2. Subsidiarity: a new partnership between state, market and civil society

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THE STATE, THE MARKET AND A NEGATIVE ANTHROPOLOGY

In the past – and in the present too – many European countries have assigned a large role to the state in the social and economic fields following a 'paradigm of conflict', according to which *private* activity opposes the *public* interest (Salamon, 2004), thus marginalizing civil society's initiatives on the basis of distrust and suspicion. These two sentiments are in turn the consequences of a negative conception of man. The assumption of too great a role by the state tends to deaden human capabilities and dampen the positive contribution that any individual can make to the common good or to progress and justice in general. According to Thomas Hobbes, such a negative conception makes it necessary to draw up a social contract in order to counteract the war-like relationships between one man and another in the 'state of nature'; this 'negative anthropology' is also the basis for a particular conception of the welfare state. In a recent analysis of the philosophical roots of present-day *lib-lab* politics, Donati (2007) writes:

> Two key figures in the thought of Hobbes still dominate the lib-lab organization of welfare; on one side, the property-owning individual (with his original freedoms, in search of his own profit) and, on the other side, the state (the sovereign as a projection of all the rights of society). This makes irrelevant the relationships between associates, reduces the importance of communities and intermediate social formations as additional subjects of citizenship, and limits social pluralism; in short, it devalues the sociability of the human person, both in general, and specifically as a constitutive element of welfare. (Donati, 2007: 39)

Globalization has gradually eroded the feasibility of achieving an ordered society through the Leviathan. The level of social complexity is simply too high, and it cannot be effectively reduced through the coercion of its members.

Furthermore, the Leviathan is fundamentally restrictive in nature, whereas the effective reduction of complexity should open new possibilities rather than preclude them. In Donati's words:

> The emerging civil society is certainly not that of the 17th century: individuals are more aware of the inalienable character of their fundamental rights. They are, in general, more informed (thanks to the growth of modern citizenship) and, above all, they activate organizing networks for resolving their problems autonomously, networks which do not require the restrictive powers of a *government*, but rather the open coordination of a *governance*. (Donati, 2007: 42–3)

Obdurate attempts to follow an outdated 'welfare state' model jeopardize our greatest and most precious achievements, and in particular the achievements of European-style welfare: universality, respect for the single person, and equality in treatment in terms of guaranteed minimum standards, quality and quantity of service. The risk is significant; Lorenzo Ornaghi (2006) has argued convincingly that the traditional model of the 'welfare state' fails to meet the expectations of the citizen-users for an effective and efficient supply of welfare services.

In a similar vein, Julian Le Grand (2007a) demonstrates that the traditional welfare institutions do not merely lack incentives for productive efficiency and innovation, but are also unresponsive to the needs of users. Based at most on a superficial awareness of those needs, traditional welfare is, in fact, guilty of a form of paternalism.[1] Moreover, contrary to what is generally believed,[2] traditional welfare also fails the test of equity. In a system which does not reward the user's free choice and responsibility, poor and ill-educated people are less able to take adequate advantage of available services, while the wealthy and well-educated face fewer obstacles in finding ways to overcome the rigidity and uniformity of the system, thus allowing them opportunities more in harmony with their specific needs.

Only apparently antithetical to the Hobbesian logic, the perspective on the role of civil society in neoclassical liberalism is based on the same negative anthropology. At its root is the assumption of a purely selfish individual who responds exclusively to economic motivations, whether carrying out a task assigned by a superior or conducting an enterprise on his or her own. The neoclassical liberal approach takes into consideration neither the possibility of aspiration based on ideals, nor the opportunity to establish associations that are capable of making a positive contribution to the common good beyond the self-interest of a particular group of people.

The two approaches (lib-lab 'welfarism' and neoclassical liberalism) differ, of course, in the mechanism identified to correct the 'evil' produced by the behaviour of man. The lib-lab 'welfare state' locates that mechanism in the action of central power. Adam Smith's liberalism, on the other hand,

has found it in the market, where individual self-interested efforts are coordinated by the 'invisible hand' into a (Pareto) efficient, if not necessarily equal, outcome.

Neoclassical liberalism, so often re-proposed in recent times as the justification of international financial capitalism, presents a fundamental weakness that is not found in its prescription of deregulated markets as an arena for free enterprise. Rather, this weakness lies in the pervasive reduction of human rationality in order to achieve the maximization of results and in positing this principle as the only foundation of social relationships. Unsurprisingly, this set of assumptions has led to definite analytical consequences within a model of competition which fails to capture key features of social production, not least of which is the recurrence of crises.

A typical dimension of this worldview is a Darwinian concept of society, characterized by the survival of the fittest. Even the business enterprise – in reality, a complex web of markets and hierarchies for the achievement of a 'fair' compromise between the interests of its various stakeholders – is reduced to a 'black box' for the production of profits.

On the other hand, the creation of an enterprise and the monitoring of its competitiveness are the crucial challenges both for its managers and for the external observer of that enterprise's activity. As observed early on by Keynes in his analysis of the investment process (which is of course the key to competitiveness), a 'liquid' – and therefore technically efficient – financial system may crowd out a genuine, if intrinsically uncertain, understanding of 'competitiveness' in favour of easily observed, if fundamentally irrelevant, short-term profitability. The corresponding long-term 'value' of an enterprise is measured by its value in stock, and/or by the price at which an enterprise is sold, merged or split up. However, Adam Smith, in his well-known distinction between the 'use-value' and the 'exchange-value' of a good (mountain water costs nothing but does not on that account lose its absolute value for life), in reality only introduced a technical-analytical restriction, not a value judgement. In other words, that to which the individual assigns a value (that is to say, a good or a service, which turns out to be important for him or her) is not always translated into a price, and the absence of an exchange-value does not necessarily imply an absence of value. The example can be given, following the famous contribution of Akerlof (1970), of second-hand cars: the buyer is not sure about the quality of the second-hand car – fearing that it is a 'lemon' – and this diminishes his readiness to pay for it. In this way, good-quality second-hand cars are not exchanged because a price doesn't exist where supply meets demand. However, the absence of a price does not imply that a good lacks value.

A POSITIVE ANTHROPOLOGY AS THE BEDROCK OF SOCIABILITY

Both the statist and the liberal-reductionist conceptions of the state and the market can only be effectively challenged beginning from the understanding of the human being. To quote Donati again:

> welfare can't be constructed on the basis of an anthropological vision such as the Hobbesian vision. Another modernity, characterized by a positive vision of man, of his (or her) dignity and rights, is appearing on the horizon as an alternative solution. (Donati, 2007: 43)

In their encyclicals, Pope John Paul II and Pope Benedict XVI have launched an important debate, linking the theme of the deficiencies of the state and of the market with a renewed anthropological understanding of man. In *Centesimus Annus*, par. 49, John Paul II affirms:

> The individual today is often suffocated between two poles represented by the State and the marketplace. At times it seems as though he exists only as a producer and consumer of goods, or as an object of State administration. People lose sight of the fact that life in society has neither the market nor the State as its final purpose, since life itself has a unique value which the State and the market must serve.

While in *Deus Caritas Est*, par. 28, Benedict XVI reminds us that:

> The State which would provide everything, absorbing everything into itself, would ultimately become a mere bureaucracy incapable of guaranteeing the very thing which the suffering person – every person – needs: namely, loving personal concern. We do not need a State which regulates and controls everything, but a State which, in accordance with the principle of subsidiarity, generously acknowledges and supports initiatives arising from the different social forces and combines spontaneity with closeness to those in need.

In taking the early steps of conceptualizing an anthropology which fully affirms human dignity on both a personal and social level, Luigi Giussani re-examines the concept of 'experience', which has long been given a subjectivist meaning deriving from modern empiricism. Building in an original way upon conceptual categories of Christian realism, Giussani reinterprets 'experience' by proposing the notion of 'elementary experience'; that is, the totality of needs and structural facts which constitute – using biblical language – the 'heart' of each man, his internal identity, his religious sense, his desire for truth, justice, beauty, happiness and love: 'the objective criterion with which nature launches man in a universal comparison with himself, with others, with things' (Giussani, 2003: 11).

Elementary experience provides man with an objective criterion for judging and acting: 'reasonable' is what corresponds to the heart.

Structural needs manifest themselves in a conscious and dynamic way in a 'desire' not reduced to partial desires which is at the root of human economic, social and political action. Just like the ignition spark forcing an engine into action:

> this constitutive dynamism of man – triggers all human action. And then he starts looking for bread and water, he starts looking for work, looking for a woman, he starts looking for a more suitable armchair or a more decent accommodation, he interests himself in how some have and others have not, he interests himself in how some are treated in a certain way while he is not, precisely because of the expanding, broadening, and maturing of these propulsions which he has within him and which the Bible globally calls 'heart'. (Giussani, 2000: 73)

The experience of the religious sense is, however, continually betrayed by man, who essentially does not succeed in governing this constitutive tension of his nature. Such a betrayal is facilitated in the contemporary world, where the dominant mentality tends to systematically reduce the desires of man, seeking to govern and flatten them, so as to create, as again Giussani affirms, 'the confusion of the young and the cynicism of adults' (2000: 168). It is again the dynamism of desire and the religious sense which responds to this inevitable failure, because it pushes people to come together around criteria based on ideals:

> it is impossible that the starting-point of the religious sense does not push people to come together. And not for the sake of a temporary advantage, but substantially; to come together in society on the basis of a surprising interest and freedom (the Church is the best example of this), just as the emergence of movements is a sign of life, of responsibility and of culture, which make the whole social order dynamic. (Giussani, 2000: 168)

Social bodies and intermediate communities are not idyllic 'pure' places, free from the reduction of desire, or from the error or the selfishness denounced by Hobbes. They are, however, spaces for the rediscovery of human structural needs, where a continual education helps everyone to grow in a constant and dramatic way, to achieve awareness of oneself and of reality, to educate one's own desire, defending it against one's own reductions and against 'power'. The reconciliation between individual interests and the common good does not occur through coercion and repression as in the Hobbesian model, but by means of a continual education to the experience of the correspondence between heart and reality. This correspondence represents the true satisfaction, the real convenience and liberty of man. And all of this comes about in operative terms, rather than dialectical ones.

Luigi Giussani again states:

> Movements are unable to remain at an abstract level but tend to show their own truth through dealing with the needs in which desires are incarnated, imagining and creating detailed and timely operating structures which are called 'works', 'new forms of life for man' as John Paul II defined them. (Giussani, 2000: 168–9)

Looking closely, Italian economic and social history (like those of many other European countries) resulted from the action of these works which flourished from catholic, or socialist, or liberal traditions.[3]

There is a remarkable harmony between this perspective and that which one reads from the Nobel prize-winner Kenneth Arrow in a classic text of contemporary economics which deals with the link between individual utilities and collective well-being. Arrow seeks to delineate the 'rational rules' to which individual preferences are subject and the possible links between such preferences and collective choices. According to Arrow, the arrangement that is necessary for the achievement of a social maximum is that based on values, which reflect all the desires of individuals, including important socializing desires (Arrow, 2003: 21).

It is therefore possible to reject any absolute value for individual utilities, understood in egotistical terms, in the interests of the construction of the common good. For that reason, speaking about the majority principle, Arrow suggests how these 'socializing desires' allow particular utilities to be harmonized in the interests of common ideals. The agreement doesn't arrive in dialectical terms, through a reduction of differences as a result of social, economic or political conflict, but in ideal terms, through reciprocal recognition, through the majority principle in politics and through the enhancement of capacities and merits in business, all within a framework of healthy competition.

In opposition to neoclassical utopias and Hobbesian paradigms, Arrow arrives at conclusions similar to those that, in a different context and following other methods, Luigi Giussani and the social doctrine of the Church have reached as well. In both cases, 'socializing desires' are identified as the heart of political and economic actions which move towards a real democracy and a market that is not suffocated by a top-down government. In both cases, it is suggested that 'socializing desires' give life to social realities where the individual interest is allied with the common good.

NEW PERSPECTIVES FOR UNDERSTANDING SUBSIDIARITY

Understanding human 'socializing desire' as an original driver of human action allows us to strengthen the analytical foundations of the principle of

subsidiarity. This principle, whose roots go deep into the classical and modern tradition,[4] finds its most adequate theoretical and practical formulation in the social doctrine of the Church and in the history of its works, in the history of the Catholic movement, but also to a large extent in the secular, socialist and working-class nineteenth-century Italian tradition of solidarity (Bressan, 2007). Its first formulation dates back to the encyclical *Quadragesimo Anno* (1931) of Pius XI:

> Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice [...] to assign to a greater and higher association what lesser and subordinate organizations can do [because] every social activity ought of its very nature to furnish help (*subsidium afferre*) to the members of the body social, and never destroy and absorb them. (*Quadragesimo Anno*, n. 79)

From the beginning, the principle is therefore characterized by the call to a double obligation for the government: the 'negative' obligation to abstain from intervention when individuals and minor associations can more adequately carry out a particular function; and the 'positive' obligation to help and sustain the free initiative of individuals and of social realities when necessary (Feliciani, 2007).

The obligation of the government to 'limit itself' and to 'help' implies the decisive affirmation of the freedom of man as the primary and constructive dimension in the social and institutional context.[5] Subsidiarity suggests that there is a need to see, to hear, to increase in value that which exists originally and freely develops 'from the bottom up' as a response to the needs of individuals and the collectivity.

The principle of subsidiarity, therefore, is based on the hypothesis that the person, individually or in association with other persons, is potentially able to address collective needs and to satisfy them. This analytical perspective is not dominated by suspicion about the assumed pursuit of individual private desire or about the (negative) consequences which this may have for the common good. On the contrary, there is confidence that the constructive tendency within the human condition will lead to a positive result.

From this point of view, the earlier analysis of 'socializing desires' uncovers the anthropological root of the principle of subsidiarity: a recognition of the value of the 'I' which takes account of the fullness of human nature. Giussani's 'structural needs' – a much richer concept than the pursuit of private self-interest – is the point of departure for a redesign of society which overcomes both the presumed rationality of the *homo oeconomicus*, and a conception of citizenship limited to the passive enjoyment of rights (and tolls) granted by *l'Etat-Providence*, as it is called in France. There are analytical as well as empirical reasons for expecting that the works generated

by individuals and social bodies moved by 'socializing desires' may be more responsive to needs and more conducive to the common good because of an intrinsic flexibility derived from the philosophical foundations presented above. As Donati has stressed:

> At the foundation of the reform of systems of education, health, social assistance, welfare and social security, in short, in the whole immense field of the need for well-being in daily life, there is the centrality of the link between freedom and responsibility, in relation not only to the behaviour of individuals but also to the consequences of their behaviour towards others. (Donati, 2007: 48)

When the design of a welfare system acknowledges the desire for good and the capacity for relationships as constituents of each person, a subsidiary role for the state emerges naturally, based on the respect for the dignity of each person, and acting to increase – not to restrict or diminish – the autonomous capabilities of its citizens, whether as individuals, or freely associated. For that reason, in certain fields such as those relating to welfare, it must act for the most part in a subsidiary way, where the initiatives of the social bodies do not respond adequately to the various personal needs. In such a case, the state's intervention can take the form of an incentive in support of the initiatives and works of individuals or of social formations, without necessarily substituting for them.

The norms regulating the subsidiary state, therefore, cannot be the work of new Leviathans; rather, they must be the fruit of a virtuous compromise between various social and political realities, according to the majority principle set out by Arrow. An example of this process can be found in the origins of republican Italy, which came from the convergence of various philosophically-based groupings of Italian society and was strongly oriented towards enhancing the value of the role of social realities motivated by philosophical ideals. In fact, Article 2 of the Constitution states that 'the Republic recognizes and guarantees the inviolable rights of the human person, both as an individual and in social formations where his personality develops, and requires the fulfilment of binding duties of political, economic and social solidarity'.

The argument developed here finds support in the conclusions reached by recent and significant scientific research programmes – especially the sociological tradition which identifies in intermediate bodies and in forms of associative democracy experiences of reconstruction of the role and legitimation of the state. Salamon and Anheier (1998), Anheier (2000), Wagner (2000) and Hirst (2002) are among those who have argued that a sustainable modern society cannot be based on the state-private sphere duality, but has in civil society and in its expressions a third element which is fundamental and not residual.

In particular, Salamon (2004), in relation to the so-called paradigm of conflict, affirms that the true contrast in modern society is not that between the

state and the individual, but that between social groups, civil society and non-profit realities on one side and the state on the other – the state in its expansion in the nineteenth and twentieth centuries having overlooked such groups, with great damage to the common good. Salamon, therefore, proposes a new social paradigm and a 'new governance', based on collaboration, interdependence, negotiation, partnership, recognition of the necessity to interact between public and private realities, and in particular those non-profit realities of the third sector.

In a similar way, on the level of economic analysis, Alberto Quadro Curzio has observed how a subsidiarity already implicitly implemented in Italy is at the basis of the vitality of the world of small and medium enterprises (SMEs), and how it is assumed explicitly as a foundational principle of the social order and of related legislation, and as a herald of new development. In this regard, Quadrio Curzio explains: 'Liberal subsidiarity can offer a significant contribution to the competitiveness of a national system as much as statism/syndicalism can damage it' (2007: 172, 173).

Finally, the new public management literature[6] has stressed the impact of the motivational and ideal structures in creating an environment favourable to competition, choice and autonomy, ultimately contributing to an improvement in the quality and efficiency of the social services (Pestieau, 2006). Springing from this perspective is the necessity for a new design of institutional forms and organizing structures which may modify both the incentives to social service providers (more competition) and to their clients (more choice and autonomy).

NOTES

1. Or at least of an excess of paternalism. See Burrows (1993) and Moramarco (2006).
2. About 'welfare state' as an instrument of social equity, see bibliographical indications in Patterson (2000).
3. See, for example, Alber (1986), Farrell Vinay (1997), Bressan (1998) and Zamagni (2000).
4. For a reconstruction of the philosophical, historical and legal evolution of the principle of subsidiarity, see Millon-Delsol (1995), Donati and Colozzi (2005) and Feliciani (2007).
5. As Paolo Carozza has observed, according to the principle of subsidiarity, the prosperity of the human person requires freedom: an individual must be free to fulfil his/her own destiny through his/her own initiative and his/her own response to the concrete historical circumstances (2007: 115).
6. For example, Besley and Ghatak (2006) show the advantages which derive, in the processes of economic development, from the involvement of non-profit organizations, as compared to the intervention of public administration, precisely in the light of the different motivational structures which characterize these two providers of the same good or of the same public service. In the same way, Le Grand (2007b), referring to the British health care system, sets out two motivational structures (selfish and altruistic) in the light of four organizing structures of service supply (trusts, targets, voice and choice) and argues in favour of organizations that provide a larger choice for citizens.

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