

Chapter 19: Community Renewal Without Central Fantasy

"The best way to destroy the capitalist system is to blur the distinction between being pro-market and being pro-business."

— **Luigi Zingales**, *A Capitalism for the People* (2012)

The modern citizen is caught in a pincer movement. From one side, the market offers them the identity of the consumer: sovereign, entitled, and perpetually dissatisfied. From the other side, the state offers them the identity of the client: protected, managed, and perpetually dependent.

Both identities are lonely.

The consumer has transactions but no obligations. The client has rights but no responsibilities. Neither has a community.

This chapter addresses the final and perhaps most difficult challenge of the "unseen" economy: the collapse of the social infrastructure that lies between the individual and the state. We have spent this book discussing prices, incentives, institutions, and laws. But an economy does not float in a vacuum. It is embedded in a society. And a society cannot function if its only two mechanisms are the "buy button" and the "ballot box."

The "Central Fantasy" is the belief that the state can fill the void left by the erosion of community. It presumes that if neighbours no longer trust each other, a government bureau can harmonise them. It assumes that if the "little platoons" of civil society—families, churches, unions, clubs, mutual aid societies—wither away, the Department of Health and Human Services can effectively replace them.

This is false. The state can provide services. It cannot provide care. It can provide police. It cannot provide peace. It can provide checks. It cannot provide belonging.

To renew community, we must abandon the fantasy that it can be procured from the centre. We must return to the difficult, unglamorous, and essential work of rebuilding local institutions. And to do that, we must understand the economic toxicity of cronyism—the

confusion between being "pro-market" and "pro-business"—which has convinced millions that the game is rigged and that civic participation is a fool's errand.

I. The Hollow Middle: Where Civilisation Actually Happens

Political debate today is obsessed with the size of the state versus the freedom of the individual. This binary misses the most important layer: the middle.

Civil society is the zone of voluntary association. It is where we learn the habits of cooperation that make markets and democracy possible.

- In a market, we deal with customers.
- In a state, we deal with officials.
- In a community, we deal with neighbours.

The "middle institutions"—the bowling leagues Putnam lamented, the friendly societies, the rotary clubs, the local chapters—were not merely leisure activities. They were schools of self-governance. They taught people how to disagree without suing, how to pool resources without coercion, and how to solve problems without calling the police.

When these institutions collapse, the cost of living rises. As we explored in Chapter 9, trust functions as a lubricant. When it dries up, every interaction creates friction.

The Central Fantasy tries to grease this friction with bureaucracy. If parents cannot raise children, the state expands childcare. If neighbours won't watch the street, the state expands policing. If communities won't hire the young, the state expands training schemes.

The result is a crowding-out effect. The more the state does, the less the community needs to do—and the less it can do. The muscle of civic action atrophies from disuse. We end up with a society of atomised individuals connected only by the wires of the state utility.

II. The "Care" vs. "Service" Distinction

Why can't the state replace the community? Because the nature of the transaction is different.

The state provides services. Services are standardised, eligible, and procedural. If you meet the criteria, you get the check. The interaction is anonymous.

The community provides care. Care is particular, reciprocal, and relational. It knows who you are, not just what you are eligible for.

A government social worker can check on an elderly person to ensure they are alive. Only a neighbour can check on them to ensure they are not lonely.

This distinction matters economically. "Service" is expensive. It requires overhead, administration, compliance, and professional salaries. "Care" is often non-monetary or low-cost because it is built on reciprocity.

When we try to replace reciprocal care with professional service, we explode the cost of social maintenance. We try to purchase what used to be given. And because the budget is never infinite, the service is rationed.

The Central Fantasy promises universal care but delivers rationed bureaucracy.

III. The Zingales Insight: Pro-Market vs. Pro-Business

How does this relate to capitalism?

Luigi Zingales' distinction is vital here. The enemies of community are not just statist; they are often corporatists.

- **Pro-Market** means supporting the system of free competition, where entry is open, rules are fair, and failure is possible. This builds trust because outcomes are seen as legitimate.
- **Pro-Business** means supporting the profitability of existing firms, protecting them from competition, bailing them out, and rigging the rules in their favour. This destroys trust because outcomes are seen as corrupt.

When a society becomes "pro-business" rather than "pro-market," it creates a culture of cronyism. People see that the path to success is not serving the neighbour (the market test) but lobbying the official (the capture test).

This acid dissolves civic glue.

Why should I play by the rules if the elites don't? Why should I volunteer for my community if the system is rigged for the predators?

Crony capitalism produces a cynical citizenry. A cynical citizenry withdraws from public life. They stop joining. They stop trusting. They retreat into private spheres or angry populism.

Therefore, the restoration of community requires a ruthless attack on cronyism. We cannot ask the "little guy" to be civic-minded if he watches the "big guy" loot the treasury.

To be truly pro-community, one must be fiercely pro-competition.

IV. The Architecture of Alienation

We must also look at the physical and legal architecture we have built.

For sixty years, we have designed our cities and suburbs to maximize isolation.

- **Zoning laws** separated living from working and shopping, forcing every interaction to be mediated by a car.
- **Public spaces** were privatised or policed into sterility.
- **The "Third Place"**—the pub, the cafe, the park, the hall—was regulated out of existence or priced out of reach by real estate inflation.

We built environments that are efficient for moving vehicles but hostile to stopping people.

You cannot build a community at 40 miles per hour.

The "boring" reforms of Chapter 16 apply here. Community renewal requires:

1. **Mixed-use zoning:** Allowing the corner shop, the local workshop, and the cafe to exist within the neighbourhood.
2. **Walkability:** Designing streets where accidental meetings can happen.
3. **Third Place protection:** Tax policies and licensing laws that recognise the social value of local gathering spots, not just their commercial revenue.

If we want people to congregate, we must stop making it illegal or prohibitively expensive to do so.

V. Subsidiarity: The Anti-Central Principle

The operating principle for renewal is subsidiarity.

This concept, rooted in Catholic social teaching and classical liberalism, holds that matters ought to be handled by the smallest, lowest, or least centralised competent authority.

The state should not do what the county can do. The county should not do what the town can do. The town should not do what the family can do.

Why?

Because the feedback loops are tighter at the bottom.

- If a local school board makes a mistake, the parents are there in the room. The correction is fast.
- If a national Ministry of Education makes a mistake, the parents are a statistic. The correction takes a decade.

Subsidiarity forces agency back onto the community. It says: "This is your problem to solve."

That is frightening. It means we cannot just blame "them" in the capital. But it is also empowering. It restores the link between action and consequence.

The Central Fantasy is a war on subsidiarity. It seeks to upload every problem to the highest level, where it becomes an abstraction.

VI. Mutual Aid vs. The Welfare State

Before the rise of the modern welfare state, Western societies were thick with "friendly societies" and mutual aid associations. Workers pooled money to insure each other against sickness, unemployment, and death.

These were not charities. They were reciprocal insurance systems owned by their members.

Because the members owned the fund, they policed it. If someone malingered, their neighbours knew. If someone was genuinely sick, their neighbours visited. There was no bureaucracy because there was high information and high trust.

The welfare state nationalised these functions. It replaced the "lodge brother" with the caseworker.

We cannot simply unwind the 20th century. But we can create space for a 21st-century version of mutual aid.

Digital platforms reduce the coordination costs of small groups. We see this in crowdfunding for medical bills or local disaster relief. The instinct to help is there.

The policy goal should be to allow these mutual networks to stabilise and grow, rather than treating them as "unregulated insurance" to be stamped out. We should offer tax deductibility for contributions to local mutual aid funds, just as we do for large 501(c)(3) nonprofits. We should treat the "little platoon" as a valid legal entity.

VII. The Moral Hazard of "Too Big to Fail"

Returning to Zingales: the greatest solvent of community is the perception of a double standard.

When a local bank fails, it closes. When a giant bank fails, it gets a bailout.

When a local shop violates a rule, it gets a fine. When a giant conglomerate violates a rule, it negotiates a settlement.

This "pro-business" protectionism tells the citizen that responsibility is for the little people.

Community is built on shared vulnerability. If the powerful are immune from consequences, the social contract is broken.

Restoring the "risk of failure" to the corporate sector is not just an economic efficiency measure; it is a social cohesion measure. We need a capitalism where the rich can lose. Until we have that, we will not have a society where the poor feel the system is worth participating in.

VIII. Conclusion: The Invitation to Burden

The renewal of community is not a policy the government can implement. It is an invitation the government can stop blocking.

It requires a shift in mindset from "rights" to "duties."

A right is something you demand from others. A duty is something you give to others.

The Central Fantasy promised a world of rights without duties—a world where the state does the heavy lifting and we are free to amuse ourselves. That world is structurally insolvent and spiritually empty.

The alternative is not a utopia. It is a place where we accept the "burden" of our neighbours. We attend the meeting. We join the club. We watch the street. We take the risk of trusting.

It is less efficient than the fantasy. But it is real. And unlike the fantasy, it can last.

The Lesson Line

You cannot legislate a neighbour; you can only build a system where neighbours are needed, and where the game is fair enough to make showing up worth the risk.

