

Published on *National Catholic Reporter* (<https://www.ncronline.org>)

February 22, 2011 at 7:12am

Entitlements & Subsidiarity

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Distinctly Catholic

Last week, I wrote about how Social Security, Medicare and Medicaid were expressions of the Common Good, enacted with the support of the Catholic Bishops. Indeed, Msgr. John A. Ryan, the head of the Social Action Department of the bishops' conference, was instrumental in developing both the policies that came to be known as the New Deal and in garnering political support for the Roosevelt program. Politicians and policy makers may present arguments for dismantling these 'entitlement' programs, but those arguments will not be rooted in Catholic social teaching.

The funding of the entitlement programs is a very critical issue. As Congress and, to a lesser extent, the White House, take axes to the discretionary budget, it is important to remember that the real answer to our budgetary problems is to raise taxes, at least to the rates that existed on the day Ronald Reagan left office. But, with the current alignment of partisan power, no tax cuts are going to pass without a restructuring of benefits. Proposals to lower benefits or raise the retirement age are unthinkable for reasons I discussed last week. But, that does not necessarily mean the entitlement programs cannot be adjusted, especially Medicare and Medicaid.

There is another core principle of Catholic social teaching that might be useful as we look at how to preserve Medicare and Medicaid: Subsidiarity. Subsidiarity is a much misunderstood principle. It suggests that social problems be dealt with at the lowest level of social organization. Ideally, all human problems could be solved by the family, but medieval castles point to the long-felt need to protect the village. When the village cannot solve a problem, the state must intervene to solve it. Conservatives tend to invoke subsidiarity to oppose federal programs, like last year's health care bill, but subsidiarity acknowledges there are times when the government must intervene to solve problems that have not been solved by lower governmental, social or familiar actors.

The value of subsidiarity is not mere simplicity. It is that at lower levels of social organization, common efforts and purposes are seen in more immediately humane ways. Let me give an example. In my hometown, we are governed by the annual town meeting. Being contentious Yankees, we debate everything. There is always an especially large ruckus over the town budget. Zoning discussions get downright ugly. But one issue never causes any debate: When the fire department needs a new truck or a new ambulance, and we have to raise taxes to buy it, no one objects to the higher taxes. We know the men and women who come to our homes to bring our loved ones to the hospital, or who respond to car accidents, etc., and we sure want to know they will be at our homes if we need with the best equipment possible. If that means we have to pay an extra twenty or forty dollars twice a year, so be it.

One of the problems with entitlements is the rising cost of health care. If health care costs had risen at the same marginal degree to which the core rate of inflation has risen, we would not be having this discussion about entitlement reform. We will see whether or not last year's health care bill will bend the arc at which health care costs rise sufficiently to keep Medicare and Medicaid affordable. But, in the meantime, the Obama Administration should think about the fire department in my home town and treat the states as laboratories for cost-saving in both Medicare and Medicaid.

Medicaid is already a jointly managed federal-state program. Medicare is exclusively a federal program and it is a wildly popular program. So, if the federal government were to determine the amount of money it spends in each state on Medicare, and turn that money over to the states, allowing them to try different ways to save costs, trim bureaucracy, etc., we would all, after five years' time, have a sense of what worked and what didn't. Some states would have introduced innovative ways to extend coverage and care while keeping costs down. Other states would make a hash of the program. And when costs go up, local governors and mayors would have to raise taxes and you can bet every elderly person on Medicare would turn out to vote! But, would people resent raising their own taxes to save Medicare if they saw it was helping their neighbors? Conversely, would the Tea Party anti-taxers meet with success when they take on funding Medicare? And, if sending Medicare to the states to be administered turned out to be a disaster, the nation would still have learned something, and something important: Sometimes, it does take the federal government to manage a program like this.

Washington is not usually an imaginative place. But, before we buy into the conventional wisdom about rolling back benefits to pay for these entitlements, why not try some experiments at lowering the costs of the programs? Why not introduce a bit of federalism into the equation? Why not try and get the taxing authority closer to the actual people who benefit from those taxes? One of the ways to limit the persuasiveness of the anti-tax zealots is to propose reasonable alternatives to the problem of entitlement spending. Unless we find some good solutions, we will be stuck with a bad solution, such as a compromise that cuts benefits for and raises taxes on the middle and working classes.

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