panels and online deliberations on regional economic strategy and devolution deals.

A recent review of global best practice undertaken by the RSA for the Joseph Rowntree Foundation demonstrates that there is growing support for the use and adoption of participatory budgeting across different countries.⁹⁶ Those countries that have used and embedded deliberative, democratic approaches most effectively (particularly Australia and Canada) are also the countries that have some of the most devolved forms of government and governance.

⁹⁵ Rethinking Economics (2018) *Rethinking Economics*. [online] Available at: www.rethinkeconomics.org; Economy (2018) *Economy: Making economics less confusing*. [online] Available at: www.ecnmy.org

⁹⁶ Devaney, C., Shafique, A and Grinsted, S. (2017) *Citizens and Inclusive Growth*. The RSA. [online] Available at: www.thersa.org/globalassets/pdfs/reports/rsa_citizens-and-inclusive-growth-report.pdf

However, following a surge of interest in the 2000s leading to the publication of a UK national strategy for participatory budgeting, its application has stalled since the financial crisis and the consequent successive reductions in local authority budgets.⁹⁷ Its application has stalled since the financial crisis and the consequent successive reductions in local authority budgets. The move to devolution of greater power to local authorities, in particular to new Combined Authorities, offers an opportunity to stimulate greater use of deliberative processes.⁹⁸

Devolution deals have been criticised for having little political and economic legitimacy. They have been negotiated through a highly opaque process, led by small groups of local politicians, unelected representatives, council officers and Whitehall officials lacking in diversity and often with very little public input.

This can change by embedding public engagement methods across the full sequence of the devolution process, from early discussions and priority setting, through to the formulation of proposals, the negotiation of deals and its implementation and delivery. For example, a condition of a devolution deal could be that certain funds are ring-fenced to be determined and allocated through a participatory budgeting process.

The UK government might also consider making the prototyping and testing of approaches such as Canada's Citizen Reference Panels through engagement on strategic planning by these regional authorities a condition of a devolution deal. Citizen Reference Panels are especially effective at engaging with a relatively small, diverse group of citizens on complex and controversial policy questions and work especially effectively at capturing informed citizen voice in depth. Such panels only involve a small number of citizens directly, but can have much broader impact if the wider public is aware of their existence and able to observe their proceedings. In Canada one in 67 households have received a letter inviting them to serve on a Panel, and there are high levels of awareness of the involvement of citizens

⁹⁷ Department for Communities and Local Government (2011) *Communities in the driving seat: a study of Participatory Budgeting in England*. [online] Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/6152/19932231.pdf

⁹⁸ Legal bodies set up using national legislation that enable a group of two or more councils to collaborate and take collective decisions across council boundaries

in formulating policy.⁹⁹ The potential for these approaches in the UK in relation to devolution has been explored in Liverpool as well as in the West Midlands through the use of citizen juries.¹⁰⁰

Should local and regional bodies wish to use deliberative approaches that directly involve greater numbers of citizens, initiatives such as those in Porto Alegre, Brazil, also tested in New York, Paris and Seville, offer the potential for both deliberation and wider engagement.¹⁰¹

Even if not made a condition of devolution deals, we recommend that combined authorities, LEPs and local authorities work with residents, the social sector, and businesses to co-design a charter setting out a shared vision for engagement, the principles upon which it should be based, the practical ways in which citizens could be supported to get involved, and the influence and impact they can achieve.

2) Central Government commission Citizens' Reference Panels for major economic decisions

We recommend that HM Treasury and other economic policymaking departments should commission Citizen Reference Panels for major economic decisions and publish the results of the Panels' deliberations.

In the spirit of promoting greater pluralism about economic policymaking and decision-making, there is a pressing and urgent need to deepen the quality of debate about major national policy decisions, such as the UK government's annual Budget and Spending Review.¹⁰²

Other departments should also consider using deliberative processes to inform major economic decisions, such as significant changes to social security or major infrastructure projects including airport and rail

⁹⁹ Op. cit. MacLeod, P. (2018) *MASS LBP*

¹⁰⁰ PwC (2016) *What does the public want from devolution?* [online] Available at: www.pwc.co.uk/industries/government-public-sector/what-does-the-public-want-from-devolution.html

¹⁰¹ A complete list of case studies mentioned in this report is set out in Appendix D

¹⁰² This approach has been prototyped by PwC. See PwC (2010) *Spending Review 2010, The Jury's Verdict*. [online] Available at: www.pwc.co.uk/assets/pdf/spending-review-2010-jurys-verdict.pdf

expansion. Such decisions are often politically controversial. As a result, they are vulnerable to loss of political legitimacy and traction leading to reversal or cancellation, such as the aborted introduction of national identity cards in the UK,¹⁰³ or to repeated delay as in the case of the decision about a third runway for London Heathrow airport.

In addition, there is potential for the use of Citizens' Reference Panels to provide direct evidence and advice to cross-party Parliamentary Select Committees. These might include the Public Accounts Committee, the Treasury Select Committee, and the Business, Energy and Industrial Strategy Select Committee. Such initiatives could be supported by the convening of an APPG that seeks to engage politicians across political parties on how to most effectively use such approaches to inform and advise decision-makers and politicians as part of the parliamentary process.

To facilitate the use of Citizens' Reference Panels at both local and national level we recommend that the government consult on aligning the terms of serving on Panels with those for serving on a criminal jury. This would put participation on a mandatory footing (for up to one week) and include payment of expenses, compensation for loss of earnings for the self-employed, and a requirement that employers allow their staff paid time off to participate.

3) The Bank of England should establish regional Citizens' Reference Panels

We propose that the Bank of England pilot Citizens' Reference Panels to advise each of its 12 Regional Agents as part of the decision-making processes of the Monetary Policy Committee, the Financial Policy Committee and the Prudential Regulation Authority.

The Bank's Regional Agents gather information about UK economic conditions through a variety of means including one-to-one confidential conversations about business conditions with businesses, the third sector and other organisations in their local areas. They also run events where

¹⁰³ The Identity Cards Act 2006 (c 15) was repealed following widespread concerns about its impacts on civil liberties

attendees can share views and experiences.¹⁰⁴ This intelligence is used to inform the decisions of the Bank on issues ranging from setting interest rates to promoting financial stability.

We recommend the formation of a standing Citizens' Reference Panel in each region involving a diverse range of citizens to represent a range of views, backgrounds and economic circumstances.

Under our proposal, the Bank's officials would present economic data to panel members, inform them about the Bank's policies, and gather views about how particular policies would affect them.

Both the Bank and the public would benefit from such engagement. It would give the Bank a means of having direct conversations with citizens, raising public understanding and giving a voice to everyday citizen concerns. By providing the Bank with first-hand intelligence about the impact of policy and by offering new insights, Panels have the potential to guard against the risk of 'group-think'. The use of Citizens' Reference Panels by the Bank could have further benefits beyond its own remit, providing insights that might be useful to other economic policy institutions within Government.

4) Support citizens and civil society organisations to directly scrutinise economic policy

We recommend that national and local government expand the use of open data and online data tools to allow public scrutiny of economic data, and provide resources to civil society organisations to provide independent analysis of policy.

A variety of emerging tools exist to ensure that government priorities and policies align with citizen views and perspectives. For example, the Georgian State Audit Office has recently created an online Budget Monitoring platform which enables any Georgian citizen to readily access simple, easy to read data about the government's budget (including receipts, payments, incomes), as well as areas of government

¹⁰⁴ Bank of England (2018) *Agents*. [online] Available at: www.bankofengland.co.uk/about/people/agents

expenditure.¹⁰⁵ The tool includes a functionality that allows citizens to ‘audit’ economic decision-making. By way of example, Georgian citizens are able to express their opinions about deficiencies that may exist in managing budget resources, share information available to them about corruption risks in public finances, to participate in the preparation of the audit annual plan, and in some instances, to vote on priorities for the Budget itself.

A similar initiative in Italy, Monithon, is enabling Italians to monitor EU-funded projects. The tools are being used and applied across Italy by local communities and school students who are trained to be auditors on the ground, asking questions of local authorities, visiting project sites and offering concrete ideas for change which are to be implemented.

However, the provision of open data is insufficient for ensuring healthy and robust democratic scrutiny and debate unless civil society organisations are resourced to provide independent and high quality analysis of data. The principle of funding independent scrutiny of government economic policy has been established by the creation of the Office for Budget Responsibility. However, we would recommend that rather than being funded by HM Treasury and reporting to Ministers, funding is distributed by Parliament as part of its role in holding government to account. Funding the research of independent civil society groups on behalf of citizens would be analogous to the funding of the House of Commons Library’s independent research and briefings for MPs and their staff.

For example, we recommend that the Women’s Budget Group should receive financial support for deepening their insights into how government economic policy-making is affecting women, who are significantly underrepresented in influencing and making decisions about the economy.¹⁰⁶ We propose that there remains a gap for similar work with a view to better understanding how other groups (those who are disabled, LGBTQI, from ethnic minority backgrounds, and those who are directly affected by regional inequalities) are affected adversely by government

¹⁰⁵ State Audit Office (2018) *Budget Monitor: Analytical Portal of State Audit Office*. [online] Available at: budgetmonitor.ge/ka/home

¹⁰⁶ Women’s Budget Group (2016) *The Women’s Budget Group*. [online] Available at: wbg.org.uk

economic policy, and that this analysis should be co-ordinated by a single body so as to better understand the intersectional implications of identity-based disadvantage.

5) Establish an expert resource centre on participatory economics

We propose the creation of an expert resource centre on participatory economics within government, drawing upon a range of public engagement and participation techniques so that policymakers can best understand when and in what context deliberative forms of engaging the public are most appropriate and necessary.

This expert resource centre would be modelled on the existence of similar programmes in the UK, notably, Sciencewise, which offers funding, evaluation and capacity building assistance to a wide range of policymakers on science and technology issues.¹⁰⁷ The centre should play the following roles:

- **Capacity building.** The Centre would build awareness of and expertise in deliberative approaches to economic policy among civil servants at all levels of government, including building the evidence base on deliberative approaches across the world and in the UK.
- **Developing best practice guideline.** In consultation with research institutions and delivery organisations working in the sector, it would develop best practice guidance for the selection, implementation and evaluation of different types of engagement.
- **Prototyping and testing new democratic innovations.** Working in close collaboration with public authorities, pilots would test different deliberative approaches that address the democratic and economic exclusion of citizens in a variety of public service settings.
- **Supporting evaluation and more iterative learning about deliberative processes.** The Centre would be responsible for measuring the impacts of public engagement processes on

¹⁰⁷ Sciencewise (2017) *Sciencewise - the UK's national centre for public dialogue in policy making involving science and technology issues*. [online] Available at: [webarchive.nationalarchives.gov.uk/20170110110308/http://www.sciencewise-erc.org.uk](http://www.sciencewise-erc.org.uk)

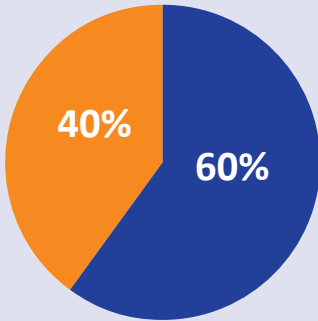
citizens' agency, literacy and wellbeing, measuring the impacts of such processes on the legitimacy and quality of policymaking. This information would be valuable for organisations wishing to conduct an engagement process as well as to citizens who could use such information as 'armchair auditors', holding decision-makers to account on best practice.

- **Supporting and resourcing the capacity of civil society in a range of localities.** As illustrated by the EIR, citizens often experience the 'sharp edge' implications of political and economic decisions, and local community organisations are often best placed to understand these impacts and respond adaptively to the needs of citizens. In localities that lack a thriving local and voluntary sector community infrastructure, the Centre could support local authorities to review how best and most effectively to strengthen civil society. In localities with a strong civil society presence, grassroots organisations already doing valuable work in their local communities should be supported to increase their outreach and impact.¹⁰⁸ We note that there has, in the past, been an extensive and highly effective infrastructure for such initiatives that have been directly affected by reductions to local government funding – citizens in a number of the localities which we visited on the EIR made reference to specific examples, which are featured in our supplementary report. Despite these factors, much good work continues through representation and work undertaken by initiatives such as the National Association for Voluntary and Community Action, as well as Action with Communities in Rural England (ACRE), which supports rural community councils, providing voluntary sector infrastructure support in rural areas.
- **Stimulating adoption of deliberative processes through a time-limited match-fund.** The Centre would kick-start a wave of innovation in application of deliberative processes by providing a time-limited and reducing match fund available to any UK public authority at a central and national level, to support the engagement and empowerment of citizens on complex and controversial policy

¹⁰⁸ Slocock, C. (2017) *A Shared Society? The independence of the voluntary sector in 2017*. Civil Exchange. [online] Available at: civilexchange.org.uk/wp-content/uploads/2011/02/A-Shared-Society-Executive-Summary.pdf

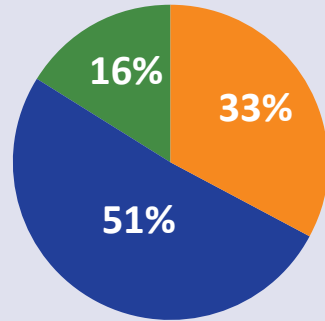
issues. In particular, this funding could be used to reimburse participants for their time, or supplement initiatives with marginalised groups to co-design new service delivery methods. In this way the funding would recognise structural barriers to participation and act to remove them.

Appendix A: Citizens' Economic Council composition



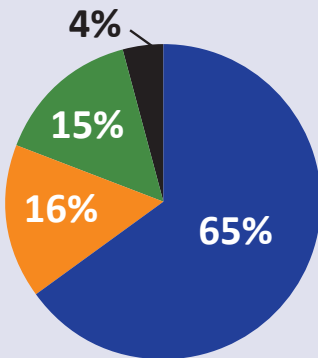
GENDER

Female ●
Male ●



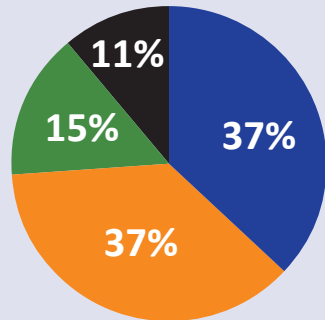
AGE

16-35 ●
35-54 ●
55+ ●



ETHNICITY

White British ●
Black British ●
Asian British ●
EU National ●



SOCIAL GRADE

AB ●
C1 ●
C2 ●
DE ●

Appendix B: List of experts who participated in the Citizens' Economic Council

Rain Newton-Smith is Director of Economics at the Confederation of British Industry

Ali Norrish is Product Researcher at Economy

Christopher Tchen is University of Manchester, Society for Financial Studies

Chris Naylor is Chief Executive at London Borough of Barking and Dagenham

Ratidzo Starkey is Head of Stakeholder Relations, Bank of England

Andrew Mills is Independent Financial Services Analyst

Pete Gladwell is Head of Public Sector Partnerships, Legal and General

John Young is a representative of the Bank of England, North West

Karen Partridge is Head of Client Services, AHC

Christian Spence, Head of Research and Policy, Greater Manchester Chamber of Commerce

Cllr Beth Knowles, Manchester City Council

Vicki Hird is Campaign Co-ordinator at Sustain

Prof Corinna Hawkes is Director of the Centre for Food Policy at City University

Candida Perera is Pricing Control Manager at NHS Improvement

Dr Marion Gibbon is former Deputy Director of Public Health at Southend Borough Council, current Public Health Consultant for Reading Council

Dilip Joshi MBE is formerly Head of Retail Operations at Thames Trains and Operations & Safety at the Office of Rail Regulation

Dr David Davies is Executive Director of Parliamentary Advisory Council for Transport Safety (PACTS)

Frances Weetman is Winner of the New Statesman/Virago Women's prize for politics and economics

Amrita Rose is Policy Advisor on National Minimum Wage and Living Wage

Nathan Koren is Founder and CEO Ltd of Podaris Ltd

Sarah Lyall is former Subject Lead Social Policy at the New Economics Foundation, current Social Integration Manager at Greater London Authority

Soumaya Keynes is a representative of The Economist

Corin Bell is Director of The Real Junk Food Project Manchester

Dr Julia Steinberger, Associate Professor at the University of Leeds

Hal Hodson, Technology Correspondent at the Economist

Keith Morris, former Chairman of Sabre Insurance Company

Several members of our Independent Advisory Group and Economic Review Panel attended the deliberation days and contributed as experts, as well as RSA staff members: Matthew Taylor, Chief Executive of the RSA; Anthony Painter, Director of the Action and Research Centre; Tony Greenham, Director of the Economy Team, Enterprise and Manufacturing Team, and Ben Delloit, Associate Director of the Economy, Enterprise and Manufacturing Team

Appendix C: Independent Advisory Group and Economic Review Panel

Independent Advisory Group

Simon Burall is a Senior Associate (previously Director) at Involve where he is leading the Sciencewise programme, funded by the Department for Business, Energy, Innovation and Skills (BEIS).

Rosie Campbell is Professor of Politics at Birkbeck, University of London. She has recently written on what voters want from their parliamentary candidates, attitudes to MPs' roles, the politics of diversity and gender and voting behaviour.

Andrea Cornwall is Professor of Anthropology and International Development in the School of Global Studies at the University of Sussex, where she is currently Head of School.

Ivor Gaber is Professor of Journalism at Sussex University and Emeritus Professor of Broadcast Journalism at Goldsmiths, University of London.

Nick Jones is the Global Director of PwC's Public Sector Research Centre and a member of PwC's UK Government & Public Sector Leadership Team.

Suzannah Lansdell is a freelance facilitator and stakeholder engagement advisor who has been working in the sector since the early 1990s with organisations such as the Environment Council.

Steve Schifferes is Professor of financial journalism at City University and has a wide-ranging background in business and finance journalism, both for television and online.

Graham Smith is Professor of Politics at the Centre for the Study of Democracy, University of Westminster. He is a specialist in democratic theory and practice and environmental politics.

Victoria Waldersee is co-director of Economy, a charity which researches, develops, and promotes a new way of talking about economics, providing people with the tools to make more confident personal choices and participate effectively in democracy.

Diane Warburton has over 30 years' experience of participatory action at national and local levels and over the past 20 years she has become one of the leading evaluators of public, community and stakeholder participation in the UK.

Sian Williams is Head of National Services at Toynbee Hall, the world's first purpose-built university settlement, founded in 1884 in London's East End.

Economic Review Panel

Rain Newton-Smith is Director of Economics at the Confederation of British Industry.

Prof Victoria Chick is Emeritus Professor of Economics at University College London, and on the advisory group of Rethinking Economics.

Dr Geoff Tily is a Senior Economist at Trades Union Congress.

Dr Jo Michell is a Senior Lecturer in Economics at the University of the West of England.

Nathalie Spencer is a Behavioural Scientist, formerly at ING.

Prof Ben Fine is Professor of Economics at the School of Oriental and African Studies, University of London.

Dr Andy Denis is a Senior lecturer in Political Economy, City University London.

Prof Mariana Mazzucato is a Professor in the Economics of Innovation and Public Value at University College London.

Prof Tim Jackson is the Professor of Sustainable Development, University of Surrey, and Director of the Centre for the Understanding of Sustainable Prosperity.

Prof Ozlem Onaran is Professor of Economics, University of Greenwich, and Director of the Greenwich Political Economy Research Centre.

Appendix D: Useful resources and further reading for policymakers

Other organisations in this field

Within the UK:

Involve: a charity and think tank based in the UK, to improve the quality of democracy between elections. Available at: www.involve.org.uk

PB Network: an independent body advocating for learning and innovation in Participatory Budgeting across the UK. Available at: pbnetwork.org.uk

The Centre for the Study of Democracy: the Centre, based at the University of Westminster, undertakes research across a range of critical challenges to the theory and practice of politics and international relations. The Centre engages with academics and practitioners beyond the academy through a programme of publications, events and collaborations. Available at: www.westminster.ac.uk/centre-for-the-study-of-democracy

The Democratic Society: a not-for-profit organisation who support governments, parliaments and any organisation that wants to involve citizens in decision-making to be transparent, open and welcoming of participation. Available at: www.demsoc.org

The Sortition Foundation: a not-for-profit organisation based in the UK, whose mission is to promote and institute sortition in empowered assemblies. Available at: www.sortitionfoundation.org

Within Australia:

The Centre for Deliberative Democracy and Global Governance: a research centre at The University of Canberra,

Australia, specialising in the theory, practice and empirical study of deliberative democracy. They have particular interests in global governance, democratization and environmental governance. Available at: www.governanceinstitute.edu.au/centres/deliberative-democracy-and-global-governance

The New Democracy Foundation: an Australian independent, non-partisan research and development organisation. They aim to discover, develop, demonstrate, and disseminate complementary alternatives which will restore trust in public decision making. Available at: www.newdemocracy.com.au

Within North America:

Healthy Democracy: a US-based not-for-profit that designs and coordinates innovative deliberative democracy programs. They pioneered the Citizen Initiative Review process, where citizen panels draft joint statements that provide clear, concise, and accurate information to their fellow voters, removed from campaign messaging and financial influence. Available at: healthydemocracy.org

MASS LBP: a Canadian organisation that provide a range of services to public sector organisations on democratic innovation and strategy. Available at: www.masslbp.com/profile

The Centre for Deliberative Democracy: a research centre based at Stanford University, USA, is devoted to research about democracy and public opinion obtained through Deliberative Polling®. Available at: cdd.stanford.edu

International:

Deliberative Democracy Consortium (DDC): an alliance of leading organisations and scholars working in the field of public engagement, participation, and deliberation. While the DDC's primary arena of action is in North America, they are part of a global learning community. Available at: deliberative-democracy.net

International Association for Public Participation (IAP2):

international association of members working to promote and improve the practice of public engagement. While IAP2 tends to be focused in the US, they do work internationally. Resources include core values, code of ethics and spectrum of public participation, and the Journal of Public Deliberation focusing on deliberative democracy. Available at: www.iap2.org

The National Coalition for Dialogue and Deliberation

(NCDD): a network of innovators who bring people together across divides to discuss, decide, and take action together effectively on today's toughest issues. NCDD serves as a gathering place, a resource centre, a news source, and a facilitative leader for this community of practice. Available at: ncdd.org

Online resources

Democracy Renewal: brings together diverse opinions, analysis and statistics from academics, leaders, journalists and citizens from around the world on the state of contemporary liberal democracy. Available at: democracyrenewal.edu.au

Latinno: the first comprehensive and systematic source of data on new forms of citizen participation evolving in Latin America. Available at: www.latinno.net/en

Participedia: Participedia's research goal is to develop a large article and database that will support evidence-based answers to the question: What kinds of participatory processes work best, for what purposes, and under what conditions? This is done through crowd-sourcing data on democratic innovations from around the world. Available at: participedia.net

ParticipateDB: a collaborative catalogue that tracks the tools and services used in online community engagement. Available at: www.participatedb.com

Sciencewise: UK Government programme providing extensive support to deliberative dialogue projects designed to inform national policy making on science, technology and innovation. Available at: www.gov.uk/government/collections/sciencewise-public-dialogue-on-science-and-technology

Key texts

Bächtiger, A., Dryzek, J., Mansbridge, J and Warren, E. (eds) (forthcoming in 2018) The Oxford Handbook of Deliberative Democracy. Oxford: Oxford University Press

This book takes stock of deliberative democracy as a research field, but also explores and creates links with philosophy, various research programmes in the social sciences and law, as well as policy practice around the globe. It provides a concise history of deliberative ideals in political thought while also discussing their philosophical origins.

Gastil, J. and Levine, P. (2005) The Deliberative Democracy Handbook: Strategies for Effective Civic Engagement in the Twenty-First Century. San Francisco: Jossey-Bass

A collection of readings for anyone interested in the role of citizen participation in the public policy process. It provides concrete examples of successful efforts to expand public input in decision-making at the local, state, and national levels.

Grönlund, K., Bächtiger, A. and Setälä, M. (eds) (2014) Deliberative Mini-Publics: Involving Citizens in the Democratic Process. Colchester: ECPR Press

A comprehensive account of deliberative mini-publics, this book offers a systematic review of their variety, discusses their weaknesses, and recommends ways to make them a viable component of democracy. The book takes stock of the diverse practices of deliberative mini-publics and, more concretely, looks at preconditions, processes, and outcomes.

Nabatchi, T. and Leighninger, M. (2015) Public Participation for 21st Century Democracy. New Jersey: John Wiley & Sons

This book explores the theory and practice of public participation in decision-making and problem-solving. It examines how public participation developed over time to include myriad thick, thin, and conventional opportunities, occurring in both face-to-face meetings and online settings. It offers a practical framework for thinking about how to engage citizens effectively, and clear explanations of participation scenarios, tactics, and designs.

Smith, G. (2008) Democratic Innovations: Designing Institutions for Citizen Participation. Cambridge: Cambridge University Press

This book draws together evidence from a variety of democratic innovations from around the world, including participatory budgeting in Brazil, Citizens' Assemblies on Electoral Reform in Canada, direct legislation in California and Switzerland and emerging experiments in e-democracy. It offers a systematic analysis of a diverse range of democratic innovations, drawing lessons for the future development of both democratic theory and practice.

Case Studies mentioned within this report and previous programme publications

Participatory Budgeting in Porto Alegre, Brazil (1989 onwards)

Participatory Budgeting was first established in Porto Alegre, Brazil as a means of involving ordinary citizens in the annual municipal budget decision-making cycle. The success of this experiment, both in terms of engaging significant numbers of citizens in the budgetary process and redistributing resources to poorer neighbourhoods, has led to international recognition and the spread of PB across the world. **Available at:** www.ucl.ac.uk/dpu-projects/drivers_urb_change/urb_governance/pdf_part_budg/IIED_Souza_Budgeting_Brazil.pdf; participedia.net/en/cases/participatory-budgeting-porto-alegre

Participatory Budgeting in Seville (2004 – 2016)

Seville's participatory budget was put forward by a coalition of The United Left and The Social Democratic Party who had a small majority in the local government. It was allotted 50 percent of the council's budget, and participants then voted on which sectors they thought were the most important. **Available at:** participedia.net/en/cases/participatory-budgeting-seville-spain

PwC's Citizen Jury on the Spending Review (2010)

Twenty-four citizens, broadly representative of the population, were brought together in July, in Coventry to develop a set of citizen's criteria to guide the Spending Review decisions. Eighteen members of this Jury

reconvened in London in November 2010 to discuss their reactions to the Spending Review and look in detail at some specific policy issues.

Available at: www.pwc.co.uk/assets/pdf/spending-review-2010-jurys-verdict.pdf

America Speaks (2010)

The most extensive public engagement and deliberative national debate about economic policy, which convened 3,500 American citizens together to propose a vision on creating a sustainable fiscal future and strong economic recovery. **Available at:** www.americaspeaks.org

Iceland's Constitutional Council (2011) Available at: www.althingi.is/altext/139/s/1120.html

The council consisted of 25 publically elected citizens crowdsourcing ideas for the bill through social media, setting up a 'consultative citizens' forum' and advertising extensively for proposals from interest groups.

Participatory budgeting in New York (2011 – 2016) Available at: pbnyc.org/content/about-new-york-city-process

In 2011, four New York City Council Members launched a participatory budgeting process to let residents allocate part of their capital discretionary funds. By September 2015 almost half of the city's council members had joined the process.

Monithon – budget monitoring (2013 onwards)

Monithon is a platform, born as an independently developed initiative to promote the citizen monitoring of development projects funded both by the Italian government and the EU through the Cohesion (aka Regional) Policy. **Available at:** www.monithon.it

Melbourne City Council's 10 Year Financial Plan (2014)

The City Council ran a multi-method public engagement process, convening a 'mini public' of 43 people to deliberate the Council's financial and spending priorities. **Available at:** www.melbourne.vic.gov.au/SiteCollectionDocuments/10-year-financial-plan.pdf

Ireland's Convention on the Constitution (2014) The Convention, comprising of 100 citizens, explored and considered a range of issues including economic rights and same-sex marriage. **Available at:** www.constitution.ie

Participatory Budgeting in Paris (2014 - 2020)

Paris's participatory budgeting programme set aside five percent of its investment budget for citizens to propose and then vote for ideas that benefit the entire city. **Available at:** www.paris.fr/actualites/the-participatory-budget-of-the-city-of-paris-4151

PwC's Citizen Juries on Devolution (2016) During the 2016 Party Conference season, PwC worked with BritainThinks to convene Citizens' Juries exploring public perspectives on devolution in the West Midlands and Liverpool. **Available at:** www.pwc.co.uk/industries/government-public-sector/what-does-the-public-want-from-devolution.html

Citizens' Assembly on Brexit (2017) The Citizens' Assembly on Brexit brought together 50 randomly selected citizens, who deliberated on the issues of trade and migration, with an aim to show the value of deliberative public engagement on controversial areas of public policy. **Available at:** citizensassembly.co.uk/brexit

Glossary

Citizen Reference Panel (also known as Citizen Assemblies, Commissions and Juries): a group chosen to represent the communities from which they come. They will be asked to look at real issues, and provide guidance on important and sometimes controversial policies. Governments and public agencies may use them to give ordinary people a more substantial role in democratic decision making.

Deliberative polling: a unique form of political consultation that combines techniques of public opinion research and public deliberation, to construct hypothetical representations of what public opinion on a particular issue might look like if citizens were given a chance to become more informed.

Deliberative process: a process allowing a group of citizens to receive and exchange information, to critically examine arguments on an issue, and consider different claims that are designed to secure the public good.

Direct democracy: a form of democracy in which all laws and policies imposed by governments are determined by the people themselves, rather than by representatives who are elected by the people.

Participatory budgeting: a democratic process in which community members directly decide how to spend part of a public budget.

Referenda: a mechanism of direct democracy. While not legally binding the UK, referenda have been used to decide on substantive political issues in recent years (notably on devolution, Scottish independence and the UK's membership of the EU). Within this context, this report considers the outcome of such votes to be at least comparable to legally bound processes, given the social implications politicians are likely to face should they ignore the voting outcome.

Representative democracy: a type of democracy in which all eligible citizens vote for elected officials to represent them within their democratic system. Elected representatives may hold the power to select other representative and pass legislation on behalf of the public.

Sortition: sortition is the use of random selection to populate assemblies or fill political positions. An assembly that uses sortition would be composed of members of the public: it would be a representative random sample of people, making decisions in an informed, fair and deliberative setting.

The RSA

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes that everyone should have the freedom and power to turn their ideas into reality; we call this the Power to Create. Through our ideas, research and 29,000-strong Fellowship, we seek to realise a society where creative power is distributed, where concentrations of power are confronted, and where creative values are nurtured.

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