than bringing us together as Americans, the politics of virtue will drive us farther apart.

Stakeholding takes a very different path toward community. It seeks to foster individual freedom, not smother it. By making freedom's promise universal and concrete, stakeholding appeals to all Americans, regardless of their different aspirations, to join together. As members of the rising generation come forward to stake their claims, they will be doing more than affirming their individual right to shape their own particular destinies. They will also be affirming their identity as citizens of a great country devoted to freedom and equality. Throughout the rest of their lives, these Americans will endlessly consider how their stakes contributed to their individual pursuits of happiness—and at the same time reflect on their good fortune in enjoying the precious rights of American citizenship.

Except for the most hardened cynics, this will lead to a deep and sustaining loyalty to the country that made stakeholding a concrete reality. Rather than dismissing the Declaration of Independence as boastful words on paper, stakeholders will hear in Thomas Jefferson's proud phrases a description of their own lives and will seek, as best they can, to repay their own debt by passing on their great heritage to the future.

This is the kind of loyalty that befits the free men and women of America. It will yield a voluntary sense of obligation, not one that is coerced by politicians in the name of virtue. As more and more citizens enjoy the fruits of stakeholding, the country will be better and better prepared for the next crisis.

And make no mistake about it. Our present prosperity and military hegemony will not last forever. There will come a time when America will once again call upon its children to sacrifice greatly in support of its ideals.

How will they respond?

3

The Stake in Context

It is time to bring stakeholding down to earth—to consider the tough choices required to transform our idea into an operational reality. For starters, there are key questions of eligibility. Who precisely should be allowed to stake a claim? Resident aliens? All citizens? Criminals?

Having drawn the circle around eligible stakeholders, we consider crucial matters of program design. Instead of forcing everybody to wait until age twenty-one, we think that high school graduates should be allowed to spend their stakes immediately on their college educations. This single step will in turn revolutionize the existing system of higher education in this country—and for the better, we think. Then there is the matter of setting the size of the stake: why eighty thousand dollars and not half or twice that amount? We finally turn to the problem of transition to the new regime: how gradually should we phase in the program?

It would be foolish to explore every nook and cranny of programmatic detail. But a head-on confrontation with key issues will give real-world substance to stakeholding, allowing a better appreciation of its strengths and weaknesses. Reasonable people will disagree with our answers to particular questions. This is all to the good, as long as these disputes do not defeat the entire project. There is a danger of this happening, but the only remedy is a sense of perspective—remembering to keep our eyes on the whole as we argue about each particular part.

After some substance has been put on our proposal, the next chapter provides a more concrete sense of the ways in which stakeholding will alter the real-life choices confronting a variety of young Americans. Eighty thousand dollars will mean different things to different people—that is its beauty. In providing a kaleidoscopic view of its potential significance, we hope to gain your empathetic understanding of our ultimate goal—which is to revitalize the liberal ideal of an independent, responsible, property-owning citizenry.

Immigrant Stakeholders?

Imagine a twenty-one-year-old English tourist arriving at Kennedy Airport, hailing a taxi for New York City, and making his way directly to the closest stakeholding office—only to leave empty-handed. While nobody will have trouble denying the tourist a stake, it is easy to think of harder cases. How strong a connection to America should be required?

Begin with longtime resident aliens. As long as they decline to take the oath of citizenship, we should exclude them from stakeholding. We see no reason to extend them rights of economic citizenship if they do not voluntarily assume obligations of political loyalty.[1]

A harder question is whether all American citizens should qualify. There are two problem cases. The first involves people who make their claim based on the accidents of birth. Suppose that a French graduate student gives birth to a baby boy while studying at Yale in New Haven and shortly afterward returns with her child to Paris, where they live for the next twenty years. A day before the boy turns

twenty-one, he takes the plane from Paris to New York to make his claim at the stakeholding office. Under the Fourteenth Amendment, he qualifies as a citizen by birthright. Should he be entitled to take his eighty thousand dollars and return immediately to Paris?[2]

A second case involves citizens by naturalization. Our hypothetical immigrant arrives in this country as a teenager and takes his oath of citizenship the day before he turns twenty-one. He immediately proceeds to the stakeholding office to make his claim. Should it be accepted?

It is tempting to err on the side of generosity, but we urge restraint. Let's start with the naturalization case. In 1996, of the more than 1 million immigrants who took the oath of citizenship, 10 percent were under the age of twenty-five.[3] If extending a stake to all of them would lead a majority of American voters to support a more restrictive immigration policy, we confront a hard choice: is it better to admit a smaller number of immigrants and grant them eighty thousand dollars apiece, or admit a larger number and deny them stakes?

Like it or not, political realities force us to take this tradeoff seriously. We believe that it is much more important to keep the door open than to provide stakes to the few who might manage to squeeze in. American citizenship is a priceless boon for millions living in oppressive or impoverished circumstances around the world, and it is imperative that as many as possible find a place of hope in this country. As a consequence, we would not allow a twenty-one-year-old to naturalize and claim a stake on the same day. We would restrict this right to those with deeper roots in this country.

Our line would track an important psychological distinction. When teenagers arrive in America, they come with vivid memories of life in the old country. While they will naturally resent their failure to qualify for a stake, they will be in a psychological position to reflect on the many other advantages that they have acquired from citizenship, contrasting their old lives in Russia or India or Mexico with the great possibilities opened up by their new situation. In contrast, when immigrants arrive as small children, America is the only land that they really know, and they will be unable to console themselves by making similar comparisons. For them, exclusion from stakeholding will seem an utterly invidious act of discrimination by the only country that they can call their own.

This seems an important difference, and one that should count in a world where America's commitment to the open door cannot be taken for granted. As an interim measure, a citizen should be required to live for at least eleven of his twenty-one years in this country before qualifying for his eighty thousand dollars.[4] Once stakeholding is firmly in place, this distinction might one day be overcome. But we fear that too generous an embrace of immigrants at too early a stage would be counterproductive: either the open door would swing closed or the prospect of showering riches on newcomers would be used as a political weapon to destroy the general appeal of stakeholding.

Our restrictive approach also has implications for the treatment of birthright citizens. Surely the young immigrant taking the citizenship oath is a much more attractive candidate for stakeholding than the guy with a round-trip ticket to Paris. Probably the Parisian himself would agree that he is cynically manipulating a legal loophole—although this may not stop him from taking the money and bragging about it. This is the sort of abuse that can easily discredit the entire program.

It is also much more likely that birthright citizens with few links to this country will spend their stakes beyond America's borders. This factor is particularly important in a liberty-affirming initiative like stakeholding. One crucial feature of the stake is that it comes with no strings attached: once a stakeholder gets the eighty thousand dollars, he can do anything he wants with the money—including taking off for some remote corner of the world far away from the sight of the American flag. Within this structure, the only feasible way to save the Treasury from the most cynical abuses is by imposing a residency requirement on birthright citizens: it is one thing for somebody with deep roots in the country to decide to take his stake and head off for parts unknown, quite another for somebody with deep roots elsewhere to take his eighty thousand and spend a small part of it on a one-way ticket back home.

We have, then, come to the same place via two different paths. For naturalizing citizens, a residency requirement makes sense as part of a realistic effort to keep the doors open for future generations of immigrants. For birthright citizens, it makes sense to prevent cynical raids on the Treasury. It would be invidious—and probably unconstitutional—to impose different residency requirements for different classes of citizens.[5] If an eleven-year residency is demanded of naturalized Americans, it should apply to the rest of us as well.[6]

The Stake as a Deterrent: Carrots and the Criminal Law

Traditionally, criminal law has treated young wrongdoers as if incarceration were the only alternative to less oppressive forms of control. But stakeholding provides another tool, with distinctive advantages and dangers.

First, the advantages. Once stakeholding begins, youngsters will suddenly have something to lose other than their freedom. The criminal law of a stakeholding society can threaten them with the loss of some or all of their eighty thousand dollars. To be sure, this threat will influence the actions of only those youngsters who can look ahead. And the younger they are, the less responsive they'll be to the threat. Even with foresight, younger criminals might impose a heavy discount rate on the relatively distant prospect of losing funds at the ripe old age of twenty-one. Thus it would be silly to "punish" a twelve-year-old by declaring his stake forfeit. But this sanction would carry greater force for an eighteen-year-old.

It would also have a more general educative effect. Impoverished communities would be full of stories about good guys who stayed honest and were now claiming their eighty thousand, while others tossed away their stakes by dealing drugs.

But there are dangers in an overly enthusiastic embrace. It would be all too easy for politicians to brandish their new tool as a blunderbuss. Rather than using the withholding of stakes as a substitute for incarceration, demagogues might simply add forfeiture as an automatic consequence of every conviction. Worse yet, they might expand the list of felonies in order to deprive minors of their eighty thousand when they would not think of imposing a comparable fine on older wrongdoers. The dangers of abuse are magnified by the notorious racial disparities in the administration of the criminal law. It would be tragic to allow stakeholding to become another monument to racial injustice.

Nonetheless, both stakeholding and the criminal law share a common foundation in liberal notions of individual responsibility. As a stakeholder, you are responsible for shaping your life plan, and if it involves criminality, you are justly held to account. There is nothing categorically wrong in using the stake to support the principles of responsibility at the core of the criminal law.

At the same time, we should not allow the criminal law to cheapen the meaning of stakeholding. It would be all too easy to treat the stake as if it weren't "really" the property of the young wrongdoer and to take away thirty or forty thousand dollars for a trivial offense, explaining that a stake is a privilege, not a right. But the entire point of stakeholding is to move beyond the rhetoric of the welfare state.

A great deal of thought will be required for a sensible integration of stakeholding into the criminal law. Here are a few guidelines. First, stakeholding sanctions should be reserved for serious offenses and those where an economic deterrent seems particularly appropriate—trafficking in drugs, for example. Second, these penalties should generally serve as an alternative to prison. The aim should be a more humane, cheaper, and more effective system of deterrence: why throw a twenty-year-old into jail when you can hurt him just as much by depriving him of his first stakeholding payment of twenty thousand dollars? Third, stakeholding sanctions should come in graduated doses. Except in the most heinous cases, nobody should lose all of his stake for a single offense. Once a convict has lost all hope of getting any of his eighty thousand, the deterrent value of stakeholding has been exhausted. Finally, and in the same spirit, stakeholding should be used for rehabilitation. Generally speaking, youthful offenders should be given a second chance to reclaim their stakes by keeping clear of crime for a substantial period. Although they may have forfeited some or all of their eighty thousand as teenagers, they should be able to reestablish themselves as stakeworthy citizens through years of law-abiding conduct.

The Stake and Higher Education

Having defined the outer bounds of eligibility, we turn to consider more carefully the conditions under which stakeholders should gain access to their money. Up to now, we have been speaking as if the normal American will be claiming his stake in twenty-thousand-dollar payments between the ages of twenty-one and twenty-four. But any sensible proposal should carve out a large exception to enable Americans to use their stakes to finance their higher educations. Nowadays, about 60 percent of high school graduates go on to more formal training.[7] Almost 10 percent earn two-year associate's degrees and about 25 percent finally graduate from a four-year college.[8]

We believe that stakeholding can yield a vast improvement in the status quo—when judged both in terms of justice and the likely quality of the educational experience. But this can happen only if we design the program appropriately: rather than insisting that stakeholders wait until the age of twenty-one for their first twenty thousand dollars, we should allow them to draw down their accounts before then to pay for higher education. More precisely, college-bound stakeholders should be able to withdraw up to twenty thousand per year for four years, as soon as they graduate from high school. In contrast, other Americans will not be able to pledge their stakes to pay for purchases made before they reach twenty-one.[9]

Consider some basic facts. Students, parents, and federal and state governments spend more than $130 billion per year on higher education.[10] States pay 31 percent of the total, largely by funding public colleges.[11] The federal government provides another $13 billion or so, largely in the form of student grants and loans.[12]

These subsidies have indeed helped more and more Americans make it to college.[13] But there remain huge disparities in effective access.[14] Nearly 40 percent of low-income high school graduates do not move on to postsecondary education, but only 21 percent of their middle-income peers stop at this stage; the number dwindles to 7 percent among high-income families.[15] Even when low-income students do make it to college, they are much more likely to delay enrollment and much less likely to earn a degree in the end as compared to their richer peers.[16] Poorer students also are more likely to attend two-year, rather than four-year, institutions.[17] These numbers become especially poignant when one recognizes that poor children, once they have graduated from a four-year college, earn, on average, as much as those from wealthier backgrounds.[18]

Stakeholding cannot directly compensate for differentials in early education and childhood experiences. But it can guarantee access for all college-ready students regardless of their parents' income and wealth. Federal grants to lower-class students have not kept pace with tuition inflation, and much aid now takes the form of loans rather than grants. As a result, the financial burden on students and their parents has grown, not shrunk, over the past fifteen years.[19]

Lower-class students confront hardships unknown to their better-off peers. College kids from the upper middle class take generous parental support for granted, but those from below are constantly required to juggle schoolwork and jobs in ways that can easily overwhelm self-confidence. Indeed, the endless rounds of scholarship applications and intermittent failures to pay tuition take a toll by themselves. Statistics confirm that students in two-year colleges are even more hard-pressed: a much higher percentage live at home, hold a job, and work more hours.[20]

For this large group, stakeholding would work a genuine revolution. It would allow college-bound students to focus their energies on academic work and compete with their peers on more equal terms. By enabling these students to gain early access to their stakes, the program would also signal the importance of advanced schooling in the emerging information society.

No less important, it would inaugurate a new era of healthy competition in higher education. Every student would enter the market with significant resources and an incentive to shop carefully. No longer would state universities or community colleges have a captive pool of in-state or low-income students who are without other options. These people could now choose a school in another community or across the country or even overseas. In contrast, the bulk of government money now goes to institutions rather than to students, which is exactly backward. The current system limits individual choice, but stakeholding will promote it.

Of course, the transition to a new system could not happen overnight, and there are many important details to work out. But as competition takes hold, the price of a college education will change as two effects begin to operate. Prospective students will have much more money than before, encouraging all colleges to raise tuition or cut financial aid. But this tendency will be checked by an opposing dynamic: colleges will be competing for the stakeholding dollar much more intensively, both with one another and with other kinds of enterprises. This last point is particularly important. In contrast to traditional education programs, stakeholders can spend their money elsewhere if the price of college rises too much.[21]

We cannot predict how the market will shake out—how many old institutions will survive, how many new ones will be created, or what the competitive tuition for different types of schools will be. But one variable will be crucial: the extent to which American governments respond to stakeholding by restructuring more traditional forms of subsidy.

Looking backward, Americans can justly take pride in the creation of a vast system of public universities and the complex network of federal programs that have provided grants and loans to tens of millions over the years. These initiatives have opened the door of opportunity for millions of middle- and lower-income students.

But stakeholding dramatically changes this traditional equation. With college-bound students already guaranteed eighty thousand dollars, even the most hallowed programs will undergo a period of agonizing reappraisal. This is all to the good, for there is every reason to believe that the outcome will be leaner, but more sharply focused, educational initiatives.

Begin with the $40 billion a year currently spent by the states on public colleges.[22] A lot of this money could be replaced by stakeholding funds, but there are still some reasons for states to continue direct institutional support. Most obviously, students may balk at funding academic research that does not directly pay off in classroom instruction. Yet this research can yield large dividends to the region, the nation, and the world. Students may also respond to an overly narrow understanding of the job market and fail to appreciate the importance of areas of instruction—most notably, the liberal arts—that deserve sustained public support.

Apart from these special areas of enduring need, the appropriate level of general support for public universities will remain an open and

politically contested question. In 1996–1997, four-year public colleges charged an average tuition of only $6,534—too big a bargain when prospective students come to the table with eighty thousand dollars.[23] But this hardly implies that public universities should inflate their tuition levels to the $18,071 now charged by the average private college.[24] Citizens can reasonably disagree about appropriate tuition levels in the new world of stakeholding, and different states will answer this question differently. This is what federalism is for.

National policy should take its cue from the emerging pattern of subsidy decisions in the states and heightened competition in the marketplace: in spite of the great increase in funds made available through stakeholding, have any legitimate interests been left out in the cold? We can think of a few serious candidates for continued aid, although their claims will certainly add up to a lot less than the $13 billion currently charged to the federal budget. Most obviously, recently naturalized citizens could make a compelling case for a special scholarship program, because they would face much higher tuition levels without receiving stakes. So too would older students, who had already passed the age of eligibility before stakeholding was enacted into law. We would also support a program for specially gifted students going on to graduate school, who might have already exhausted their eighty thousand dollars on college and its related expenses. And surely private scholarship programs will be required to keep admission to elite colleges open to all.

But the overall tendency of educational policy should be clear: more freedom for young adults to choose their colleges and complete their educations without constant and debilitating financial hassles; more competitive pressure on colleges to provide quality teaching and a supportive environment for learning; more narrowly focused government and private support for programs and students whose interests are not adequately served by the emerging system.

Leveling Up

Stakeholding will mean a lot to graduates of four-year colleges. But it will mean more to the much larger group who don't want to go that far in their educations. At present, the nation's two-year community colleges provide much smaller subsidies to their students than do more traditional universities.[25] But under the new system, students at two-year colleges will have the same buying power as their more academically inclined contemporaries. To be sure, these stakeholders will be utterly unwilling to spend their entire eighty thousand on a couple of years of post–high school education. But their stakes will create new incentives for serious programs directed at their distinctive concerns. Over time, two-year colleges will emerge from the shadow of their bigger brothers and build their students' skills and self-confidence with increasing imagination and vigor.

We have left the best for last. Consider the millions who decide that college—even a two-year college—isn't for them. These are today's forgotten Americans. Many of them have already been denied the decent high school education that should be every citizen's birthright. Now they are tossed gently into the marketplace unaided, while their upwardly mobile peers are given federal scholarships and state-subsidized tuitions.

This is wrong. Joe Six-Pack is every bit as much of an American as Joe College. And for the first time, his claim to equal citizenship will be treated with genuine respect. Because these high school graduates are not going to college, they will have to wait until their twenties to gain access to their stakes. But we do not think that this delay will prove very controversial. Most high school graduates would themselves concede that they need some seasoning in the school of hard knocks before they can be trusted with eighty thousand dollars.

Some of our readers may want to require young adults to wait until age twenty-five or so before they get any of their money. We would be happy to compromise as long as our basic principle remains intact: the decision to go to college should not be required for an American to gain his country's support for the pursuit of happiness. All Americans have a fundamental right to a fair share of the nation's resources as they accept the full responsibilities of adult life.

This principle suggests one more refinement in the stakeholding program. To ensure that the noncollege group does not lose out financially because of the three-year delay, their stakes should earn interest in the meantime. Instead of four payments of twenty thousand dollars beginning at eighteen, they should get four payments of $21,225, beginning at age twenty-one. The difference is three years' interest on each delayed payment.[26]

This is also the point to anticipate an obvious danger. While high school graduates must wait until their twenties to claim their stakes officially, won't aggressive merchants figure out ways to get them to sign away their rights before they reach twenty-one? "Get your Mercedes 'for free'! Just sign this contract containing mumbo-jumbo and we will seize your money at the stakeholding office."

It is tough to imagine an easier way of casting doubt on the program. But it would be too draconian to respond by making it legally impossible for underage stakeholders to obtain any credit at all. Many teenagers are workers, parents, entrepreneurs with assets and income that currently allow them to borrow a good deal of money. They should continue to be eligible for as much credit as they would have gotten in the absence of stakeholding.

To implement this principle, the stakeholding statute should segregate stakeholding dollars in a special account. Creditors could not ordinarily reach these assets to satisfy debts incurred by stakeholders before they came of age.[27] But after that age, stakeholders would be free to write checks from their account for purchases as well as investments. This would allow underage stakeholders to continue borrowing against other earnings and assets but would notify creditors that they could not count on the stake for repayment.[28]

Why Eighty Thousand Dollars?

We have thus far been speaking of the false promise of maturity that confronts the typical young adult in modern society: on the one hand, she is held responsible for life-shaping decisions, but on the other, she lacks the economic resources to make them in a responsible way. In setting the size of the stake, we should keep this basic moral dilemma in mind. The stake should be big enough to provide each citizen with a cushion against market shocks and to enable her to take a long-term perspective as she determines the most sensible ways of investing in herself, her family, her career, and her community. This logic suggests that small sums—say, ten thousand dollars per person—are inadequate, but how high should we go?

The comparison between Joe College and Joe Six-Pack helps us set the standard. As we have seen, eighty thousand dollars is enough to pay for four years of tuition at the average private college in the United States.[29] While colleges may raise tuition a bit in response to stakeholding, market forces will tend to keep these increases in check.[30] This means that typical college-bound youngsters will be in a position to graduate debt-free (more or less) if they get good summer jobs or can rely on some parental support.[31] Liberated from the crushing burden of debt, they will confront the future with a precious independence.

Four years at college will not magically eliminate the need for hard choices about career, family, and the meaning of life. Nonetheless, the skills and self-understandings that these students will gain will place them in a fair position to take responsibility for these choices. At the very least, they will not be locked into dead-end jobs or locked out of the vast range of cultural opportunities open to them as citizens of the twenty-first century. In a rough-and-ready way, a college education serves to redeem the promise of maturity in contemporary society.

But if this is so, eighty thousand dollars should also set the standard for the three out of four Americans who don't earn bachelor's degrees.

As equal citizens, they too are entitled to confront their adult years with their heads held high while preparing themselves for the future as they see fit. We will shortly be considering the concrete ways that stakeholding will allow ordinary Americans to gain control over their lives. But for now, the moral challenge is plain: if eighty thousand dollars suffices to provide the top quarter of the population with effective economic independence, shouldn't all other Americans obtain equivalent resources?

Perhaps not, detractors may say. Perhaps the costs of financing such a generous stake would cripple the economy. Or perhaps it will force us to starve other social programs that promise a more effective assault on unequal opportunity. We believe that these predictable responses lack substance, and we will soon be describing a funding system that is well within our economic means as a society.

But for now, we will take up a single concern that does not require lengthy economic analysis and that has cropped up with surprising frequency when we have presented our ideas before audiences: won't the prospect of an eighty-thousand-dollar grant lead to a vast increase in the birthrate, which will break the bank in the long run?

We strongly doubt it. Certainly the promise of eighty thousand dollars at maturity ensures every child a good start in life—and this prospect may encourage some parents, previously worried about the financial burdens of raising their families, to consider going ahead and having another child. But this positive point has to be placed in a larger context. Most obviously, child-rearing will remain very expensive, in both money and time. Even a moderate-income family will spend $200,000 or more to raise that extra child—not to mention all the extra years of diaper-changing.[32] Parents must weigh these immediate costs against the discounted value of eighty thousand dollars twenty-one years hence.[33] Then there is the fact that when the child finally reaches maturity, the stake goes to her directly, not to the parent—and the child may not spend the money as the parent would like.

This independence effect is an integral part of the case for stakeholding, and many farseeing and altruistic parents will see its value. But it will also prevent greedy parents from casually treating their children's stake as if it were their own.

Finally, there is suggestive evidence from Western Europe, which has responded to declining birthrates by adopting aggressively pro-natalist policies. In contrast to our proposal, Western European governments do not require parents to wait a generation before seeing their children get some money. Instead, the European system of family allowances pays large sums directly to young parents with large families. Nonetheless, these policies have failed to raise the birthrate.[34]

We agree that our initiative might well change the moral climate over time in ways that may subtly encourage higher birthrates. Parents will know that, even if the worst befalls them, their children *will* have a shot at the American dream. And this new confidence might well encourage them to take the plunge into the unknown that comes with starting a family. But it would be a mistake to overestimate the importance of this point when so many other cultural and economic factors are at work.

Women and Minorities

By itself, stakeholding will not automatically lead husbands to share child care equally, persuade bosses and coworkers that women can be welders, or dissolve harmful stereotypes about African Americans. Nonetheless, it will make a difference in the short run and contribute to the erosion of pervasive cultural vulnerabilities in the long run.

As a matter of dollars and cents, minority group members will be the big winners from stakeholding. A recent study found that one-third of all households, but 61 percent of black ones, have absolutely no net financial wealth.[35] While middle-class blacks earn about 70 percent of middle-class white wages, they own only 15 percent of white middle-class wealth.[36] As a consequence, blacks will not pay much of the wealth tax that we shall propose to fund our initiative.

The effect on women will be subtler but cumulative. For the foreseeable future, they are likely to continue to bear the primary burden of child care and to confront a labor market poorly adapted to the demands of child rearing.[37] When women respond by opting for part-time work, they are now often consigned to a second-class "mommy track" with limited prospects of advancement.[38] While stakeholding will not bring this system to an end, it will provide women with new tools. Even though eighty thousand dollars is "only money," it will give women more real independence in everyday life, allowing them to negotiate better deals for themselves at the workplace and at home.

But perhaps this rosy scenario masks hidden dangers, critics may object. Women may think that they're better off if, say, they use their stake to take extra maternity leave or cut back their work hours while their children are young. But wouldn't such decisions suggest that they are victims of "false consciousness"?

By retreating from the workforce to tend to their kids, these skeptics would continue, women may be forfeiting long-run earnings potential.[39] In the end, they may wind up even more dependent on a husband or boyfriend for support. If so, the independence that stakeholding promises is a cruel illusion. A better program would devote the same resources to subsidized day care, work-training programs, and other initiatives to help women get into the workforce and stay there for the long term.

We don't buy this argument. We recognize that deep-seated gender-role expectations have irrevocably shaped women's (and men's) ideas about what women should want from life. We certainly support educational efforts to challenge these stereotypes. But we refuse to dismiss the genuinely felt aspirations of today's women as false consciousness. No less than men, they deserve nothing less than the real freedom that stakeholding offers. Traditional gender expectations may limit women's bargaining power, both within and outside the family.[40] But over time, the clear message of equality embodied in the universal eighty-thousand-dollar grant may also begin to affect men's perceptions of women and women's perceptions of themselves.

Despite these very real advantages, we do not suggest that our initiative can serve as the be all and end all of the struggle for real equality of opportunity. It is only one tool among many, and we would be happy to embrace other programs that targeted vulnerable groups more specifically for special assistance. Nonetheless, we think it would be a serious mistake to bring concerns about affirmative action to the design of our proposal—adding twenty thousand dollars, say, to the stakes of minority members.

Such a step would deflect stakeholding from one of its great aims. Especially at this time of deep cultural division, Americans require some contexts reminding them of the commitments they share. Stakeholding fills this desperate civic need. When each citizen comes forward to make her claim, it ought to be enough for her to say that she too is an American, involved in the common enterprise of redeeming the great words of the Declaration of Independence. This is a time for women and men, blacks and whites, to join in a mutual recognition of their standing as free and equal citizens, without distracting references to the differences and injustices that still tear them apart.

The First Stakeholders

And then there is the matter of transition. How to get from here to there?

We favor a gradualist approach that targets a particular cohort of eighteen-year-olds to serve as America's first stakeholders. On his or her eighteenth birthday and once a year thereafter, every stakeholder would be sent a statement of account showing eighty thousand dollars to be paid over four years, provided that the stakeholder graduates

from high school and stays out of trouble. The college-bound could draw on their stakes immediately to pay tuition and living expenses, but the others would have to wait for three years before receiving their first payment.

This delayed phase-in would help respond to an obvious transition problem of the first magnitude. At present, most teenagers have little reason to prepare themselves for the responsibilities of managing eighty thousand dollars. This will change over time as parents, teachers, and friends spend endless hours telling them of the perils of blowing their stakes. We believe that, after hearing years of such talk, most young Americans will surprise the skeptics and make responsible use of their new-found freedom. But there is a very real danger that the first stakeholders will treat their money as a gift from out of the blue and discredit the program by wasting it on a splurge or frittering it away through mindless consumption. A three-year delay will give the first stakeholders a chance to internalize their new prospects and to weigh their new opportunities carefully. At the same time, the three-year lag will give the IRS a chance to phase in and fine-tune the tax measures needed to fund the stake.

There is something to be said for an even more gradual approach. Rather than targeting a single group of eighteen-year-olds, it might be wiser to begin by providing "fractional stakes" to a broader cohort of teenagers ranging between, say, fourteen and seventeen. Under this approach, kids of fourteen would eventually claim eighty thousand dollars, whereas fifteen-year-olds would get sixty thousand dollars, and so on, leaving eighteen-year-olds empty-handed. This fractionalist phase-in avoids the arbitrariness in granting a full eighty thousand to the first crop of stakeholders while their slightly older brothers and sisters get nothing.

Another way to respond to the problem would be through the creation of a large "transitional fund" for the needs of those born a little too early. This special fund should award training grants and scholarships that compare favorably to those available under the preceding regime. That way, those who just missed out on stakeholding might console themselves with the thought that they had nevertheless done better than had their immediate predecessors.[41]

Undoubtedly, many other transitional problems will arise. But there is no reason to think that they will prove unmanageable or so costly as to overwhelm the long-run benefits of life in a stakeholder society.

4

Profiles in Freedom

We have been telling our story with statistics, but there is another way of putting stakeholding in context. We invite you to imagine what eighty thousand dollars might mean in the real lives of real people you know. Then try to move beyond your own friends and neighbors to imagine other lives at greater distance. To help in this, we offer a few American profiles of our own devising. Bill and Brenda represent millions of hard-pressed young couples in the twentieth through fortieth percentile of Americans.[1] Mike and Mary Ann come from the better-off group in the fiftieth to seventieth percentile. Then we consider people both higher and lower in the economic order. Bill, Brenda, and the others are fictional, but their life situations represent reality for many Americans.

For all of them, stakeholding will have revolutionary implications. At present, the average young family has a net worth of about $11,400, cars included.[2] Fewer than half own a home, usually a heavily mortgaged one.[3] In the bottom half of the income distribution, the typical young household has a net worth of only a couple of thousand