

Research Article

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Contemporary Citizenship: Four Types¹

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Abstract: The paper begins with an examination of three ideal types citizenship which are not necessarily mutual exclusive. The first type is national citizenship, typically associated with ethno-nationalism. The second form is social citizenship or ‘welfare citizenship’ refers to the creation of social rights and is closely connected to civil-society institutions rather than to the state or market. The third form of citizenship identifies the citizen with participation in the work force emphasizing self-reliance and autonomy. In this discussion, I argue that with economic globalization and the development of neo-liberal strategies the various forms of citizenship have converged towards a new model of passive citizenship in which the state is or has withdrawn from commitment to full employment and the provision of social security, especially universal provision of welfare services, and civil-society institutions have been eroded. The result is the emergence of the apolitical, isolated citizen as consumer. The fourth model of citizenship presupposes a consumer society, a weak state and the decline of civic institutions, where the passive citizen becomes a consumer of privatized goods and services. The rise of a fourth model of citizenship – the consumer-citizen – can be interpreted as a logical consequence of financialization.

Keywords: citizenship, neo-liberalism, capitalism, financialisation, consumer society, individualism

1 Introduction: Ideal Types of Citizenship

The first type is national citizenship, typically associated with ethno-nationalism, which has been important in nation-building processes from the 19th century onwards. In many Asian societies, this type of citizenship was also closely associated with the so-called developmental state and became important in the authoritarian states that followed the Korean War. In Latin America, national citizenship was also connected with various nation-building projects. Latin America experienced an authoritarian and militaristic version of nationalist citizenship in part as a historical consequence of Iberian colonisation. This political formation has been famously defined as ‘bureaucratic authoritarianism’ (O’Donnell, 1999). The Philippines has had a similar experience of authoritarianism and militarism resulting in a turbulent political history of political corruption and weak economic development.

The second form is social citizenship, which is closely connected to civil society institutions rather than to the state or the market. It involves the creation of social rights in association with the development of the welfare state and is consequently referred to simply as ‘welfare citizenship’. In the 20th century, this form of citizenship was the product of democratic developments in Scandinavian societies and in the United Kingdom in the postwar period of social reconstruction, when Keynesian economic strategy was important in rebuilding a shattered economy. In fact, the British welfare state was originally understood in the 1930s as an alternative to the ‘warfare state’ that was associated with German fascism.

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The third form of citizenship identifies the citizen with participation in the work force, emphasising self-reliance and autonomy. This type of citizenship, which was pre-eminently explored by the political philosopher Judith Shklar in *American Citizenship* (1991), is associated with American liberalism. In the absence of a state-managed welfare system, the American pattern of citizenship required the private provision of insurance, social security and welfare. These three forms were never entirely separate and various combinations were always possible, producing hybrid traditions of citizenship; as a result, they can be regarded for the sake of convenience merely as ideal types.

In this discussion, I argue that with economic globalisation and the development of neoliberal strategies, the various forms of citizenship have converged towards a new model of passive citizenship in which the state is or has withdrawn from commitment to full employment and the provision of social security, especially universal provision of welfare services, and civil society institutions have been eroded. The market rather than civil society has become the institutional setting for citizenship. The result is the emergence of the apolitical, isolated citizen as consumer (Streeck, 2012). With changes in the nature of employment – outsourcing, casual employment, the working poor and the creation of a large underclass – employment no longer guarantees the conditions of independence and autonomy anticipated by Judith Shklar, and instead, these emerging conditions in the labour market lead to a precarious life on low wages, underemployment and insecurity of employment, as described for instance by Barbara Ehrenreich in her book *Nickel and Dimed* (2001).

The fourth model of citizenship presupposes a consumer society, a weak state and the decline of civic institutions, where the passive citizen becomes a consumer of privatised goods and services. When these are bought online, the passive citizen no longer needs to enter the mall to shop and the new individualism is one of passive isolation. The traditional sites of conversation for the bourgeois citizen – the café, the meeting hall, the chapel and the club – are replaced by online networks, and the social solidarity is elastic rather than ‘sticky’ (Elliott and Turner, 2012). Whether these new electronic sites can function as places for building viable online communities is perhaps the most pressing empirical research question for citizenship studies.

2 The Elementary Forms of Citizenship

In my previous work, I have defined citizenship as a social status that confers membership of a political community, which in turn determines an individual’s share in the collective resources of such a community (Turner, 2009). Citizenship provides us with a public identity, thereby delivering a modicum of security against scarcity and the unavoidable trials and tribulations of life. In the majority of cases, citizenship is inherited from our parents and, in that sense, it has a characteristic peculiarity. Although it is seen to be a universalistic entitlement to collective resources, we inherit our citizenship through accident of birth. Citizenship is most adequately defined in terms of both rights and duties, but regrettably too many modern theories of rights make no attempt to connect entitlement to obligation, despite the inherited reciprocity between duties and rights. Consequently, citizenship is a system of contributory rights in which there is, albeit approximately, some relationship between our input into a community and what we receive in return. The two fundamental obligations of citizenship historically were taxation and military (or some related public) service. These obligations clearly marked the connection between state and citizenship, and they were overwhelmingly in the past the attributes of male citizenship. To these two contributions, I have included reproduction through family formation as a foundation of active citizenship. Benefits – such as tax exemptions – have typically gone to families insofar as they contribute to the reproduction of the whole society through childbearing and socialisation.

These three components have shrunk dramatically in the late 20th century as personal taxation has been reduced, the military has been privatised and outsourced, and the family has declined with shrinking fertility rates, rising divorce rates, mobility and migration. As the traditional family has declined, more rights have been recognised for gay and lesbian social groups in line with the decline of traditional

masculinity. Although legislation in favour of same-sex marriage is contested by religious groups, there are strong social pressures for legal recognition in most liberal societies from the United States to New Zealand. These new couples are not of course going to produce offspring, but they may in certain circumstances be allowed to adopt children. I have described these social changes, along with a general decline in civil society, in terms of the ‘erosion of citizenship’ (Turner, 2001).

With the erosion of traditional forms of citizenship, especially in its nationalist and welfare forms, there is an emergent form of market-driven consumer-citizenship. Whereas Shklar in her account of American political history assumed that the employed person, uninhibited by the state and directly involved in the market, would be an active and autonomous agent, the modern citizen is merely a consumer who is disconnected from civil society and lives passively in a consumer world or – as I shall conclude by calling it – an ‘entertainment world’. Modern citizens consume politics rather than acting out political life through an information network and their connections with the market are no longer mediated by trade unions or artisans associations, because their working lives are likely to be based on casual and short-term employment in global corporations. ‘Facebook’ becomes society for the isolated consumer. However, while they enjoy low personal taxation and easy credit, their wages from casual employment are often insufficient to provide for long-term benefits such as pension. With the financialisation of capitalism and the spread of advanced consumerism, the consumer-citizenship is often burdened by debt and hence can no longer function as the free agent that is assumed in Shklar’s version of liberal democracy. In addition to these economic changes, where modern workers are migrant labourers on temporary visas and work permits, they are merely denizens rather than citizens.

In the 1990s, there was in fact considerable interest in the notion of the consumer-citizen, especially from the government of Tony Blair under the policies of New Labour in Great Britain. This idea was presented as a new principle by which service delivery in the public sector could be greatly improved by competition and by an emphasis on freedom of choice. Citizens would no longer be mere recipients of services delivered by large, opaque and distant bureaucratic institutions; they would instead exercise choice in key areas such as education and health. In fact, this idea went back to the 1979 government of Margaret Thatcher, who wanted to ‘roll back the state’ and give more power (in the form of consumer choice) to the individual. With the rise of public choice theory, the aim was to make state bureaucracies more efficient and more accountable. These laudable aims were combined with a hostility to ‘the scrounger’ and praise for ‘the entrepreneurial spirit’ (Clarke et al., 2007). In the 1990s, therefore, the notion of the citizen-consumer was seen in a positive light, but in this chapter, I describe this development in decisively negative terms.

Faced with the worst economic crisis since the Great Depression, the notion of active consumption has acquired a largely hollow meaning with rising credit card indebtedness, liquidity crisis, failure of major financial institutions, high unemployment and growing income inequality. As the financial crisis evolved into recession, many customer-citizens in the United States lost their homes and the idea of a home-owning democracy that had been popular from Ireland to Australia became problematic. The consumer citizen is becoming merely the passive observer of a society that maintains social order and stimulates the economy through large-scale spectacles such as the World Cup, American Idol and other entertainments. In fact, in the depth of the British economic crisis, the Olympic Games in the summer of 2012 were said to have lifted the spirits of the whole nation. These spectacles are themselves often engineered or promoted by politicians who have themselves become media celebrities. In the Olympic spectacle, Boris Johnson, the mayor of London, was seen to be a credible candidate for the office of prime minister. These social and economic changes provide the sociological justification for defining the modern social order as the entertainment society.

3 The Problems of Contemporary Citizenship

This account of citizenship obviously follows the model originally outlined in T.H. Marshall’s essay on ‘Citizenship and social class’ and published as *Citizenship and Social Class and Other Essays* (Marshall,

1950) In his famous account, Marshall described the evolution of citizenship in terms of three clusters of entitlement. From the 17th century, there were various legal rights that came to be more widely shared; habeas corpus was one indication of this development.

In the 19th century, political rights such as the franchise and the secret ballot became more widely recognised, and a variety of political institutions, in particular Parliament, a loyal opposition and a party system, evolved. Finally, the postwar development of social rights was expressed through the emergence of welfare institutions. Marshall's work has been much discussed and extensively criticised, but it remains a seminal contribution. Its limitations are that it was written against the background of a society that was relatively homogeneous in ethnic, religious and cultural terms, and hence Marshall had little to say about cultural identity in multicultural societies. He took for granted the traditional role of the family and the gender relations that accompanied a patriarchal culture. In the English case, he could also ignore the problem of aboriginal minorities that have been significant in modern debates about citizenship, especially in Australia, Canada and New Zealand. The task facing citizenship studies after Marshall is to recognise the diversity of forms of citizenship and the specific problems of these different traditions and then to analyse whether any form of democratic citizenship can survive the social and economic changes associated with globalisation.

In modern theories of citizenship, four systemic problems have been identified. First, citizenship is both inclusive and exclusive, and hence in modern societies, there is an acute problem around both internal and external boundaries. By providing criteria of membership that determine access to shared resources, citizenship necessarily defines a boundary to society, which excludes people who do not or cannot possess those criteria of membership. The exclusionary force of citizenship is normally experienced by immigrants, especially illegal immigrants, and ethnic minorities. However, stigmatised social groups within a society can also experience exclusion and alienation, as Margaret Somers discovered in her study of victims of Hurricane Katrina in the United States. In *Genealogies of Citizenship*, she provides a defence of citizenship as the necessary foundation of democracy and an essential ingredient of social solidarity, equality and trust. Her argument is that 'democratic citizenship regimes (including human rights) can thrive only to the extent that egalitarian and solidaristic principles, practices, and institutions of civil society and the public commons are able to act with equal force against the exclusionary threats of market-driven politics' (Somers, 2008: 8). The Katrina crisis demonstrated how large sections of society were outside the care of the state and its local agencies.

The ownership of a passport is therefore the critical issue in terms of employment, income level and personal security. To take one example, in Africa, according to a United Nations Children's Fund (UNICEF) report (Child Protection Information Sheets, 2006), some 55% of children younger than 5 years of age have no official birth certificate and, because they have never been registered, it is difficult for them to prove their nationality and, consequently, it is difficult to obtain citizenship and rights to a passport (Manby, 2009). This issue of exclusion raises difficult problems not only for stateless people, refugees and asylum seekers but also for legal labour migrants who are denizens but without the rights of citizens. Modern citizenship theory has suggested that we need a battery of new concepts and approaches to understand migrants who enjoy only limited rights in a global labour market. It is suggested that to grapple with these issues, we need new concepts, such as flexible citizenship, alongside notions of post-national sovereignty (Ong, 2008). While recognising the difficulties associated with the legacy of Marshall and the problems facing the global proletariat that possesses no secure entitlements as mere denizens, I am not convinced that we can so easily abandon national citizenship and national sovereignty. Despite the obvious globalisation of the economy, the world is still composed primarily of nation-states with specific state interests.

Second, in order for citizens to enjoy effective participation in society, there have to be mechanisms for the distribution of resources, and therefore, one issue confronting citizenship is the general problem of scarcity. Very few discussions of either human rights or citizenship confront the problem of the scarcity of resources that are necessary to satisfy human needs. The problem of the wealth of societies necessary to support citizenship is often taken for granted or scarcity is treated as an ideological construct invented to discipline labour (Somers, 2008). In this commentary, I put forward the (unfashionable) view that in modern societies, there are good reasons to believe that this generic problem is exacerbated by a variety of

conditions such as economic slowdown, outsourcing, ageing populations, energy crises and so forth. The task of national citizenship is to enhance the life chances of the majority in a context of increasing global competition for scarce resources. There is a view inherited from Daniel Bell in *The Cultural Contradictions of Capitalism* (1976) that the 20th century witnessed a revolution in entitlements, and hence the growth of citizenship presupposes some degree of economic equality and redistribution, but it must ipso facto assume a period of steady economic growth. Given the business cycle, the delivery of citizenship entitlements points to an inevitable conflict of interests between social classes, where the economy cannot deliver consistent growth rates. In a global economy, the financial crisis that began in 2008 has brought into sharp focus the problem of sustaining citizenship entitlements in societies that have suffered severe economic decline (such as Iceland, Italy, Greece and Great Britain) and of enhancing citizenship entitlements in developing societies in Latin America and Asia that are dependent on economic growth in the United States and – increasingly – in China and India.

Third, ethno-nationalist citizenship, authoritarian citizenship and social welfare citizenship regimes presuppose a connection between geographical territory and a political system, or more precisely, a relationship between territoriality and rights. The relationship with both ethno-national and authoritarian citizenship is obvious – national identity requires a border with recognisable boundaries and identifiable outsiders. Perhaps the connection between territory and social citizenship is less obvious, but it nevertheless defines an exclusionary package of contributory rights. The taxation of citizens within a given territory as the basis of social security claims provides the linkage between residence and rights. Market citizenship promises a more flexible relationship to state and territory, but in practice, it cannot escape these limitations. The vexing question in any liberal democracy is whether there are justifiable reasons to invade another society either in the name of national consolidation or in the defence of a democratic polity. In its various forms, citizenship is inevitably tied to state claims over a given space and therefore citizenship, in the form of a passport, is a mobility right.

Fourth, it may be that these analytical problems hinge on the question of the unitary nature of citizenship itself. In her book *Semi-Citizenship in Democratic Politics*, Elizabeth Cohen (2009) points out that, historically, citizens have rarely shared a common set of rights and that, on the contrary, citizenship has almost invariably been differentiated within states by fractured entitlements and identities. For example, she notes, quoting Denis Diderot, that in ancient Rome, those persons who were citizens by concession rather than birth were only ‘honorary citizens’ (Cohen, 2009: 106). These diverse rights in Rome were not administered in such a manner as to construct a unitary citizenship. With the globalisation of the modern labour market and the increase in migrant labour, these patterns of ‘semi-citizenship’ have become more widespread with the advent of guest workers alongside refugees, asylum seekers and illegal migrants. With the growing complexity of residence for migrant workers, displaced persons, stateless refugees, foreign students and tourists, it is no longer possible to assume a unitary character for citizenship status.

4 Ethno-National Citizenship

In the creation of national citizenship, the state employed a variety of reforms such as the modernisation of the military, the development of a national education system, the construction of a state religion, legislation on the family and gender equality, the reform of feudal property rights and the construction of a general system of taxation. Given the demand for cultural coherence and national sovereignty, cultural and religious minorities have to be incorporated into the political system either by coercive measures or by some decisive mechanism of assimilation. While the development of German and Italian citizenship through political unification in the 19th century provides obvious European examples, Japanese modernisation represents the most successful Asian case. Nation-state citizenship was a top-down political strategy to form a nation out of societies that were culturally diverse in terms of language, religion and ethnicity. Although one can make comparisons between Bismarck’s Germany in the 1870s and Japan after the Meiji Restoration of 1868, the histories of ethnic diversity and migration in Asia and Europe are very different and they

had important consequences for the development of modern citizenship. The resulting class structures of Asia and Europe were somewhat contrasted. In Asia, and especially in Southeast Asia, Chinese migration in the 19th century created Chinese minorities as the principal diasporic community. Chinese migration, the emergence of a Chinese bourgeoisie class and the construction of the ubiquitous Chinatown played a complex role in the social and political life of Thailand, Malaysia, Philippines and Indonesia. As a result, the bourgeoisie of these societies, e.g. in Indonesia, was built around an ethnic minority that was often excluded from political participation.

This distinction between social citizenship in connection with rebuilding civil society and national citizenship in connection with building nation-states provides a useful point of entry into the comparative sociology of citizenship. This contrast allows us to understand the specific characteristics of British citizenship, which was forged over a long historical period from 1600 to the postwar period of Keynesian social reconstruction. Although one can argue that Britain was a multinational community (England, Wales, Scotland and Ireland) emerging out of an archipelago off the continental shelf of Europe, British society has been relatively stable in constitutional terms since the Glorious Revolution and the Act of Settlement in 1700. British national identity only became problematic with Caribbean migration in the 1960s, with Asian migration in the late 20th century and with membership of the European Community more recently. As 'Great Britain' became a problematic source of identity, 'Englishness' slowly arose as a crisis of identity in the 1990s (Bryant, 2003). 'England' has increasingly assumed the character of an 'elegy' (Scruton, 2001). Social citizenship in Great Britain was constructed based on a society that was relatively coherent in ethnic and religious terms and relatively stable constitutionally. It can be argued that 'the British' existed before they became 'British citizens' with the creation of the modern passport, and it is probably for this reason that almost no discussion of ethnicity troubled Marshall's famous account of the three stages of citizenship.

It could be assumed that ethno-nationalism after a period of democratisation might evolve into either social citizenship or market citizenship. This notion is based on the view that the nation-state is declining with globalisation. However, with the contemporary emphasis on security, social-citizenship regimes appear to be assuming a more authoritarian form, emphasising national security over the individual liberties of citizens. Although there has been much interest in the idea of post-national citizenship, such notions appear to be premature. The securitisation of the state in response to international terrorism suggests that state boundaries are not going to get weaker and disappear but, on the contrary, become crucial in opposing political terrorism and urban violence.

In Great Britain, one could argue that the original liberal tradition of politics declined under the pressure of political responses to migration in the second half of the 20th century. The liberal tradition of Keynesianism and the legacy of Marshallian social citizenship have been gradually converted into British national citizenship. Legislation to define nationality has attempted to restrict the provisions of the original Nationality Act of 1948. A battery of legislation in the 1980s and 1990s restricted entry, reduced access to citizenship status and constrained labour migration. The 1981 British Nationality Act created three categories of citizenship: British citizens, British Dependent Territories citizens and British Overseas citizens. The Act restricted real British membership to the first category, removed residential criteria for citizenship status (*jus soli*) and effectively excluded Asian Commonwealth people from British identity.

5 Welfare Citizenship: Social Class and Life Chances

In sociology, the early debates about citizenship were related to the idea of reformism as a critique of the Marxist sociology of capitalism (Turner, 1986). The reformist argument states that Western, or more specifically European, capitalism survived, because the harsh realities of class inequality were mitigated, as Marshall insisted, by the development of citizenship rights. This interpretation of social rights in relation to social class has been widely debated. In *Class and Class Conflict in Industrial Society* (1959), Ralf Dahrendorf claimed that Europe had escaped the class war predicted in Marx's sociology of revolution,

because the development of citizenship had improved the living conditions of the working class by expanding their life chances. Despite the continuity of overall economic inequality, working people had demonstrably better lives. As a result, capitalist society had changed radically with the ‘equalisation of rights’ and ‘an extraordinary intensification of social mobility’ (Dahrendorf, 1959: 105).

Rejecting Marx’s definition of class as too narrow and re-conceptualising class in terms of Max Weber’s theory of authority, Dahrendorf defined classes as ‘conflict groups arising out of the authority structure of imperatively coordinated associations’ (Dahrendorf, 1959: 206). As a result, modern capitalism had to be analysed in terms of the balance between these authority mechanisms, unequal wealth distribution and the enhancement of life chances made possible by the spread of citizenship.

In short, Dahrendorf extended Marshall’s approach by looking at the processes by which industrial conflict had become institutionalised in trade union organisations, wage negotiations, industrial bargains and legislation relating to strikes and lockouts. Out of these processes, a new social contract had emerged between the contending classes. Although this social contract was inherently unstable and open to constant contestation and renegotiation, it had transformed open class struggle into industrial conflict through various industrial relations policies. The potential war between classes with opposed interests had been avoided by the pragmatic evolution of trade unions and wage bargaining, and as a result, social reformism rather than revolution had characterised the history of 20th-century Britain and those societies that followed a similar trajectory. Taking a long-term view of these changes in Britain, we might say that inflation was an alternative to revolution as the wage spiral pushed up prices, resulting in a consumer society that came to depend on cheap money, easy credit and financial deregulation.

In opposition to arguments in favour of flexible citizenship or post-national citizenship as responses to the complexities of multicultural society, Dahrendorf insisted that citizenship could never be separated from the state. In ‘late-modern citizenship’, we are called upon to think creatively about social obligation and identity in ‘social wholes’ that extend well beyond the nation-state (White, 2009). Against much contemporary thinking on the subject, Dahrendorf was adamant that the alliance of nationalism and liberalism was a force for emancipation during the revolutionary decades from 1789 to 1848. To this day, no other guarantee of the rule of law has come to the fore than the nation-state, its constitution of checks and balances, due process and judicial review. Not the least advantage of the nation-state was that it generalised the ancient idea of citizenship (Dahrendorf, 2008: 28). Citizenship requires the underpinning of law, and law typically means national law. These notions of a unitary pattern of citizenship are challenged by ethnic diversity, cultural differences and the prospect of legal pluralism in, for instance, the European Union on the one hand and by post-colonial societies on the other.

In his book *Life Chances*, Dahrendorf (1979: 53) had asked, ‘how do open societies remain open, and how do others become that way?’ The answer to that question was ‘a minimal programme of freedom’. The two societies in which he had explored those issues most thoroughly were Britain, in which citizenship had enjoyed some modest if insecure success, and Germany, wherein the Enlightenment promise of reason and civilised progress had suffered a major defeat at the hands of the Nazis. Understanding how freedom is won and lost must remain an essential component of citizenship studies. In this respect, he was fundamentally committed to the idea of an open society – a notion that he had thoroughly imbibed from his teacher Karl Popper. While political philosophers like Popper and Isaiah Berlin, in their approach to liberty, had emphasised negative freedoms from constraint, social citizenship placed more emphasis on positive freedoms, i.e. on entitlement, but with the growth of market-driven citizenship once more, the trend has been away from positive freedoms to enjoy education and welfare and towards negative freedoms such as freedom from state interference in the exercise of personal choice.

6 Market Citizenship in America

In the second half of the 20th century, there was considerable interest among sociologists in social citizenship as an explanation of why societies, otherwise deeply divided by social class and race, could

survive social conflict leading to political upheaval if not revolution. As in many other areas, American society remained the exception. With no socialist party of any size or significance, America had only modest state provision of social insurance and, by 2011, 48.6 million Americans had no adequate medical insurance. During the presidential campaigns of 2012, 'Obamacare' was regarded by many conservatives as a major threat to American capitalism. Regardless of these debates between Republican and Democratic politicians, the dominant assumption of American liberalism has been that it is the responsibility of individuals and their families to provide for their own welfare requirements and hence American political culture has emphasised individual liberties rather than social rights. Civil liberties are about the right to vote, freedom of religion and the right to carry arms. This tradition grew out of the American War of Independence, in which freedom from state intervention and the right to bear arms were deemed more important than social rights, especially if they required high taxes and a centralised administration. In addition, America inherited the legacy of slavery, which has continued to shape attitudes towards rights and continues to influence race relations.

In *American Citizenship* (1991), Shklar argued that most interpretations of citizenship in American political philosophy have overlooked the importance of employment and earning a wage in the formulation of early colonial notions of citizenship. She underlined the fact that what the founding fathers feared most were the blight of slavery and the threat of aristocracy. Slavery obviously implied a loss of basic rights and undermined human dignity. By contrast, aristocracy in general was associated with idleness. In short, she claimed that '[w]e are citizens only if we "earn"' (Shklar, 1991: 67). We might say that earning was important if citizens were to undertake their proper obligations such as paying their taxes and supporting their children, but Shklar wanted to find a deeper moral meaning to earning, which comes out when we attend to the issue of aristocracy rather than the curse of slavery.

The founders of Jacksonian democracy feared that an aristocracy would be re-established in America after independence and that constant vigilance was required to prevent such an outcome. They feared in particular a 'new aristocracy of monopolists and especially the men who ran the Bank of the United States' (1991: 66), and they predicted that the rights of the industrious working class would be easily 'sapped by crafty and indolent bankers' (1991: 74). The role of the law was to protect honest working men from such parasitic elites. In this context, the education of the population was crucial to instil vigorous democratic values in young men and to protect them from sliding backwards into aristocratic vices. She (1991: 85) claimed that these attitudes still persist in modern America, where resentment against 'the idle monopolist and aristocrat' is prevalent precisely because feelings of resentment are based on 'lasting political experiences'.

The credit crunch of 2008 has revived fears of financial corruption, greed, aristocratic indolence and the entrapment of the virtuous populace in debt. The bankers and financiers of Wall Street are blamed for acting like aristocrats who are parasitic on the public. They are the new idle rich who have undermined the traditional virtues of American society because of their personal greed and corrupt financial activities. Through the avarice of speculators like Bernard Madoff and his Ponzi scheme, thousands of American workers were thrown out of work, and as a result, they can no longer act like upright, honest and thrifty citizens and in fact by not earning, they have ceased being citizens. These circumstances in which the very citizenship of people has been undermined by the greed of a Wall Street aristocracy may explain the storm of resentment that has been unleashed in American public life. This credit crisis may in fact point to a more profound change in the nature of capitalism and, as a result, to significant changes in citizenship. 'Occupy Wall Street' became one conduit for public indignation against the financial and banking elite.

The theory of social citizenship from Marshall to Dahrendorf assumed a Fordist model of industrial capitalism with a clear division between social classes, a social system based on industrial production and the traditional nuclear family. It was the type of society that was in fact described in Talcott Parsons's *The Social System* (1951). Modern industrial society, however, has been radically transformed by a consumer revolution that took hold in the late 1970s; with the dominance of the Reagan–Thatcher economic strategy, trade unions were undermined, if not dismantled, and Western capitalism was increasingly characterised at first by declining industries and an expanding service sector, and more recently, by a shift towards the dominance of financial elites. While consumerism may have obscured the obvious exploitation of the

worker, a consumer society now presupposes a passive citizen or at least a citizen whose leisure time is spent in front of the TV rather than on the sports field or the club. The social world in which Marshall, Parsons and Dahrendorf developed their analyses of industrial society has largely disappeared, leaving behind a radically altered culture and social structure.

Economic growth in 20th-century America gave rise to what Elizabeth Cohen (2003) called a ‘consumer republic’, namely, a set of policies designed to promote mass consumption as the basis of both individual prosperity and democracy. After wartime austerity, the American pattern of consumption was to be promoted globally in the Cold War period to demonstrate the superiority of liberal capitalism over communism in the deliverance of material benefits. However, in order to achieve a consumer society, Americans had to be persuaded to abandon their traditional (Protestant) inclination to save, and economic elites, through the development of new sales techniques associated with commercial advertising, attempted to convince the ordinary citizen that consumption was not morally reprehensible but desirable. Consumption became an aspect of the entitlement of the responsible citizen, who was encouraged to borrow in order to buy a home, raise children and send them to private colleges. The foundation of the postwar prosperity was based on the growth of home ownership, which in turn fuelled the purchase of domestic goods and related services. With suburbanisation, buying a home was eventually followed by the purchase of an automobile and owning a car meant taking family vacations away from home, and that in turn required the building of highways, service stations, motels and tourist destinations. Home ownership was made possible by tax breaks, a variety of subsidies and cheap mortgages. By 1960, 62% of Americans owned a home, by comparison with 44% in 1940.

7 The Financialisation of Capitalism

The reduction in personal and corporation taxes as part of the neoliberal strategy that came into force with the elections of Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom has only served to weaken the state by eroding its tax base. Consequently, where the state has only limited resources, it cannot pay out welfare and pension benefits to citizens. In one sense, it does not matter very much where the state gets its money from as far as cash reserves are concerned. A value-added tax on goods and services purchased by consumers or any other service tax will do just as well as far as the state is concerned as income tax or national insurance contributions, but the source of taxation does affect the legitimacy of citizens’ claims to rights. Citizens can demand welfare benefits if they have made long-term contributions to an insurance scheme, and indeed they have a right to this.

Writing in the context of Austria’s postwar problems, Joseph A. Schumpeter predicted that this development would lead eventually to a ‘Crisis of the Tax State’ (Swedberg, 1991), but in fact, no such crisis eventuated in the time frame envisaged by Schumpeter’s theory. Conservative governments adopted measures to reverse the trend of mounting taxation and curbed the revolution in entitlements, which was later described by Daniel Bell in *The Cultural Contradictions of Capitalism*. American presidents and British prime ministers have sought to contain state expenditure, to reduce personal taxation, to restrain welfare entitlements and, wherever possible, to privatise and to outsource state functions. These efforts have not always been successful, and for various reasons, it is often difficult to limit health and pension rights in the face of steeply ageing populations. However, the overall effect has been the erosion of social citizenship and the growth of the consumer-citizen. The emphasis on individualism and privatisation means that the citizen has become increasingly a consumer exercising individual choices in a society dominated by the market and by commercial values.

The neoliberal regime in the United States was launched with a good deal of initial optimism, which was perhaps best summarised in Reagan’s simple election slogan – it is morning in America! That optimism has, over the past 2 decades, been severely challenged by deep economic crises and recessions – the oil crisis of 1973, the recession of the early 1990s, the Asian crisis of 1997 and the financial crisis of 2008–09. For many societies that were seriously affected by the crisis, there is now little ground for optimism in

terms of an improvement in productivity, and in addition, there is a new problem – the retirement of the baby boomers. The median income in the United States in 2011 was \$50,054, which is the lowest since 1995. Few governments have made adequate pension and health-care provision for the retirement of the baby boomer generation in the early 21st century, by which time this cohort will be making huge demands on social security and welfare benefits.

The global privatisation of pension schemes is a significant, if hidden, decline in life chances for most elderly workers (Blackburn, 2002). The financial crisis of 2008–09 confirmed the prevailing pessimism about the sustainability of Western consumerism based on cheap money and deregulated mortgage markets (Krugman, 1994). Halfway through 2008, the decline in American house prices and the collapse in the sub-prime mortgage market sparked off a more general crisis in the ‘real economy’. The immediate cause of the crisis was the loss of confidence in ‘collateralised debt obligations’ (CDOs), into which asset loans had been repackaged and, by 2008, it was believed that these CDOs (around \$500 billion) were being undermined by sub-prime mortgages that could not be sustained. These were occasionally referred to as ‘Ninja loans’ because they were held by unskilled borrowers with no income, no job and no assets. The personal debt problem had been driven not only by cheap mortgages, but by low interest rates, which – after 9/11 – fell eventually to 1% in July 2003. Public and private debt in the United States rose from \$10.5 trillion in 1987 to \$43 trillion in 2006 (Calhoun and Derluguian, 2011a, 2011b, 2011c; Phillips, 2008).

Although the expansion of citizenship has, in principle, increased the scope of social rights, the tension between rights and the actual enjoyment of life chances has remained a dilemma of modern democracies. While capitalist development tends to produce economic growth without redistribution, the 20th-century dilemma for socialist alternatives to global capitalism was redistribution without economic growth. For Dahrendorf, real social advancement had to involve the combination of both provision and entitlement. Remaining sceptical about the extent to which the evolution of the social rights of citizenship could fundamentally change social class inequalities, he concluded that ‘[w]hatever citizenship does to class, it does not eliminate either inequality or conflict. It changes their quality’ (Dahrendorf, 2008: 44). This paradox led Dahrendorf to adopt a critical view of the potential of revolutions to change significantly the fortunes of the industrial working class or a rural peasantry, because revolutions ‘are never very helpful for economic progress’ (Dahrendorf, 1990: 81). Political revolutions do little to support confidence, productivity and innovation, all of which are necessary for economic growth.

The principal transformation of contemporary America can be summarised as the ‘financialisation of capitalism’; this development can be simply defined as the decline of industrial production and the dominance of finance in the creation of wealth (Foster, 2007). This structural change in capitalism can be seen in the political dominance of Wall Street, the decline of the industrial base of society and the spread of neoliberal economic strategies. The principal ideological change is the spread of what Somers (2008) calls ‘market fundamentalism’, in which citizenship is seen as a contract where the unemployed (or more exactly, the unemployable) are thought to have broken their social contract. Quite simply when citizenship is understood as a contract, then ‘failing to provide a good or service of equivalent market value in exchange for what is now the privilege of citizenship, results in a reduction of the moral worth of the citizen’ (Somers, 2008: 89).

The spread of market fundamentalism requires various ‘conversion narratives’ such as the ‘perversity thesis’, which argues that welfare programmes are self-defeating because they only reward idleness. These discourses depend on a basic notion of scarcity as the driving force behind the need to work. Welfare ‘handouts’ remove the need to work and dilute the experience of autonomy and self-worth. Such handouts only encourage the lifestyle of the people designated by Thatcherism as ‘scroungers’. Somers argues that such narratives fail to recognise two important facts about the modern labour market. First, there are simply not enough jobs to provide full employment, and second, the wage levels of unskilled work are not sufficient to sustain an average household. With this creeping contractualisation of relationships between the citizen and the state, unemployment becomes morally stigmatised.

These developments raise a standard problem in Marxist sociology, namely, whether a ‘dominant ideology’ is sufficient to contain the frustrations of the general population when the promise of high consumerism palpably fails (Abercrombie et al., 1980). Given rising unemployment, a housing crisis and

personal indebtedness, how can we explain the submissiveness of the modern hoi polloi? Why don't the victims of the financialisation of modern (American) capitalism give expression to their resentment against the hoi oligoi through collective protest and political violence? It may be that the deep crisis in the European periphery, especially Greece and Spain, does result in a situation where these countries become ungovernable, because their governments cannot persuade their citizens to accept the austerity packages demanded by the European banks. Somers argues that in the American case at least, alienation is expressed, not through democratic political action, but through resentment against homosexuals, feminists, migrants and liberal intellectuals. The poor and the desperate 'have become nationalist patriots – a symbolic garb that compensates for the loss of rights by cultural and symbolic identification with the dominant political culture' (Somers, 2008: 134). In these circumstances, we can perhaps expect individual resentment rather than collective rage to be the dominant mood among the frustrated and disappointed consumers of modern capitalism (Reich, 2012). With the crisis of credit and investment, the ladder of success is beyond the reach of the majority, and the hard-working and virtuous employee – the foundation according to Shklar of *American Citizenship* – will experience little reward or only meagre gratitude. Resentment flourishes and multiplies in the face of this spectacle of social inequality. Jack Barbalet (1998) has argued that displaced or sublimated resentment may turn into hatred of radical students, strident feminists, foreigners, welfare scroungers, the unemployed and so on. But these resentments have little to do with traditional forms of class protest in any direct fashion, and they are generalised as an aspect of modern consumerism. Obviously, the business cycle may contribute to the temporal flow of resentment, but it is not central to the issue that modern consumption promotes the display of status distinction not based on merit or virtue, but largely on luck. The connection between citizenship and virtue is broken by the vagaries of the cycle of boom and bust.

As we have seen, a neoliberal economic revolution from the late 1970s had a worldwide impact on the relationship among personal status, effort and entitlement, in which there was a new emphasis on the contractual nature of the relationship between citizen and state. In terms of my typology, market citizenship gained in significance against both ethno-nationalist and social welfare models. In response to a general profit crisis of the late 20th century, welfare entitlements were curbed, personal and corporate taxes were reduced and pension provisions were privatised or eroded. The liberal economic regime also promoted bank deregulation, currency speculation and high-risk financial instruments.

The new cultural contradictions of capitalism are no longer, as Daniel Bell described them, between the old asceticism of work and the new hedonism of consumption. With the financialisation of capitalism, economic recessions get deeper and more frequent. The connection between hard work and material success appears to be broken, and hence, the moral framework of thrift versus greed that was characteristic of early capitalism no longer appears either relevant or convincing as workers lose their homes and their jobs. Modern-day finance capitalism calls upon the state to bail out insecure financial institutions and to use the law to punish the occasional financial miscreant. The cultural contradiction is now that the state simultaneously instructs the citizen to follow China and Japan by saving for their own futures and, at the same time, encourages the citizen to consume in order to keep the domestic economy afloat.

However, the modern citizen is not necessarily a socially or politically active citizen, but simply an agent who behaves in an individual capacity following his or her own desires. The passive consumer-citizen operates in a new context of scarcity – 'for the denizens of this world of desire, it is no longer a question of "insufficiency": out of our affluence we have created a social world of scarcity' (Xenos, 1989). In modern capitalism, needs have been replaced by artificially created wants. The rise of a fourth model of citizenship – the consumer-citizen – can be interpreted as a logical consequence of financialisation.

In his book *Fiscal Crisis of the State*, James O'Connor (1973) argued that the role of the state was to secure accumulation and legitimacy. Reflecting upon that argument, Bell claimed that the dilemma of modern politics was how, in the context of rising expectations, to satisfy entitlement without running into a Schumpeter-like crisis of the 'tax state', which would become overburdened with bureaucracy and the chores of tax collection. The problems of the modern state are in fact somewhat different. Over the past 4 decades, states in the Western world are faced by a contraction of the tax base and an adverse dependency ratio, with declining fertility and a substantial retired population. As a result, the modern

state is typically strapped for cash and there is a general crisis of credit. How then does the state acquire legitimacy? One answer might be taken from the recent history of Italy under Silvio Berlusconi (Anderson, 2009). Over the past 2 decades, the Italian economy grew by 1.5% against the Organization for Economic Cooperation and Development (OECD) average of 2.6%. In Italy, only 12.9% of the population has a university degree, compared to 26% in the other OECD countries. Italy was ranked 84th out of 128 countries in the World Economic Forum 2007 index of gender equality. After years of public scandal and incompetent governance, Berlusconi's popularity has remained high and he has been largely immune from criticism for a long time, because he owns or controls a large section of the Italian TV and print media. From different ends of the political spectrum and different ends of the globe, Silvio Berlusconi and Thaksin Shinawatra have achieved celebrity status, paving the way for a new breed of telecommunication billionaires who turn to politics to protect their empires. The result is a problematic mixture of football, mass media, spectacle and political intrigue. Alongside the financialisation of the state and 'casino capitalism' (Strange, 1986), the passive consumer citizen is an appropriate figure in a world of political entertainment or 'videocracy' (Stille, 2010).

8 Conclusion: The Entertainment Society

In the United States and Great Britain, citizenship and welfare were profoundly changed by the neoliberal revolution of the late 1970s. This revolution created a political environment in which governments were no longer committed to the universalistic ideals of social citizenship, the welfare state or full employment and related pension rights. These economic changes, which were in response to what was seen to be a decline in profitability – reduction of state intervention and fiscal regulation of state expenditure, deregulation of the labour and financial markets, implementation of global free-trade arrangements, reduction in personal taxation and increased reliance on indirect taxation, the creation of welfare-for-work policies and wage constraints – were a reflection of the New Right doctrines that derived their ultimate intellectual credibility from the philosophical writings of F.A. Hayek, Karl Popper and Milton Friedman. New Right doctrines argued that the spontaneous order of the market was to be valued and liberated from state regulation, and that governments could not claim to have any reliable, precise or definite knowledge of human needs. While states could not adjudicate over needs, individuals could and hence all judgements about human needs should be left to the operation of the free market.

Neoconservative thought in the United States has many diverse sources, but in recent years, the social philosophy of the literary figure Ayn Rand (1905–1982) has become increasingly influential. She was a strong supporter of free-market capitalism, individual achievement, anti-communism and Israel. She promoted individualism, rationalism and achievement in *The Virtue of Selfishness* (1964). Her novels, such as *Atlas Shrugged* (1957), enjoyed wide success in the United States and abroad. The novel painted a dystopic picture of the decline of America, in which there is a middle-class revolt against excessive taxation and government regulation. Coming to public attention during the presidency of Ronald Reagan, she had a significant influence on Alan Greenspan, David Nolan and Jim Powell. She endorsed radical republicans such as Barry Goldwater. More recently, her conservative views on the state have inspired the Tea Party movement and, most significantly, the political views of Paul Ryan. Her followers believe that she correctly diagnosed the basic problems of American society, namely, the growth of the state, the contraction of the economy and declining influence abroad.

Neoliberal doctrines became popular as the postwar Keynesian consensus collapsed with the Organization of the Petroleum Exporting Countries (OPEC) oil crisis, rising prices, stagflation, declining corporate profitability and the expanding costs of welfare, which were driven by the elasticity of demand and high expectations. Ageing populations and low fertility rates in the West created an additional burden on inadequate welfare budgets and pension funds. However, the most important political change that sustained the neoliberal revolution was the eventual collapse of the Soviet Union in the beginning of the 1990s. The West had supported the idea of the welfare state and human rights in part as a response to the

international challenge of communism. When socialist welfare regimes no longer offered an alternative model, neoliberal doctrines were no longer challenged.

The neoliberal revolution has, in the duration of those neoliberal decades, converted the citizen into a passive member of a consumer society, where conservative governments define ‘active citizenship’ as a method of regulating the efficiency of public utilities such as the railways. An active citizen, during the government of British Prime Minister John Major, was conceived as somebody who complained about poor services, such as British Rail, and in their spare time ran small-scale charities for their local church.

The normative presupposition behind the history of citizenship was that the good society would depend on the development of the autonomous, active citizen. Welfare citizenship was never simply a system of suffocating security from the ‘cradle to the grave’, but rather a safety net to allow the citizen to recover from temporary unemployment or poor health to return to work or family duties. Similarly, ethno-nationalism embraced an image of the patriot who was self-sacrificing in the call of national duty. With the commercialisation of civil society on the one hand and the financialisation of capitalism on the other, a new figure is emerging, namely, the citizen who, from the safety of his or her own private space, observes society as a spectacle rather than acting upon or with society.

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