

## **The new libertarianism and Europe's search for a position**

*By Oliver Fiechter and Thomas Sasse.*

The geopolitical and economic order is characterised by an increasing polarisation between state-capitalist and libertarian models. While the USA is increasingly characterised by a new libertarianism that seeks to minimise state intervention in the economy and privatise social security to a large extent, Europe is looking for its own answer to the challenges of globalisation. The Trump movement, Silicon Valley and radical market liberals are propagating an economic system that regards the state as an obstacle and defames social responsibility as weakness. This new libertarianism is not only changing the economic landscape of the USA, but also influencing global financial markets and trade relations.

At the same time, state-capitalist models are emerging in Asia that use state-directed innovation and strategic economic planning as a means of achieving global competitiveness. In this field of tension between deregulated market liberalism and dirigiste state capitalism, Europe is faced with a fundamental decision: what role does it want to play in the new world order?

### **Europe's economic path between market liberalism and state capitalism**

Small and medium-sized enterprises (SMEs) make up 99% of all companies in the EU and form the backbone of the European economy. In contrast to manager-led large corporations, SMEs are often owner-managed and follow a fundamentally different logic. They are oriented towards the long term and do not rely on short-term profit maximisation for debt or equity investors. This sustainable outlook ensures their stability and innovative strength across generations.

One indicator of this difference is the capital markets: while the American and Asian stock markets are characterised by high trading activity, things are comparatively quieter in Germany. This is because German investors traditionally invest personally and for the long term, rather than speculating on short-term market movements. This deeply ingrained corporate culture strengthens economic stability and promotes sustainable value creation.

Europe cannot simply adopt the US or Asian models. Rather, it must find its own answer – one that preserves its economic strength, social stability and innovative power. This answer lies in a modern, liberal development of the social market economy. It combines economic dynamism with social responsibility, relies on fair competition and at the same time strengthens social cohesion. This model not only offers a clear alternative to the extremes of libertarianism and state capitalism, but could also be a global model for sustainable prosperity and stability.

### **The European alternative**

The European social market economy emerged after the Second World War. It is based on centuries-old traditions such as small and medium-sized business structures, a strong industrial base and dual vocational training systems. Despite regional differences, the model can be described by three main characteristics:

1. The state assumes comprehensive responsibility for the well-being of its citizens.
2. Social dialogue and industrial relations are institutionalised.
3. Redistribution policies reduce the inequality of income and wealth.

This model formed the basis for the economic reconstruction of Europe after the world wars. However, globalisation, geopolitical power shifts and disruptive technologies are presenting it with new challenges.

**A European approach to adapting to these changes includes the following elements:**

- **Mobilisation of capital for productive innovation** : Instead of letting capital flow into speculative financial products or short-term profit maximisation, Europe needs a mechanism for targeted financing of technological and social innovation. This financing must be free of traditional credit restrictions and geared to long-term value creation potential.
- **Economic resilience through a strong network of companies** : Instead of privileging a few large corporations, Europe should strengthen small and medium-sized companies that are characterised by technological excellence and a long-term strategy. A dynamic economic structure with companies that are globally competitive but have regional roots creates stability and the ability to adapt to future challenges.
- **Strategic alliances between companies and investors**: innovative financing models can be used to channel capital directly into growth companies and transformative industries. In this context, social and ecological impacts should be considered a measure of success alongside monetary returns.
- **New mechanisms for social participation and wealth distribution**: a social market economy is not just about redistribution, but also about the fair integration of all stakeholders in the value creation process. New models of employee participation, cooperatives and participatory corporate governance are crucial to combining economic dynamism with social justice.
- **Stakeholder value networks** : The European economy is traditionally based on the stakeholder value approach. Companies should not only maximise shareholder value, but also include customers, employees, suppliers and society. This idea was replaced in the 1980s by the US shareholder value doctrine, which was partly responsible for the financial crisis. Today, the stakeholder approach is returning, driven by the lessons learned from the crisis, digitalisation and network economics.
- **Systems-oriented management** – networked systems require new management approaches. While traditional MBA programmes adhere to shareholder thinking, modern corporate management is increasingly focusing on systems thinking and complexity research.
- **Hidden champions** : Central European SMEs remain strong globally. More than 1,500 companies in the DACH region alone are global or European market leaders. Their success model is based on:
  - Innovative strength and solution orientation
  - Customer value instead of short-term profit maximisation
  - Appreciative corporate culture

These principles reflect the humanistic tradition of Europe and could serve as a blueprint for a European world economic order of cooperation instead of unregulated competition.

**Libertarian capitalism as a geopolitical challenge** Europe must position itself strategically and actively incorporate its values into global economic structures in order to avoid being crushed between American libertarianism and Asian state capitalism. This includes an economic strategy that combines market principles with social responsibility and strikes a new balance between regulation and entrepreneurial freedom.

At the same time, Europe must align its economic and financial structures to enable innovation, facilitate investment in future technologies and increase economic resilience. This

\* OIKON Rechtsanwälte Steuerberater Baumann Sasse Werner + Partner mbB is a limited liability partnership registered in Munich, Germany, PR No.: 774

requires a stronger integration of capital markets, the development of independent technological infrastructures and a targeted industrial policy that strengthens small and medium-sized companies and strategic key industries.

At the geopolitical level, this means closer cooperation within Europe to maintain economic and political sovereignty. Through increased economic cooperation with like-minded partners, Europe can help shape trade and financial structures that are neither purely state-capitalist nor completely deregulated.

The European alternative offers a realistic alternative to existing economic models and creates stability in times of global uncertainty. It combines economic dynamism with social responsibility, innovative strength with stability and competitiveness with sustainability. This mix enables Europe to maintain its economic independence, ensure social cohesion and at the same time remain globally competitive.

---

**Contact:**

oikon LAW\*

Thomas Sasse  
Managing Partner

Denninger Str. 169 | D-81925 München | Germany  
Tel. [+49 89 23 23 736 0](tel:+498923237360)  
[mail@oikon.law](mailto:mail@oikon.law) | [www.oikon.law](http://www.oikon.law)

\* OIKON Rechtsanwälte Steuerberater Baumann Sasse Werner + Partner mbB  
is a limited liability partnership registered in Munich, Germany, PR No.: 774