EUROPE AS A RELATIONAL GOOD

Abstract

The present contribution is a part of a research on the prospect of European unity, defined by the dialectical poles of monist and polyarchical forms of distribution of the power. This reflection tries to decline this approach into a political science perspective, according to that theoretical and empirical approach called “Relational Sociology” or “Relational Theory of Society”. To overcome the bottleneck of the process of European construction, the functionalist solution pursued until now, is no longer enough. We must rediscover, within European political thought itself, some cultural trends that dissent from that technocratical uniformity of which Brussels is the last agonizing manifestation. However, we need to rediscover it not in the name of mere values or interests, but rather in the name of an adherence to reality, which also means an adherence to the deeper truth of things. For instance, it could be useful to analyze the evolutions of social bond through the lens of the “ordoliberal” tradition, going further a mere Welfare State-perspective.
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So doing, we could rethink the very nature of political bond in a relational key.

Actually, a sort of subsidiary representation should be created, so that it can be put in a position to produce relational goods. On the one hand, it implies a reform of the European institutions towards a redistribution of powers between the European Commission and the Parliament; on the other hand, it implies a reform of the same selection process both of the representatives and the issues through old and new tools of participatory democracy. All that will be made possible through the expansion of the quantity and quality of the political demand in a key of inclusion - the very challenge of a Third millennium democracy in Europe.

**JEL CLASSIFICATION:** B20, K10, K33, Y8.

**KEYWORDS:** ORDOLIBERALISM, SOCIAL MARKET ECONOMY, EUROPE, RELATIONAL GOODS.

Our leaders have told us that the main road to get into Europe and make Europe was the single currency (the euro). Today, we know that this is false. Europe will, and it will be good, if we think of it as a relational good and not as “the big market of the euro”. Only in this way we can overcome the crisis. Not counting on the power of money, but on the quality of life.

(Donati 2011)
1. The Relation after the Function

This reflection aims to bring some elements of that theoretical and empirical approach called “Relational Sociology” or “Relational Theory of Society” into a proper politological perspective, even at the risk of providing a prescriptive assessment of the current European situation.

Such a relational approach (Donati 1991) refers to a methodological pluralism where “the decisive step [...] is that goes over the social primacy of policy. This step consists of starting to think not to a unique social order, rather to different and irreducible orders limiting one another” (Censis 2000, p 20). It looks at the perspective of European unity within the dialectical poles of monist or polyarchical forms of the distribution of power according to the principles of solidarity and subsidiarity. These elements are peculiar to political authority, and make it capable of a kind global governance which is very far from any European Super-State perspective. In fact, to bring back a State-form orientation could reveal a historical nonsense§, just when the State itself enjoys a low rate of popular legitimacy, since a general request of new forms of organization has arisen from many territories: in terms of governance (Calise 2000, p. 132 and f.; Fiaschi 2008, pp. 2-3; Held and McGrew 2007, ch. 6), liquid government (Messina 2012), “glocalism” (Holton 2005); (Bauman 2005). Moreover, sovereignty, as state's distinctive and fundamental feature, has been deconstructed and reinterpreted according to standard quite far from a state dimension. Indeed, as noted by Censis Research Center, “you can say that now, more than the evaporation of state sovereignty, is the oldest liquefaction of the sovereignty of the citizen to cause widespread grumblings” (Censis 2012).

Instead, we know how Europe’s building up has progressed by adopting a functionalist methodology, following the idea that inter-state cooperation over single policy-areas would have favored a greater union. Functionalism had the great historical credit to start the rebuilding of the political system of the Old Continent around concrete issues and not around vague principles. Since the Westphalian-Realpolitik ended into bloody trenches of the two world wars, that was an enormous risk; it could be simpler to appeal to a

§ Don't mix this statement with that naive cosmopolitism that has been stigmatized also by LIND 2011.
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vague humanitarianism able to tie with necessity those Countries, wasted by wars and one another distrustful. At most, there could be a changeable balance with a pattern of mutual alliances drawn up only on bilateral bases.

Yet, this approach has, since then, turned into a neo-functionalism in the grip of the lobbies; today it seems not to be enough, both because its fundamental premise (the unity and homogeneity of the markets as a way to unify the peoples) is undermined, and on account of the re-surfaced request of a political unity, even in the form of a “Europe of nations, or peoples”, which had once seemed to have been defeated by the very historical evolution of the EU.

European Founding Fathers (Adenauer, Schuman, De Gasperi and Monnet) implemented a great functionalist policy to cement the cooperative ability of a group of countries around the same resources, the control of which for centuries had been the source of many conflicts. That functionalism responded with a compromise (rewarding each country, but not maximizing at the expense of the others) to the “prisoner's dilemma of the 20th century”, where the prisoners were national spirits, humiliated by totalitarianism and therefore potentially vindictive. In addition, it was a right application of “trial-and-error” form of liberalism, since it managed to survive the sinking of the European Defence Community (1954), a project, however, that was part of the plan to create joint management of the typical functions of national state. In fact, the European integration “aimed to create further limitations to the idea of the democratic nation-state, due to the presence of non-elective institutions” (Müller 2011), thus placing itself in a state of perennially searching for a principle of justification to legitimize it in the eyes of the people.

Actually, the building-up of Europe began to creak when the 2004 enlargement towards recent-democratic countries (as happened before with Spain, Portugal and Greece) was pursued by the diffusion of standards and rules, rather than values, and of techniques, rather than ideals, in this way contributing to Brussels' claims of despotic sovereignty. In the same way, the clumsy project – which later shipwrecked in 2009 – of a European Constitution superimposed upon the historical, religious and political cultures of the Continent, finally revealed the futility of such an inauthentic interpretation of functionalism. It caused particularistic, populist and xenophobic oppositions and was further exacerbated by the Crisis that is still heavily affecting us today.
In front of such a historical impasse, we can adopt a stratified approach to put aside the claims of supremacy nurtured by Politics. As Luigi Sturzo suggested, politics must be content to be counted as sphere of production of a particular share of the common good (public order and peace), among many other spheres that are indifferent to politics or not subordinated to it. This does not mean to “limit” Politics – something attempted several times in the Modern Age – but rather implies that its meanings and functions should be redefined.

Europe can then change direction to avoid that trap of “Occidentalism” already described by Spengler both as a theory and a praxis of decadence. This doesn't mean to embrace a sort of “second-hand globalism” in the way many do when looked uncritically to the great Eastern traditions, as the Chinese and Indian. Today, there is no territory like Europe where the globalization shows with more patency its whole semantic extension, along the two specular meaning of crisis and/or opportunity. After having spent many years in the persuasion that opportunity was the real face of global processes, we bitterly awakened in a situation where the crisis seems normal. In other words, it seems as the same crisis would be a recurring phase of human history where the strongest or the smartest have necessarily to prevail.

This fake and bizarre Machiavellian stereotype prevent us from conceiving the shades of human action, its unintentional consequences and its natural fallibility. Maybe for a moment we can forget those two opposite meanings of globalization, focusing instead on a realistic attitude which consider the global processes in their mere complexity. Actually, complexity is the reality of globalization; still, complexity pushes us to act, insisting on our rational and relational anthropological structure; and complexity alone can and need to be governed, since it has to be oriented and guided to reach common good.

The often painful experience of these years is showing that there are no fixes to govern the crisis; the experience of “the world of yesterday” instead showed us how illusory is to think to govern opportunities, because it is impossible to control the human instinct for abusing power – in finance as in politics, all the way. Therefore, both crisis and opportunity are reductionisms which don't let us face a global and complex world. A world where we all are “without maps”, quoting the title of a smart book by a former vice-secretary of NATO (Minuto Rizzo 2013). Nor policy makers, nor private-sector operators have this kind of help and orientation. But, they hopefully manage to increase the civil social capital. And it feeds on the quality of relationships among different spheres of social existence where everyone of us spends his/her life.
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Adopting the relational paradigm, this leads to promote a *fundamentally cooperative* structure of human relationships. Only open societies, or polyarchies, are able to promote this paradigm: nor imperialisms, nor dictatorships, nor those narrow-minded claims of self-sufficiency that even today go with the pooped debates about European future. Along this way, it is possible to rediscover, within European political thought itself, some cultural trends that dissent from that technocratical uniformity of which Brussels is the last agonizing manifestation. However, we need to rediscover it not in the name of mere values or interests, but rather in the name of an adherence to reality, which also means an adherence to the deeper truth of things. A renewed European realism, thus, based on empirical evidence of historical relations and political contingencies, because, as Robert Schuman said in his Declaration of 9th May 1950: “Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity”.

To do this, we must reject that Hobbesian interpretation seeing a political link as a mere pact of submission to the State from citizens. In fact, despite all the formal statements in the name of subsidiarity contained in EU documents, the Crisis has shown the absolute self-referentiality of European politics, which imposes solutions, even drastically, regardless of popular consensus.

Now, in the democratic age, the face of the consensus is found in the principle of representation, especially in its indirect version. The matter turns up on two levels:

i) making the representation subsidiarian for all intents and purposes, seeing that decision-making becomes no more the outcome of a dark plan, often arbitrated by lobbies, but rests on popular sovereignty;

ii) enabling that subsidiarian representation to produce “relational goods”: those goods that “consist of social relations among people (or citizens) and that require an attitude of sharing from those who generate and enjoy them” (Donati 2011). In this way, the relation is no more a “primum immobile” but it can regenerate itself over and over, until it becomes the very form of politics.

Thus, on political matter the solution may be an institutional reform that would give meaning and substance to the invocation of a European political union. Such a reform, interpreted in a subsidiary, polyarchical and relational key, will aim to reduce the “democratic deficit” that has been a part of the European project since its inception. Therefore, one might expect a
redistribution of powers between the Commission and the European Parliament, dividing the latter into two popularly-elected chambers: one composed of the political representatives of every member State, the other with a technical, non-political, though not exclusive competence on economic and social matters. It could be expressive of transnational interest groups, enrolled in a special register. We might add that this house should strengthen (and ultimately replace) the skills and profile of the Economic and Social Council, which is currently only an advisory body. As far as the selection of representatives, this house could be elected in a single European electoral constituency, provided that it includes a fixed number (3?) of representatives from each State-member. At the same time, the “political” chamber should continue to be elected on a national-based constituency.

According to a relational perspective, the implications deriving from this reform should concern both the process of popular consultation and the accountability of the European political class, providing a media-platform to connect constantly the members of both houses with their voters, during both the electoral campaign and their mandate. All this can be pursued by resorting to open-source tools, for monitoring parliamentary activity, which grant immediate feedback to the policies implemented. These tools of participatory democracy can include wider and wider layers of citizens in political activity, distancing them from being enmeshed by any populist movement, and improving their loyalty towards an international perspective more than to a narrow-minded vision on mere domestic issues.

Yet, looking beyond the usual reverence for the mantra of technological innovation, and any futuristic rhetoric, the same massive spread of peer-to-peer instruments of web-democracy (i.e. social networks, forums or applications for the aggregation and the study of open data) should be considered in the light of the danger of the setting of a “dictatorship of the active” that would simply replace the (supposed) corrupt and unqualified élite with another élite: namely, some aggressive, organized and diligent minorities imposing themselves with no less coercion on the majority of citizens.

As the European political space does not seem sufficiently impenetrable when facing with a probable escalation of this kind, such a shift could start a trend of gradual marginalization of the moderates from the political debate (Hindman 2008). This could occur in a manner analogous to what happened at the hand of some avant-garde political groups who inspired the action of international and non-governmental organizations. These new populist élites
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are not so different from lobbies currently working at the margins of the European Parliament, which are often fostered by radical public opinion.

We have no more time: the constituency is required to be gradually diverted from the populist sirens and from their allure of transgression against the canons of political orthodoxy: rather, people have to be passionate about authentic democratic game. Democracy is centered on the inexhaustible capacity for innovation which exists in the nature of these very same institutions (Acemoglu and Robinson, 2012), inasmuch as they embody the highest expression of popular sovereignty. Coherently with the call addressed by Pope Francis “to initiate processes rather than occupy spaces”, today the challenge of politics has to be played on the grounds of inclusion, whether you consider democracy in terms of liberty, or you consider it in terms of equality.

2. The evolution of social bond

The inclusion is just the way that can help us to reach a further step in our argumentation: the issue of the evolution of the social bond.

In an open society, in which bonds are inevitably – and in some respects, positively – partially dissolved, political policy has no monopoly on the “civil bond”, or on the “social bond” as they say. Policy, if any, plays a key role within its own order, as in it are institutions dedicated to the definition of the rules of the game. However, it is only one of many orders that an open society is called upon to deal with. In an “open society”, a “great society”, or a “big society”, we are dealing with a wide variety of orders and thus the political link is one of many necessary links, but it does not exhaust the scope of civil society; neither can politics claim to homogenize society by law. Political order, ultimately, relates to other orders (Sturzo 1935).

In this sense the term “civil solution” rather than “political solution”, becomes relevant if, of course, we also include the political moment in the civil. I think, for example, that the oft-cited principle of subsidiarity which seems to haunt every debate and is sometimes called, liberal, recalls exactly, in its horizontal and vertical dimensions, a need for connection of civil orders. Moreover, it is articulated in such a way that no one can lay claim to have a monopoly on civil society (Sturzo 1935, pp. 72-77). I am referring to that particular formalization of the public decision-making moment that Professor Stefano Zamagni calls “circular subsidiarity”, i.e., the continuous call for coordination of systems which operates in civil society and among
the actors who are protagonists in it: in short, an open polyarchycal society, articulated according to the principle of subsidiarity, requires a lot more than government governance.

We should be more attentive to expressions such as civil society and civic culture, and not use them in such a rhetorical way. Think, for example, how many political parties, even in the last Italian election, are presented with a term that refers to the concept of “civil” and how many times we hear our politicians speak of civil society, with the sole aim of presenting themselves as unique and, ça va sans dire, its most authoritative interpreters. We should seriously commit ourselves to reflecting on what the notion of “civilian” is to understand what we really mean by “civil”. Now, considering the history of ideas, we know that all in some way have appealed to the notion of “civil society.” But we know that the understanding of “civil” according to Hobbes was not the same “civil” according to Mandeville or Smith or Marx or Hegel and so on. So, what do we really mean by civil society? If we mean a reality in which the strongest necessarily prevail over the weak and thereby assume a Hobbesian type anthropology and perspective, which welfare society or community, could we ever imagine? The answer is obvious, none. We can only imagine an imposing welfare state: rigid, all-encompassing and engulfing everything. I want to emphasize that with regard to the comparison between the “welfare state” and “welfare society” there isn’t a difference of degree. A slight “welfare state” is still something different from the model of “welfare society”: it is a difference of “kind”, not of degree (Donati 1997).

On the other hand, while excluding the “Hobbesian solution,” we can imagine a society equally distant from that which is described by the principle of subsidiarity: an idea of civil society in which the “civil” actually resolves itself in the alliance among the cliques. In this case, the civic culture would be the basis of political legitimacy: “we need civil society to legitimate the political order.” If we continue to consider viable options in the two models set out above, and if we persist in the theorizing of a welfare community as an expression of a slightly more free welfare state, but still the son of the ideal-typical models of civil societies mentioned above, it is clear that there will never be space for civil society, for a civil economy and for a welfare community.

There will be no room for subsidiarity and polyarchy will be denied. We will always need an intrusive political system that will not only regulate the processes, but also advise, as its essential mission and vocation to homogenize cultures, values, interests and engulf the freedom of non
homogenizeable intermediate bodies. The idea, however, which we think is the foundation of an authentic order of subsidiarity in classical liberal tone, is a civil society understood as a critical levee to political order: an insurmountable limit whose importance and need no one seeks to challenge, so that it doesn’t absorb everything else.

Regarding this aspect, Pierpaolo Donati says that “civil society understood as a plurality of coexisting autonomous social formations collaborating for the common good has been wasting away, especially in legitimacy, in ability and in organizational resources. In our country, it translates into a tragicomedy. Civil society is enhanced only to be used as a tool of a power play for the conquest of the State” (Donati 1997, p. 26). Here, then, if our civil society has slowly become all this, then there is no link that holds: there may be only either cliques or the Leviathan.

The fact remains that civil society as a civil culture would need all of the others and not of this, in order to be a welfare society or a welfare community consistent with an open and poliarchycal society according to the principle of subsidiarity.

3. Beyond a Welfare perspective

Regarding this end, the benchmark is the controversial affair of the Welfare State, with its results in terms of material wealth and psychological dependence. These last two dimensions often turned the Welfare from a factor of progress to an obstacle towards that social mobility it stated to promote. The First World War and the spread of the Great Depression abroad saw States taking on unprecedented prerogatives and expanding in sectors of social and economic life once managed only by privates. The measures of planning, rationing, mobilization and reconstruction taken at that time, created new links between governments and groups of producers, giving to the latter broader legislative powers, with a decisive impact on subsequent paradigms of public policy.

According to Charles Maier, the corporatist organization increased apace with the increased government functions. “Every centralization of an allocative task prompts a new search for consultation and codecision making” with the actors involved. And the “crisis involved in wartime provided just the clearest and most dramatic example in delegations from industry and labor”. Maier concludes that the new corporatism has its roots
in the “recasting bourgeois Europe” which took place between the two World Wars (Maier 1981, p.52).

Philippe Schmitter noticed that John Maynard Keynes was “the first major theorist to perceive certain emergent imperatives of capitalism and to link them explicitly with corporatism” (Schmitter 1974, p. 108 f). In his essay *The End of Laissez-Faire* (1926), Keynes challenged the economic and anthropological assumptions of the classical theory, according to which the enlightened self-interest always operates, albeit unintentionally, for the public interest (the Adam Smith's “invisible hand” by Adam Smith). One year before, Keynes stated that “in the future, the Government will have to take on many duties which it has avoided in the past”. As Schmitter commented, the objective of this imperative policy expansion was to exercise “directive intelligence through some appropriate organ of action over the many intricacies of private business, yet (…) leave private initiative and enterprise unhindered”. In turn, all his critics highlighted, especially looking at the results achieved in the application of these theories, the contradiction expressed in these words.

But Keyens continued: “I believe that in many cases the ideal size for the unit of control and organization lies somewhere between the individual and the modern state. I suggest, therefore, that progress lies in the growth and recognition of semi-autonomous bodies within the state – bodies whose criterion of action within their own field is solely the public good as they understand it, and from whose deliberations motives of private advantage are excluded, though some place it may still be necessary to leave, until the ambit of men's altruism grows wider, to the separate advantage of particular groups, classes, or faculties – bodies which in their ordinary course of affairs are mainly autonomous within their prescribed limitations, but are subject in the last resort to the sovereignty of democracy expressed through parliament. I propose a return, it may be said, towards medieval conceptions of separate autonomies” (Keynes 1952, pp. 313-314; Schmitter 1974, p. 110).

Well, here lies to me the paradox of the modern State: the modern, monist State was born just to constrast that social fragmentation and (poliarchycal) dispersion of power typical of Middle Age and Ancien régime. The State was conceived to reduce the diversity to the unity under the supreme sphere of a positive law. It had to be implemented by the State *longa manus*, the Bureaucracy, in order to build a constricted space for individual and social liberties, and make them controlled and submitted to the State (liberty *in the State*).
On the other hand, the progressive development of liberalism threatened state sovereignty, since it is a doctrine of liberty coming just from the State. It reacted organizing common interests and limiting the acknowledgement of their action and existence. This was a clear attempt to rule the natural complexity of society, re-imposing a shaky order on the liberties' emerging vitality (Galli 2001; Diotallevi 2010).

In other words, the State realized that it needed professional and specialized skills to rule the complexity. They could be extracted only from some monopolies of representation organized into a hierarchy under the State control. Besides, the governments benefited from a too fragile legitimacy to impose their own policy directions. Then, they sought to include in the decision-making the big organizations of interests. In order to pursue this aim, the State even consented to transfer or divide with those groups a great part of its own decision authority. In this sense, some scholars equated the new corporatism to consultation (or “concertazione”) in the matter of an economic policy. In fact, some corporations were always used to be consulted by government before the implementation of political measures.

To sum: in new corporatist countries, the State is the driving and aggregative force of interests – not the civil society (as pluralist or polyarchical orthodoxy would like) (Schmitter 1981). Here, from the Sixties onward, some groups of interests (trade unions and industrial associations) handed the upper hand on the others, replacing even political parties in their roles and functions. In the same way, those groups got also a decisive influence on social and economic policies, to such an extent to be considered the principal or exclusive beneficiaries of such policies. In fact those groups don't limit themselves to represent the interests of their members, rather they generate and impose them on the whole society; nor they limit themselves to give their demands in the political arena, but they take part to it in order to guide the decision-making on their paths.

We may find fixed on this level the reasons of a widespread hostility towards these new corporatist arrangements. They come undoubtedly from those vital social forces which cannot tolerate further narrowings in the sphere of influence of their political representation.

In my opinion too, the social model resulting from new corporatism is the real accused of the current and systemic crisis of our Continent. Yet, there is at least another European tradition from which we can glean useful suggestions in order to escape from these doldrums: the economic
ordoliberalism theory and the social market economy, which according to many observers can be considered as the foundation of the European Community (De Benedetto 2000, pp. 18-19).

4. The Ordoliberalism as a resource for Europe in crisis

First of all, our reference to the social market economy meets an academic (more than political) experiment that was initiated in the second half of the Thirties in Nazified Germany as an experiment that took the name of “Ordoliberalism” (Forte and Felice 2012). Among the main representatives who contributed to the development and dissemination of that school of thought there were economists such as Walter Eucken, Alexander Rüstov, and Wilhelm Röpke and jurists such as Hans Grossman-Dörth and Franz Böhm (Habermann 2006); the latter, together with Eucken, were the coeditors of the “Ordo” journal. In the first volume of their publication, Ordnug der Wirtschaft (1936), Böhm, Eucken and Grossman-Dörth drafted a programmatic introduction in which they articulated their firm stance against the persistent legacy of the German Historical School of Economics of Gustav Schmöller and they also asserted the general principle that “all the practical political-legal or political-economic issues had to be linked to the notion of economic constitution”, in the conviction that the interrelationship between law and economics is “crucial”. In the essay/manifesto of 1936, named “Our Task”, the fathers of ordoliberalism pointed out: «Law and political economy were constitutive forces that exercised a remarkable influence – for instance, in the reconstruction of the legal and economic system that took place in all civilized countries at the end of the 18th century. Only during the course of the 19th century and at the beginning of the 20th century they lost their prominence» (Böhm, Eucken and Grossmann-Dörth, in Peacock and Willgerodt 1989, p. 15). The Historical School of Economics, as Eucken wrote in the 1951 edition in his Foundations of political economy [1939], is at theoretical in the sphere of political economy and arbitrary in the sphere of economic policy: «Menger maintains that the historical economist must find out the “concrete relationships between facts”. But this is exactly what a historian cannot do. How can he establish through his historical method the connections that exist between price drops, unemployment and output decline and the concrete
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discerns “are still unknowable through his methods”. In other words, at the heart of the concept of “Ordo” there is a free competitive market, essential so as to ascertain a freedom which is not only economic. Without regulation which conforms to such principles, the market cannot work appropriately or sustain economic growth while providing the base for equitable distribution.

After the Second World War, the Ordoliberal program offered the theoretical foundation for the development of the so-called “social market economy” (Felice 2008). The social market economy and its underlying theory, ordoliberalism, both present themselves like an alternate and systematic approach leading up to the *Ordnungstheorie* and to the *Ordnungspolitik* (Vanberg 2006, p. 916). Unlike the authoritarian understanding of the term “order”, for “ordoliberals” the notion refers to coordination of individual plans, a decentralized coordination of economic activities in a general framework of rules of the game, and refuse to subordinate economic activities to a central authority. This is the reason why we believe, like Vanberg does, that the founders of ordoliberalism emphasized the role of the rules of the game, as the main means to attempt to put in place an economic policy capable of improving economy, i.e. to put in place “correct economic institutions” (Vanberg 2006, p. 917). For our authors the combination of law and economic analysis is a prerequisite to create what they called the social market economy, i.e. the development of an economic constitution attempting to improve the economic system in an indirect manner, revising the rules of the game, in sharp contrast with an interventionist economic policy. Razeen Sally writes: «It’s up to the State to put in place and maintain the institutional framework of a free economic order, but it must not intervene in the mechanisms of the competitive economic process: here is the essence of the *Ordnungspolitik*» (Sally 1996, p. 8). All of this in the conviction that the establishment of such an institutional and legal framework, of an effective market order, could have enabled to solve of the social issues of the 19th century. In 1936 Eucken,

Böhm and Grossmann-Dörth themselves, in the “Ordo” manifesto, stated that: “We seek to create an economic and social order ensuring, at the same time, the proper functioning of the economic activity as well as decent and humane living conditions. We are in favour of a competitive economy, since it allows to achieve these goals. And we can also say that this end cannot but be accomplished by this means. Competition is a means, and not an end in itself” (Böhm, Eucken and Grossman-Dörth, in Peacock and Willgerodt 1989, p. 15).

Thus, which are in synthesis the ideal features of the social market economy model?

the State must put clear rules in order to ensure equality between the various economic operators. Among these, we mention the control of concentrations of economic powers, in particular, endanger the middle class. Similarly, the State should defend and promote family savings and “self consumption”††.

Only if there is a clear failure of the market to function in a satisfactory competitive way, the State will assume the exercise of public enterprise or regulate those private, in a market consistent way.

Right prices and wages, as a result of a genuine competitive process, are the best protection against unemployment. The task of the State is only to prevent the “exploitative wages”.

Social policy should not consist merely in the sum of uncoordinated individual measures, but must ensure a true community of men. State responsibility is to create the conditions.

The economic system must be protected by constitutional rules which clearly fix the fundamental principles.

Anyway, in order to prove the adherence of this proposal to the current moment, we need to reach a deeper comprehension of such as argumentations, with the help of German economist Alfred Müller-Armack. In 1978, he published an interesting essay with an eloquent title: The Five Major Themes of Future Economic Policy (Forte and Felice 2012, p. 403). The article begins with the assumption that classical liberal democracy is a

†† Here is a clear reference to the small peasant property and the ownership of the factory workers of houses with small farms that allow them a certain degree of economic autonomy
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constitutive element of the economic model called the “social market economy” and therefore, that this model should be taken as the instrument of social and economic policy by which a truly freedom-oriented political system pursues its goals.

Müller-Armack identified five tasks and measured them against a basically freedom-oriented order, that of the Federal Republic of Germany, which had assumed the typical institutions of social market economy as instruments of economic policy:

i) First of all, such a freedom-oriented order would have to make clear that any attitude, more or less radical, which was contrary to the market economy, would have condemned it to a certain shipwreck. For Müller-Armack, it is nothing other than to plan the final outcome of such a wreck well in advance: through controlling investments, with the resulting brake on growth, promoting the expansion of the State, and finally with price controls.

ii) Secondly, a freedom-oriented system, established according to the principles of the social market economy, would have favored the full extent of mobilization of financial resources, through the instrument of the “tax credit”. The Müller-Armack proposal is such that vouchers would have the function to repay, with the payment of taxes by companies (for example in the payment of VAT), a certain percentage, say 10%, in tax credit, which, for example staggered over five years to five installments, can be spent by the taxpayer or by the person who has acquired such tax credit for subsequent years, with the payment of this or that tax of one's choice. Such a procedure, says Müller-Armack, would improve the companies' income situation, it would not change the revenues of the state today, but they would be greatly reduced in subsequent years. This seems possible and bearable if through such income support for companies, these are then given the possibility of increased investment and the economy as a whole is set in motion.

iii) The third task expected of a freedom-oriented system inspired by the model of social market economy, would be in reference to the “spiritual forces” that underlie the democratic experiment and the same market processes. Here Müller-Armack seems overwhelmed by certain pessimism and denounces the cultural and moral deficits that would have made it more difficult to understand how freedom, democracy and competition all depend, from a particular anthropological perspective, on one's ability to grasp the real. Müller-Armack denounces the loss of a general outlook that probed the depths of the structure of the market processes. Ultimately, he denounces the lack of accountability of those in the sphere of politics. According to Muller
Armack, absent from the public arena is the idea of competition and the constitution background which supports it. The social arena of the German Republic lacks the knowledge of the positive social and political effects of a free market and the idea that a free-market is compatible both with justice and raising the living conditions of the most disadvantaged. It is here that we can see one of the fundamental principles of German economic policy after World War II, one that is considered a cornerstone theory of social market economy. Today it is barely even criticized by those who see in the rigor imposed by the European institutions a reflection of the claim hegemony of German economic policy. In practice, it is the idea that a policy of monetary stability is the only basis, in the long run, for economic growth and greater employment. In as much as Müller-Armack avoids the temptation to offer a dogmatic interpretation of social market economy, he recognizes that there is however a theoretical core that acts as a pivot-point around which possible interpretations and different public policy recipes revolve. In practice, social market economy needs a public policy geared to integral and indivisible freedom, it is faithful to the principles of classical liberalism, combines the principle of free competition, it does not theorize any limitation of social guarantees in favor of freedom and vice versa. This model promotes economic growth, from which social benefits and many possible assurances spring: wages, pensions, annuities, and capital formation at the widest possible basis of the population.

iv) The fourth task that Müller-Armack assigns to a system inspired by the social market economy model is the establishment of a European order that reaches up to the establishment of a stable monetary order. Müller-Armack was aware that no monetary order would ever have been born if it had not been preceded by a progressive convergence of different parameters that serve as fundamental economic policies of individual countries. Even for a father of social market economy such as Müller-Armack, as long as different rates of inflation and different rates growth in individual countries existed, a single monetary order would never have been able to be born. The responsibility of each of the individual countries and the European institutions would have been that of creating the preconditions of an economic policy which would have favored financial stability, a balanced budget and long-term growth. In this context, the monetary order would be come to pass as the spontaneous result of a long process, perhaps an objective farther away than it was in reality, but certainly not impossible. From this point of view the model of the social market economy in the most
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radical way expresses the belief that only a “relatively stable” monetary order can be the basis for growth which is orderly and lasting. This is a fundamental prerequisite to ensure the best conditions for businesses, workers, consumers and the public administration.

v) Finally, the fifth task Müller-Armack assigns to a freedom-oriented system inspired by social market economy is to always seek tirelessly and creatively new institutional paths that may achieve the “social compromise” between liberty and justice, though always within the situation of the free market and to conform to it.

After thirty-six years, the economic policy agenda of a father of the social market economy such as Müller-Armack retains its value, a value that can be measured in terms of defense and promotion of the free institutions, of responsibility for future generations, and awareness about the distribution of income and the social function of the principle of competition. The market thrives on competition and dies in its absence, but the market in primis requires a culture that presupposes an arbitrator which defends it from unfaithful merchants, from the spirit of fraud and from abuse; it needs a mature and free political system that puts itself at the service of civil society, punishing and expelling anyone - including corporations and factions - which would try to subjugate it and turn it into a sad playground where the winners are always the same (and, of course, never the best).

From these considerations naturally descends another relevant aspect of the so-called model of Social Market Economy: the reflection on the relationship between ethics and economics. Alfred Müller-Armack, in his essay *The Moralist and the Economist: On the Question of the Humanization of the Economy* (Forte, Felice and Forte 2012, p. 279), takes on the possible dialogue between scholars of moral theories and economic scientists, suggesting the need for a synthesis that can respond to the conceptual needs of both.

In short, Müller-Armack does not theorize about the ethics of rigid disciplinary segregation, or even a vague interdisciplinarity, which are two “enemies” on the methodological front, from which the German economist will take quite a distance. That is to say, in terms of the relationship between ethics and economics, we can consider two main approaches: the first can be called “ethics of the addition” and a second, “ethics of substitution.” In the first case, one would not do anything other than juxtapose and add questions of deontology to the classic “arsenal” of the discipline one intended to moralize. In the second case, it is believed that the presence of a moral
element involves the reduction of that “arsenal,” inasmuch as ethics would be in contradiction with ordinary economic action.

Both approaches support the contention that the ethical prospective would be, respectively, either an accessory or a real alternative, with respect to the economic dimension. Ultimately, both share a notion of ethics as a set of rules and prohibitions, a deontological code of ethics which is a must, or should be useful to follow. On the other hand, Müller-Armack and, more generally, the perspective of the social market economy seems timely in proposing a “transdisciplinary” approach that neither juxtaposes nor replaces ethical questions with economic ones, confusing one with another in an impersonal way. Rather, they propose an approach to economic issues across disciplines, in their common object: homo agens. They also bind together the issues identified as relevant on the basis of a declared anthropological perspective - the ontological, methodological and moral centrality of the human person - and therefore propose that an ideal society is characterized by the principles of freedom and justice. In short, this method is able to grasp the mutual influence which each discipline can exert on the other, in relation to their common object: the person.

For this reason, the very idea of a social market economy has become the ideal perspective around which, in the aftermath of World War II, a group of social scientists found themselves organized. They belonged to the liberal circles who had opposed the rise of totalitarianism in Germany - the archenemy - which was implemented by politicians who believed that the post-war reconstruction would have to go through a “regeneration of the idea of competition,” until the humiliating moment of the centralized management of the economic processes. The search for a new “order” in the eyes of these intellectuals and politicians who set themselves the goal of putting into practice the theory of “Ordo”, resulted in an attempt to create a sort of competition through which the needs of the market economy could be reconciled with those of a general well-being.

Therefore, in order to be able to speak concretely of civil progress, it is necessary to compare this progress with the efficiency of our political institutions and economic relations (such as infrastructure, transportation, energy), as well as financial institutions that should ensure the optimal use of savings. All of this requires large sums of money that only a prosperous market economy is able to provide. In contrast, the economic scientist, entrepreneur and politician must think in a global and multidimensional way; they must demonstrate that they know how to take responsibility at various
levels in the face of the foreseeable consequences of their choices in political, economic and financial fields, and to react adequately in the face of still present unintended consequences. Economists, businessmen and politicians, even without denying the functionality of the economic laws that they are required to implement, can never neglect the moral perspective. Together with the moral experts they must always tend towards an institutional solution that can meet the demands of social justice, personal freedom and democratic formation of a political consensus.

However, even once this ethical foundations are established, we still have the problem of aligning political actions in accordance with the market, authentically participating in subsidiarity, and yet not a part of the welfare state. It is at this level of the discussion that interpretative problems and threats posed by enemies within the model begin, posing the risk of deviating from the soul of classical social market economy.

In his discussion of the political process, economist Alfred Müller-Armack's interpretation of “conformity to the market” offers the greatest possibilities but also the increased risk of enemy infiltration. According to Müller-Armack, subsidies of social policy (in the form of direct subsidies and those for rents and construction of housing) are in accordance with market. Between measures that are against the market and those in full compliance with the market, there remains in practice an intermediate level of measures yet to be reconciled with the market economy. Moreover, even those measures that he would define to be clearly not in accordance with the market would not necessarily represent a problem, since the market economy would be able to tolerate a large proportion of non-conforming measures without losing its nature. The interpretation of Müller-Armack is an evident internal obstacle to the model of social market economy that, over time, has exposed such an idea to considerable misunderstandings, and has sided with severe criticism. Finally, Röpke, who has proposed a narrower and stricter interpretation of the notion of market conformity, denies that the distorting effects of intervening in the market may depend on the amount of intervention. He considers the qualitative aspect of the intervention to be more detrimental than the quantitative aspect. This means that an intervention dissimilar to the market, even if minimal, would be able to destroy the free market, while an intervention compliant, although massive, would allow market processes to absorb it and to resume their course.

The scope and discretion with which, over time, the internal enemies have interpreted the principle of “compliant intervention in the market” is at the
base of a certain stigma that has affected the concept of a social market economy. In front of external enemies, this principle seems to be an “empty formula” to which anyone can appeal or behind which they can hide, in order to justify increasingly massive interventions that are prejudicial to the principle of free competition.

In contrast, interventions compliant to the market are those which, although changing preferences of the operators, do not alter the logic of the market: optimal allocation of scarce resources to alternative uses. The preferences change along with market conditions, and in practice, are reabsorbed by the new equilibrium. By contrast, a non-compliant intervention gives a misleading signal, whereby investors receive bad information that will cause them to act accordingly. Practically, in the latter case, the changed behavior does not follow the real market conditions. It rather corresponds to the impulses that have been at the base of a policy simulation founded on wished-for market activity, which in turn is based on partisan, lobbyist and corporatist interests that inevitably dwell in any society. In this case, the changes are not absorbed by market processes, but by subsequent and more massive doses of non-compliant interventionism.

In the most authentic view of the social market economy, the logic of the market offers a compass to navigate the maze of its processes. We could say, by analogy, it is like the light of the lighthouse which allows sailors to return to port. The compliant intervention, even though not necessarily recommended by the theorists of social market economy, actually moves the mouth of the harbor, but, unlike the non-compliant intervention, keeps the authentic signal-light and does allow the ships to crash on the rocks. On the contrary, the non-compliant intervention is such that it has the ability to turn off the lighthouse of the market and turn on the deceptive lights of particularistic opportunism dictated by political contingency; and it turns them in an inopportune direction for the ships.

5. A short conclusion

In short, the socio-economic constitution of Europe outlines a model of social market economy. According to that, public authorities have to promote a “smart, sustainable and inclusive growth”, and they have to implement a set of interventions conformable to the subsidiarity principle.
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Even here, if we would adopt a subsidiarian and relational view, we could find both theoretical and empirical evidence of our starting point. It stands to reason that the supply of essential services for individual subsistence could not be limited to a redistribution of economic resources; rather, it has to turn into a growth of that quality of life we quoted at the beginning of this work.

In other words, as Robert Kennedy suggested some decades ago, GNP is not enough. Only relations could keep societies united and cohesive through those agencies devoted to creating and promoting relational goods, as in primis the families, the associations of families, the third sector, even those companies engaged in paths of corporate responsibility. In this sense, and only in this sense, “private is public”, as the revolutionary slogan of ’68 stated. And Europe can be considered a relational good if it becomes the multiplier of our deeper ambitions and truer bonds, as citizens and as nations.

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