



Citizens, Participation and the Economy

Interim Report of the RSA
Citizens' Economic Council

Reema Patel and Kayshani Gibbon

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.

The Citizens' Economic Council

This report sets out the emerging findings from the RSA Citizens' Economic Council, a nationwide programme of work prototyping a range of democratic innovations on economic policy. The Council aims 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 Economics Oversight Group.

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Foreword

Much has changed since 2015, when I announced in my Chief Executive's Annual Lecture that the RSA would seek to establish a Citizens' Economic Council. Working in the open so anyone could engage with its deliberations and input to its debates, the task of the Council within the two year programme would be to explore the deeper strengths and weaknesses of our economy. To develop core design principles for a resilient human welfare economy and to assess a set of ideas which might help to create that economy by 2030. This interim report sets out some of the early findings of the Council, including its Citizens' Economic Charter.

Since the Council was established, Britain's vote to leave the European Union and the outcome of the General Election in 2017 have further increased concern not just about the country's future, but also about the quality of dialogue and debate we have about that future. It has prompted the RSA to think about a better, more expansive, approach to democracy – engaging with the question of how we can effectively build better relationships of trust and respect between experts, economists, politicians and citizens, as well as to address the growing legitimacy deficit that economic decision-makers face. Our ultimate goal is to develop people's sense of agency and influence over the economy.

In the immediate aftermath of the EU referendum, as we prepared for the Council, we embarked upon a roadshow across the UK – engaging with citizens in communities from Port Talbot to Clacton-on-Sea, from Oldham to Glasgow.

In many ways the Citizens' Economic Council exemplifies the RSA's approach. The task of the Society today, as it has always been, is to ask big questions. Today, with 29,000 Fellows and a global on-line following our goal is to engage a wider network of social change activists, as well as citizens as a whole. Beyond questions we have sought to explore new possibilities and experiment with new approaches.

The RSA is committed to empowering citizens to live a flourishing life. We call for newly created economic institutions to have a more democratic, participatory dimension: for us the 'good' economy is not just one of managers, workers and consumers, it is one of citizens. We believe better policy and a better chance of success in pursuing that policy will result from a more public culture of economics, one in which power is more evenly dispersed and shared among economic actors, including private, civic and public organisations and people in their roles as workers, consumers, investors and citizens. The interim report of the Council marks the beginning of a wider conversation about the way forward. I look forward to engaging with you on its emerging findings.

Matthew Taylor

Chief Executive, RSA

Executive Summary

“We must not become engaged at the margins, but at the heart of power”

Stephané Hessel

French diplomat and resistance hero¹

Context

The Queen merely captured the public mood in the UK when, in the wake of the economic crisis in 2008, she asked a roomful of economists, “why did nobody see it coming?”² The financial crash has increased calls for a fundamental rethink in the way we teach and ‘do economics’, run economies and manage the financial sector. This has led to new rules governing banks and increased scrutiny of some prevailing unchallenged economic orthodoxies. In addition, longer-term profound social, technological and economic shifts – increasing levels of migration, environmental degradation, the effects of globalisation and the impacts of automation – have added pressure for change.

The Bank of England’s Chief Economist, Andy Haldane, has described the 2008 financial crisis as being one that did not just pose economic and political challenges; but also *analytical* challenges.³ There is now a growing, global movement – Rethinking Economics – of students, professionals and policymakers calling for reform to the economics curricula and a more democratic economy. In addition, the CORE project led by Professor Wendy Carlin at UCL, the recently launched ESRC Rebuilding Macroeconomics Network, and the Promoting Economic

¹ Hessel, S. (2011) *Time for Outrage*. 1st ed. United Kingdom: Quartet Books

² Greenhill, S. (2008) *It's awful - Why did nobody see it coming?: The Queen gives her verdict on global credit crunch*. [online] Mail Online. Available at: <http://www.dailymail.co.uk/news/article-1083290/Its-awful--Why-did-coming--The-Queen-gives-verdict-global-credit-crunch.html>

³ Earle, J., Moran, C. and Ward-Perkins, Z. (2017) *The Econocracy*. 1st ed. Manchester: Manchester University Press, Foreword

Pluralism network run by RSA Fellow Henry Leveson-Gower, all seek to broaden the debate about economics. These networks build upon the thinking developed by the many economists within and outside academia seeking to offer alternative approaches to orthodox economics.

Used as a generic term for methodologies that lie outside the 'mainstream', a common starting point for contemporary 'heterodox economics' is an attempt to look beyond neoclassical assumptions about 'rational' human decision-making being governed by pleasure or utility. This 'new economics', rather, takes into account broader sociological, environmental, and behavioural factors when understanding economic policy. Alongside these developments, there is growing interest amongst citizens, charities, local government and policymakers in new narratives about the economy, exposing the shortfalls in conventional models of economics. The RSA rejects the idea that economics can ever be value-free when applied to policymaking. However, this is not to reject the rigour that can be brought to policy questions through the use of statistical evidence and econometric modelling. It is merely to argue that such reductive expressions of economics can and must be enriched by other ways of knowing and understanding people, resources and system dynamics.

Renewed focus on 'inclusive growth', 'sustainable prosperity' and 'wellbeing economics' all speak to this point, challenging the orthodoxy that economic success must be measured exclusively in such reductive terms, suggesting different ways of conceptualising what economic success looks like, at both a local and national level. These debates seek a renewed understanding of the goals and purpose of the economy, focusing on economics as a discipline which is in service to citizens, rather than the other way around.

Recent events, in the UK and elsewhere, have further exposed challenges about the winners and losers of how our societies and economies are faring. First is the *challenge of legitimacy*. The 2016 referendum on the European Union in the UK exposed an enormous disconnect between citizens and the economic, political and policymaking consensus. In the past year, the Edelman Barometer of Trust has reported a global implosion in levels of citizen trust in policymakers, companies, politicians and economists.⁴

⁴ Edelman (2017) *2017 Edelman Trust Barometer*. [online] Available at: <https://www.edelman.com/trust2017>

Oxford Dictionaries declared the international word of the year in 2016 to be 'post-truth', defined as an adjective "relating to or denoting circumstances in which objective facts are less influential in shaping public opinion than appeals to emotion and personal belief."⁵ This speaks to the second challenge: that of *populism*. As Claudia Chwalisz argues, the rise in populism is a signal that politics and democracy needs to change.⁶ Nowhere is this more apparent than in the field of economics where issues that are cloaked in economic jargon or confusing language conceal trade-offs and choices that are more legitimately the domain for public dialogue and deliberation. We live a world in which economics is experiencing a crisis in legitimacy and public trust, at the same time as holding disproportionate influence and power.



Drawing, Citizens' Economic Council participant, Port Talbot workshop

⁵ Oxford Dictionaries | English (2016) *Word of the Year 2016 is....* [online] Available at: <https://en.oxforddictionaries.com/word-of-the-year/word-of-the-year-2016>

⁶ Chwalisz, C. (2015) *The Populist Signal*. 1st ed. London: Rowan & Littlefield International

The RSA's Citizen's Economic Council

There are many reasons why more democratic and deliberative approaches to economics are necessary and valuable. As well as shaping better and more informed economic decisions, meaningful efforts to engage citizens on economics helps institutions and experts explore citizen values and voices about economics, promotes transparency about economic priorities, and strengthens the quality of democracy and debate. Despite the enormous potential democratising the economy has for a new approach to economics for citizens, institutions and society, there remains a serious democratic deficit in economics.

It is within this context that the RSA conceived and developed the Citizens' Economic Council. We believe that a new democratic approach to economics is not just possible, but necessary. The programme, begun in June 2016, is in line with the RSA's values as an enlightenment organisation for the 21st century, and is consistent with our aim of promoting citizen agency in shaping the world for the better. The RSA believes that in strengthening the legitimacy and creativity of policymaking, there needs to be more spaces for citizens to exercise their power to create a better future.

The RSA recognises that creating legitimacy and space for citizen voice can only bring about system change if we first recognise the complexity involved in understanding the bigger picture. Then consequently are able to seek a flexible, iterative response to complex and uncertain social contexts, pinpointing and pursuing opportunities for sustainable policy change that will make a difference to people's lives. At the RSA, we call this method 'think like a system, act like an entrepreneur'.

With this in mind, the Citizens' Economic Council was designed to be an experimental, iterative programme that prototypes deliberative and discursive interventions that seek to test and deepen our understanding of how legitimacy can be strengthened through the use of innovative participatory techniques. The programme's design has built on expertise cultivated in the UK and overseas; through the showcasing of prototypes by organisations such as the Involve Foundation, the

Democratic Society, PricewaterhouseCoopers and Democracy Matters in the UK, as well as the pioneering work undertaken by the New Democracy Foundation in Australia, and MASS LBP in Canada. It has also built upon learning and knowledge cultivated through the community development sector, most notably through the Big Lottery Fund's Big Local programme and Local Trust.

Where the RSA's programme is unique is in its efforts to better understand and capture the potential such processes have to strengthen citizens' agency on, influence over and contributions to economics. In taking this approach, we recognise that change in the system cannot take place in isolation, but requires us to create a coalition of change that empowers people to take action and push for reform. As such, the programme was designed to work closely with the RSA's network of 29,000 Fellows and other allies, seeking to *mobilise* people behind a shared mission of embedding democratic innovations such as these into the system. In order to do this, we used the following innovations:

A Citizens' Economic Council

Engaging 54 citizens on a journey through national economic policy over five days. The Council has worked with over 50 experts and policymakers to co-create a national charter for a citizens' economy.

An Economic Inclusion Roadshow

Engaging citizens across the UK, particularly in areas most 'left-behind' by economic policy (Port Talbot, Glasgow, Oldham and Clacton-on-Sea) on their experiences of the economy. The Roadshow engaged with intergenerational issues, with citizens from ethnic minorities, young people, LGBT people and disabled people.

The use of civic technology and crowdsourcing,

Engaging with over 1000 citizens and RSA Fellows on an online platform; sourcing 47 high-quality public policy ideas in response to challenges identified by our citizens.

Our work has been underpinned throughout by an extensive stakeholder engagement strategy, connecting grassroots findings with national media, policymakers, RSA Fellows and academic economists. This report outlines our emerging findings that will inform the final stages of our work:

Clarity and communication

There is a pressing and urgent need for a more transparent and understandable approach to economics (both in terms of language and conceptual clarity). There is, in particular, a challenge with the way in which economics is reported and communicated through the media. 36 percent of respondents to a recent survey reported that they never or rarely pay attention to economics stories in the media, with only 40 percent of respondents to the same survey saying they found discussions about economics very easy or fairly easy to understand in newspapers, on radio, on TV, or through other digital devices.⁷

Citizen empowerment

Despite low levels of trust and in some instances, profound levels of exclusion, citizens engage with and are empowered in a variety of ways when they gain a better grasp and understanding of economics. There is a considerable appetite for participation in initiatives that they consider to be meaningful and responsive to their voices. This, in turn, strengthens their sense of power and willingness to participate in other civic initiatives.

Building legitimacy

Citizen engagement, when done well, has enormous potential to strengthen the legitimacy of economic decision-making for citizens, economists and for policymakers. Legitimacy is defined as ‘the underlying support for any government initiative and the attempts to achieve it. It is influenced by the level of public confidence, stakeholder engagement and political commitment’ in a report by the Centre for Public Impact (‘The Public Impact Fundamentals’).⁸

⁷ The Economics Network (2017) *ING-Economics Network Survey of Public Understanding of Economics* [online] Available at: https://economicsnetwork.ac.uk/research/understandingecon#The_sample

⁸ Centre for Public Impact (2016) *The Public Impact Fundamentals Report*

The need for civic and social infrastructure

For those citizens we engaged with who are most 'left-behind', there is need for investment in both people and places. This investment is not purely financial, nor is it purely physical. Investment, if it is to realise our ambitions for a more inclusive economy, requires that we build a stronger 'social infrastructure'.⁹ Economist Professor Susan Himmelweit points to provision such as education and healthcare as examples of social infrastructure – the benefits of which accrue directly to society, endure into the future and build the capabilities of its beneficiaries to flourish.¹⁰ 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 resilience, when given the right support from public bodies. 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.

This report puts forward an ambitious agenda but one that we feel has the potential to make inroads towards realising system change. Our goal is to help make the case for – and showcase practical examples of – embedding democratic innovations in the way we do national and local economic policymaking to help bolster both legitimacy and citizen voice. Our recommendations, thus, are as follows:

- The government undertake a review on, and create a code of practice for policymakers on effective public engagement and participation.
- The government creates a cross-governmental expert resource centre promoting, supporting and enabling public dialogue and on participatory economics, modelled on Sciencewise, a programme supporting policymakers to engage citizens on science and technology issues.¹¹

⁹ RSA Inclusive Growth Commission (2017) *Inclusive Growth Commission: Making our Economy Work for Everyone*. London: RSA. Available at: <https://www.thersa.org/discover/publications-and-articles/reports/final-report-of-the-inclusive-growth-commission>

¹⁰ Reimagining the Existing Economic Model Report (2017) *Fabian Women's Network*. London: Fabian Society

¹¹ Sciencewise (www.sciencewise-erc.org.uk)

- The Bank of England pilot Citizens' Reference Panels and other deliberative approaches with a view to advising their departments and committees on key economic decisions including the setting of interest rates.
- HM Treasury also pilot Citizens' Reference Panels, juries and other deliberative approaches in the run up to major economic policy moments.
- Combined authorities, local authorities and LEPs seize the opportunities of devolution, using deliberative approaches to engage citizens through the development of their devolution deals and in their implementation.

These emerging recommendations have sought to strike the right balance between our aims to address the very real challenge of legitimacy; and realistic and credible changes that are within the reach of policymakers and others. The RSA hopes that this will mark the beginning of a shared conversation and a journey about how we do both economics and democracy differently.

The Challenge

“Economics is a dreary, desolate, and indeed quite abject and distressing [science]; what we might call ... the dismal science” **Thomas Carlyle**¹²

Economics continues to feel intimidating, jargon-laden, disempowering and inaccessible to many people. A recent poll undertaken by YouGov found that, despite 36 percent of respondents reporting that they never or rarely paid attention to economics stories in the media, more than four out of five (83 percent) thought that economics was relevant to their everyday lives.¹³ Another YouGov survey found that 20 percent of respondents said that they never talked about economics.¹⁴ But of all those who said that they talked about economics less than once a week with their colleagues, friends and family, only 1 percent said that economics was not important.¹⁵ 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.

“[There] is a wall around the politicians who are standing on a higher level. There are people beyond the wall who don't get to participate and vote. There are also adults beyond the wall that can participate; they see some of what's going on but only what the politicians decide to show as they are partly hidden behind the wall. It is important that we all participate and see what's going on behind the wall where the politicians are, as the decisions they make about the economy affect all of our lives.”

16-year-old student, RSA Academy Tipton, describing their Lego model of the economy

¹² Carlyle, T. (2012) *Occasional discourse on the Negro question*. Marlborough, England: Adam Matthew Digital

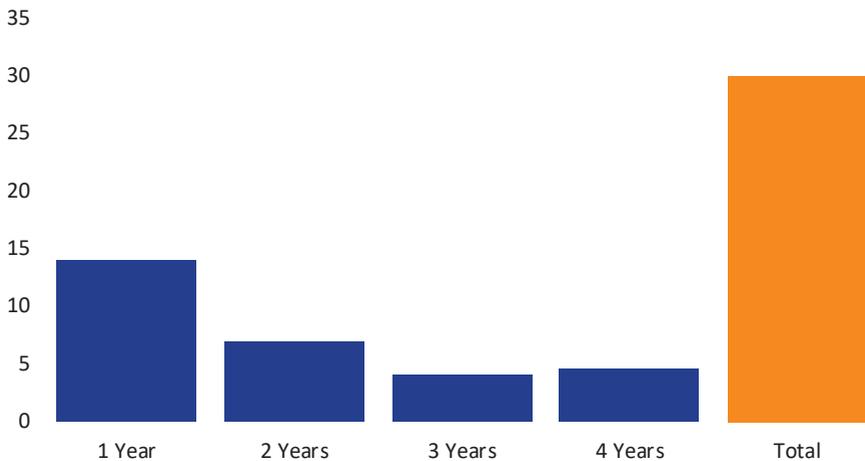
¹³ The Economics Network (2017) *ING-Economics Network Survey of Public Understanding of Economics* [online] Available at: https://economicsnetwork.ac.uk/research/understandingecon#The_sample

¹⁴ YouGov/Post Crash Economics Society Survey (2015) [online] Available at: https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/1h0dojy3oj/PostCrashEconomicsSocietyResults_150128_economics_W.pdf

¹⁵ Ibid.

Those who are most disproportionately and negatively affected by the economy and decisions made about the economy, are often those who are least empowered and least able to influence it. In the UK just over one in five citizens are in relative low income (once we account for housing costs), and just over 30 percent of the UK population has at some point experienced poverty.¹⁶

Years in poverty in a 4 year period, 2015, UK



Regression analysis undertaken in the aftermath of the EU referendum has revealed the extent to which high inequality and poverty helped to trigger the Brexit 'protest' vote.¹⁷ In areas where income inequality and poverty are higher, there were more 'leave' votes, even after controlling for the influences of socio-economic and geographic factors.¹⁸ And whilst one YouGov poll found low levels of public trust in economists across

¹⁶ The Office for National Statistics (ONS) (2014) *Persistent Poverty in the UK and EU* [online] Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/articles/persistentpovertyintheukandeu/2014>

¹⁷ Darvas, Z. (2016) *High inequality and poverty helped trigger the Brexit protest vote.* [online] LSE BREXIT. Available at: <http://blogs.lse.ac.uk/brexit/2016/08/31/brexit-should-be-a-wake-up-call-in-the-fight-against-inequality/>

¹⁸ *ibid*

the board, it also found that that this issue 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).¹⁹

The Importance of Lived Experience

Whilst the two issues of poverty and lack of voice are distinct, for many there is a strong sense that economic exclusion is perpetuated by the inability to access, influence and engage with the economy. This speaks to a critical failing of neoclassical economics: its inability to account for and respond to the unique and lived experiences of all citizens in the economy, especially those who experience the sharpest end of both poverty and inequality. We say that citizens are experts in the way that economic decisions affect their lives – they have important ‘subjective’ expertise to draw upon in informing economic decisions, and that without consideration of these issues and factors, economic policy will invariably fail to respond to lived experience.

“In the recent past we had a regeneration initiative in my area. One outcome was around 70 community groups. Only one survives. They were dependent on grants to pay for room hire for their meetings. Those grants no longer exist... Our economy is considered to be doing well at present. Perhaps some people do not understand it fully.”

Citizens’ Economic Council participant, May 2017

The economist and philosopher Amartya Sen’s influential critique of standard ‘welfare economics’ asserts that, generally, the principles policymakers and many economists use to evaluate the desirability of policies fail to address questions of distribution, including how inequality is measured and judged.²⁰ Sen argues that other kinds of inequality, such as gender and regional effects, are also overlooked or rendered invisible

¹⁹ The Economics Network (2017) *ING-Economics Network Survey of Public Understanding of Economics* [online] Available at: https://economicsnetwork.ac.uk/research/understandingecon#The_sample

²⁰ Sen, A. and Foster, J. (2010) *On economic inequality*. New Delhi: Oxford University Press

by national narratives about the economy and economic performance, which often aggregate figures and mask the varying levels of income and wealth distribution for different sections of society. This was a point somewhat more bluntly made by a Newcastle resident when Europe expert Anand Menon invited an audience to contemplate a plunge in the UK's GDP as a consequence of Brexit. She yelled at him, 'that's your bloody GDP. Not ours.'²¹ There is also a growing body of work that highlights the limitations of measuring economic contribution in terms of GDP growth alone, arguing that this renders other kinds of contribution, such as unpaid care, invisible.²²

If economic language, tools and methodologies have been found wanting in describing, predicting and reflecting the realities of people's everyday lives. Not that is a deep failure, not just of the language itself, but more deeply, of how we conceive of 'the economy' and its relationship with society and the wider world. Too often, economists present us with choices which should legitimately be the domain for dialogue *between* decision-makers, experts and citizens, not the preserve of unelected technocrats alone. As the work of Amartya Sen, Martha Nussbaum and others has illustrated, the discipline's very conceptual framework is embedded with assumptions about choice and people's capabilities to exercise these, which fall short of understanding the constraints people face.²³ The emphasis placed on people's capability to make choices by theorists such as Sen and Nussbaum, highlight the extent to which standard welfare economists has failed to recognise the centrality of what shapes people's choices when it comes to economic policy. Although there have been recent advances; the emergence of 'Nudge Units' across governments, and growing interest in behavioural economics suggests that attitudes are changing. Capability theorists propose that the proper purpose for government policymaking and economics is to ensure that citizens have the capabilities to live a

²¹ Chakraborty, A. (2017) *One blunt heckler has revealed just how much our economists are failing us* | Aditya Chakraborty. [online] The Guardian. Available at: <https://www.theguardian.com/commentisfree/2017/jan/10/blunt-heckler-economists-failing-us-booming-britain-gdp-london>

²² The Legatum Institute's Prosperity Index (2017) is the only global index which measures national prosperity using both 'objective' and 'subjective' data. This is available at: <https://www.li.com/programmes/prosperity-index>. The index includes democratic governance as an important feature of 'prosperity'

²³ Nussbaum, M. (2011) *Creating Capabilities*, Cambridge, MA: Harvard University Press

flourishing life with genuine agency, to understand the barriers for citizens, and to address those barriers. Traditional approaches in economics have failed to develop the conceptual framework that allows it to do so.

Addressing this failure would mean recognising that there is a role for and value in citizen voice in determining important questions about national economic policy. It would involve a new approach that sees economics, not a discipline to be 'left to the experts', but one that is laden with moral and political assumptions about human behaviour and society. It would recognise that a greater plurality of competing perspectives, values, distributional judgements and trade-offs would change the way in which we navigate economic decision-making. Economist Ha-Joon Chang deploys a Swiss knife analogy: we are better off seeing economics as providing us with an array of tools akin to a Swiss knife, rather than as restricted to one single, predominant tool, the 'hammer' of neoclassical economics, with which we might begin to "start to see everything as a nail."²⁴

A New Approach from Economic Experts?

"The high priests of economics still hold power, but they no longer have legitimacy"

The Guardian review of *The Econocracy*²⁵

Rethinking the way we engage in dialogue about economics, and broadening the range of voices who are able to participate in that dialogue is not simply possible, it is necessary for a better, more creative and more responsive economics. It allows us to harness citizen insight and values about the economic choices we face and to question the extent to which the economy is servicing wider social goals, mission and purpose rather than the other way around. Such an approach has the potential to create a conceptual framework more adept to tackling the issues we care about; it has the potential to help us find a better way of 'doing economics'.

²⁴ Chang, H. (2014) *Economics: The User's Guide*. London: Pelican

²⁵ Earle, J., Moran, C. and Ward-Perkins, Z. (2017) *The Econocracy*. 1st ed. Manchester: Manchester University Press, Foreword

In their book published in 2016, *The Econocracy*, authors Zach Ward-Perkins, Joe Earle and Cahal Moran critique the dominance of economic expertise, particularly mainstream neoclassical economic expertise, in determining decisions that are essentially political. They argue that this has created an 'econocracy', which subsumes important political questions into questions of objective economic expertise, to be determined by economists and policymakers alone. Ward-Perkins et al. argue that questions that are legitimately the domain for a wider, public dialogue have become dominated by economic 'experts' and removed from public view and scrutiny. Furthermore, that this has undermined the accountability of unelected economists and experts to citizens.

Challenging this requires that we recognise citizens as experts of a different kind – in their own lived experience and moral judgements – and that technical expertise has its limits in both explaining and shaping an economy that works for everyone; one which is more legitimate and makes the most of our collective and creative potential. This means carving out space in decision-making and policy-making for the exploration of both kinds of expertise, ensuring that citizens' voices can influence economic policy. Such an approach works both ways. It embeds the work of economists and policymakers in the real lives of citizens and serves to increase people's understanding of and empathy for the challenges that policymakers, economists and politicians face in navigating trade-offs and balancing competing priorities and interests on the part of citizens. Combined, these factors contribute to the increased, shared legitimacy of economic policy.

That the legitimacy of economic experts is under fire was illustrated starkly by the outcome of the EU referendum, in which 18 million citizens voted to leave despite a widespread consensus from economists, world political leaders and prominent policymakers that this would spell economic disaster for Britain.

The then Lord Chancellor, Secretary of State for Justice and fervent Brexiteer, Michael Gove, claimed that people have "had enough of experts... getting it consistently wrong."²⁶ Gove's comment resonated with evidence pointing to a decline in the legitimacy of economic experts and policymakers.

²⁶ Mance, H. (2016) *Britain has had enough of experts, says Gove*. [online] Financial Times. Available at: <https://www.ft.com/content/3be49734-29cb-11e6-83e4-abc22d5d108c>

For example, the 2017 Edelman Trust Barometer shows that trust in economists, policymakers and politicians is at a record low; eight in 10 of the British respondents stated that they “do not trust political leaders to do what is right.”²⁷ In another poll, half of the 1700 respondents (excluding ‘don’t knows’) said that they thought economists express views based on personal and political opinion rather than on verifiable data and analysis.²⁸ Whilst politicians were most widely cited by our participants as having power in the economy, many also noted that a considerable amount of power lies in the hands of the unelected people and institutions who often make economic decisions. In particular, people mentioned large corporations from businesses to banks.

Decreasing legitimacy is troubling for experts, businesses, policymakers and citizens alike. Arguably, the failure of economists and policymakers to find ways of accounting to and engaging citizens in dialogue has bolstered the rise of populist movements and protest votes, both in the UK and in the rest of the world. Daniele Albertazzi and Duncan McDonnell define populism as an ideology that “pits a virtuous and homogeneous people against a set of elites and dangerous ‘others’ who are together depicted as depriving (or attempting to deprive) the sovereign people of their rights, values, prosperity, identity, and voice.”²⁹ Populism describes the political exploitation of a growing rift and divide between the ‘expert’ and the ‘citizen’. As Chwalisz has demonstrated in the Populist Signal, populists have preyed on this decrease in expert legitimacy, using the space vacated by experts to argue that decisions have been taken behind closed doors by the ‘elite’ and that power needs to be reclaimed by the people.³⁰ Whereas in 1986, one in 10 Britons said they almost never trusted the government, that figure has now risen to one in three.³¹

²⁷ Edelman. (2017) *2017 Edelman Trust Barometer*. [online] Available at: <https://www.edelman.com/trust2017>

²⁸ The Economics Network (2017) *ING-Economics Network Survey of Public Understanding of Economics* [online] Available at: https://economicsnetwork.ac.uk/research/understandingecon#Trust_of_economists

²⁹ Albertazzi, D. and McDonnell, D. (2008) *Twenty-first [21st] century populism*. Basingstoke: Palgrave Macmillan

³⁰ Chwalisz, C. (2015) *The Populist Signal*. 1st ed. London: Rowan & Littlefield International

³¹ Park, A., Clery, E., Curtice, J., Phillips, M. and Utting, D. (2017) *British Social Attitudes: The 29th Report*. London: NatCen Social Research. Available at: www.bsa-29.natcen.ac.uk

Populism has emerged as a response to technocracy on both the left and right of the political spectrum, in Britain and in the rest of the world. It arguably led to many voting in protest in favour of 'Brexit', with little understanding of what they were voting for, low levels of information, high levels of misunderstanding and a poor dialogue about the trade-offs and options available to citizens. We do not have to look too hard to recognise that the growth of populism finds its roots in the decline of expert legitimacy. But whilst populism is parasitic upon the existence of technocratic models of policy (economic and otherwise) that lock citizens out of decision-making, it fails to address the deep-seated structural disconnect that exists between citizens and those that influence or take decisions about the economy. We propose that new, more deliberative forms of democracy - one that seek to build trust and legitimacy between citizens and decision makers - offers a way forward.

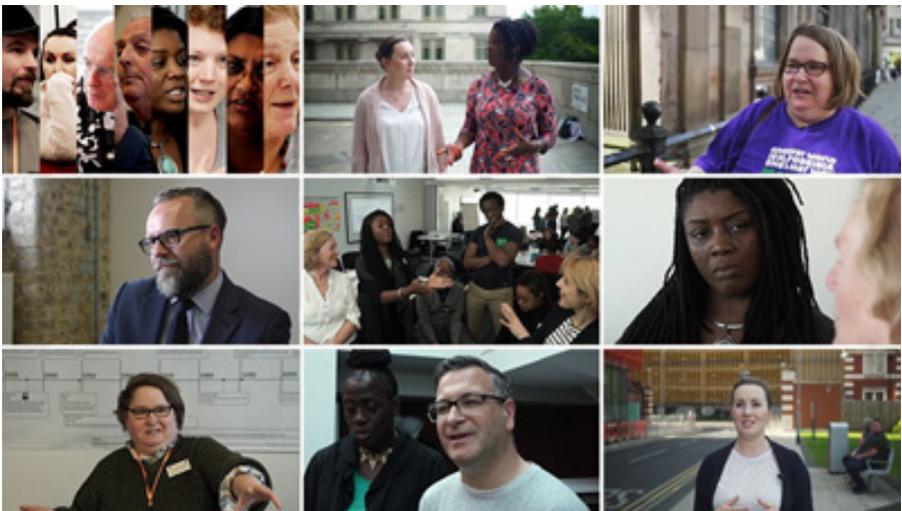
The Citizens' Economic Council Programme

The RSA aims to increase the influence citizens have over national economic policy through a broad programme of work on democratising economic policy. As part of this work, it has 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 above, and in the immediate aftermath of the Brexit vote, we set out to explore new approaches that could:

- Strengthen citizens' ability to understand, engage with and have a say about economic policy;
- Increase the influence of all citizens over national and local economic policy; and
- Strengthen the legitimacy and credibility of economic policymaking.

This 'multi-method' engagement programme has worked in an experimental, iterative and collaborative manner, bringing together a wide network of citizens, economists, policymakers, businesses and civil society partners. Its centrepiece is a deliberative process, the Citizens' Economic Council – a group of 54 citizens deliberating on national economic policy and co-creating a Citizens' Economic Charter over a period of five days. Their deliberations were supported by fieldwork across the UK engaging with marginalised groups and communities (the Economic Inclusion Roadshow), as well as the RSA and Economy's DIY Economics toolkit. In turn, the Council's deliberations helped frame three crowdsourcing challenges which any UK citizen could respond to, and continues to inform the RSA's wider stakeholder and Fellowship engagement.

The Citizens' Economic Council	Engaging 54 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'.
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.
Crowdsourcing	Using Wazoku, an online crowdsourcing platform, to gather 47 policy ideas in response to three economic challenges identified in the Citizens' Economic 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.
Toolkit	Collaborating with Economy, a charity which researches, develops and promotes a new way of talking about economics, to create a toolkit supporting individuals and self-organising networks to engage with economics across the UK.

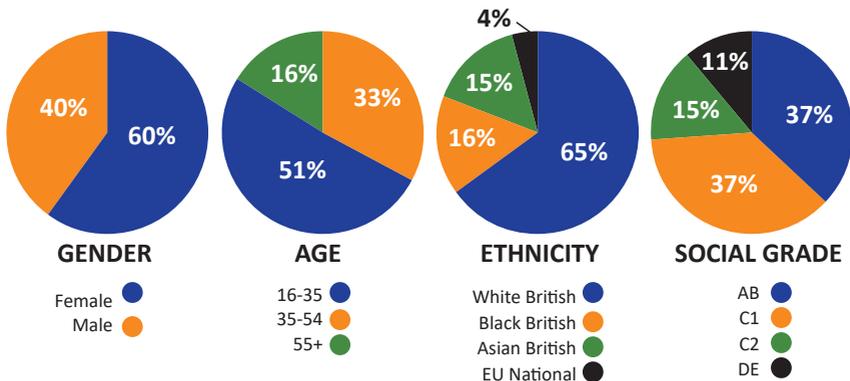


The 54 UK residents selected to participate in the Citizens' Economic Council were drawn from a wide variety of backgrounds with regard to ethnicity, age, gender and social grade (see charts below). All lived within the regions of Greater Manchester and Greater London. The RSA commissioned a participant recruitment agency to undertake the recruitment for the Council participants using quota sampling³² and snowball sampling³³ techniques.

The Council met over a five-month period, one Saturday a month for a full day. One group of 25-30 citizens met in Manchester each month, and another group of 25-30 citizens met in London. A final combined group met in Birmingham, attended by 37 people. All participants were remunerated for their time and travel expenses and the workshops were held on Saturdays to eliminate as many possible barriers to engagement.

A different theme was covered each day and we used a variety of activities including expert panels, structured debates, as well as videos, e-voting, games, and collage to explore and discuss arising themes and issues.

Composition of the Council



³² Quota sampling identifies demographically diverse individuals from a specific group in society to be involved in the research. For example we asked the recruitment agency to recruit 50% male and 50% female participants.

³³ Snowball sampling is where existing participants in the research recruit their acquaintances to be involved in further work. This technique often works most effectively in aiming to reach voices that are 'hard to reach' (eg those from ethnic minority backgrounds, LGBTQI individuals, those with disabilities).

	Key Themes Explored
Day 1	Society, economy and markets
Day 2	Economic institutions
Day 3	The world of work and economic sectors
Day 4	The economic choices we make
Day 5	Democratising our economy

The Economic Inclusion Roadshow

As part of the Economic Inclusion Roadshow,³⁴ we engaged with young people in schools, with people from a range of ethnic minority backgrounds, with lesbian, gay, bisexual and transgendered (LGBT) people, with care workers, and with people who identified as disabled. We met citizens in Clacton-on-Sea, and citizens in Port Talbot, Oldham, Glasgow and inner-city Birmingham. The Roadshow's purpose was two-fold: to better understand citizens' concerns about the way the economy affected them, and to identify the ways in which these concerns could be addressed. We felt it necessary to meet separately with these groups as they all had very specific and unique experiences of the economy, and the nuance and complexity of these experiences would likely be lost if included within the council itself.

The Roadshow worked with a sample of 190 economically and socially excluded groups across the UK in order to ensure that their voices about the economy are heard. Individuals were engaged on the basis of specific characteristics: for instance, those experiencing direct or indirect discrimination as a consequence of gender, race, sexuality, disability, age and/or other characteristics, defined as 'protected characteristics' in the Equalities Act 2010.³⁵

³⁴ Patel, R & Gibbon K, (2017) 'Everybody's Voices Heard: An Economy That Includes Everyone, Report of the RSA Economic Inclusion Roadshow'. London: RSA

³⁵ *Equalities Act 2010* (c.15) London: The Stationary Office.

Others were selected on the basis of their residency within a particular geographic area that ranked as high on the Indices of Multiple Deprivation, which measures relative deprivation in small areas called 'lower layer super output areas'.³⁶ More details about the participants in each workshop are available in Appendix 1 of this report. Access support was provided, including support for disabled people who required reasonable adjustments, and translators for those who had difficulty speaking English. Where we worked with a Voluntary and Community Sector Organisation (VCSO), they were paid for their time recruiting and engaging participants. Citizens' time spent in the workshops was acknowledged through 'thank you' vouchers. Where we engaged with students in schools, we reimbursed the schools for the costs of staff time spent out of school.

Three key questions explored

What does the economy mean to you?

What is your experience of the economy (based on place and/or identity)?

How can the economy better work to serve your and wider societal interests?

Perspectives from the Roadshow helped inform the work of the RSA Citizens' Economic Council, particularly during the deliberations of the first day, which focused on 'Society, Economy and Markets'. A range of perspectives and stories from the Roadshow were made available to participants throughout the rest of the deliberations to illustrate different experiences of the economy.

Crowdsourcing Policy Ideas

Crowdsourcing enabled the RSA to access a wider range of creative and innovative policy ideas, supporting the programme's initial hypothesis that it is possible to gain creative insights from the public on challenging economic

³⁶ Department of Communities and Local Government (2015) *English indices of deprivation 2015*. [online] Available at: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>

problems through effective public engagement, online or offline. The discussions we had during the Citizens' Economic Council identified some key issues with the way our economy functions. These issues were then taken out to the wider public through three key 'challenges' questions.

The Challenges

1: Getting a fairer deal on what we buy

2: Engaging the public in decisions about the economy

3: Making today's economy work for tomorrow

We asked for policy ideas that met the criteria of being creative and innovative, feasible, and likely to have a positive social impact. We crowdsourced these ideas from a wide network, using social media campaigns (Facebook and Twitter) as well as targeted engagement with the RSA's network of 29,000 Fellows. As we look towards producing our final report, the 47 policy ideas for each challenge will be reviewed by a panel of judges, including:

- Citizens from the Citizens' Economic Council
- One specialist in the area relevant to each challenge
- One RSA staff member

We will case-study a number of submitted policy ideas in the final report, as well as detail how a range of policy ideas together sought to implement the values set out in the Citizens' Economic Charter.

The Citizens' Economic Charter

During the course of the Citizens' Economic Council we asked participants to identify key themes and values by which they thought our economy should be governed. This resulted in their co-production of a Citizens' Economic Charter set out below, which will be examined further in the final stages of the project.

The charter was co-designed by first asking groups to identify 20 different values, subsequently asking them to prioritise this list to form the basis of the Charter. The groups co-produced a description for each of these, reaching consensus on the final draft, which was then finalised and agreed at the Economic Summit in Birmingham, where both groups convened and met for the first time. The purpose of this exercise was to pinpoint what the citizens thought our economy should look like, and to see whether people from a diverse range of backgrounds could agree on a common vision of this economy.

These values were referred to throughout the deliberation days. Citizens were asked to explore trade-offs in open discussions and structured debates, and to use the Charter as a guiding framework in creating their own policies. We found that although participants were able to reach consensus on the values, the 'how' of each value in terms of policy and its implementation was lot harder to design, and led them to understand better the challenge for policymakers.

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 those who 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.

Key Findings

The aim of this work is ultimately to influence a range of key economic players to see the value of and create spaces for citizen engagement on economic policy. Below, we outline some of the key findings from our deliberative work, first focusing on some of the key changes people wanted to see and then outlining the benefits that engagement itself had on participants.

There is a profound disconnect between those 'left behind' and those who make decisions about their lives

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

Despite the considerable differences in views shared and people's very unique experiences in different places, participants' sense of how inequality shaped how people are treated, and their ability to influence and feel part of the wider economic system, was a consistent theme.

Many participants felt their lives were insecure and precarious, and that their economic status is a constant source of concern, stress and anxiety, itself a disempowering and alienating experience. The pressure of a lack of money, lack of good quality housing and security of tenure, and of reduced access to core services, is placing strain upon individuals, families and community relationships. For many of those we spoke to this stress is contributing directly to health and wellbeing concerns; impacting on either their own or on family members' wellbeing with poor health and depression. The impact of the inequality they experienced, the lack of power they feel personally, and the lack of trust they have in those with power, is resulting in anxiety, frustration, resignation and discontent with the wider economic and political system.

“Decisions are made by the elite, and community involvement is a token effort.” **Participant, Oldham**

Many participants intuitively drew the connection between an economy that excludes and a political system that excludes. When we asked residents in Port Talbot about the impacts of deindustrialisation on their locality, we heard about how globalisation had affected demand for UK steel, but also witnessed deep-seated frustration about the lack of power they felt they had to influence local responses and their hopes for prosperity.

They felt that the economic institutions and systems that they had day-to-day interactions with lacked the ability to respond to their interests; that there was an absence of a feedback loop functioning effectively between them and the decisions that were being made about their lives. They wanted change but the majority felt that they possess neither the power nor the voice to make these changes happen.

The conversations we had illustrated the importance of democracy as being seen to be more than simply a vote; it was about being part of a society, which is shaped by its citizens. The people we spoke to felt that everything from decisions about council cuts to changes in the welfare system were done *to* them, rather than *with* them. Few participants trusted those in politics, the media, councils or in central government to listen to their voices. Many did not believe that anything they said mattered, or that anyone was interested in listening to them. On the occasions that they were consulted it was viewed as being tokenistic, rather than a genuine conversation with respect for their views.

“When I hear the word ‘economy’, I think of corrupt politicians playing the economy for personal and professional gain.” **Participant, Port Talbot**

A consistent theme throughout the workshops was the recognition that economic decisions are very often political decisions, underpinned by moral and political assumptions. We repeatedly heard that power in the

economy lies with politicians as well as with financial institutions such as banks, at both local and national levels. However, trust in politicians to act in the best interest of citizens was hard to find. Some people felt that politicians were not able to make good decisions because they “don’t understand the real world” and are part of a world of “privilege”. Others felt that the motivations of politicians are skewed to boost their own power, rather than truly serving the people who had elected them to office.

Citizens feel undervalued, as well as stigmatised by their identities and the places they live in/belong to

Many participants told us the work that they were doing and the contributions that they were making to society was either underpaid or completely unpaid. In a workshop with care workers, as well as with many other participants who supported their family through unpaid care work, a gap between their contribution and the way it was valued by society, both in financial and non-financial terms, was recognised. Some participants highlighted the way in which their prior contributions to the economy and wider society were not being recognised through the social security system; they felt they were paying into the system but not realising a return from it.

“I’ve had various jobs over my lifetime and paid into the system. Benefits that I should be receiving have not come through. I have a heart condition and am no longer fit to work – this is supported by scans and tests but the benefits department doesn’t listen. My arrears are building up and I could become homeless. I’m struggling to buy food and I am not getting the help I need. The culture of kindness and giving to one another is missing here. The British government don’t get it.” **Participant, Birmingham Settlement**

A key theme throughout was the extent to which people felt that they were being demonised for their financial and economic hardships. They also felt they were being treated differently to others, and expressed feeling highly conscious of their marginalisation from the economy and wider society.

Beyond the stigmatisation that citizens expressed as individuals, they also reported being affected by negative stereotyping of the communities they belonged to and the places they lived in. They spoke of the need to challenge preconceptions associated with both their identity characteristics as well as the localities in which they lived. Several of the places we visited had experienced high levels of outside and media interest in recent years because of the area's economic status. Jaywick near Clacton-on-Sea was the subject of a television programme, and the planned closure of the Port Talbot steel plant brought that area into central focus by national media.

On the whole, the representation of these areas was not welcomed by their residents, who felt coverage was unfair and voyeuristic, failing to provide an accurate insight into the nuances of life in the area. Most importantly, both the stigmatisation of people, their circumstances, and their place contributed to the sense that they had been 'written off' as citizens; that they were less 'valued' or 'useful' because of their inability to contribute in 'hard' economic terms.

"There is a lovely beach at Jaywick and media portrayal was unfair.... after the TV programme, houses there lost 40% of their market value." **Participant, Clacton-on-Sea**

What is required is investment in people, place and their communities. This depends upon a culture change in the way we think of the economy

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

In one workshop we ran as part of the Inclusion 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 we heard on the Roadshow that illustrated 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. Policymaking, when done with people instead of to them, can generate a 'ripple effect'; ensuring that positive social change can be sustained beyond an initial intervention from government, civil society, or others.

"We work closely with the government, the local authority – we think we can do a better job as we are crowdsourcing ideas from the bottom up; what the community want and what they are going to support. Here, we have the ideas, the enthusiastic volunteers – we know how to solve our own problems. We just need the funding to get on with it."
Participant, Glasgow, Ardenglen Housing Association

Citizens proposed a more transparent economic and policymaking process

Whilst complex and controversial, the economy has the potential to be understandable to members of the public, many of whom recognise the relevance it has to their everyday lives once they have an opportunity to engage directly with it. However, we were told that despite their appetite and desire for meaningful engagement with the subject and with the issues, economic language was impenetrable.

"We are just one person in a whole system, what influence can one person have? It's all about productivity and being a productive citizen. That is what capitalism is."

Participant, Disability Action in Islington

Economic Jargon Buster

Throughout the deliberative process, participants were encouraged to 'call out' and to 'jargon-bust' the use of terminology (economic or otherwise) that was unclear to them. The programme team captured these in the form of a jargon buster, which was co-created by citizens and illustrated the extent to which economic language presents a seemingly impermeable barrier to clarity about economic choices. This co-produced 'jargon buster' will be published online as part of the programme's final series of resources: the Hitchhiker's Guide to the Economy.

My Economy Map

We deployed a variety of approaches within the sessions to 'unlock the economy' and to make it more engaging and relevant to citizens' everyday lives. A 'map' of the economy was created with the intention of empowering citizens to understand its relationships to their lives. The map enabled participants to define the economy, deliberate about it, express what features of it connected to their lives, explore their own journeys on there, and crucially, to explore and to highlight the features of the economy that could not be captured.

Participants argued that many experts and policymakers they engaged with – even those sympathetic to the goals and ambition of the programme – needed to be challenged to reframe their concepts in a manner that was more easily understandable and more digestible. Some participants joked that celebrities should be tasked with reading out the Bank of England's minutes; this spoke to the scale of the challenge and

the need for urgent reform in the way that economic analysis and data was presented.

‘Where’s My Chair?’

This exercise was designed to open up a dialogue about distribution and resource allocation in society. Citizens were asked to work together to solve the problem of missing chairs. Citizens generated a list of criteria, which they might apply in determining who should have priority and access to a diminishing supply of chairs in the room. More important than the outcome or the decision was the *deliberative* and dialogic process they went through. Working with Professor Ozlem Onaran from Greenwich University, citizens grappled with key economic concepts explained in an engaging and an interactive manner, thinking through principles such as the universality of allocation, prioritising need above all else, the sharing of chairs and the adaptability of other resources in order to meet needs. Here, dialogue was a key tool in opening up a more transparent, clearer and challenging debate about the economy.³⁷

As information was made available to them in an accessible and engaging manner, citizens found themselves more able to identify with the concepts and the issues raised, and engage critically with matters of vital importance to economics. Not only were they able to engage with the issue, felt more able to see economics for what it is: a discipline laden with the moral and political assumptions legitimate for wider public discussion, relevant to them and the decisions that affected their lives. Citizens agreed and defined transparency as moving beyond the availability of information. Instead, they shifted towards ensuring the information itself is both understandable and trustworthy, ensuring the systems that make such information available encourage accountability and scrutiny, and that transparency is supported by legislation, regulation and enforcement.

³⁷ The RSA worked with Economy to create a map as part of its DIY Economics toolkit. The map can be used and downloaded online here: www.ecnmy.org/map

“Accountability and transparency is so important, everyone knows the answer but no one has the bravery to sort it out... But there’s a conflict between the short term motivation of the MP and the long term.”

Participant, Citizens’ Economic Council

The RSA has argued that the process of participation itself as well as its outcome can be transformative. The programme showed that the engagement process has created benefits for many of those involved including citizens feeling: more empowered, more able to influence the economy, better equipped to understand, navigate and engage with trade-offs in policy-making, improvements in wellbeing, able to inform others and that engagement strengthens the legitimacy of economic decision making. We set these findings out in more detail below.



Citizens are empowered by good engagement

The analysis of feedback received from participants reveals that the process has had a profound impact on those involved and many wish to continue to be involved in influencing the economy and society. This is important. While we argue that carving out a space and resources for

effective participation is more likely to create better economic policy, this suggests that the process itself has wider benefits on the individual level.

To date, one participant reported having joined a political party as a consequence of her involvement in the deliberations, and is now interested in standing as a local councillor. One other person reported having increased her pension contributions as a direct consequence of participation in the deliberative process, as well as educating her work colleagues so that they too increased their own pension contributions. A number of citizens have continued to engage with the RSA work on economic policy beyond the Council: interrogating RSA Chief Executive Matthew Taylor on his independent review of modern employment and attending the RSA's event on Good Work. The RSA has since arranged meetings between citizens and stakeholders including local authority chief executives, representatives at the Bank of England and other senior policymakers, all of which have been well attended and of interest. It is clear that these kinds of approaches have the potential to engage citizens in a way that makes a profound difference to their sense of agency, influence and control over their lives.

"I found myself examining 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, but I started to examine that and wonder whether it is workable. It's not just about the values, I want to hear the truth no matter how hard it is."

Participant, Citizens' Economic Council

Citizens felt more able to influence the economy

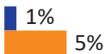
The process has demonstrably shifted citizens' sense of influence over the economy. Below are two bar charts showing responses from some e-voting we conducted with the two groups involved in the Citizens' Economic Council on the same question, asked on Day 1 and Day 4 of the deliberative process. Both graphs illustrate that the percentage of people who didn't know how much influence they had over the economy decreased by over 50 percent.

"I feel I have more influence [over the economy] than I thought last time. I used to think I had no influence. Now I see that we all have similar ideas, if we spoke more and communicated more the chances are we could come together and learn more and influence more. After last time, from being in this room for one day I was interested in what an economist on the TV had to say and I knew more, just from one day. I make a big effort to make money not affect me. I thought that was economy. Now I know how wide the economy is, whether positive or negative, the economy impacts me because it's all around me. Actually, if I decide to go for a walk in the park and not spend money I'm still affected because someone may choose to make money by selling the park and building houses on it – that affects me."

Participant, Citizens' Economic Council, Manchester

London: How much influence do you have over the economy?

I have a lot of influence over the the economy



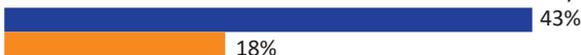
I have some influence over the the economy



I don't have any influence over the the economy



I don't know how much influence i have over the economy



■ 1st vote ■ 2nd vote

Manchester: How much influence do you have over the economy?

I have a lot of influence over the the economy

0%
0%

I have some influence over the the economy



I don't have any influence over the the economy



I don't know how much influence i have over the economy

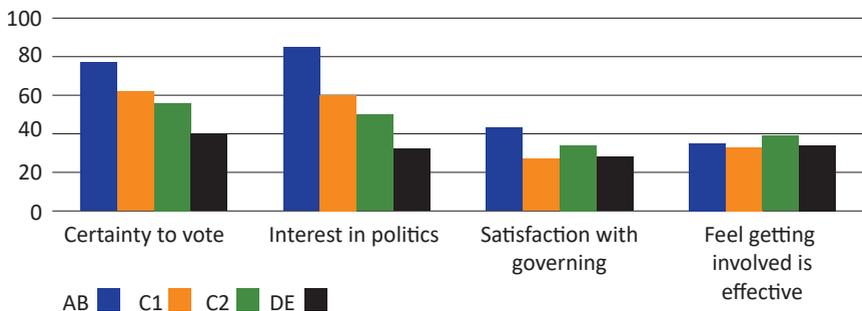


■ 1st vote ■ 2nd vote

Our findings chime with those of the yearly Audit of Political Engagement provided by the Hansard Society.³⁸ These measure levels of public knowledge, interest and perceived sense of influence over decision-making as a way to gauge how likely the public are to get involved in decision-making. They show that those who have higher levels of knowledge, interest and perceived sense of influence over decision-making are more likely to participate in decisions that are made about them:

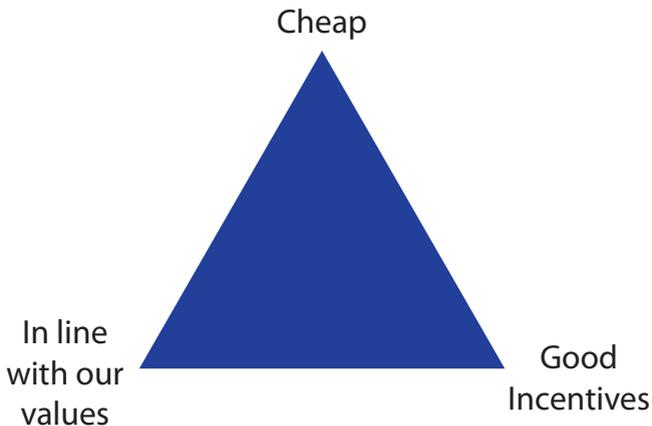
Political Engagement by Socio-Economic background

(Hansard Audit of polical Engagement, 2016)



³⁸ Hansard Society (2017) *Audit of Political Engagement*. [online] Available at: <https://www.hansardsociety.org.uk/research/audit-of-political-engagement>

Citizens felt better equipped to understand, navigate and engage with trade-offs in policy-making



Following three days of deliberation, citizens were asked to work in groups to create a policy that would address an identified problem in a range of economic policy areas, as well as to apply the trade-offs in the triangle introduced above.³⁹ The policies created were of interest in themselves (see Appendix 2).

A strong consensus that emerged from the deliberations of both the Manchester and London group was the extent to which the process strengthened their level of empathy for, and understanding of the challenges policymakers and economists often face when navigating trade-offs. Citizens grappled with trade-offs, recognising that proposing one specific policy area might inadvertently lend itself to a disproportionate or unintended negative impact in some instances. Through the process of participation they found themselves reversing or rethinking some of their original ideas, or thinking in more systemic ways about how to address the causes of the problems they had identified in a multiplicity of ways. Participants examined carefully how workable their policies were likely to be.

³⁹ The 'trade-offs' triangle was introduced by Soumaya Keynes from The Economist, an expert who presented it to London participants as part of Day 4 of the Citizens' Economic Council deliberations.

"The process of the Citizens' Economic Council has meant that I have become more focused on how I can make a difference to social change. I would like to become more involved in shaping policies... I am particularly interested in community engagement. It is my aim to look at creating opportunities that will encourage democratic debate in order to increase economic literacy, accessibility and awareness in particular in my local area and more importantly to young people. It is my intention to network with other Fellows so that I can share my own ideas around some of my own policy ideas and connect with like-minded individuals." **Participant, Citizens' Economic Council, RSA Fellowship nomination statement (9 August 2017)**

Sugar Regulation

(Health and Food Policy Group, Manchester)

This group wanted to address the pressure poor public health was putting on national health services, as well as help improve individuals' quality of life. They identified sugar as the main problem they wanted to tackle, due to its wide use in making processed food taste better and addictive properties. They identified that sugar made a negative contribution to the rise of Type 2 diabetes. They initially proposed a tax on foods with a high sugar content. However, several citizens argued that this was a regressive tax as it charged everyone the same despite their differing incomes, and would be especially unfair on those with low incomes as high-sugar foods are often the cheaper ones.

One of the experts in the session also suggested that flat-out regulation to remove sugar would meet with public backlash given its impact on individual choice.

Acknowledging the success of previous health campaigns to reduce the salt content in food, the citizens suggested a set of policies that both tried to change consumer behaviour (with the intention of affecting corporate interests), as well as proposing stricter regulation of sugar. These included:

- Sugar reduction by reducing the amount of sugar in soft drinks and processed foods over a period of time;
- Behaviour change encouraged through a programme of health education and subsidised activities in sports clubs and other health organisations and;
- Clearer labelling of the sugar content in marketed food to be phased in.

Changing citizen perceptions of banking

(Banking group, London)

This citizens' proposal was aimed at changing people's perceptions of banks. They decided there is currently a lack of information about how banks function and what value they provide to society, which means there is a lack of public trust, accountability and opportunity to improve the sector. They proposed that if banks provided more information on these topics it would help them be more transparent and accountable, gaining the public's confidence. They suggested the following combination of policies:

- A financial literacy programme to demystify banking, in particular engaging with young people through schools and colleges;
- The creation of a banking league table to show a new 'Value Metric', which describes what value banks provide to society at large. This would be compiled with by a statutory organisation (eg Bank of England, PRD, FCA), and would include measures such as:

- What type of investment, where, and in which sector (importance of purpose of investment)
 - Number of businesses that have been supported, and their value
 - Number of mortgages and quality: loan to value ratio
 - Executive Pay figures
 - How much money is lent to create new products and services as opposed to speculative investment (as a way to measure irresponsible behaviour).
- A small levy on banks, and fines on bad behaviour would be used to fund the above policies.

Citizen wellbeing improved

Those citizens who attended the Summit in Birmingham were asked a series of questions about their wellbeing, based upon work undertaken by the New Economics Foundation.⁴⁰

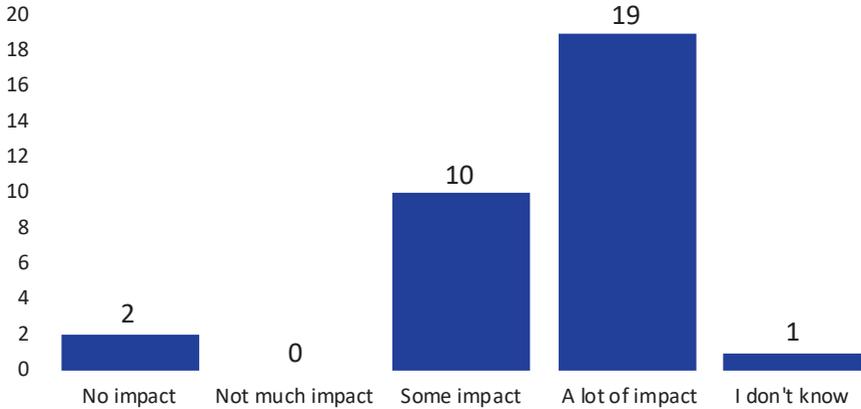
This showed that:

- Participants' sense of autonomy and agency improved;
- Participants felt more connected to other people in society and their community;
- Participants felt more optimistic about the future

⁴⁰ New Economics Foundation (2011) *Measuring Our Progress, The Power of Well-Being* [online] Available at: <http://wikiprogress.org/measuring-our-progress-the-power-of-well-being-the-nef-report/>

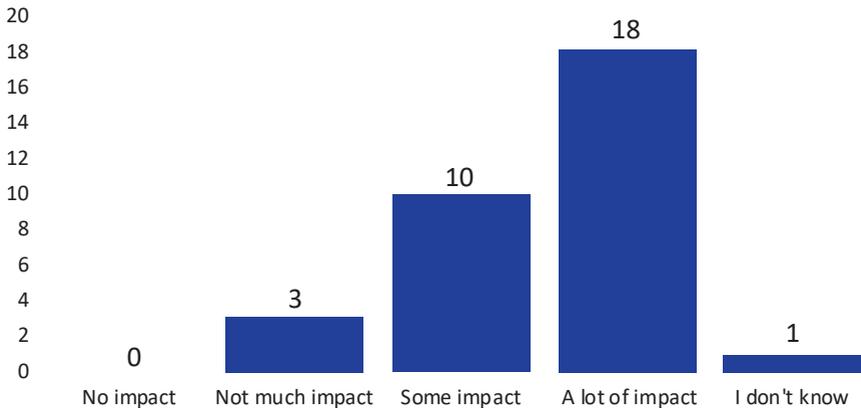
People's sense of autonomy and agency improved

How much impact do you think the Citizens' Economic Council has had on your sense of agency and autonomy?



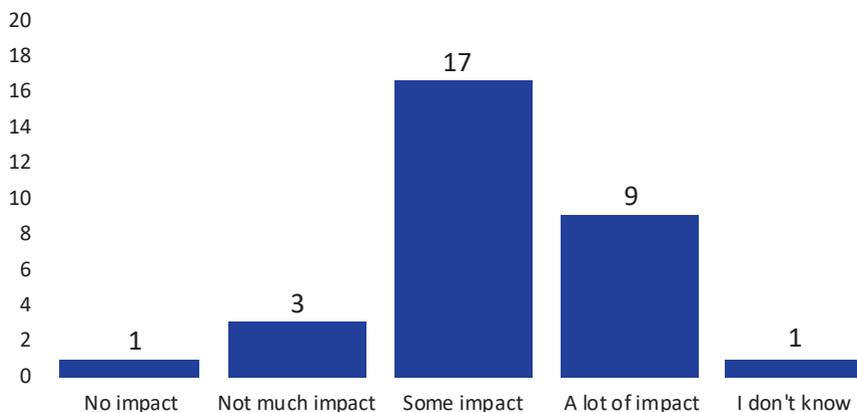
Participants felt more connected to other people in society & their community

How much impact do you think the Citizens' Economic Council has had on how connected you feel to other people in society and your community?



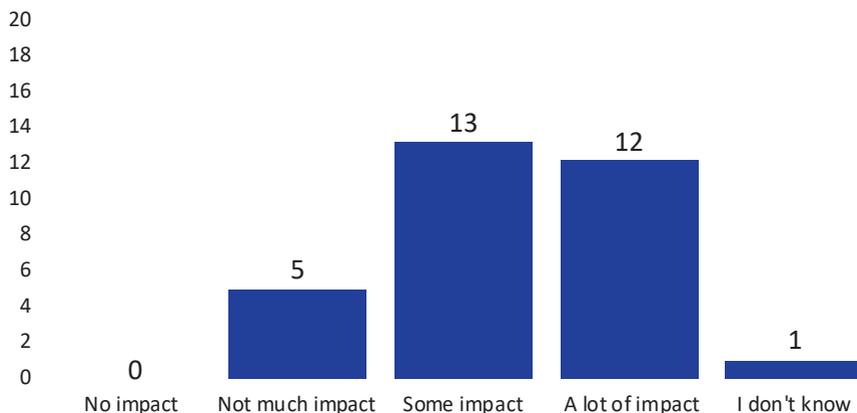
Participants felt more optimistic about the future

How much impact do you think the Citizens' Economic Council has had on your optimism about the future?



There was a striking effect on citizens' feelings of self-esteem

How much impact do you think the Citizens' Economic Council has had on your self esteem?



Citizens began to inform and empower themselves as well as others.

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. One described his experience of reading a book on 'doughnut economics', the principles of which he then relayed and presented spontaneously to the rest of the Manchester group.⁴¹

"I am struggling to remember exactly how I heard about Kate's book, possibly a review in the papers. But I know I bought it immediately and started to read. I guess having begun the CEC journey a few weeks previously I was alert to sources of information about economics. Last Saturday at the CEC session in Manchester I felt compelled to share an outline of the Doughnut to Fellow delegates and to point them towards the book and website." **Participant, CEC Manchester**

Citizen engagement strengthens the legitimacy of economic decision-making.

The Centre for Public Impact has defined legitimacy as referring to 'the underlying support for a government or public body... when it is absent, politicians are unable to draw upon their mandate to push through initiatives.'⁴² Legitimacy is identified as a precondition for policy to have public impact and is defined as possessing three key features:

- **Public confidence.** 'The extent to which the general public trusts institutions to act competently and in support of the wider public interest';

⁴¹ Raworth, K. (2017) *Doughnut Economics*. 1st ed. [S.I.]: Random House Business

⁴² The Public Impact Fundamentals Report (2016) *Centre for Public Impact*. [online] Available: <https://publicimpact.blob.core.windows.net/production/2016/10/CPI-FUNDAMENTALS-REPORT.pdf>

- **Stakeholder engagement.** 'Engaging stakeholders in the debate on policy design, development and implementation is crucial to achieving good outcomes'; and
- **Political commitment.** 'The willingness of political leaders to spend political capital in support of the policy objective directly influences legitimacy'.

Trust, as has already been identified, is a particular challenge. Low levels of public trust in economists, banks and politicians is a strong indicator that economists and policymakers have lost their legitimacy and democratic mandate in making decisions about the UK. We have argued that deliberative processes such as the RSA Citizens' Economic Council have the potential to contribute to building trust and the trustworthiness of political and economic institutions.

Here, the work of Daron Acemoğlu and James Robinson is instructive. In *Why Nations Fail: The Origins of Power, Prosperity and Poverty*, Acemoğlu and Robinson argue that political and economic institutions can be inclusive and support a prosperous economy, or extractive and undermine a prosperous economy.⁴³ The authors conclude that the critical distinction between economies is whether they allow those who are economic and political elites to serve their own interests ('extractive'), or whether they create incentives that mean the interests of all must be served ('inclusive'). Importantly, this is not necessarily a binary distinction. The value of this insight is not that some economies are inclusive and others are not but rather, that we have a spectrum on which we can place economies. It is possible for institutions to seek to become more inclusive. The more inclusive and open to public engagement an economy is, the more likely it is to secure its legitimacy.

Clearly, more legitimate economic policymaking is not something that will arise automatically as the result of the adoption of the kinds of engagement processes set out here. This was supported by our analysis of voting data where we did not see any clear increase in levels of trust

⁴³ Acemoglu, D. and Robinson, J. (2012) *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown Publishing Group.

in economic institutions as an immediate consequence of running these deliberative processes. However, that does not mean that these processes – at scale – lack the potential to build legitimacy in the longer term.

“I learned a lot, by opening out the process as an ‘expert’ I was already (as you could tell) trying to “‘explain how things work rather than first. But then, I felt, when people clearly had perspectives which are based on intuition rather than a deeper understanding of the system (to be expected) there was not enough time to really engage on why things in practice are a little bit more complicated.”

In short, the very challenge of engaging with people: it’s important to understand what people value and why and to involve people in a process, but that doesn’t mean that they have an in-depth understanding of how the system works and, therefore, necessarily are “holders” of the solutions. But in the same way, just because I understand it in a certain way does not mean that I am the ‘holder of knowledge’. Thus, I guess, the importance of co-production.”

Professor Corinna Hawkes, Director of the Centre for Food Policy, and Co-Chair of the Independent Expert Group of the Global Nutrition Report

We heard from citizens, particularly during the Summit, which engaged specifically with these issues, that a more nuanced narrative about how more legitimate economic policy could come about is both necessary and feeds that legitimacy. Citizens repeatedly told us that they wished to be heard by those who had the power to change their lives, not simply ‘listened to’. There is then a need for a more *systemic* shift in approaches to how trust and legitimacy are to be rebuilt, including clear signals from economic institutions and decision-makers that they *value* citizens’ voices, that they will *respond* to these and take the perspectives of citizens into account when making their decisions. Most importantly, that they were *committed to the overall project of building more inclusive economic institutions*.

This requires a range of institutions to endorse, sponsor and run such processes and, in doing so, show that they value citizens' participation and perspectives. It requires those institutions to then *respond* to the views expressed in a deliberative fora and to take up a leadership role in engaging in creating a much broader *public culture* of engagement on economic and political decisions (within which these kinds of deliberative processes play a key role). Over time that will strengthen legitimacy.

This analysis is shared by Professor Onora O'Neill', which suggests the standard to propose for institutions if they are to build their legitimacy is one of "first [on] trustworthiness and secondly on the intelligible communication of evidence of trustworthiness to others, without which they cannot place or refuse trust intelligently."⁴⁴ What is necessary is the creation of higher standards of accountability and an improved institutional culture:

"An institutional culture – evidenced in behaviour and attitude – is well entrenched and well understood, its standards may guide good practice with less effort, less checking and less emphasis on compliance. Of course, not every culture embeds high standards: some institutional cultures are lazy or corrupt, even predatory. Still, institutions with good cultures – and, specifically, trustworthy cultures – are likely to support and embed standards that matter."⁴⁵

Our work concludes that high levels of trust follow from deeper work undertaken by institutions to build their own trustworthiness, both at the national and local level (central government as well as local government). This must go beyond strategies based on communication, to ones based on structural change and meaningful engagement that shares power with citizens.

This need not be an impossible task. A starting point would be for institutions, economists and policymakers to have greater levels of humility about their expertise as well as greater levels of respect for

⁴⁴ O'Neill, O. (2016) "What is Banking For?": Remarks by Baroness Onora O'Neill. Federal Reserve Bank of New York. [online] Available at: <https://www.newyorkfed.org/medialibrary/media/governance-and-culture-reform/ONeill-Culture-Workshop-Remarks-10202016.pdf>

⁴⁵ Ibid.

the expertise of other citizens. Through rethinking their own roles, they can identify the resources, space for, respect for and value of participation and dialogue with citizens about a better economy. The Citizens' Economic Council's deliberative process showed that, far from having 'had enough of experts', citizens valued the chance to engage in open, respectful dialogue with them. Consistently, the citizens' feedback underlined how important it was that officials from the Bank of England, central government policymakers, chief executives and councillors in local government, world-class economists, economic commentators, academics and leading managers in corporations were in attendance and were willing to engage in dialogue.

For many experts this was not always a comfortable experience. Presenting a cultural shift in the dynamic, where experts are in collaboration with the public, rather than separate from them, and using the processes of co-production, lends itself to a partnership of equals in which diverse and equally legitimate perspectives are both respected and responded to. Many of those involved in our work as 'experts' also recognised the need for this shift in attitude.

Emerging Recommendations

Good participation creates a virtuous circle. It encourages people to participate more actively, thus realising, in this case, a more inclusive economy. Poor participation or no participation at all lends itself, instead, to a vicious cycle: an economy and society where decision-makers are further and further away from the voices and interests of those who they serve. This damages public trust and expert legitimacy, and pushes citizens further away from active participation in wider society and the economy.

Initiatives that allow citizens to participate are only one important part of a much more complex, systemic picture. Engagement and participation must be designed in a practical way that recognises structural inequalities as well as dynamics of power and privilege, even within dialogue and discussions. They must support the creation of safe spaces that equip all citizens to speak out, as well as to be adequately resourced to ensure those with lived experience are able to be in the room. O'Hare identified three conditions that are necessary to enable citizen participation to have an influence on achieving successful outcomes:

"... *resources to enable empowerment*, such as political and legal rights, funding, and the social capacity required to create mobilisation networks; *opportunities*, such as those provided by institutional arrangements, for example, decentralisation; and finally, the *motivations for people to*." ⁴⁶

There are a number of additional preconditions necessary to enable citizen participation to have an influence on achieving successful outcomes. A core element of our analysis is that effective citizen participation depends as much on the *responsiveness of the power-holder or institution* to the engagement process, as it does on the conditions for citizens' own engagement with the process. These include

⁴⁶ O'Hare, P. (2010) Capacity building for community-led regeneration: Facilitating or frustrating public engagement? *International Journal of Sociology and Social Policy*, 30, pp. 32-47.

ensuring that the engagement process is trustworthy, that it is genuinely inclusive, that it shares power, and that it is clear about what can change as a result of the engagement.

With these factors in mind, we outline below our emerging recommendations, all designed to address the barriers that currently exist to the uptake of a broader range of public engagement approaches, including deliberative approaches, by public authorities. These are some initial practical steps, which will be followed by a wider consideration and analysis of how to achieve system change that ensures people are able to participate in economic decision making. This analysis will be revealed in the final report of the RSA Citizens' Economic Council.

1. The government should review current evidence to create a code of practice for public engagement and participation

In the UK, the primary mechanism through which public authorities are required to engage citizens is through a statutory consultation. But for many decisions, this form of consultation may not address specific issues that speak to the need to secure greater legitimacy, the need to access *informed* citizen insight on complex areas such as economics. It may also not address the need to ensure policymakers and experts gain helpful co-productive and innovative insights on policy areas, so that they can be sufficiently reflexive and responsive to informed citizen views. In addition, statutory consultations may have the effect of excluding those voices who do not have a personal or a professional interest in responding directly to the consultation. Indeed, they may have the effect of creating perverse outcomes that prioritise the voices of interested parties to the exclusion of others.

The government last conducted a review of practice on consultation, and created a code of practice on consultation in 2008, which is now archived.⁴⁷ We propose that this is updated to reflect more recent evidence and tools available in order to produce a code of practice that moves beyond consultation, towards a broader spectrum of public engagement and participation (see Arnstein, 1969; IAP2 Participation Spectrum).⁴⁸

The Ladder of Participation (Arnstein, 1969)



⁴⁷ Government Code of Practice on Consultation (2008) *BERR*. [online] Available at: <http://webarchive.nationalarchives.gov.uk/20090609023708/http://www.berr.gov.uk/files/file47158.pdf> Review of Code of Practice on Consultation (2008), *BERR* Available at: <http://webarchive.nationalarchives.gov.uk/20090609052113/http://www.berr.gov.uk/files/file44374.pdf>

⁴⁸ International Association for Public Participation, *IAP2 Spectrum of Public Participation*. Available at <http://ncdd.org/rc/wp-content/uploads/IAP2-spectrum.png>

In developing a broader spectrum of engagement and participation, the aim should be to draw on the value and contribution of more diverse, innovative and deliberative approaches at different stages of the policy design and implementation process. For example, this should include approaches such as participatory budgeting like those piloted across the world in New York, Brazil and Paris, citizens' reference panels such as those run in Canada and Australia, citizen juries and co-production methods that help engagement and participation practice and narrative *beyond information and consultation* towards approaches which are more deliberative. Approaches which promote dialogue and which allow sufficient time and space for policymakers to *respond* to views and perspectives by citizens.

A survey undertaken by Dods of 1317 civil servants demonstrates that the majority of civil servants recognise the importance of public participation to the creation and shaping of public services; with 84 percent of respondents saying that they felt the active contribution of citizens could help deliver better public services.⁴⁹ This finding suggests that whilst many policymakers may understand and recognise the value of participation, they may not necessarily understand how best to do it well, or have access to sufficient resources and tools to be able to do so.

2. The creation of an expert resource centre on participatory economics within government

In the same 2014 Dods survey, civil servants identified that the key barrier to public participation has been making it easy for members of the public to contribute to decision-making. The suggested solutions included increased opportunities for policy-makers to have discussions with service users and local communities about service design and using digital platforms to improve engagement.

Other barriers identified included making the business case stronger for the adoption of these types of deliberative processes (only half of the

⁴⁹ Dods Research Survey, Sept 2014: Cost effective public participation, a guide to the issues: <http://resources.northgatepublicservices.co.uk/wp-content/uploads/2015/04/People-power-cost-effective-public-participation-April-20151.pdf>

civil servants identified thought that savings would accrue). The extent to which cost and constrained budgets contribute to these barriers is not made explicit in the analysis, but will no doubt be shaping incentives for policymakers and civil servants. Another identified barrier was the fragmentation and plurality of engagement processes taking place in particular localities, leading to 'engagement burnout' on the part of active citizens. Together these present some important, structural questions that need to be addressed by government such as:

- How can participatory and deliberative processes be more flexible, more cost-effective, make better use of emerging developments in technology, and be easier to access for members of the public and policy-makers alike, without compromising on depth and quality?
- How can participatory innovation be resourced and funded in a way that removes or manages cost as a barrier?
- How can government organisations and wider civil society learn from experiments, pilots and prototypes – and gather data that gains a better picture of the value (financial and non-financial) that these processes have?
- How can public engagement and participation take place in a joined-up way, so as to engage citizens and the 'whole system in the room'?

These are important conversations that the civil service must play a vital role in shaping; convening networks of democratic and participation expertise, civil society and citizens with a view to addressing them.

This is not a new agenda for the civil service. Building upon the agenda set out in the Civil Service's Reform Plan 2012, the government's drive towards open policy-making sets out an agenda to prompt a culture change within central government policymaking. With these considerations in mind, we propose the creation of an expert resource centre on participatory economics within government, drawing upon a range of public engagement and participation techniques. 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. The centre should play the following roles:

Capacity building

The Centre would be resourced to build the capacity of policymakers, particularly economists, at a central government and NDPB level to prototype and test deliberative approaches to economic policy. These could involve deliberations about policy issues that are complex and controversial, where questions about government budgeting, financial planning, government investment and trade-offs are a key issue. This would increase policymakers' awareness of the evidence base for the use of deliberative approaches, including success and effectiveness of deliberation across the world and in the UK.

Convening policymakers and stakeholder engagement.

The Centre would convene policymakers, thinkers on inclusive economy, as well as deliberative democracy practitioners in a regular dialogue about how best to create a more democratic institutional culture. It would gather and make publicly available valuable lessons and case studies that would showcase best practice, and help build a body of knowledge as to what 'good' looks like from across the world and in the UK, acknowledging the diversity of context, circumstances and issues. With these considerations in mind, the Centre should be provided with sufficient resources to provide independent, advisory, and capacity building support across the UK to local authorities and non-departmental public bodies seeking to undertake public engagement and participation on economic policy issues.

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. The Centre would work with public authorities to resource, advise on and pilot public engagement models, connecting and responding to the lived experiences of a wide variety of voices. It would offer advice and

guidance on how best to measure the impact of those approaches and undertake research and gather evidence, through ongoing evaluation, to support the adoption of those initiatives.

Supporting evaluation and more iterative learning about deliberative processes.

The Centre would be responsible for measuring the impacts of public engagement processes on citizens' agency, literacy and wellbeing, measuring the impacts of such processes on the legitimacy and quality of policymaking. This information should be available on both levels: for organisations wishing to conduct an engagement process as well as to citizens who could use such information as 'armchair auditors', holding their local and national decision-makers to account on best practice.

Resourcing through the availability of a match-fund.

The Centre would create and provide a 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 issues, including citizens who are most excluded from the economy. 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.

The funding and support would be explicitly contingent on public authorities sharing power with those they engage with by clearly defining and articulating the questions they seek to address and answer. Funding applications could be reviewed and allocated by an independent body to ensure high standards and impartiality. Evaluation should be built into the funded projects to inform ongoing best practice findings. We know that where such models have existed they have worked well. A good example is Sciencewise, year old expert resource centre on public engagement and participation on complex and controversial science and technology policy issues (see case study below).

Undertaking an independent government review into democratic innovations and democratic processes across the world.

The review would better understand what has worked in the past, lessons and inferences that can be learned, and put recommendations forward on the concrete next steps for the UK government and UK public authorities on the basis of the evidence gathered in the review. It would also seek to co-produce suggested and new models of engagement with citizens for the government, local authorities and public authorities to test in their localities.

Supporting and resourcing the capacity of civil society in a range of localities.

As illustrated by the Economic Inclusion Roadshow, citizens often experience the 'sharp edge' implications of political and economic decision-making at a local level, and community organisations that support citizens are often best placed to understand as well as to respond adaptively to their needs. In localities that lack a thriving local and voluntary sector community infrastructure, the Centre could support local authorities to undertake a review of 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.⁵⁰

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 Economic Inclusion Roadshow made reference to specific examples, which are featured in our supplementary report.⁵¹

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.

⁵⁰ Sloccock, C. (2017) A Shared Society? The independence of the voluntary sector in 2017. Civil Exchange. [online] Available at: <http://civilexchange.org.uk/wp-content/uploads/2011/02/A-Shared-Society-Executive-Summary.pdf>

⁵¹ op cit (previous report)

3. The Bank of England should set up a Citizens' Reference Panel and begin to use wider participatory approaches in engaging citizens on those areas where it sets public policy that has direct influence citizens' lives.

The Panel should be randomly selected and demographically diverse, with members paid for their time and participation. The Panel would be engaged and able to advise the Monetary Policy Committee on the potential impacts of interest rates and other monetary policy instruments on citizens and on issues of concern to citizens.

In our view, this need not compromise the firewall between monetary policy (operated independently by the Bank of England) and fiscal policy (the preserve of Parliament), because the role of citizens is to provide an informational feedback loop that can, first, augment the understanding of policymakers of real world impacts across different individual, household and community circumstances and second, help policymakers to understand how successfully (or not) they are communicating the reasons for, and intended outcomes of, monetary policy decisions.

4. HM Treasury and other economic policymaking departments, as well as cross-party parliamentary committees should trial approaches including citizen juries and a citizens' reference panel in the run up to major economic policy moments.

These should include the adoption of deliberative processes during the run up to the announcement of the Autumn Statement and the publication of the Budget. These could also be used to support governments in their Spending Review, an approach previously prototyped by PricewaterhouseCoopers through the use of a citizens' jury in relation to the 2010 Spending Review.⁵²

⁵² PricewaterhouseCoopers. (2010) *Spending Review 2010, The Jury's Verdict*. Available at: <https://www.pwc.co.uk/assets/pdf/spending-review-2010-jurys-verdict.pdf>

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

The RSA has already called for the convening of an assembly of 99 citizens selected to mirror the demographic make-up of the UK to deliberate on the implications of Brexit with a cross party group of UK politicians.⁵³ They should be paid for their time, either by their employer allowing them additional leave (as is the case with jury service), or in the case of the self-employed by paying compensation for loss of earnings.

The citizens could sit for a total of 20 days (ordinary jury service is for 10 days) spread over several months. The early stages would allow citizens to determine the priority areas for deliberation, and the dialogue could acknowledge that some individuals, groups and communities may be particularly hard-hit by Brexit. These might include, for instance, examining the implications of withdrawal from the Common Agricultural Policy and ways to ensure the longer-term sustainability of British food and farming. The Assembly would be supported by a professional secretariat seconded from different government departments, and it would be able to call on expert witnesses to give testimony on the issues that citizens wish to examine in more detail. Work undertaken by the Constitution Unit to prototype a Citizens' Brexit Assembly in practice illustrate both that there is appetite for participation in such initiatives, and that they have the potential to play a vitally important role in building legitimacy on complex and controversial issues, such as the implications of Brexit for immigration and trade:

⁵³ Greenham, T. (2017) *Only citizens can say what Brexit means - RSA*. [online] The RSA. Available at: <https://www.thersa.org/discover/publications-and-articles/rsa-blogs/2017/06/only-citizens-can-say-what-brexit-means>

Case Study: Citizens' Brexit Assembly (2017)⁵⁴

The Citizens' Assembly on Brexit was held over two weekends in September 2017, deliberating on the issues of trade and migration. It brought together 50 randomly selected citizens who reflected the diversity of the UK electorate. The Citizens' Assembly on Brexit aimed to, first, provide much needed, robust public input into the Brexit process and, second, show the value of deliberative public engagement on controversial areas of public policy.

- On trade, it preferred a bespoke UK/EU trade deal and a customs union that would allow the UK to conduct its own international trade policy while maintaining a frictionless UK/EU border.
- On migration, it voted to retain free movement of labour, but with the UK government exercising all available controls to prevent abuse of the system.
- If a deal cannot be reached in negotiations on trade, it preferred to stay in the Single Market and Customs Union to no deal at all.

The Assembly's design and briefing materials and the selection of expert speakers were reviewed by an Advisory Board that included both Leave and Remain supporters, as well as experts in the presentation of neutral information on Brexit-related matters.

Members reported that they believed that they had enough information to participate effectively (4.6) and that the Assembly had helped to clarify their views about Brexit (4.4). Their perception of their understanding of the issues of trade and immigration in relation to Brexit rose significantly across the two weekends (3.2 at the start of the first weekend to 4.2 at the end of the second).

Having completed two weekends of service, there was strong agreement amongst members that citizens' assemblies should be used more often to inform government decision-making (4.8).

⁵⁴ This case study is drawn from the Summary Report of the Citizens' Assembly on Brexit, published by the Constitution Unit (2017) [online] Available: <https://www.ucl.ac.uk/constitution-unit/research/europe/citizens-assembly-interim-report>

Case Study: Sciencewise: Investment in synthetic biology innovation influenced by citizen views on synthetic biology (2009-2011), through Sciencewise expert resource centre public dialogue with the BBSRC and EPSRC

Sciencewise is an embedded government public engagement programme which has delivered 54 dialogues in partnership with 32 government departments and agencies for over 12 years

The purpose of the project was to undertake early public engagement, which sought to help determine the future direction of synthetic biology. 160 public participants were engaged with 41 experts and stakeholders through 12 deliberative workshops. These brought citizens together with scientists, social scientists and policymakers three times in four different locations.

The dialogues prompted a discussion with the Parliamentary and Scientific Committee, which held a meeting focused on the dialogue in Westminster. They were referenced in the government's response to the House of Commons Science and Technology Committee report on bioengineering. The dialogues also fed directly into the UK Synthetic Biology Roadmap for the UK (which was published by the Technology Strategy Board in 2012). In 2013, the Chancellor of the Exchequer announced a significant amount of funding for synthetic biology. In interviews with evaluators, the commissioning Research Councils said, *"we cannot link that directly to dialogue, but we wouldn't have had the confidence to move forward on synthetic biology without the dialogue."*

5. Engage citizens through the devolution deal process, as well as in the implementation of the deal.

Devolution offers an opportunity to steer economic growth in a place-based and socially inclusive way, with citizens at the heart. But devolution deals that promised 'double devolution' have since reneged on that

promise. They have instead been critiqued as having little political and economic legitimacy, through a highly opaque process, led by small groups of politicians, officers and Whitehall officials lacking in diversity with very little public input. This can change by embedding public engagement methods (such as citizens' reference panels, citizens' juries, participatory budgeting and/or co-design) 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 (deals can be worked out on the condition that ring-fenced funding is to be determined and allocated through a participatory budgeting and/or public engagement process, for instance).

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

The explicit aspiration for Melbourne City Council was that it should be 'the most open and transparent council in Australia'. Melbourne was Australia's fastest growing city, providing new opportunities and challenges for the area. The City Council developed its engagement approach with citizens and wider stakeholders to its first ever 10-year financial plan (worth a total of an estimated \$5bn) with that growth in mind. It ran a multi-method public engagement process, which included crowdsourcing perspectives online through a consultation, seeking data about economic trade-offs and preferences through an online budget simulator, workshops and through pop-up policy booths across the city.

Alongside this information, a 'mini public' of 43 people (including residents, stakeholders and business owners) was also convened through a 'People's Panel', which met over six weekends, deliberating about the Council's financial and spending priorities. 90 percent of the panel had no prior involvement with the local authority. The panel produced a report containing several recommendations, which was submitted as a formal committee paper to the City Council at a special public meeting that year. The management recommended that the City Council "received the report and provides a formal response to each of the recommendations contained in the report." The consultation and report focused on:

- The panel's broad ambitions and vision for what they wanted Melbourne to look like in the future.
- A recommendation supporting rate rises (by CPI plus up to 2.5 percent) to meet capital and operating budget requirements for the forthcoming 10 years.
- Recommendations for increased funding to support the environment, tackling climate change and sustainability.
- Recommendations for a review of property asset portfolio, with the sale of non-core assets. A recommendation in favour of the retention of Citywide, a waste and street scene services provider in-house.
- Recommendations for the use of debt finance to fund investment in infrastructure, balanced with the need to maintain an AA credit rating overall.

In June 2015, the City Council endorsed the majority of the citizens' 10-year financial plan and that it had accepted almost all the recommendations proposed by the People's Panel. In addition, the Panel recommended the creation of a draft asset management strategy. This complemented the financial plan and was developed in response to the panel's discussion about the assets the City needed to support the area's growth and flourishing within the forthcoming decade.

6. Make 'Double Devolution' reality by integrating citizen engagement into regional governance, prototyping innovative methods and investing strategically to scale them up.

The UK is experiencing a shift away from centralised models of decision-making and power, towards more devolved models through which regional and local public bodies have greater power, money and control over economic decision-making. The creation of devolution deals and greater fiscal, social and economic autonomy for city regions, as well as the emergence of combined authorities and local enterprise partnerships (LEPs) have put the potential for formal partnerships between government, businesses and citizens more firmly on the

agenda. In addition, bodies such as Health and Wellbeing Boards and regional transport authorities (eg Transport for Greater Manchester, and Transport for London) are responsible for taking decisions that have economic significance.

A recent review of global best practice undertaken by the RSA for the Joseph Rowntree Foundation demonstrates that those countries that have used and embedded these approaches most effectively – Australia and Canada – are also the countries that have some of the least centralised forms of government and governance.⁵⁵ There are a variety of tried and tested deliberative approaches used in the UK that could be prototyped and tested with new Combined Authority models (these are 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). Work exploring the potential for these approaches in relation to devolution was undertaken by PricewaterhouseCoopers and BritainThinks in relation to devolution in Liverpool as well as in the West Midlands through the use of citizen juries.⁵⁶ 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. The best and most appropriate deliberative process (in terms of design and delivery) will depend on the *purpose* of that process. 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. But should local and regional bodies wish to consider approaches that *scale* deliberative approaches to a wider cross-section of the British public, initiatives such as those in Porto Alegre, Brazil, now also being tested in New York, Paris and Seville, offer the potential for both deliberation and wider engagement.

⁵⁵ RSA and the Joseph Rowntree Foundation (2017) Citizens and Inclusive Growth. [online] Available at: https://www.thersa.org/globalassets/pdfs/reports/rsa_citizens-and-inclusive-growth-report.pdf

⁵⁶ PricewaterhouseCoopers (2016) *What does the public want from devolution?* [online] Available at: <https://www.pwc.co.uk/industries/government-public-sector/what-does-the-public-want-from-devolution.html>

Combined authorities, LEPs and local authorities have an opportunity, amidst this rapidly changing landscape, to use their new powers to work with residents (especially those from economically disadvantaged backgrounds), the social sector and businesses to co-design and establish a charter for public engagement for their city, setting out a shared vision for engagement, the principles upon which it will be based, the practical ways in which citizens will be supported to get involved and the influence and impact they can achieve. Citizens need to have a clear sense of what their role is, how they will be supported and the genuine difference they can make.

City regions have the opportunity to embrace the principles of open government, moving beyond the opaqueness that has characterised approaches to local government and to devolution. As part of this they should build capacity and infrastructure for all citizens to take advantage of open data and policymaking.

Two examples of the types of approaches that cities and regions might wish to adopt in integrating citizen engagement into regional governance are laid out below, but these are by no means the only options available.

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

Paris's participatory budgeting programme runs from 2014 – 2020, during which period it will allocated half a billion euros. It has set aside 5 percent of its investment budget (approximately 100m euros 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 they are able to vote 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 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.

Next Steps

We began this report with a quote from French diplomat Stephane Hessel who wrote that, “we must become engaged, not at the margins, but at the very heart of power.”⁵⁷ This report shows that deliberative democratic processes are a necessary (but not sufficient) condition for the creation of a more inclusive way of doing economics and argues that this is more likely to deliver an inclusive economy. It shows both the scale of the challenge (and how deeply excluded some people are) as well as a virtuous circle emerging when people are able to participate in decisions usually made by the powerful; deliberation both empowers citizens and strengthens the legitimacy of decision-makers.

In this report we have shown what engagement can achieve and the potential to build a more active citizenship, support human flourishing, and support social leadership. Many of the stories we heard have illustrated that social and economic investment in people and place has enormous capacity to unlock this potential. If engagement is to be meaningful and not tokenistic, so that people are heard and not simply listened to, it must be accompanied with the support, investment and governance seeking to get the best of out of an equal partnership of citizen, community and the state. Through our emerging recommendations we offer some concrete next steps as to how that might be realised, and welcome ongoing dialogue with our stakeholders on moving them from rhetoric towards reality.

Between the publication of this interim report and our final report, the RSA will interview and engage with citizens, experts and policymakers to better understand the longer term effects of the process on their ability to access new and innovative insights on economics.

In addition, our analysis of e-voting data collected during the deliberation days will also support a further exploration of how participants within these types of democratic engagement are affected by the process.

⁵⁷ Hessel, S. (2011) *Time for Outrage*. 1st ed. United Kingdom: Quartet Books

A fuller impacts summary detailing these findings is due to be published in the final report of the RSA Citizens' Economic Council.

The final report will build upon the lines of inquiry and argument set out in this interim report.

In the final report, building on our follow-up interviews with citizen participants, we will provide a more detailed analysis of how citizens were able to 'unlock' the economy so that they could engage critically with economic issues. These insights, we believe, will be of use and value to policymakers and the wider public, as well as to those seeking to 'reframe' the economy so that it is more understandable and accessible. It will unpack citizen perspectives on economic policy issues, and provide greater detail and analysis of the conversations that led to the formation of the Charter. The final report will also set out an analysis of what *good* participation in economic policymaking might look like, what objectives and mechanisms in the process means participation can add robustness to policymaking, what limitations participation in economic policymaking has, and the extent to which a change of culture and mindset amongst policymakers is necessary to enable effective participation. The final report will also speak to the issue of what is required in order to create a culture that encourages a wider public understanding of and engagement with economics, including engagement with the media, with schools, with educationalists, and with economists themselves.

The RSA's Citizens' Economic Council Team are working to ensure the programme leaves behind a legacy, activities include:

- Working with Fellows to showcase crowdsourced economic policy ideas.
- Launching and promoting a documentary following citizen participants through the deliberative process.
- Convening a 'Core' group of Fellows and staff to co-design an approach for working with the wider Fellowship to: increase the reach and impact of the DIY toolkit; raise awareness within the Fellowship of the prototypes tested through the Citizens' Economic Council programme (eg deliberation, online public engagement); and

ensure Fellows have access to sufficient knowledge and evidence so that they can influence policymakers to adopt more deliberative approaches in engaging citizens about the economy.

- Identifying key political stakeholders and engaging with them to raise awareness of innovative democratic engagement methods as detailed within the recommendations of this report.

Appendix 1: Economic inclusion design methodology

Theme	Location	Date	Participants	Partner(s)
Industrial decline	Port Talbot, Baglan Community Centre	15 Oct 2016	14 residents of Port Talbot. The participants were from a range of age groups, and mainly from socio-economic groups D, as well as some C2 and E.	Recruitment Agency
Low paid work	UNISON, London Offices	18 Oct 2016	13 members of UNISON's Homecare Workers Panel. 12 careworkers (all female) and one care receiver (male). The participants were middle-aged; they were predominately white British but two participants were from black and Asian and minority ethnic (BAME) groups, and there was one white South African.	UNISON
Disability discrimination	Islington, Disability Action in Islington Offices	26 Oct 2016	21 members of Disability Action in Islington. The participants were from a range of age groups and ethnic groupings.	Disability Action in Islington; Tamsin Curno

Ethnicity and low income	Oldham, Coppice Neighbourhood Centre	8 Nov 2016	19 local residents from ethnic minority backgrounds: Indian, Pakistani and Bangladeshi. Many participants were from low-income backgrounds; 13 of the participants were female; and the majority were middle-aged but there were also some participants aged 18-30.	Doing Social; Coppice Neighbourhood Centre
Youth perspectives	Tipton	22 Nov 2016	Two groups (of 14 and 16 participants) at post-16 level. One group of nine participants at Year 8 level. Predominately white British, several international students from Norway and Italy.	RSA Academy Tipton
Industrial decline	Clacton-on-Sea, Baptist Church Hall on Pier Avenue	3 Dec 2016	11 residents of Clacton-on-Sea, Holland-on-Sea, and Jaywick. The participants were from a range of age groups, and primarily from socio-economic groups C2, as well as some D and E.	Recruitment agency
LGBT discrimination	Central Birmingham	7 Dec 2016	10 members of Birmingham LGBT Network, around a third of whom were from BAME groups and one Eastern European.	Birmingham LGBT

Debt and money	Birmingham, Aston	12 Jan 2017	14 participants, the majority of whom were women. Participants were recruited from the Money Advice Service and the English as a Second Language (ESL) groups. Participants were predominately from BAME groups.	Birmingham Settlement
Declining community services	Birmingham, Kitts Green	12 Jan 2017	19 participants, from a range of age groups. Predominately white British but a few participants from BAME groups.	Birmingham Settlement
Community resilience and housing	Glasgow, Ardenglen Housing Association	18 Jan 2017	Nine participants, all white British women aged 40+.	Ardenglen Housing Association
Youth perspectives	London, Camden Town Hall	31 Jan 2017	30 participants from a range of ethnic backgrounds, aged between 15- and 19-years-old. Schools were invited to partake on the basis that they had a free school meal intake of over 40 percent.	Greater London Authority (GLA) Fiona Tycross Assembly Member (AM)

Appendix 2: Policy Ideas Co-Created by the Citizens' Economic Council in Day 4

London Policy Ideas

- 1. Points based education system towards further education and lifelong learning.** This policy idea was suggested by a group who wanted to create a pathway through education into lifelong learning, and allow for people who took a non-academic learning route to benefit from continued self-development. They suggested:

- Anyone from the age of 11 years could win points for good behaviour such as good school attendance and taking part in extracurricular activities. The points people earned could be used for accessing more training or for investments that supported further earning, including: paying off student debt, student accommodation, or buying a new laptop.
- The government would put in an initial fund to do a trial at local level, and if successful it could be scaled up to national level. It would be implemented through a network of educational institutions and organisations that could provide work experience or host volunteers.
- **Improve working conditions for NHS key healthcare workers.** This arose out of a discussion on how to retain NHS staff and improve patient safety. The package of incentives suggested were:
 - 20 percent of their training costs to be written off once they have worked for the NHS for five years.
 - After a further five to 10 year period, they would receive increased pension contributions from the NHS.

- The provision of an affordable housing scheme for NHS staff that are requested to move to another part of the country.
- The initial costs of this programme would be paid through an increase in 1p taxation for five years. Over time the reduced use of agency staff, cancellations and waiting times would also help to cover the investment, as well as improve mortality rates and patient care through early intervention and prevention.

2. Create incentives that enable the elderly to be cared for in their own homes. The group that formatted this policy were concerned with how to reduce costs for the NHS and decrease instances of elderly isolation. They also wanted to improve respect for the elderly and suggested targeting young people or students as a way to do this.

- The government would provide a basic income or tax incentive to family members, support workers, and 'companions' such as University students who looked after elderly people in their own homes. This would be an alternative to a charge on people's houses to pay for social care.
- Those providing care would need to be vetted and trained which may require the establishment of national guidelines or monitoring body.
- The initial investment cost would be recouped through savings elsewhere in the social care and health system. It could also receive supplementary funding through fines on those who didn't attend GP appointments.
- As a positive consequence, key workers and young people may have access to cheaper accommodation if living with an elderly 'companion'.

3. Invest in innovative business. This policy was suggested as a result of a discussion on the issues of fair pay, work-life balance, self-employment and innovation. The group thought if more people had

access to capital they may be more likely to start up a new business or innovate within their businesses. Their proposal included:

- An equity fund backed by the government, but ideally delivered at a decentralised level by a trusted, readily accessible on the street organisation (for instance a community bank or credit union).
- The intention would be for the government, as well as the local community to realise its return on its investment over the longer-term. The scheme would support a diversity of businesses (some start-ups, some self-employed, whilst others might be more established to manage risk).

4. Reducing food waste. This group decided to look at the issue of food waste, and in particular the activity of supermarkets as some of the largest supply-side actors in the food supply chain. The policy was to be done through regulation:

- Regulate against supermarkets sending food to landfill, so that waste is either recycled or reused. Importantly waste could be given to food banks, used to generate energy and sold, or as animal feed and compost. These products could be given to food producers to help support the British farming industry.
- This would be overseen by a council body made up of a variety of actors including supermarkets.
- There was a suggestion that this may result in changing consumer attitudes towards 'ugly food', packaging and sell-by dates which would help reduce waste on the demand-side.

5. Changing citizen perceptions of banking. This is as detailed in the case study within the report.

Manchester Policy Ideas

1. **The Right to Flourish review.** The discussion within this group was around the education system and whether it provided adequate opportunity for children to flourish within it. They wanted to ensure education policy empowered young people and supported them to make informed decisions, with sustainable and positive impact.
 - Prior to creating policy on how to improve it however, they suggested the need to hold a national review of the current system on factors including:
 - The current curriculum and life skills;
 - Post formal education and opportunities for learning life skills;
 - The role of moral, ethical and religious views in education;
 - The support and facilitation of mental health and wellbeing;
 - How inclusive education is.
 - The working group would include: curriculum experts, academics, young people and sector representatives. They would make recommendations based on the interests of those within education.

2. **Manchester super-tax to capture value provided by the city as a location.** The policy suggested by this group was an attempt to raise funds for local investment and keep money in the area. They suggested:
 - The implementation of a local social tax on employers in the Manchester area (on top of NI contributions) to capture some of the value provided by the city as a location, which is not currently captured through local taxes as most employees commute in to Manchester. There is a precedent in a local tax ear-marked for local projects in the form of the Manchester Airport tax.
 - Revenues could be spent on local projects – mainly social care and preventative health services – agreed as local priorities.

- In the pilot phase the tax would just be applied to companies tendering for contracts with the 10 Manchester Local Authorities. If successful it could be scaled up to apply to other businesses including those that impose high health costs on the city (eg fast food outlets).

The group recognised that a negative side effect may be that the additional cost of the tax would probably be passed onto the buyers, and reflected in the cost of services bought by Local Authorities.

- 3. Sugar Regulation.** This is as detailed in the case study within the report.
- 4. Ethical tax system.** This group were concerned with how to improve equality within society and encourage more sustainable behaviour within business. To encourage people and business to act more ethically they suggested taxing bad behaviour. This would involve:
 - Taxing corporations and individuals in the same way with a progressive tax system so that those with the highest earnings and profits pay a larger share of tax. This would include all income, including returns on investments. Those that worked within unethical industries such as tobacco, oil and gas, weapons, or that caused social and environmental harm would be expected to pay an additional tax on top.
 - They further suggested tax loopholes and the use of tax havens should be clamped down on.

After 'expert' feedback they recognised there may be a regulatory cost to implementing this policy, and there may be some danger in asking government to regulate business in that way.

Within the discussion, someone suggested capital flow tax as a way to discourage speculative investment and the use of tax havens, but the group decided upon a policy to create an ethical tax as they wanted to address sustainability issues.

APPENDIX 3: 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 PricewaterhouseCooper'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 90s 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.

We also assembled an Economists Oversight Group comprising of professional economists from a variety of different schools of thought and institutional contexts who were invited to participate in council meetings and review materials during the preparation phase. They are listed as follows.

Appendix 4: Economics Oversight Group

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

This interim report of the RSA Citizens' Economic Council lays out a series of measures to help rebuild trust between citizens and economic institutions, a timely and important issue in the wake of the UK's recent 'Brexit' vote. It proposes that organisations such as government and the Bank of England use randomly selected Citizens' Councils and juries to better understand the public's views on important economic decisions such as the setting of interest rates as well as decisions announced in the Chancellor of the Exchequer's Budget, so that economics is more responsive to and in touch with citizens' voices, values and concerns.

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