

# Has neoliberalism eliminated liberalism?

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(Ed.) On 5 December 2023, as part of the “Liberal Institute Freedom Festival” in Zurich, the presentation of the “Röpke Prize” to Professor Suzette Sandoz took place.

In her speech which we document below, Suzette Sandoz asks whether neoliberalism has eliminated liberalism. Her answer is: “almost”. According to her, neoliberalism is an economic doctrine aimed at dominating the world, far away from the humanist philosophy of liberalism. Its consequence being that in a neoliberal system, the economy no longer serves mankind, as envisaged by classical liberal philosophy, but mankind serves the economy, as a resource to be exploited as much as possible, without having to worry about social aspects.

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October 1995: The excitement of the parliamentary election campaign is at its height. I have recently become aware that the kind liberalism for which I have been campaigning as a cantonal Vaud liberal politician for several years is being threatened by an insidious evil: neoliberalism. Day after day for weeks, even months, we have been reading in the Swiss French press about the harmful consequences of neoliberalism of which liberals are accused of being the originators and defenders.

Total confusion has arisen between two clearly different notions: liberalism, a humanist political philosophy, and neoliberalism, economic theory, and practice, deviating from liberal market economy. Already in 1995 and because of this confusion, this deviance was about elim-



Prof Dr Suzette Sandoz during her laureate speech at the award ceremony for the “Röpke Prize for Civil Society” by the Liberal Institute, Zurich. (Picture ma)

inating political liberalism. With the disappearance of the Liberal Party some ten years later, liberalism in Switzerland was eliminated – except in the canton of Basel-City.

How to explain this phenomenon? I would like to outline an answer by succinctly analysing what is meant by liberalism on the one hand, neoliberalism on the other, and by looking whether these two notions are compatible or incompatible.

## Liberalism, a political thinking

Politics is the art of shaping life in society. A political philosophy therefore seeking to ensure the best “management” of human beings living in a society, which implies two preconditions: an understanding of mankind as a human being, and an understanding of the society it lives in. A political thinking should be both humanistic and social.

Liberal political thinking is fundamentally humanistic, that is, built on the study and knowledge of the human being and interactions among them. These interactions address both private and public life. Liberal policy or liberalism is based on the respect for each human being because all human beings are equal despite – or rather “with” their differences.

Liberalism is a realistic political doctrine. It does not assume that mankind is naturally good, but also realises that it is not only “evil”. In addition, it determines that mankind is capable of being responsible. This ability is being developed

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through education and culture. This is a concomitant of freedom, that is, of the ability to face the risks of life, to assess them and to bear the consequences.

Liberalism assumes that a human being is born free, that means it is able to determine its life in the environment it is in. This freedom – which draws responsibility – is, along with accountability, a constituent element of human nature.

With this double recognition of freedom and responsibility, liberalism defends a humanism characterise by Christian influence. In addition, there is the notion of equality. It is also of deep Christian origin as it addresses the value of a person. It may not be mixed up with a purely arithmetic equality which is an economic, Marxist idea merely understood and assessed from a financial and materialistic perspective.

As a political thinking, liberalism is concerned about all areas of life, about everything that relates to human relations in society. The economy is part of that, and liberalism applies the same principles of voluntariness and responsibility to it. It stands for a capitalist economy, free market, and competition, but aware of its social responsibility. The economy is not a goal in itself, but a means of life in society.

Liberal political thinking encompasses the entirety of human life in society. It endeavours to prevent abuses and to promote the best development of qualities of everyone. However, here we are touching on a sensitive element of liberalism: the role of the state.

Contradictions exist between the requirements of individual freedom, the freedom of a group and freedom in society. It is the role of politics to try to reconcile these contradictions in the least “unfair” way. This reconciliation is the *raison d’être* of the state.

Liberalism does not reject the state. In view of human imperfections, it is regarded as a necessary evil. Without state organisation, a society is left to the arbitrariness of power, violence, and natural inequalities. The state must therefore ensure a certain amount of discipline and balance of forces within society as anarchy isn’t freedom but an opportunity for the strongest.

Yet, the state is represented by fallible humans, although being elected! These people are therefore always tempted to abuse their political power or to be “monopolised” for this purpose



*Prof Dr Suzette Sandoz and Olivier Kessler, Director of the Liberales Institut, at the award ceremony. (Picture ma)*

by groups of people. Liberalism is constantly striving for a political system that allows the state to mediate between members of the society without releasing people from their responsibility.

### **Liberalism defends democracy, national bodies, and federalism**

Democracy is a political system that is better (or less poorly?) able than many other systems, to strive for this desired balance between order and freedom. This obviously implies an agreement in society on fundamental values, values transmitted or taught through family, school, education, training, and culture.

Swiss-style direct or semi-direct democracy is a way of constantly checking the consensus between state rules and the mentality of the population. A “liquid” society as we have today, makes democratic play very difficult because changes can be abrupt and belligerent. Hence it is necessary to carefully teach the history and functioning of institutions at school. A country that is ignorant of its history can neither understand nor even intelligently use its best institutions.

As a side note, liberalism isn’t messianic. It defends the principle of national states not as bearers of a universal message, but as communities adapted to people, in which they feel “at home”, thus bringing peace.

Therefore, liberalism is not in favour of global governance because individual responsibility within a community that is too big and varied would be totally diluted. Global governance bases its authority on the standardisation of its “subjects”. In addition, central power is becoming too powerful.

If, within a national state, there are communities with very different cultures, liberalism is in favour of a federalist structure that can ensure respect for differences and the best guarantee against the excesses of power. In Switzerland therefore, liberalism is fundamentally federalist.

### **Let's speak about neoliberalism, this very abusive word in French-speaking Switzerland**

Neoliberalism is an economic doctrine. It does not eliminate the state but seeks to reduce it to a sort of minor part in relation to the economy.

If neoliberalism were a political doctrine, it would have to deal with much more than the economy. Here lies the core of the problem because neoliberalism only deals with the state in the context of the economy and regards people only from this aspect. However, this limitation has catastrophic consequences because the economy is totalitarian in nature and not democratic.

Democracy is a relatively slow political system, particularly when it is a direct or semi-direct democracy. First and foremost, it seeks a "consensus" through consultations, votes, etc., the balance of forces.

Whereas the economy often requires very quick decisions, a concentration of forces, and even secrecy. It's understandable because its interests are not the same as in politics. Commercial companies are indeed organised "democratically", but its power remains heavily concentrated in the hands of the board of directors. The bigger a company, the less "democratic" it is.

The advantage of SMEs is precisely in keeping almost "familial" or at least very "human" and even "local" dimensions. But the development of large markets and the necessity to "find a niche" in a globalised and very competitive world, fosters the expansion of companies to commercial companies within which decisions will increasingly escape its "members" and focus on a few key persons, while matters are getting more complicated between countries in which subsidiaries develop and grow etc.

The size and functioning of these diverse companies imply the existence of a central power that is all the stronger as the activities take place in countries with different cultures, traditions, and legislations. For huge organisations to function, you need a strict organisation with strong leaders, attracting "alpha" people thanks to competitive salaries. In short, it is the

spiral of dehumanisation, of finance for its own sake and of power.

Human nature rarely resists the lure of profit, nor the temptation to be the strongest and to exercise power. But the economy is about the power of money and dependency of consumers. With globalisation, all the ingredients are given to promote this human weakness. The economy becomes a goal and a means of power whose grandeur has no interest whatsoever at the national level.

The removal of borders, the standardisation of rules – independently of the human societies for which they should apply to – call for undisputed power at the international level.

National "citizens" are now only seen as consumers, subject to dependency on advertising. Released to the international arena, the economy becomes an end in itself, while, as long as it remains "national", it can retain its essential social role.

The globalised economy gives some of its captains a great deal of financial power, equal to or even greater than that of heads of state. How and why be bothered with human and social issues in this or that "national subsidiary" when dealing with the world's mightiest on equal terms? The focus is fixed on the economy, and one believes that it constitutes a political system granting legitimacy because it produces wealth.

And after all, citizens in all countries are simply consumers whose needs can be created thanks to advertising by globalisation and current technical means which, at times, are downright deceiving. The unfortunate mechanism is triggered. "Political thinking" is nothing more than oligarchic thinking in favour of the "economic giants".

There is no longer anything "liberal" in this global economy, but as it originally developed in democratic countries, the critics of liberal thinking are quick to qualify this dehumanised economy as "neoliberalism" even though it is not a political thinking. It is simply neo economics. But exactly with it a new danger is lurking.

More and more often, we hear voices pleading in favour of "global governance" in order – it is said – to better fight against abuses, to eliminate unjustified economic differences and unfair competition, to ensure a sort of global economic equality.

For "global governance", democracy is impossible. "Global governance" is obviously only

possible through a sort of alignment of minds and annihilation of critical thinking, which is perniciously ensured by the development of digitalisation. The increasingly implemented, galloping digitalisation promotes ostracism of the “resistant” part of the population. The “resisters” will undoubtedly quickly be ostracised from society and then monitored like the rest.

Good “global governance” promises to watch over everyone, relieving them of the humblest tasks and basic concerns and will keep out those who would use their critical mind to challenge official protective measures imposed, and defend the right to think and act as free, responsible citizens.

This neoliberalism wants to comfort the peoples, in exchange for their freedom and their responsibility, meaning, their dignity. And on top of that, a good dose of whining moralising to awaken a paralysing feeling of guilt and perhaps, the habit to do “good deeds”, by denouncing those who don’t stick to the rules.

### **Conclusion**

This neoliberalism claims to rule the world through the economy, the sole criterion of happiness. It reduces politics to economics, reduces

citizens to the rank of simple consumers, and states to the role of executors of surveillance rules.

This neoliberalism is no liberal economy because its supporters seek power, whereas the best players of a liberal economy based on liberalism have, in addition to an entrepreneurial spirit, also an idea of a service to the social community, to which they rightly can and want to assume “their corporate social responsibility”.

The title question is: “Has neoliberalism eliminated liberalism?” The answer is “almost”. This neoliberalism, which is the pure opposite of liberalism, wants to dominate the world: it puts mankind at the service of the economy and not the economy at the service of mankind. More than ever, we need a liberalism, this humanist and social political thinking which naturally entails a liberal economy and whose concerns are focused on a free and responsible human being. This liberalism can assume risks and wins over the patronising protectionism of “neoliberalism” at the behest of economy, technology, and reckless globalisation.

*Source: <https://www.libinst.ch/events/li-freiheitsfeier-2023-welcher-liberalismus-fuer-das-21-jahrhundert/>, 5 December 2023*

*(Translation “Swiss Standpoint”)*