



Subsidiarity as an experience and inspiration: The case for Regionomics in North Brabant

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Abstract

The principle of subsidiarity has been enshrined in European politics since the development of Catholic social teaching and the emergence of Christian Democratic parties, culminating in it becoming a core guiding principle for the actions of the EU. However the roots of the concept go far deeper than the simple interaction between the EU and other levels of government, as subsidiarity is a reflection of the relational and social characteristics of human beings and their mutual interdependence. In addition, the principle of subsidiarity should not only be considered in its vertical dimension between various levels of power, but also horizontally in terms of the interactions between different forms of organisation (e.g. state, civil society and the market). In the end, active subsidiarity is what distinguishes the European perspective on society from the Anglo-American emphasis on freedom and a just society.

Keywords

Subsidiarity, Regionomics, North-Brabant, Netherlands, Christian Democracy

Introduction

Subsidiarity remains an inspiring concept for a fair and effective design for the political, social and economic order. And it is precisely because it is a quite fundamental concept—having its roots in the image of men developed by Catholic social teachings and political theory (Holy See, Pontifical Council for Justice and Peace 2005)—that it needs to be reflected on regularly when seeking to apply it to today’s social, political and economic relationships.

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It is a fundamental concept because it is deeply rooted in (as well as reflecting) a specific image of humans and humanity. This views the former not just as autonomous individuals, but first and foremost as fundamentally relational and social beings. Christian Democrats often refer to the notion of humans being created in the image of God (*Imago Dei*). The meaning of mankind is to be there for and with others. This is the fundamental relational ‘meaning’ of man. In this conception the value of freedom is never that of individual freedom, as is, but of freedom that is always seen from the perspective of mutual and personal responsibility.

Such an image of humans implies the existence of some important normative notions that guide social, political and economic relationships. First of all, there is the (anthropological) notion of *mutual interdependence*. Man is not meant to live alone, but is dependent on his or her relationships with other human beings. Of course, humans can be *dependent* (e.g. as a citizen one must obey the law if that law has been democratically decided upon). And of course, one can be *independent* (e.g. as a consumer in the marketplace one can, in principle, select completely independently from among those who offer goods or services). However both situations are, most of the time, theoretical or in Max Weber’s terms: ideal–typical. It is clear that in most cases these pure forms of dependency or independence only apply in extreme and very specific situations.

Most of the time, humans find themselves in situations in which there is at least some interdependence. This might not be true in simple economic relationships, such as buying a plastic bucket at a hardware store, for instance, but it is true for the most important goods, such as care or education, which can even be considered ‘relational goods’ that have particular characteristics that a bucket would never have. The production quality of this type of good or service cannot be regarded as completely isolated from the ‘quality’ of its consumption. Consumption and production are more or less interrelated. The notions of co-production and relational qualities apply more to these goods than those of ‘mutual independence’ or ‘individual’ and ‘rational’ choice, and, more fundamentally, these notions also apply to how economies and social and political systems (should) function. Trust and cooperation are more important coordination mechanisms in this respect. The fundamental logic of this kind of relationship should be recognised in the way ‘production’ and ‘delivery’ are organised in social, political and economic systems. The principle of subsidiarity makes personal responsibility paramount. It is about putting human responsibility first—or making personal responsibility great again.

Subsidiarity provides an additional reason to limit government power. Limited government is most often promoted from a perspective of checks and balances, or to support a specific idea of personal or economic freedom. However, the concept of subsidiarity makes a specific contribution to the debate about the limits and vocation of government. It is there to enhance and protect an image of mankind: that of responsible people who should not be readily deprived of their obligation and ability to take care of not only themselves, but also each other, society and the community—that is, the common good.

Why have I included all these quite theoretical notions in a short contribution on subsidiarity? Because I want to make the point that in most discourses on subsidiarity in a

European context (e.g. in the latest report from the task force assigned to examine new initiatives to stress its practical meaning in European policymaking), it is predominantly conceived as something that helps us to properly organise competences and relationships in the *vertical dimension*—that is, between layers of government—and is seen from a predominantly hierarchical and organisational perspective. The concept is therefore used to ensure that as much responsibility as possible is left with the lower levels, which are closer to the people and their communities.

However, it is very important to note that this is only one of subsidiarity's important dimensions. This dimension stresses that the upper level should only act in situations in which the common good is best (or better) served by that level as lower levels cannot properly (efficiently or effectively) deliver the required goods and services. The main idea being that, as long as this is the case, the higher level has the legitimacy to act (e.g. the central government has legitimacy over its regional or local communities and the EU has legitimacy over its member states). However, the higher level should constantly reassess if this is still the case and, moreover, continually try to restore and improve the lower levels' capacity to act. At the recent summit in Bucharest organised by the Romanian national delegation of the European Committee of the Regions, this was defined as the mission to foster 'active subsidiarity'.

Subsidiarity, so much is clear, is not a static concept, but a dynamic one. This explains why, from time to time, the division of competences between the layers of government should be reassessed. A change in technology, for instance, could very well improve a lower level of government's (absolute or relative) capacity to act. The opposite might also be true. However, the normative imperative to honour and respect the lower levels' responsibility as much as possible is not the whole story of subsidiarity. In cases in which it is clear that government action lacks effectiveness and efficiency at the lower levels, the higher levels of government have a double obligation: (1) to act in order to prevent the common good from not being realised, and (2) to restore the lower levels' ability to act.

As can be seen, this is still discussing the principle's vertical and hierarchical dimension, the one which is commonly used in the 'European' debate on subsidiarity and which helps us to redistribute the tasks and responsibilities between the EU's institutions, its member states and its regions from time to time. Globalisation, migration and recent geopolitical developments, for instance, mean that there will be calls for a fresh assessment of the *Kompetenzkatalog* ('catalogue of competences'). While most of the time, the vertical dimension emphasises the ideals of deregulation and decreased regulation, in a more 'horizontal' understanding, more emphasis would be placed on improved regulation—in other words, on the *quality* of regulation.

The horizontal dimension of subsidiarity

In a more horizontal framework, subsidiarity refers to the notion that society can be seen as a conglomerate of different domains: the market, the state and civil society. These are specific domains with their own unique coordination mechanisms. In this

context, subsidiarity refers to the opportunity to serve the common good in ways that do not only or uniquely depend on government activities (at the various hierarchical levels, e.g. European, national, regional or local). To put it another way, horizontal subsidiarity refers to the organisation of government action to regulate in such a manner that it generally promotes, aids and supports communities and civil society organisations to act and take responsibility in all manner of domains (e.g. education, energy production and care). It could also refer to a situation in which markets, networks and non-governmental organisations are able to deliver all kinds of social services better than state authorities. Societal organisations tend to be more able to accommodate variety than state bodies.

The horizontal understanding of subsidiarity is probably more regional in application. At this level—often supported by ancient common and cultural identities—government, civil society and companies seem to work with each other more readily to further economic, social and ecological development. The secret of many regional policy successes is that at that level, markets (companies), civil society and government agencies are often more able and willing to work together closely. Since people tend to know each other better, it appears to be easier to coordinate all three domains to achieve fruitful collaboration. Coordination mechanisms tend to be positive (cooperation, high levels of mutual trust and confidence) rather than negative (mechanisms of control and coercion). Mutual trust and confidence tend to lower the transactional costs of horizontal forms of social, political and economic coordination.

Excessive regulation and bureaucracy often flourish where elementary forms or levels of social trust and confidence are lacking. Moreover, trust and confidence seem to be able to honour all kinds of variety, whilst regulation seems to breed uniformity and ‘equality’. Once again, it is not so much the quantity of regulations, as the quality of regulatory regimes that is important. Strong regional economies will not be able to flourish under those regimes in which quality is first and foremost understood as ‘e-quality’ (in the sense of homogeneity or uniformity).

These types of regulatory regimes tend to be less functional in innovation-oriented economies because the complexity of the learning and manufacturing processes demands environments in which mutual trust flourishes; regulatory regimes that asphyxiate or even destroy creativity are therefore absent. Here, too, it is all about relationships, mutual understanding and the low transaction costs of trust. These notions are especially relevant in the context of European regions competing in the era of digitalisation, industrial craftsmanship and the need for constant innovation.

Regionomics as a new horizon for subsidiarity

Subsidiarity as a concept is a permanent invitation to reflect on legitimate social and economic orders. Efficiency and effectiveness are thereby understood as important conditions for and dimensions of legitimacy. However, while both are necessary, they are not sufficiently crucial conditions. An effective, efficient economic order that is not ‘fair’

will endanger the long-term sustainability of its legitimacy. The notion of 'fairness' can be related to several characteristics of an economic system, including levels of income distribution, inclusion, ecological responsiveness and so on.

Another dimension of legitimacy that could also be taken into account is the degree to which an economic order is able to generate sufficient levels of mutual understanding and trust amongst the various stakeholders. An economic system could also be considered a fundamental part of a functioning human community. In this respect, the underlying notion of human dignity clearly views humans as more than just autonomous individuals. Each person combines elements of the *ens individuale* and the *ens sociale* (Holy See, Pontifical Council for Justice and Peace 2005). Humans are relational in purpose. This means that a social order that reduces humans to a single dimension (i.e. either an individual or a member of a community) will not be 'fair'. Therefore, all forms of Reaganomics (i.e. the economic programme inspired by the neo-liberal Chicago School and economists such as Milton Friedman, which carries the name of the American president who promoted it¹), which primarily focuses on the values of individual autonomy and choice, will ultimately fail to be fair. Likewise, those regimes that deny the value of individual freedom will also experience the same one-sidedness and imbalance.

Subsidiarity is not just about allocating competences. It is, ultimately, about balance. It seeks a decent and legitimate allocation of tasks and competences between the various layers of government. However, horizontally, it also seeks equilibrium between society's various domains (the market, the state, civil society, families and individuals). Vertically, values such as effectiveness and efficiency prevail. Horizontally, however, dimensions such as trust and the social quality of communities are more important (although in both axes, all these dimensions are, to a certain extent, relevant criteria for evaluation).

In *Reaganomics*, the state (as a kind of arbiter for market relations) and the market (as an expression of individual liberty) prevail. Each has its preferred means of coordination: regulations and pricing. In *Regionomics*, both the state and the market are important actors in a more encompassing concept of 'communities'. These communities can be seen as 'ecosystems' in which a variety of actors are mutually interdependent. Naturally, there are strong and weak communities, and open and less open communities, but the notion of a community presupposes a certain level of trust. Most of the time such communities generate a certain degree of social trust, as well as high levels of social capital.

Brainport Eindhoven is an excellent example of a community-driven ecosystem that is characterised by a high level of mutual interdependence between the relevant actors (government, entrepreneurs, and education and research institutes). The transaction costs of trust are much lower than those generated by distrust. The importance of the social, cultural and institutional dimension of innovative regions is easily underestimated. Trust breeds cooperation and cooperation is crucially important to innovative ecosystems. In these systems, innovation increasingly takes a multi-partner, open form that requires all

kinds of co-creation and which would not thrive in a culture of individualism, or in a predominantly hierarchical regime.

This implies that, at a European level, the fundamental notions that have inspired our competitive policies should be reconsidered. These generally seem to reflect Anglo-American Reaganomics more than the European/Rhineland notions of Regionomics, which have a strong *Wahlverwantschaft* or ‘elective affinity’ with the social market economy. Innovation is, of course, also fostered by a certain degree of competitiveness. But fundamental innovations thrive much more in a context of cooperation (between companies and between social domains). And higher levels of cooperation in particular are fostered in regimes that are inspired by the kind of notions I have referred to in this short contribution, that is, the experience of subsidiarity. A Europe that needs innovation should invest more in Regionomics than in Reaganomics.

Conclusion

This article argues that reflection on the notion of subsidiarity should not be restricted to the vertical dimension, which focuses on the efficient and effective allocation of tasks between the European, national, regional or local layers of government. Nor should it be restricted to the domain of the state. In its horizontal dimension, reflection on subsidiarity will create active collaboration between different domains in society, and promote an active role for civil society and market organisations in the delivery of the common good. Cross-overs and innovative forms of cooperation between states, markets, citizens and civil-society organisations seem to be especially productive at a regional level, as this is the level at which coordination mechanisms such as mutual trust and interdependency are more likely to flourish. This is especially relevant in the domain of complex innovation, which demands close cooperation among knowledge institutes, governments and companies.

Note

1. Also often referred to as the policy preferences promoted by the neo-liberal ‘Washington Consensus’, which has guided economic and social policymaking in recent decades. See, e.g., Williamson 1989. For a critical assessment of the neo-liberal economic approach, see Deneen 2018.

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