Subsidiarity, Society, and Entitlements: Understanding and Application

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"The principle of subsidiarity is opposed to all forms of collectivism. It sets limits for state intervention." Catechism of the Catholic Church, para. 1885.

I. INTRODUCTION

The principle of subsidiarity derives primarily from the natural law tradition and Roman Catholic social teaching. Its implications are profound: it places limits on the rightful duties of the state and imposes obligations on lower order institutions such as the community, church, family, and individual, and it obliges those lower orders to fulfill certain moral and practical functions essential to the functioning of a well-ordered and free society.

Subsidiarity is not some new notion that needs to be reinvented; rather it lies at the core of the Western concept of the free and virtuous social order. It is a crucial, if still largely tacit, part of our common understanding of the components of a free and virtuous society: power and authority reside among the many units that are most capable of carrying out their functions properly within the context of human rights and human freedom.

The principle has found its political expression in the American concept of federalism, and, in Europe, the concept has become a critical part of the debate on the relations between nations and the central authority of the European Community. In these political contexts, the principle has been invoked by the partisans of limited government over centralized management of people, states, and nations.

As a philosophical notion, it provides an intellectual framework for the social order rooted in the Christian faith and human liberty. As a concept within Catholic social teaching, it is a fundamental principle that stands alongside the dignity of the human person and the social nature of human life.¹ It does not

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¹ Michael Novak, cited in Walter Block, The U.S. Bishops and Their Critics: An Economic and Ethical Perspective 66 (1986). Though the term subsidiarity is generally associated with Catholic social teaching, the concept is
and cannot give fixed answers to the burning questions of the day, such as: how much should the state tax, to what extent should religion and public policy be separate, how generous should the social assistance state be or should it even exist? These questions still remain within the realm of prudence and circumstance.

As Franz H. Mueller reminds us "the Church calls upon her members to make their own prudential decisions within the framework of what is generally demanded by faith and morals. She marks the boundaries and puts up signposts, but she does not ordinarily prescribe the route to be taken to the goal in question."2 In the area of policy and the moral obligations of individuals in public life, subsidiarity highlights many such boundaries and signposts, and provides an overall framework for evaluating how consistent social structures are with Catholic teaching.

II. WHAT IS SUBSIDIARITY?

The thesis of the subsidiarity principle is at once simple, deeply meaningful, and socially significant. In quoting from Centesimus Annus, the Catechism of the Catholic Church states it as follows: "A community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to coordinate its activity with the activities of the rest of society, always with the view to the common good."3

The concept posits a hierarchy of social action and responsibility that begins with the claim of primacy for the smallest units in society, including community associations, families, and individuals. These groups have the first responsibility for caring for their own needs and for those with whom they come in contact. On the occasion when they fail to function as they should, higher social structures, beginning with the closest level of government, are permitted to temporarily assume responsibility for those

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by no means limited to it. The Protestant tradition also embraces a notion of "sphere sovereignty" which delineates the transcendent, ethical, and practical limits of state action. See generally Herbert Schlossberg, Idols for Destruction: Christian Faith and its Confrontation with American Society 177-228 (1983); Doug Bandow, Beyond Good Intentions: A Biblical View of Politics (1988).


same functions, but only for the duration that the higher orders can perform the job more effectively than the lower ones. If higher-order intervention takes place in absence of systemic failure, lower orders are forcibly divested of what they do best, the common good of all suffers, and the principle of subsidiarity has been violated.

The word subsidiarity is derived from the Latin *subsidiarium*, meaning to help or to aid. This root implies that a permanent state of usurpation of one function by another order (e.g., the government, and not the family, rearing children) is to be ruled out. Higher orders can intervene in the affairs of the lower ones only as auxiliary aids, and even then only under certain, well-defined circumstances. Moreover, the authority between spheres of influence and power within society are internally legitimate and not merely derivative. The state, for example, is better suited to the provision of national defense than to the provision of income security; the authority for the state to provide such national security is not derived from other institutions.

In *Rerum novarum*, for example, Pope Leo XIII argued that “man is older than the state,” and the family is anterior in idea and fact to civil society. Intervention is only warranted if a family “finds itself in great difficulty, utterly friendless, and without prospect of help,” or if “there occur grave disturbances of mutual rights” within the family. Even so, the family exercises authority which is suitable to its structure and place in society, and that authority is neither delegated to nor approved by higher authorities. As Johannes Messner explains, subsidiarity does not imply that society is bound to provide certain social services in all possible contingencies, but rather illuminates the division of competencies among social institutions.

Societies which adhere to the principle of subsidiarity create and maintain a bottom-up social structure, with the departure point being families and community relations. Higher orders are resources of last resort only. “The principle of subsidiarity,” says the *Catechism*, “is opposed to all forms of collectivism. It sets limits for state intervention.” The purpose of the principle is not to isolate spheres of influence within society, but through the exercise of human freedom and justice to harmonize “the relations between individuals and societies.” Paradoxically, this harmony,
though giving primacy to lower orders, "tends toward the establishment of true international order." As Richard Neuhaus argues, the principle means that "the state is subsidiary to the society in service, as it is also derived from the society in its moral legitimacy."10

Indeed, the principle of subsidiarity speaks to moral issues first. It suggests that people closest to the problem at hand are the ones with the strongest moral claim to finding a solution. To empower higher authorities as anything but second-best solutions or even last resorts endangers the rights and liberties of those who are most affected. The subsidiarity principle also embodies the practical point that those closest to the problem have the strongest interest in seeing that the problem is solved most competently. The application of this practical side goes beyond social structure, even speaking to issues of business management. As Michael Novak has argued, "the more a corporation embodies the principle of subsidiarity in its organization, the closer to its work force it becomes."11 The same is true of other institutional structures like the family.12

A society respecting the principle of subsidiarity contrasts with a top-down model of society in which the central government presumes to have the primary role in ordering people's lives. The central government only delegates power when lower orders will carry out functions in accordance with the government's overall plan. "Just as it is wrong to withdraw from the individual and commit to a group what private enterprise and industry can accomplish," writes Pius XI in the Quadragesimo Anno—this century's most famous statement of the subsidiarity principle—"so too it is an injustice, a grave evil and a disturbance of right order for a larger and higher association to arrogate to itself functions which can be performed efficiently by smaller and lower societies. This is a fundamental principle of social philosophy, unshaken and unchangeable."13

9. Id.
12. "Much of our family trouble is not so much the fault of civilization as of deliberate policies undertaken by Western governments. The state is, after all, the invention of families and not the other way around. For several centuries, the state has committed itself to whittling away at the powers and functions of the family, while demanding ever higher standards of performance." Thomas Fleming, The Politics of Human Nature 128 (1988).
13. Pope Pius XI, Quadragesimo Anno, para. 79 (1931) reprinted in 3 The Papal Encyclicals, supra note 4, at 415.
Experience teaches us that the top-down model operates at the expense of practicality, creativity, and liberty.\textsuperscript{14} As Pope Pius XII said, "[t]he conception . . . which assigns to the State unlimited authority is not only pernicious to the internal life of the nation, to its prosperity, and to the orderly increase of its well-being; it also damages relations between peoples, because it breaks the unity of international society, it rips out the foundations of the value of the rights of the people."\textsuperscript{15} "Excessive intervention by the state," adds the \textit{Catechism} in this same tradition, "can threaten personal freedom and initiative."\textsuperscript{16} The purpose of the subsidiarity principle, in contrast, is to establish a way of thinking about social life that has a high regard for the freedom of individuals, families, and communities; for creativity in responding to particular needs and situations; and for the best performance of social tasks like caring for society's weakest members.

\section*{III. Why Subsidiarity is Important}

The first step in understanding the idea of subsidiarity is to acknowledge its existence and recognize its importance, rather than dismissing it as contrary to some other postulate of Christian ethics. As J. Brian Benestad says, "taking a look at the principle of subsidiarity is a good way to begin the study of Catholic social teaching."\textsuperscript{17} But this is evidently a step many religious social thinkers are unwilling to take. A brief look at the vast literature on ethics and Church social teaching shows little interest on the part of intellectuals in consistently applying the principle. The tendency is rather to postulate the centrality of some worthwhile goal—for example, universal charity or universal rights—and to pursue it without regard to the proper ordering of society in bringing about this goal.

Both conservatives and liberals can be faulted in this regard. For example, a collection entitled \textit{One Hundred Years of Catholic Social Thought} contains discussions of all aspects of social policy and social justice with a decided bias towards government solutions, but nary a word about subsidiarity or the moral imperative


\textsuperscript{15} Mueller, \textit{supra} note 2, at 121.

\textsuperscript{16} \textit{Catechism}, \textit{supra} note 3 at para. 1883.

of limiting centralized power in economic or political life.\textsuperscript{18} It is as if the concept simply was not relevant to the discussion, whereas it should be featured in any overview of Catholic social thought. From the libertarian rightist perspective, in an otherwise thoughtful discussion, Walter Block argues that the notion of subsidiarity ought to be dispensed with altogether on grounds that it appears to be in conflict with absolute rights.\textsuperscript{19}

Charles Curran’s standard text, \textit{Direction in Catholic Social Ethics}, mentions the issue of subsidiarity. At the same time, he offers a number of peculiar interpretations and applications of it. First, subsidiarity is disparaged as “a deductive, abstract approach” that prevented German Catholic liberals from understanding the merits of child labor laws.\textsuperscript{20} Second, it is seen as underscoring, but not “absolutizing,” the right to procreate; yet it turns out that “in practice this means that larger communities including the state may have to intervene in population control if this is deemed necessary.”\textsuperscript{21} Third, subsidiarity teaches us to “avoid overcentralization” when we get around to socializing all medicine and health care; yet there is no hint provided as to how this would be possible.\textsuperscript{22} And fourth, subsidiarity is approved as a model for bottom-up “political action” on the model pioneered by socialist activist Saul Alinsky.\textsuperscript{23} In none of these cases does the author take the concept as a serious effort to delimit state power and thus fails to apply it with attention to its definition or authentic meaning.

Rodger Charles, S.J. and Drostan MacLaran, in their 1982 treatise \textit{The Social Teaching of Vatican II}, provide only one isolated mention of subsidiarity.\textsuperscript{24} The subject does not arise at all in the section evaluating the relative merits of capitalism versus communism. That particular section features this gem, made all the

\begin{itemize}
\item \textsuperscript{18} \textit{John A. Coleman, One Hundred Years of Catholic Social Thought} (1991).
\item \textsuperscript{19} \textit{Walter Block, The U.S. Bishops and Their Critics: An Economic and Ethical Perspective} 66 (1986). Block has also made a category mistake. The purpose of the doctrine of subsidiarity is not to specify what are and are not human rights, but rather to alert us to the advantages of decentralizing the enforcement of rights and to warn of the dangers of centralizing the enforcement of rights, authentic or artificial, in the hands of the central government.
\item \textsuperscript{20} \textit{Charles E. Curran, Directions in Catholic Social Ethics} 85 (1985).
\item \textsuperscript{21} \textit{Id.} at 231.
\item \textsuperscript{22} \textit{Id.} at 274.
\item \textsuperscript{23} \textit{Id.} at 167.
\item \textsuperscript{24} \textit{Rodger Charles & Drostan MacLaran, The Social Teaching of Vatican II} 209 (1982).
\end{itemize}
more odd when read in a post-Communist context: “comparison between the economic performance of free enterprise and the Communist system is extraordinarily difficult. . . . [But] the achievements of the Soviet system are in overall terms staggeringly impressive.” Moreover, “given some of the positive aspects of the Soviet economic system, it might be just as easy, or perhaps even easier, for the Church to live with it than with a free enterprise structure which encourages permissiveness, anarchy or gross social injustice. . . .” It is my contention that a proper application of the subsidiarity principle would have at least tempered these judgments on the application of Catholic social teaching to totalitarian regimes, thus avoiding the embarrassment of such faulty analysis.

The trouble with ignoring the crucial concept of the social structure of subsidiarity is that the tendency to universalize can quickly lead to absurdity and error. For example, it is right and proper that all children be cared for and immoral and unjust that even one be neglected. Can we conclude from this that there would be no Christian objection to empowering a global government authority to take away the rights and privileges of the family to bring about such a goal? Or are there guideposts to be obeyed in assigning the implementation of normative postulates regarding rights and duties? Merely asking the question highlights the dangers of overlooking the issue of subsidiarity and its application to social, legal, and economic structures.

Why is it that so many Catholic intellectuals are inclined to overlook the concept of subsidiarity and its traditional understanding and implications? The answer may lie in the tendency to conflate the universality of the faith and the universality of social organization. There exists a tendency to import such absolutist categories of ethics and morals—and their applications to such ideas as rights and obligations—into the application of the Church’s social teaching. Thus, there may be a universal right to minimum material subsistence; but the universalist frame of mind is tempted to conclude that there must be a universal agency empowered to guarantee this right, just as there is a universal Church to administer other rights of the faithful, such as the sacraments. But this is a profound categorical error. The question of how and under what institutional arrangements these rights and obligations should be discharged and enforced are

25. Id. at 294.
26. Id. at 295.
really distinct questions. The overwhelming bulk of modern academic renderings of Catholic social teaching concentrate on what constitutes a human right to the exclusion of how it should best be guaranteed and secured.

I am not proposing that subsidiarity should be considered the only or even the first principle of social ethics. Indeed, John Paul II also elevates the idea of solidarity in *Centesimus Annus*. This is the proposition that the social dimension of public life must never be overlooked and that social institutions should foster social cooperation within and among groups. As one example, we find that the state must place "certain limits on the autonomy of the parties who determine working conditions" and ensure that there is "the necessary minimum support for the unemployed worker." What the Pope proposes is that there be an interactive relationship between state, society, and economy. Economic and political systems cannot by themselves assure a healthy society; neither can society be expected to be healthy absent a coordinative relationship with the economy and the state. Yet the notion of solidarity can only make sense and be realized in the context of subsidiarity. The primary role the state plays in assuring solidarity is to provide a "juridical framework" for society and economy, and not take over their proper functions. Expansive state intervention can harm this cooperative relationship as much as businessmen who pay no mind to the rule of law or the needs of society.

By simply getting the debate going—and not dismissing the subsidiarity principle as a mere contingent recommendation—we can lift the debate on social teaching to a higher plane. We can go beyond what we agree on—concepts such as the moral obligation to be charitable—to a much more fruitful area. We can begin to discuss the concrete realities of social and political life, and move beyond abstractions that have very little bearing on the most contentious areas of modern political debate.

27. The example provided above is directed at the collectivist tendencies of modern liberalism, but it could as easily be directed at the libertarian variety of universal rights. Block, see n.19, *supra*, would institute a regime of absolute and undefiled property rights, but perceives no dangers that may be associated with the attempt at the universal enforcement of those rights through a single agency. Robert Nozick's withering and brilliant critique of John Rawls and collectivism generally is weakened because it does not raise the issue of subsidiarity or the proper level of government at which universal rights should be recognized. *See Robert Nozick, Anarchy, State, and Utopia* (1974).


29. *Neuhaus, supra note 10*, at 250.
IV. Objections to Subsidiarity

A number of critics have raised objections to the traditional application of the principle as I have so far explained it and applied it. Some thinkers have said the traditional application is wrongheaded: the principle of subsidiarity is as much a call for government to correct social and market failure as it is a caution to the dangers of centralized government power.30 But this is a difficult proposition to justify. The clear meaning of the subsidiarity principle is to limit the powers and responsibilities assumed by the higher orders of society. In nearly every occasion in which the principle has been invoked in the last one hundred years of official Catholic social teaching, it is in the context of limiting the uses of power.31 It is also true, of course, that the lower orders are by no means relieved of their responsibilities.

Some may say that modern society is too complex to be ordered in this fashion; economic and social complexity requires overarching social management.32 But this turns a valid point on its head. It is indeed true that society is vastly more complex and diverse than it once was. Rather than making the case for more state intervention, this merely underscores the inability of the state to undertake competent intervention at all. This insight is carefully worked out in the writings of F.A. Hayek and, in particular, his insight regarding the use of knowledge in society.33 In Hayek's understanding, the information necessary for the well functioning of society is necessarily dispersed among individuals and the various organic units of society. It is not practicable for all the knowledge necessary for society to work to be accumulated in central units of society, much less in the minds of single individuals presuming to plan society.34 The argument was first deployed against socialism, but in its development it grew to

34. Id.
impact our conception of how social democratic and even market-oriented societies function. Hayek’s insight regarding the necessary dispersion of knowledge helps guard against the temptation of the higher and political orders to take over and eventually swamp lower and private orders within nations, and points to the social loss and eventual disintegration that results if they do.

Another common objection to this understanding of subsidiarity relies on the fact that we live in a multicultural society in which common values can no longer be taken for granted. This fact supposedly makes a free and decentralized social order impractical. Subsidiarity only works when society as whole is united by common values and shared religious understanding; insofar as these conditions are not realized, centralized authority must take a more expanded role.

Here again, we witness an effort to transform a major strength of the subsidiarity principle into an objection to it. The more diverse a society is in terms of its demographic, religious, and normative makeup, the more its functions must be devolved to the lower orders where problems can be understood and dealt with on their own terms. A centralized authority lacks the information necessary to proscribe solutions for a diverse society; it must of necessity treat citizens and community as relatively homogeneous.³⁵ Let’s ask this question, for example: if a single society is composed of communities of very different religious orientations, is a central religious authority emanating from the state more or less viable than it would be in a society composed of members of a single faith? The answer should be obvious: diversity in religion requires freedom of religious practice, and the conflicts that arise between groups should be solved at the lowest possible level (that is, if we value freedom over forced conformity).³⁶ So it is with other aspects of a nation’s life, whether familial or economic. The more heterogeneous the society’s makeup, the more the subsidiarity principle needs to be recognized and practiced.³⁷

³⁵. For a discussion of these matters in the Hayekian tradition, see MICHAEL OAKESHOTT, RATIONALISM IN POLITICS AND OTHER ESSAYS 6-42, 384-406 (1991).


³⁷. Lord Acton, that great champion of liberty above power, articulated a certain advantage of cultural and social heterogeneity. “[T]he forces that prevail in society tend to control the state. Where one force altogether prevails, there is no way of checking it. For it is by the combination of others that we prevent the predominance of one.” JOHN EMERICH EDWARD DALBERG-ACTON, ESSAYS IN RELIGION, POLITICS, AND MORALITY 493 (1988).
V. Subsidiarity and Evangelization

The subsidiarity principle deeply informs religious concerns. If we can agree that values and morals make up the indispensable bulwark of sustaining a viable social order, and that the religious traditions of the West are the essential framework in which to understand and fully express those values and morals, we need some transmission mechanism to impart religious values to those in society who do not accept them due to unfortunate circumstances (alienation, rejection, dependency, etc.). That mechanism is evangelization: bringing the good news of faith to people and cultures and inspiring them towards belief and the practice of faith in their lives. The subsidiarity principle helps in this regard because the people most capable of evangelizing non-believers are the believers closest to them.

The loss of the evangelical function of the lower orders has been one of the most costly aspects of the modern tendency toward centralization. If the principle of subsidiarity is ignored by society, the teaching authority of the family and the Church is not exercised as well as it could be. This means that values and morals essential to the thriving of civilization are not transmitted to new generations.

There are few better opportunities for imparting values and faith than family intervention by churches and community groups. Through personal contact with the poor, weak, and disadvantaged, the Church can present a more authentic and credible witness for Christ in their lives. Part of what has been perceived as a decline in the vibrancy of the witness of the Church in recent years is due to a loss of a sense of mission. This is due to losing (or surrendering) to the central government the crucial function of caring for families in need. 38

As it stands under current policy, the Church is often crowded out by the federal government. Consider abortion. With Roe v. Wade 39 the Supreme Court invalidated the laws of every state and locality in the country and imposed a uniform code which effectively legalized the systemic and arbitrary

38. For an illuminating discussion, see BRIGITTE BERGER & PETER L. BERGER, THE WAR OVER THE FAMILY: CAPTURING THE MIDDLE GROUND (1983). "A general direction of public policy should be to turn to other mediating structures, if individual families are no longer able to cope, before there is recourse to professional or bureaucratic agencies of 'service delivery.'" Id. at 214.

destruction of the life of the unborn. In doing so, the Court not only violated the principle of subsidiarity, it codified into our nation's law the idea that courts and government, not community and Church, are to be the arbiters of the structure of family ethics. The result has been to enshrine the secular principles of sexual license and family breakup at the expense of traditional morality and marital commitment.

The loss of values and morals, occasioned by the transfer of rightful authority to higher and less capable orders, is the primary cultural, political, and moral characteristic of our times. To regain those values and morals requires a greater cultural appreciation of the virtue of subsidiarity and a greater institutional recognition of the central place it must have in the right ordering of the economic and political culture.

This is most clearly seen in the field of education, a major issue in contemporary political controversies. As education has become more public and centralized, it has tended to proceed without the benefit of the moral lessons of subsidiarity. As a result, the quality of schools has declined, and the traditional evangelical role of education has been pushed to the margins, replaced by other goals such as socialization and acculturation according to the designs of secular-state authorities. An interesting contrast to this dominant structure is the Catholic parochial school, which has had a better record in every area that secular authorities deem important—including the education of people from all socio-economic groups—while also maintaining the crucial responsibilities of meeting the spiritual needs of students.

Once the education of children was entirely a function of the local community and the states, but is now, to an alarming extent, a social task undertaken by the federal government. It is not only the constant and looming presence of the federal Department of Education which is objectionable. It is the very idea that federal dollars would have such a major impact over something as intimate, family-related and community-related as the education of children. Whether we move towards a voucher system or a radical decentralization of education, the primary goal of a social policy based on the subsidiarity principle must be to give parents and local communities a greater degree of con-

42. Anthony Bryk et al., Catholic Schools and the Common Good (1993).
trol over their children’s education. And given the unparalleled success of the Catholic Church in providing education in the United States, Catholic schools must necessarily play a large role—whether institutionally or by providing tested models—in the future of an education system based on the idea of subsidiarity.

The subsidiarity principle also informs our view of the government’s relation to family policy, making the centralization of the last thirty years indefensible. Far from having corrected for grave problems in society’s lower orders, the higher orders have intervened and usurped the prerogatives of the family and community to the detriment of all. In the case of economic need and other forms of social deprivation, if these problems had been addressed at the local level, the needs of families would have been met apart from the materialist assumption at the root of the modern welfare state.

“The family,” says the Catechism, “is the original cell of social life,” and the essential bulwark of a free and well-ordered society. The family serves as the crucial means of acculturation and the key to transmitting values from generation to generation, and it is the family that enables us to make good use of freedom. Yet contemporary public policy has served to both interfere with and assume the functions of the family, with disastrous consequences.

VI. Subsidiarity and Charity

The primary non-military source of state expansionism this century has been in the area of welfare provision. Every Western industrialized democracy has erected massive social assistance states that are hugely expensive, largely unpopular among the paying groups, yet tightly guarded by the recipients and administrators of the system. The principle of subsidiarity speaks directly to both the morality and the practicality of such systems, and renders a generally negative verdict.

Of course, every society includes a large and ever-changing group of people who are not in a position to be completely independent, whether physically, economically, mentally, or spiritually. They require the help of others. Children, the elderly, the sick and infirm, those who suffer mental and spiritual debilitations, those who are victims of unfortunate circumstances in family and professional life—they all require social aid. Many of

43. Id.
44. CATECHISM, supra note 3, at para. 2207.
45. BANDOW, supra note 14, at 297-314.
these people are also poor, even if that is more often a symptom rather than a cause of their problem. Whether it is poverty or something else, society does not take the attitude once predominant in the ancient world that the weak may or may not be worthy of attention. Today, largely as a result of religious inspiration, societies recognize the moral obligation to intervene, to have compassion, to act charitably, and to give charitably to others.

There is a Christian basis for this understanding. But the idea is also deeply entrenched in the secular world as well. The philosopher John Rawls is usually cited in defense of social structures designed to help those in need. Rawls asks us to put ourselves behind a "veil of ignorance" and imagine that we could be any person in society, whether a well-paid and secure corporate executive or an unskilled person without a home who is unsure of where his next meal will come from. It is an interesting mental exercise that suggests everyone would choose, behind the veil, to seek the kind of society where no matter where anyone ended up in the socio-economic and generational system, he or she could be assured of basic rights, to life, to liberty, and to the pursuit of happiness.

Society does indeed need structures to insure that this is the case, and surely a social safety net is essential. The American response to this challenge has varied from the colonial times to the present. For several generations, Americans have viewed charity and welfare as proscribing a response from the federal welfare state—a vast apparatus consisting of more than a hundred programs, involving millions of workers in tax-funded bureaucracies, costing as much as $350 billion per year and designed mainly to enhance the economic standing of the recipients. And though Americans are a very charitable people, the sheer size and scope of the federal effort has led many to believe that the social safety net is sufficiently secure; thanks to government intervention, some believe that the care of those in need requires very little private attention.

At the same time, there is wide public recognition of the omnipresent and multifarious failures of the welfare state, failures which have caused political movements from the right and left to seek fundamental reform. The social safety net, despite the best intentions of its contemporary architects and defenders,

47. Bandow, supra note 45, at 315-26.
is more accurately appraised as a bureaucratic machine that is fueled by coercion and compulsion. Many people, with entrenched interests in preserving the present system, will resist this conclusion, but the average citizen is not among them. Judging from present trends in public philosophy, the general direction of reform will be away from dependence toward independence, away from the center to local communities, away from government solutions and toward private ones.

As the political culture further debates reform of the welfare system—a process which is likely to last for many years—we must also reflect on the ends we seek to achieve and the means we must choose to bring about the appropriate ends. The concept of subsidiarity must be part of this debate. The gospel tells us that the needy cannot be overlooked, and indeed must be served, in every society. A social order should be judged by the way it treats those most in need, who are so by no fault of their own. Likewise the system of economics—meaning the manner in which social resources are used and allocated—must reflect this proposition. Our society has been so infused with this ethic, which is essentially Western, to such an extent that most everyone agrees, including social philosophers and theologians. People must not be allowed to be left out, forgotten by society, denied opportunity, or ignored by the economic system, especially not by those who have been blessed with wealth.

But at this point, the consensus falls apart. About the ultimate ends, people agree. The dispute is about the means. Is it appropriate to deal with poverty and suffering solely through the coercive apparatus of the welfare state, the philosophy of statism and socialist democracy, or some other arrangement of government intrusion? Or is the natural order of liberty, created by free people within the overall structure of an entrepreneurial economy, exercising compassion with their communities and localities, to be preferred as the primary—and normative—means of help?

If people are to help the poor, and establish an authentic social safety net that really works, they must do more than will it with their hearts. The federal government has not done much for those most in need in present times, while the harm it has caused is incalculable. In fact, most of the important improvements in the lives of the least well-off in society have been a result

of two major forces: first, a general improvement in the standard of living resulting from free exchange in markets combined with entrepreneurial initiative; and second, from private charity exercised on a local level by people who know and understand the needs of those who are genuinely in need of help. This manner of helping the poor and promoting the common good gets far less attention than other options. Because this method of social improvement is not designed by anyone in particular, or embodied in a particular program or agency, it tends to get overlooked. Yet the most effective remedies for human suffering are most often overlooked. Private solutions may not have the glamour of a new "jobs program" or be featured in press conferences, much less touted by politicians, but they are ultimately more effective.  

VII. SUBSIDIARY AND Entitlements

Since the New Deal, the term "entitlements" has come to define the policies of the social assistance state. It is a perpetual promise by the state to provide a stream of income and other resources for those who qualify by virtue of their lowly socio-economic status. To provide this income stream in the form of welfare requires a perpetual promise to draw from the private pool of wealth, from producers, via the tax system (or the hidden tax system of debt accumulation and inflation). It should be obvious that the notion of an "entitlement" is directly contradictory to the subsidiarity principle. In this case, the state is not intervening when other lower orders have failed, but assuming that failure is a constant pattern of the lower orders, and robbing them of the opportunity to provide better care for those who need. Indeed, with an "entitlement," the competence or incompetence of the lower orders in accomplishing the task of charity is not even an issue.

The passage in the U.S. of the 1996 Welfare Act, which placed some time limits on the receipt of welfare and devolved the administration of the welfare state to smaller governments, means that the term "entitlement" will no longer be part of the American policy vocabulary. But whether the term is used or not, there can be no question that the spirit of the entitlement mentality will continue to exist. A good measure of whether the central government is truly allowing lower orders to reengage themselves in the provision of charity, and not be interfered with

50. For a wide ranging discussion of these issues, see Henry Hazlitt, The Conquest of Poverty (1973).
by the central state is a simple one: the budget. Under the 1996 Welfare Act, welfare spending is slated to continue to rise in accord with conventional budget projections.52

In a recent invocation of the principle of subsidiarity, Pope John Paul II writes of the failure of the modern welfare state. "Malfunctions and defects in the Social Assistance State," he writes in Centesimus Annus, "are the result of an inadequate understanding of the tasks proper to the State."53 The Pope points to a practical cost of violating subsidiarity: the politicization of society. Public agencies proliferate at the expense of smaller communities of charity and enterprise, producing what he calls a "bureaucratic way of thinking."

The cost of the welfare state has not only been economic to the extent that bureaucracy always grows at the expense of a dynamic exchange economy. The cost is also moral, because the welfare state pursues its tasks in terms of a moral code increasingly alien from traditional Christian tenets. For example, the very concept of a welfare "entitlement" runs contrary to the scriptural understanding of aiding the poor: helping others is a moral duty that springs from spiritual commitment and is not essentially exercised through coercion or government mandates. The modern, central state has proven itself incapable of distinguishing between the deserving and the undeserving poor, and between aid that fosters independence and moral development from that which reinforces a dependency mindset and moral nihilism. The distinction between the two can only be revealed to those in need through the evangelization function of the Church and community.

Today, those called to practice charity and to exercise concerns for others find themselves living in a society that has insufficient respect for the principle of subsidiarity. While it is true that the central government has crowded out the lower orders and has restricted opportunities for charity, that in no way relieves us of our moral obligations. The Catechism is without qualification when it insists that "there are many families who are at times incapable" of caring for the young, the old, the sick, the disabled, and the poor. "It devolves then on other persons, other families, and, in a subsidiary way, society to provide for their needs."54

When Aristotle considered the merits and demerits of collective ownership, he pointed out that the first casualty of common

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52. Rector, supra note 49.
54. Catechism, supra note 3, at para. 2208.
ownership is charity. “The abolition of private property,” he writes in The Politics, “will mean that no man will be seen to be liberal and no man will ever do any act of liberality; for it is in the use of articles of property that liberality is practiced.”55 One of the many tragic effects of the welfare state has been to drain private capital that could have gone toward helping others invest in future prosperity. But it has had a more fundamental cost in draining what Wilhelm Röpke has called “the secret spring of a healthy society, i.e. the sense of responsibility”:

The more the state takes care of us, the less shall we feel called upon to take care of ourselves and our family, and the less we feel inclined to do so, the less we can expect help from others whose natural duty it would be to assist us when in need, the members of our family, our neighbors, our friends, or our colleagues. We have at last found in the state a secular God whom, like the lilies in the field, we may burden with all our cares, and at the same time all true charity which can only thrive on spontaneity and readiness to help . . . will die out.56

Among the most frustrating and deep-rooted problems of our society today is illegitimacy, especially as it occurs among teenagers. Illegitimacy—which has increased more than 400% since 196057—is the most problematic contributor to the breakdown of the two-parent family. This trend is tearing the fabric of our society.58 This alone demonstrates how it is critical that we take radical measures to restore the family unit as the organic extension of the natural order of private life—absent the involvement of the centralized state. According to the subsidiarity principle, the family must be reclaimed as the fundamental unit of society. While there are certainly thousands of stories of heroic single-mothers, most of these women would admit that their condition is not ideal. Choosing their lot in life from behind the Rawlsian veil, they would see the state of dependency and the social devastation which follows it as entirely undesirable. There is no reason to celebrate illegitimacy and family breakdown; it is probably the most tragic consequence of centralized, state-run, materialistic approaches to poverty and helplessness.

58. BANDOW, supra note 14, at 239-40.
Illegitimacy is not merely a technical problem, but a moral one. To the extent that the federal government encourages out-of-wedlock births with ill-conceived policies, it is morally culpable. When the government subsidizes out-of-wedlock births, it removes the structure of incentives and disincentives that exist in the social and economic system of every society that serves to discourage promiscuity and irresponsibility.

When dealing with the illegitimacy problem, the very nature of the entitlement state, with its bureaucratic policies, precludes it from helping individuals become responsible parents and citizens. Indeed, it takes a much deeper understanding of human needs to encourage this. The very size and scope of the welfare state, moreover, lessens the reason for people to become personally involved in problems like illegitimacy. It lessens their contact with and sensitivity to those in need. Bad charity has driven out good charity. If and when bad charity comes to an end, we can expect an explosion of interest in helping those in need.

Members of a congregation become aware of the complexity of the problems. They come to understand the personal circumstances, strengths and weaknesses, and resources available to the household. The Church offers love, personal encouragement, creative solutions, and, when necessary, specifically catered services and material aid. Church members can be involved in solutions that strengthen marital, family and neighborhood bonds instead of weakening them. Their goal is to help individuals live moral lives as independent members of the Church and community.

It is often said that what is called the "private sector" cannot take care of the problem. It is necessary but not sufficient. But it should not be forgotten just how powerful the forces of genuine charity are, especially in American society. Moreover, the subsidiarity principle doesn’t specify that all solutions be private, only that they be as close as possible to the problem at hand. For too long, the central government has crowded out solutions that may be offered by lower orders. Once severe budgetary changes begin to remind people of their responsibilities to others, the outpouring of energy may surprise all the experts. Distant government has no monopoly on compassion; indeed, it is compassion’s least able practitioner.

Being an organic part of society, a church ministry makes the individual accountable to those who are providing the aid. Close contact with the providers discourages irresponsible behavior. This model relies on the classical view of moral tutoring

59. *Id.* at 241-42.
which has two dimensions: we abstain from immoral behavior because we fear its effects, and because we love the good. Church-run charities hope to instill a love of the good in the people they help. Yet clients may also fear being reprimanded or losing services. Fear and love are both motivators. While the latter is a preferable motive, the former works as well.

VIII. SUBSIDIARITY IN ACTION

Marvin Olasky, in *The Tragedy of American Compassion*, has detailed many of the thousands of charitable organizations that thrived in the Nineteenth century to deal with social problems not unlike those we confront today. Consider one case of subsidiarity in action. The New York Association for Improving the Condition of the Poor (AICP) was established in the 1840s, and related societies appeared in Baltimore, Boston, Chicago, St. Louis, and other cities. It was founded in response to the “indiscriminate charity” of government programs, a result of government being “bound to relieve all not otherwise legally provided for.” And because government programs were small, the private system could be large and effective. The Baltimore AICP, for example, had 2000 volunteers who made 8227 visits in 1891 to 4025 families. Half of these families were headed by widows who tended to receive material aid, most of the others were headed by able-bodied men who were counseled on how to break addictions from alcohol to opium, and how to get a job.

AICP promised to “aid all those whom it can physically and morally elevate, and no others.” Their contributors gave of their own resources to aid people authentically, and not to simply reinforce poverty through material subsidy. The founders said that if the AICP fails in this discrimination and has “no higher aim than the Almshouse, why should it exist at all? And why should those already heavily taxed for the public poor entrust funds to this charity?”

AICP’s rule was that relief should be a temporary state of affairs. If this rule is broken, the group wrote, “many once learning to lean on public or associated relief, not only neglect to exert the powers God has given them, but continue to call for aid

61. *Id.* at 27.
62. *Id.*
63. *Id.* at 80.
64. *Id.*
65. *Id.* at 27.
66. *Id.*
long after it is right. This leads on the broad road to pauperism. Individuals or societies can hardly guard too watchfully against it." The group emphasized training and improvement of the poor over material relief. Their volunteers visited homes to guide in matters of religious observance and to encourage and train the families to be thrifty, hardworking, and temperate.

In general, they promoted four key principles: first, poverty and pauperism, which is an unnecessary dependence, must be distinguished; second, entitlement relief tends to pauperize because it offers disincentives for independence and discipline; third, a moral obligation exists for those financially independent to become personally involved with the poor; fourth, those who are poor due to their own character flaws must show that they are willing to change the behavior or thinking patterns that kept them impoverished. If they did not show that they were willing to improve themselves, then the volunteer must leave them for a while, return to renew the offer, and be willing to leave again if the individuals’ hearts had not changed.

Robert M. Hartley, secretary of AICP for over thirty years, saw in alcoholism a large part of the poverty problem and a much deeper collection of moral and spiritual problems. In order for a person to be raised out of poverty, he sought to "remove the causes; and these being chiefly moral—whatever subsidiary appliances may be used—they admit only moral remedies." Hartley quoted St. Paul’s Letter to the Thessalonians: "We hear that some of you are idle. They are not busy; they are busy-bodies. Such people we command and urge in the Lord Jesus Christ to settle down and earn the bread they eat.”

AICP leaders knew that helping to elevate the poor was stressful and often overwhelming work, which would discourage many from participating. They realized that to most volunteers the effort would only seem worthwhile if the goals went beyond providing for material needs to spiritually uplift as well.

Today, charities like AICP are less central to society, but they do still thrive. At the Acton Institute for the Study of Religion and Liberty, we conduct an annual Samaritan Awards Program to award innovative private charities. One of the 1996 winners is the Francis House in Syracuse, New York, sponsored by the Sisters of the Third Franciscan Order. Francis House cares for ter-

67. Id. at 49.
68. Id.
69. Id. at 28.
70. Id.
71. Id. at 49.
minally ill patients, including those with AIDS, who have no family to care for them. This charity strives to provide patients with a safe and comfortable home, companionship, and highly individualized attention. A large component of its mission is to minister to the spiritual needs of the residents. As an example, one patient came to Francis House with metastasized prostate cancer. He had only a niece and one friend to visit him. Apparently influenced by the Christian love he saw in action all around him, before his death this man decided to accept the faith and reconcile with a daughter from whom he had been estranged.

Francis House depends upon private financing. Each resident is asked to make a contribution to cover some of his own expenses if he is able, and the rest of the necessary funds are raised through private and corporate donations. The cost per resident is less than half of government-financed nursing homes and the program is not eligible for insurance reimbursement. The primary caregivers are volunteers. Francis House has emphasized that accepting government funds would bring with it State Health Department regulations that would force it to lose its religious and spiritual character.

Programs like the Francis House are not as common as they once were because they have been supplanted by government programs. But it is not just the private institutions which need to be recovered. It is also the philosophy that the lower orders of society are responsible for assisting people in time of need. Since the advent of the welfare state, and during its growth over the decades, we have forgotten much of the basic knowledge from the past that was commonplace among social workers and professional charity workers.

Mary Conyngton’s 1909 book How to Help was a standard reference manual for many years. In addition to being a wonderful manual of practice, she points to a number of principles which should guide any “who contemplate undertaking any charitable work, even though his projected activity is small.” The first is seriousness of purpose. “Such work means influence upon the lives of others, for good or for ill, and no one has the right to touch another’s life carelessly or lightly.”

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72. Memorandum from the Acton Institute 10 (July 15, 1996) (on file with the author).
73. Id. at 11.
74. MARY CONYNGTON, HOW TO HELP: A MANUAL OF PRACTICAL CHARITY (1909).
75. Id. at 26.
76. Id.
Another principle is "a sympathetic imagination, which will permit the worker to share the point of view of those he is endeavoring to help." "Whoever goes among the poor with a preconceived idea of what is the cause of their trouble and what should be its cure," she tells us, "is liable to meet many disappointments." In a point which could be made against Washington's bureaucracies, she says: "The poor obstinately refuse to form one class, all amenable to the same treatment." They come from every nationality. Their standards of life and behavior differ widely among them. The solution to each situation must be specifically tailored to the individual in need.

Conyngton also mentions the need for "a sense of proportion." We should seek not perfect solutions, but "the highest practicable good attainable in each case." That requires looking at the long run, and not just the reaching for the first available, and easiest, answer.

It seems an obvious question: in what way does the federal welfare system perceive seriousness of purposes, imaginative solutions, and a sense of proportion? The answer is obvious too: it appears that the present system comes up with all the wrong answers. Yet the problem of government aid was also present when Conyngton was writing. In a section that could have been labeled How Not to Help she has some strong comments about public aid. "So long as an applicant can do anything for himself, or his friends can give help, it is better to refuse him public assistance, leaving private charity to piece out his insufficiencies." The reasons are several. "Public relief authorities must deal with large numbers of applicants, with whom their relation is purely official and formal." Thus "it is not possible [for them to] become so well acquainted with the circumstances of the individual case as can the agents of private societies [who] bring more of the personal element into their dealings." There is also the danger that the recipient of public funds will be used as "political capital."

Then there is the largest danger of all, one that has become most conspicuous in our day. "Many people," Conyngton says,
“are inclined to look upon public help as a right and to apply for it without hesitation, while they would regard themselves as a losing caste if they appealed to private aid.”86 That is the good thing about private charity, and the essential moral hazard associated with public charity. (She also notes cases in Brooklyn and Philadelphia when the number of poor declined after the abolition of public relief).87

The Art of Helping People Out of Trouble, a 1924 book by Karl Deschweinitz, confirms how important it is that charity always take account of a person’s self worth and attempt to preserve self respect.88 It “is the humiliation of the man who is obliged to confess his failure to meet [his obligations] by taking as a gift the livelihood that other men are earning for themselves. It matters not whether the amount of money involved be great or small. His self respect has been invaded.”89 When financial difficulties appear, says Deschweinitz, a person who helps should do everything possible to help without actually giving money as a gift. “Perhaps he can be aided to find more remunerative employment. Perhaps a wiser household management will fit his present resources to his needs.”90 Only after every other path has been chosen should cash be available, but then only to “stimulate his sense of responsibility.”91 A top-down government welfare system seems to reverse these priorities, giving money first, then fostering dependency, forgetting entirely about self respect, and then discouraging a path to independence.

The fact that some today would recoil at the acknowledgement that there is a necessary link between humiliation and incentive shows the way in which highly politicized programs have reversed moral thinking on service to the poor. It is precisely the respect with which the poor are viewed that motivates higher expectations from someone who can but does not support his family. Any humiliation is caused by the circumstances not the benefactor.

The point here is not simply to condemn federal welfare, but to highlight the long tradition of private provision, and how much more effective it can be than the current system. Just getting government out of the way as a competitor to the genuine exercise of compassion would be a good start.

86. Id.
87. Id. at 37.
88. KARL DESCHWEINITZ, THE ART OF HELPING PEOPLE OUT OF TROUBLE (1924).
89. Id. at 175.
90. Id.
91. Id. at 176.
IX. Subsidiarity and the Future of Charity

The idea of devolving social responsibility to the states—enshrined in the U.S.'s 1996 Welfare Act—is in keeping, in a sense, with the principle of subsidiarity. The Act collects at the central level and only then redistributes to lower levels of government; this might be considered partial or one-way subsidiarity. Yet while it might be a step in the right direction, it is hardly enough. There is surely not much to be gained by replacing Washington bureaucracies with equally intrusive government bureaucracies in state capitols. Indeed, the primary font of social power and authority must be in communities.

"[I]f you take power and independence from a municipality," Alexis de Tocqueville wrote, "you may have docile subjects but you will not have citizens." To you spoke of the brilliance of New England townships, but his thoughts are applicable to communities in all parts of the U.S. Communities work because the citizens have a close interest in them and share in their management; we love them because we are part of them and put our labors into them; we invest ourselves in the community, knowing that our futures are intertwined; through them we understand basic concepts like freedom, justice, order, charity, enterprise, and social harmony; they help us generate practical ideas on how to serve others, and our ties to others serve as reminders of moral obligations.

Yet can some of the functions of government welfare provision really be decentralized to such an extent? Can we afford to take the risk that it will not work? Tocqueville noted that "a very civilized society finds it hard to tolerate attempts at freedom in a local community; it is disgusted by its numerous blunders, and is apt to despair of success before the experiment is finished." We must guard against this tendency. Before we condemn local solutions as unworkable, let's be careful not to compare the likelihood of local success with an idealized model of central government programs. The socialists used to condemn the failures of existing capitalism as compared with an idealized socialism. So it is with the question of decentralization. The relevant comparison is a federal system that has failed, and a humane, local system that, though less than perfect, will have the ability to be flexible and learn from its mistakes.

We should remind ourselves: we cannot centrally plan authentic charity any more than we can centrally plan the direc-

93. Id. at 70.
94. Id. at 62.
tion of the economy.\textsuperscript{95} We must trust private individuals, believing in the goodness of the American people to reach out to help others, as they would be inspired to do if the government would allow more room for the spontaneous actions of the non-government sector. There is no need to expect a dollar for dollar replacement of government dollars and private dollars. Private efforts are so effective that it is not necessary.

Those people who are most generous with their time and money in the service of others are also those who tend to be most frustrated with the present system of welfare provision. Those who give are mostly married, employed, college-educated, and parents with small children, according to data from the Independent Sector and the U.S. Labor Department. As Karl Zinsmeister summarizes,\textsuperscript{96} people politically classified as conservative "are more than twice as likely to volunteer time for the carrying out of good works. They also give more than twice as big a proportion of their annual incomes to charity" than others.

Already, Americans are among the most generous people in the world. Each year, individuals donate $125 billion to philanthropic efforts. Foundations give another $100 billion, and corporations give $9 billion.\textsuperscript{97} The first beneficiary of the funds are churches, which are in an excellent position to pick up where the central state leaves off in its charitable provision. Ninety million Americans volunteer at least three hours a week at a nonprofit group. Nearly one million nonprofit organizations now exist and do quite well.\textsuperscript{98}

Data from 1950 to the present show that when government spending on welfare increases (or the public perceives that it is increasing) the percentage of personal income given to charity decreases. The post-war peak of charitable giving, 2.6\% of personal income, dates from the beginning of the Great Society. The opposite is also true; charitable donations will increase as governments cut back and the public is reminded of its moral obligations to serve others.\textsuperscript{99}

\textsuperscript{95} WILHELM ROPKE, AGAINST THE TIDE (1969).
\textsuperscript{97} U.S. STATISTICAL ABSTRACT (115th ed. 1995).
\textsuperscript{98} E. Thomas McClanahan, Nonprofits: "the first line of attack," ORANGE COUNTY REG., Nov. 23, 1994, at 9. In addition to tax reform that will promote a growing economy, we need to make charitable giving more financially rewarding. For example, as Peter Drucker has suggested, we could allow individuals to deduct 110\% of their charitable contributions, thereby increasing the incentive to give. \textit{Id}.
\textsuperscript{99} ALAN WOLFE, WHOSE KEEPER: SOCIAL SCIENCE AND MORAL OBLIGATION (1989).
The issue is not how to expand the federal welfare state, or even how to make it “work better,” but how to make private charity an effective alternative that can better achieve our shared goals. Even in areas of health care, individual empowerment through the private sector would appear to be the most desirable path. Yet, whatever policy routes are taken, we should focus on returning responsibility to individuals, churches, neighborhoods, towns and cities. Every case of family tragedy, dependency, or deprivation of any sort is different, and the individuals involved have different resources, abilities, and weaknesses. A faceless bureaucracy cannot take all of these into account. Nor can it encourage moral renewal. What people need is not layers of public agencies, but other human beings who have knowledge of their real needs and a genuine commitment to help them become responsible and independent citizens. The future is with the private sector and its proven ability to help those in need.

There are many practical ways that Americans today, even though we live under a government that provides too little opportunity, can creatively exercise the virtue of charity. This is especially true in our communities of faith, as the existence of hundreds of thousands of local and church-based charities demonstrates. One ministry that has worked to help welfare mothers become independent has been a buddy system, linking people in suburban and urban churches. Support teams from the suburbs comprised of three to six church members offer friendship, spiritual and moral encouragement, practical advice, babysitting and material help to mothers who are on welfare. Through their friendship, many women have been able to overcome drug dependency, find employment, and extricate themselves from abusive relationships.\[100\]

There are other opportunities for helping single-parent families. In many urban areas, latch-key children have no one supervising their afterschool hours, so homework often goes unfinished. Congregations can set up study halls in the afternoon hours that are supervised by a teacher paid by the parish board. Congregation members can volunteer to assist. There can be nominal fee for recipient families. This would keep kids off the streets and in an environment conducive to study.\[101\]


Members can also involve themselves in abortion counseling for women with out-of-wedlock pregnancies. Many already do, but this ministry needs to be expanded. Volunteers in crisis pregnancy centers present women with the true facts about abortion and alternatives to it. They help mothers plan their lives after the birth. If mothers desire to give the children up, they introduce them to adoption agencies. Such organizations can also provide material aid before and after the birth.

These are just a few possibilities congregations can try in their own communities. Once the idea of the subsidiarity principle is understood, one cannot help but be impressed by how many contemporary social and spiritual difficulties could be addressed and even solved by paying it greater attention in our private lives and in public affairs. Not only does subsidiarity provide for a more workable social model than the central state in such areas as family life, welfare, education, and enterprise, it provides a perfect opportunity for the sharing of the Gospel with people in our own congregations and communities. A society that recognizes subsidiarity is also a society that provides its members the greatest possible opportunity for sharing the Good News of the faith with others.

X. THE ENTERPRISING COMMUNITY

As a final application of the subsidiarity principle, we should mention the general notion that the free enterprise economy is an institution that both requires and reinforces traditional moral concerns. Entrepreneurship is linked to the virtue of creativity. Trade, exchange, and contract are bound up with the idea of promise keeping.\textsuperscript{102} Private property, the foundation of the free market, represents the institutional embodiment of the commandment to respect the private ownership of what belongs to oneself and to one's neighbor. Even when the relations among traders and property owners results in large institutions like multinational corporations, the subsidiarity principle is recognized and fulfilled in institutions like individual stockholders and consumers who are the main determinants of market signals like profit and loss.\textsuperscript{103} Indeed, it is through large and complex economic, cultural, and social networks, based on market exchange, that the essential aim of subsidiarity can be achieved: "the establishment of true international order."\textsuperscript{104}

\textsuperscript{102} In contrast with the state which fosters conflict see \textsc{Ludwig von Mises}, \textit{Money, Method, and the Market Process} 202-14 (1990).
\textsuperscript{103} \textit{Id.} at 119-36.
\textsuperscript{104} \textit{Catechism}, \textit{supra} note 3, at para. 1885.
The most effective welfare program is a growing economy that operates under a social order that respects the principle of subsidiarity. People who are able should become part of the economy's complex division of labor, thereby offering their unique talents to their neighbors to promote the social process of economic production. The social forces of economic liberty make a rise in the general standard of living more likely and personal desperation and social deprivation less likely. The achievements of free enterprise since the Industrial Revolution are historically incomparable with any previous period. In a free enterprise system, private property provides the institutional environment where each person can own and control the personal space around him. By private, we are suggesting not exclusivity, but rather a demarcation that introduces predictability and stability into the common destination of goods. Private is to be contrasted with an institutional setting where the property owner is defined as a collective entity like the state. The purpose of property is not to acquire for oneself, but to serve others. In a free market economy, serving others is the principal use of property and the wealth it generates.

Some people say wealth comes through using up natural resources, exploiting others, or through pure technological innovation. But this is the exception, not the rule, under free enterprise. The right of exchange itself is the major contributor to prosperity. Anytime a market exchange takes place, goods or services of a lesser value are traded for goods or services of a higher value. If people agree to this exchange voluntarily, then everyone involved in the exchange is better off. It is the great underappreciated fact of voluntary economic exchange that it allows people to trade a less desirable state of affairs for a more desirable one.

People must also have security in their property and the results of their exchanges for these institutions to contribute to the social good. When contracts are not enforced, the value of wealth in general begins to go down. A banker cannot lend money if there are not dependable ways of enforcing everyone's respective obligations. A laborer will not work for a business unless he or she knows what the terms of remuneration are before hand. Even charity must rely on contract.

The economic system appropriate to a free and compassionate society must also reward creative liberty, or what Pope John Paul II has said is the right of economic initiative. Every person, by being created in the image and likeness of God, has within his

heart and mind a capacity for thinking things anew, for renewing the space around him, and improving society. This desire which exists within us, and which virtue requires that we cultivate, is a reflection of a primary attribute of God as Creator. In economics, this creative capacity is called entrepreneurship.

We are accustomed to calling charity work voluntarism, as in, “I am volunteering my time at the soup kitchen.” And certainly this term applies, but not only in this context. The dictionary defines voluntary as something undertaken without compulsion or coercion. In free enterprise, all labor and entrepreneurship is undertaken without compulsion or coercion. All trade is voluntary and all work is voluntary. Free enterprise and contract enforcement allows for the flourishing of a fully voluntary society, one where none of our labors are employed without our consent. The free enterprise system—as distinguished from the coercion inherent in every other system—is the economic basis of a free society.

These institutions have permitted vast increases in wealth over the last centuries. We have benefited so greatly that even our standards of what we call poor have changed. Imagine a family with no indoor toilet and no running water. They have to use an outhouse, or some other hole in the ground, and have to boil water from a source far away, just to get a drink or take a shower. Would this family qualify as poor? Probably. Is there a moral obligation to care for them, to provide for their well being? What if charity fails? Should the government come in to care for them, and guarantee the bare minimum standards of sanitary conditions? Yet this description applies to more than one third of American households in 1940. That’s not in the Nineteenth or Eighteenth century, but 1940. Only 1% are in a similar situation today. Yet it wasn’t a massive government program administered from Washington that changed matters. It was an entrepreneurial economy.106

As we rediscover the principle of subsidiarity as it applies to welfare and public policy in general, we need to reinforce these essential institutions—private property, free exchange, contract enforcement, and enterprise. Restrictions on the market such as the minimum wage, excessive licensure restrictions, high taxes, job-killing regulations, and the like, have effectively shut many out of markets in which they should be key participants.107 Markets and property are a crucial part of the essential foundations


on which subsidiarity, true charity, and the peaceful social order ultimately rest.

XI. Conclusion

The concept of subsidiarity should not, and cannot, be ignored, but rather must be restored to the very center of serious reflection on social ethics and social structure. It has both practical and moral applications to our understanding of the roles of the state, the family, the individual, the church, educational institutions, and the enterprising economy. The centralized democratic state, managing all aspects of social and economic life, though deeply entrenched in the modern social organization, is a new institution, and it has exacted a heavy toll on the ability of the lower orders of society to solve social problems. The principle of subsidiarity, on the other hand, offers a guidepost for a new direction in the provision of social welfare and charity based on personal responsibility. At a minimum, subsidiarity suggests that the notion of "entitlements" must be replaced by a deeper commitment on the part of individuals and communities to be more involved in charitable action, and for the state which has tended to monopolize that function to allow these lower orders to take over the task.

The lesson that needs to be relearned is the one so beautifully and plainly stated by Pope John Paul II: "A community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to coordinate its activity with the activities of the rest of society, always with the view to the common good." 108
