

# Hayek against Neoliberalism

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**Abstract:** Neoliberalism has become the go-to culprit for a host of modern maladies, from rising inequality to democratic erosion. F. A. Hayek is frequently held up as one of its high priests, accused of promoting a brand of “market fundamentalism” that exalts economic efficiency while subordinating or even sabotaging political freedom. This paper challenges that reading. When read with care, Hayek’s work reveals no such devotion to markets as ends in themselves, but rather a deep concern with the conditions under which social order can emerge without centralised intelligent design. His commitment to spontaneous order, epistemic complexity, and institutional pluralism undermines the very logic of technocratic imposition, whether in the guise of the Washington Consensus or its more fashionable successors. The irony is hard to miss: critics who reject neoliberalism for its elitism often end up endorsing their own brand of top-down governance, just under different slogans. Far from being the problem, Hayek offers a framework for understanding why both neoliberalism and its critics so often reproduce the same authoritarian temptations they claim to oppose.

## INTRODUCTION

In contemporary discourse, neoliberalism is frequently blamed for various social ills, including inequality, financial crises, environmental degradation, crime, populism, and authoritarianism. The conventional wisdom posits that neoliberalism, pushed by figures like Milton Friedman and Friedrich Hayek, emerged in the 1980s and wreaked havoc globally. Critics aim to correct their “excessive hostility” to intervention, advocating for more active state-led direction, typically centred around ambitious industrial policy (see Mazzucato 2021a). Assessing these critiques is challenging due to the conceptual ambiguity and rhetorical looseness surrounding “neoliberalism” (see Vallier 2021 for a literature review). Critics from diverse fields, history, political theory, economics, and sociology, often attribute undefined or inconsistently applied values or consequences to neoliberalism.

Yet, one may detect a common denominator across these accounts, which is the presence of a brand of market fundamentalism at the root of various evils. Accordingly, there are three interrelated components associated with this critique of market fundamentalism and the alleged consequences of neoliberalism. They are as follows:<sup>1</sup>

1. **“Washington Consensus” policy package.** First, neoliberalism is understood as an economic doctrine fetishising market-based policies. A form of “unbridled” capitalism, it is championed by global organisations and involves “deregulation, privatization, and withdrawal of the state from many areas of social provision” (Harvey 2005, p. 3). This “harsh and individualistic neoliberal-

ism” rests on an “almost religious faith in the benefits of free markets” (Chandler 2023, ch. 6). Historically, this has allegedly been pushed in both Western nations by the likes of Reagan and Thatcher, and unceremoniously forced onto developing countries, usually under unsavoury conditions. The implication for critics is to embrace more egalitarian and state-led policymaking in various domains (see Cohen 2019, Collier 2024, and Besley et al. 2025 for examples).

2. **The *homo economicus* method.** Closely associated is the belief that this doctrine rests on an economic methodology centred around “*homo economicus*”, i.e. the rational utility-maximising individual. Francis Fukuyama (2022, ch. 3) laments that modern economics is “built around an assumption that human beings are ‘rational utility maximisers’” and are “typically greedy, individually selfish and smart”. This problem began when neoliberals expanded the concept of *homo economicus* to cover aspects “at one point considered separate from economic calculation: marriage, family, morality, education, even sports” (Gerstle 2022, p. 90). This neoclassical approach translated into a model of the market as approximating textbook conditions of perfect information and competition (Harvey 2005, p. 68; Blakey 2024, p. 9). Outside of the policymaking context, such a worldview gives rise to a pervasive ethos of profit-seeking across society; or a “narcissistic consumerism” (Harvey 2005, p. 41). Neoliberalism’s “economization” of life configures the human “always, only, and everywhere as *homo economicus*” (Brown 2015, p. 31). Naturally, this “crude individualism and the pursuit of self-interest” implies “little concern for the consequences this might have for family or community life” (Chandler 2023, ch. 3). Taken together, (1) and (2) may be categorised as “**market fundamentalism**”.
3. **Negative consequences, especially to democracy.** Market fundamentalism (1+2) is said to result in a range of deleterious outcomes, whether stagnant wages, massive inequality, or even the “devastation of rural and suburban regions” (Blakeley 2024; Cohen 2019; Brown 2019, p. 3). It serves to “justify the ecological destruction and inequality that blight our societies today” (Chandler 2023, ch. 1). Perhaps the biggest concern is the threat to democracy, since neoliberals prefer relying “upon undemocratic and unaccountable institutions (such as the Federal Reserve or the IMF) to make key decisions”, such that “what remains of representative democracy is overwhelmed, if not totally though legally corrupted by money power (Harvey 2005, pp. 69, 78). Neoliberals are suspicious of democracy, understood in terms of “governance by majority rule” (Harvey 2005, p. 66), thereby facilitating an “assault on the commitments to civic equality, public reason, and shared responsibility that are essential to a flourishing democracy (Cohen 2019, editor’s note, see Brown 2015 for similar thoughts). Alas, human rights are subordinated to the “imperatives of wealth accumulation” (Whyte 2019, p. 2).

While it is impossible to examine in the space of a single paper the broad range of claims that have been levelled, I examine specifically the charge of market fundamentalism and its negative association with democracy levelled against F. A. Hayek, one of neoliberalism’s supposed architects. In other words, to what extent may Hayek be viewed as a market fundamentalist, practitioner of *homo economicus* economics, and an enemy of democratic governance? This exercise is justified by Hayek’s central role in twentieth-century classical liberalism and the intensity of recent attacks on his work. Hayek is routinely accused of promoting a “market fundamentalism” that undermines democracy and liberty, portrayed as an “enemy of freedom” (Soltly 2024), and his vision of liberty framed as “freedom for the wolves”—a hollow concept legitimising new forms of domination (Stiglitz 2024b). Hayek is also allegedly the intellectual father of numerous “bastards” who have extended his ideas in toxic ways, like racism, genetic determinism, eugenics, and populism (Slobodian 2025). Such portrayals warrant scrutiny, especially given their traction around the 65th anniversary of *The Constitution of Liberty*, one of the most systematic liberal treatises in recent history.

In response to these criticisms, I show that far from endorsing market fundamentalism, Hayek's core insights precisely resist it. His emphasis on spontaneous order, epistemic complexity, and social pluralism vitiate the technocratic imposition of market arrangements characteristic of neoliberal governance. For Hayek, markets are defensible not for utilitarian economic efficiency, but because they emerge through evolutionary processes reflecting dispersed knowledge and decentralised adaptation. Markets are legitimate insofar as they arise organically from social practices, not as blueprints to be imposed. This has important implications: many real-world instances of authoritarian capitalism, rightly condemned by neoliberalism's critics, are incompatible with Hayek's vision. These regimes violate the principles of epistemic humility and institutional pluralism central to his worldview. Where pluralism is curtailed and experimentation foreclosed, control, not freedom, prevails.

The fundamental error in many criticisms of neoliberalism lies in reducing Hayek's ideas to a narrow concern with economic efficiency, detached from his broader commitment to social pluralism and institutional diversity. While some Chicago-school economists use a model-driven view of rational actors and efficient outcomes, Hayek and other Austrian political economists offer a different theory: how constitutionally ignorant individuals navigate evolving rules and norms. Since no single agent possesses the knowledge to coordinate society from above, liberty is sustained through institutional arrangements fostering decentralised experimentation—across markets, governance structures, and even culture itself. Thus, the Hayekian recommendation is not a dogmatic attachment to deregulation or markets per se, but a deeper commitment to liberal polycentrism: an open, pluralistic order where no single institutional form monopolises progress. Without trying to divine what Hayek “really meant” or to present him as flawless, this paper instead engages with deeper themes animating his political project: spontaneous order, epistemic complexity, and social pluralism, showing that they offer an overlooked but constructive lens to interrogate the trends of authoritarian capitalism that vex so many today.

Much has been said about Hayek's supposed nonchalance or even promotion of authoritarian capitalism. The focus by critics is on his remarks on Pinochet's Chile and his theory of “transitional dictatorship”, which seems to suggest a tolerance for non-democratic regimes (Harvey 2005, pp. 7-8; Brown 2019; Whyte 2019, ch. 4).<sup>2</sup> Classical liberals have also responded to this charge by invoking the Hayek-Friedman Hypothesis (HFH): capitalism being a necessary precondition for political freedom (see Lawson and Clark 2010; Benzecry et al. 2024). Using economic analysis, they show that market economies tend to be democratic, and interventionist ones, less so (see Bjornskov 2017). On this view, government expansion threatens liberty, not capitalism itself.

This paper takes a different approach that more readily acknowledges the concerns of neoliberalism's critics on authoritarian capitalism, but shows that eventually, these concerns may be assuaged within a Hayekian framework. Specifically, I focus on the history of developing nations, often neglected by traditional economic analyses. Fundamentally, Hayek and Friedman addressed Western liberal democracies, where political liberty's foundations are assumed. *The Road to Serfdom*, for instance, warned that preserving democracy required maintaining economic liberty. This is a conditional argument, dependent on prior liberal norms and institutions. Yet many of today's authoritarian capitalist regimes emerged in societies with no prior commitment to liberal democratic norms. These regimes seek economic gains from liberalisation without a corresponding commitment to liberal principles. In this sense, neoliberalism's critics are correct to observe a growing divergence between capitalism and democracy. As Slobodian (2022, p. 215) notes, “what we are seeing is not the union of capitalism and democracy but their increasing divergence—in Hong Kong and Singapore, London and Liechtenstein, Somalia and Dubai.”

I share this concern. Some classical liberals may have unintentionally provided cover for authoritarian capitalism by focusing too narrowly on economic freedom, neglecting the conditions for its meaningful and sustainable existence. When classical liberals highlight the abstract benefits of privatisation, deregulation, and low taxes, without addressing the institutional underpinnings of society, they risk reinforcing the suspicion that they are indifferent to authoritarianism. In such cases, neoliberalism's critics may be forgiven for concluding:

Libertarians' expressions of admiration for authoritarian Asian governments are more common all the time. In a conversation with a young Bitcoin guru who had just moved from Australia to Dubai to escape COVID lockdown, the president of the Mises Institute applauded the efficiency of places like the Emirates and Singapore. He took the lesson of the pandemic to be that freedoms were provisional everywhere and could be removed at a moment's notice. "In Singapore, things work. In Dubai, things work." he said (Slobodian 2022, p. 216).

Yet, neoliberalism's critics themselves throw the baby out with the bathwater. Hayek's anti-economistic social science methodology encourages researchers to conduct interdisciplinary explorations of liberal societies' foundations (or authoritarianism's origins in illiberal societies). This is especially needed because authoritarian capitalism is concentrated in the non-Western world (see Carney 2018; Som 2022) and requires liberals to appreciate unique cultures, social contexts, and histories in these places (see Cheang 2023). There is much potential for Hayek's liberalism, grounded in epistemic humility and social pluralism rather than economic efficiency, to address governance challenges in today's increasingly illiberal world.

This paper is structured as follows. The first section explores the criticism of market fundamentalism by neoliberalism's critics. Contrary to his critics, Hayek's position is not one "where property rights and consumer welfare are worshipped, and all aspects of state action and social solidarity denigrated" (Fukuyama 2022, p. 44), but a nuanced stance accepting a wide range of policy action within the ideal of the rule of law. Ironically, when critics see Hayek's theory as promoting a "regulation-free" market (Stiglitz 2024b), they adhere to an impoverished conception that simplistically conflates the absence of top-down regulation with the absence of rules per se. The second section focuses on development policy, where critics condemn the top-down imposition of Washington Consensus policies. I will show that Hayekian concerns with spontaneous order, epistemic complexity, and social pluralism also lead to scepticism of such external imposition, even domestically. Ironically, neoliberalism's critics resist external foreign intervention but do not similarly resist domestic intervention into private governance.

The third section focuses on the importance of social pluralism in Hayek's thought to evaluate charges of him being an anti-democrat. If democracy means only competitive elections, Hayek is not a democrat. But if one is concerned about individual liberty and the associational rights of democracy, then Hayek's political theory is a significant contribution. Authoritarian capitalism, a serious problem today, can thus be criticised on Hayekian grounds. Ironically, when critics condemn Hayek, they use an impoverished account of democracy reduced to mere competitive elections.

## NOT A MARKET FUNDAMENTALIST

A popular account of Rawlsian egalitarianism motivates its case on the notion that we live under the shadow of a (neoliberal) "outlook characterized by an almost religious faith in markets and an overriding focus on economic growth" (Chandler 2023, introduction). This expression, which so aptly captures the sentiments of neoliberalism's critics, suggests that neoliberals like Hayek advocated a "regulation-free" order to single-mindedly secure the efficiency of market-led growth (Stiglitz 2024a). Such portrayals overlook Hayek's prioritisation of *rule-governed coordination* under complex social conditions over any alleged "faith" in growth.

Central to Hayek's worldview is the knowledge problem, extending beyond policymakers' informational constraints. It is a deeper recognition of the radical (Knightian) uncertainty characterising all human interaction. In such an environment, individuals are not merely limited by bounded cognition; they operate in a world of distant strangers, embedded in institutions they do not fully control, and subject to unpredictable outcomes. Unlike small, face-to-face communities that humans once populated, modern life's complexity demands navigating systems far removed from personal experience. This condition is not chosen nor easily altered; it is a structural requirement of social distance, where individuals contend

with difference, contingency, and unpredictability. We may not always welcome this reality or agree on its implications, but it remains a defining feature of modern social life.

In a world of radical uncertainty, individuals rely on a framework of rules, norms, habits, values, and customs for decision-making and coordination. What economists call “institutions” function as cognitive and behavioural guideposts, enabling navigation despite limited information. The analogy to traffic systems is apt: just as a driver in sprawling landscapes depends on signals, laws, and intuitive habits, individuals in society rely on shared norms to guide action. These norms are not arbitrary, but represent evolved responses to recurrent coordination problems, offering functional stability where foresight is limited. On this view, the human mind operates not as a planning device but as a rule-following mechanism, processing inherited norms to function within complexity. As Hayek observed, the mind is “a system that constantly changes as a result of [man’s] endeavour to adapt himself to his surroundings,” and thus “cannot foresee its own advance” (Hayek 1960, pp. 23-24; see also Hayek 1952/2012; Vanberg 2017). The varied laws, rules and norms which extend from human action not only enable impersonal coordination but indeed constitute the very foundations of our present civilisation where we can fruitfully cooperate with those whom we know little about (Hayek 1960, p. 27; 1967, pp. 56-57, 1976, p. 11; 1983, pp. 44-57).

The rules that make society a “cooperative venture for mutual advantage” are cumulative products of dispersed knowledge and practical adaptation, refined across generations. They are shaped through the feedback loop between individual agency and shared structures (see Lewis 2014). In other words, individuals are shaped by their cultural, familial, and national environments, but also reshape them through innovation, dissent, and reform. This mutual interplay of constraint and creativity is what Hayek, along with Scottish Enlightenment figures, termed “spontaneous order”, i.e. self-organising processes where social phenomena dynamically evolve through undirected yet purposive individual actions (Hamowy 2005 for an overview). Spontaneous order, a constitutive principle of social life, helps explain institution formation, norm persistence or decay, and how preferences are generated and revised through lived experience. Ironically, the “endogenous preferences” approach in modern economics, heralded by Stiglitz (2024a) as novel, was already anticipated by this spontaneous order dynamic articulated earlier. In the end, the “overriding focus” for Hayek was not economic growth, but social cooperation in a world of complexity, which renders impossible the notion of a “regulation-free” order.

## SOCIETY AS IT IS, NOT THE IMAGINED ATOMISM

Critics of neoliberalism, who condemn modern economics as “built around an assumption that human beings are ‘rational utility maximisers’” and are “typically greedy, individually selfish and smart” (Fukuyama 2022, p. 40), or that “all individuals are perfectly rational and perfectly consistent in the choices they make” (Stiglitz 2024a, p. 147), cannot plausibly attribute such views to Hayek. These statements are contradicted by Hayek’s direct attack on this “false rationalistic psychology” and the “bogey of economic man,” a caricature used to conflate all market-oriented thinkers since Adam Smith (Hayek 1948/1958, ch. 1).

For Hayek, human behaviour falling short of Max-U is not a problem for markets but precisely their justification. Competition is valuable because fallible individuals must *discover* what they even want (Hayek 1978). The idea that profit-seeking is the summum bonum of human life is antithetical to Hayek’s vision. To navigate uncertainty, people rely on non-conscious rules, cultural norms, religious traditions, and inherited practices that *precede* economic calculation (Hayek 1960, pp. 25-29, 35; 1952/1979, pp. 149-150; 1979, p. 168). The benefits of exchange depend on these non-economic institutions, which generate stable expectations and social coordination. He did not, contrary to Stiglitz, “have an unfailingly dismal view of human nature,” nor did he arrive at “extreme views about individual selfishness” through “deep introspection,” which were then “generalised to everyone” (2024a, p. 19). Hayek’s liberalism has strong sociological grounding. If critics worry about economic imperialism, they would find in him an unlikely ally.

In an ironic twist, Hayek's focus on epistemology enriches our understanding of how social cooperation can be better achieved. Limiting analysis to mere incentives or motives is simplistic:

The real question, therefore, is not whether man is, or ought to be, guided by selfish motives but whether we can allow him to be guided in his actions by those immediate consequences which he can know and care for or whether he ought to be made to do what seems appropriate to somebody else who is supposed to possess a fuller comprehension of the significance of these actions to society as a whole (Hayek 1948/1958, p. 14).

In other words, given pervasive human uncertainty, the more interesting question is how even the most altruistic individual coordinates social endeavours with others who may have divergent interpretations of the common good. The case for market institutions is not that it rests on utility-maximisation, but that it facilitates the discovery, transmission, and communication of social knowledge about what is in the human community's interest and how best to serve it.

It is therefore seriously mistaken to depict Hayek as a champion of unbridled individualism. For instance, Daniel Chandler charges neoliberalism as a "harsh" ideology "grounded in an individualistic conception of human nature that fails to recognise the importance of family, community and religion in our lives" (2023, intro and ch. 6). Yet Hayek's entire theory of social order presupposes that individuals are embedded in overlapping networks of norms and practices. Individuals are not atoms floating in a void, but participants in traditions and institutions they both inhabit and reshape. A spontaneous order cannot emerge from disconnected agents; it depends on mutual interaction. Hayek's liberalism is better understood as an "embedded individualism", in the Scottish Enlightenment tradition, not the deracinated caricature offered by his critics.<sup>3</sup>

Nor does Hayek assume that spontaneous orders necessarily produce optimal outcomes. Stiglitz claims Hayek's theory rests "simply on the hope that evolutionary processes would yield desirable outcomes" (2024a, p. 35). But Hayek explicitly acknowledges that evolution may lead to dead ends, and since liberty entails creative destruction, some may become worse off. His point is that in a complex, changing world, liberty allows diverse individuals to adapt and fulfil their plans without requiring central coordination or agreement on ends. Moreover, the absence of a teleological endpoint does not negate the observable comparative success of liberal orders. Where liberty prevails, feedback mechanisms correct errors, and institutions evolve. Where top-down systems dominate, this capacity is stunted. As Hayek puts it, the case for liberty "does not rest on the foreseeable results in particular circumstances but on the belief that it will, on balance, release more forces for the good than for the bad" (Hayek, 1960, p. 31).

## MODEST PUBLIC POLICY

Hayek's approach to public policy is informed by the commitment to spontaneous order and adaptation under uncertainty described above. Contrary to critics who portray a "religious faith" in the benefits of free markets, Hayek arrived at his conclusions through a comparative analysis of the epistemic properties of alternative institutional arrangements (see Boettke 2018 for an explanation). That is, when we compare market capitalism against central planning, which was the central choice confronting most nations at the time of Hayek's life, we may observe the superiority of the former in coping with the local, dispersed and tacit nature of economic knowledge. Notably, the value of decentralisation extends even to contemporary cultural matters, where there is a similar uncertainty pertaining to debates on multiculturalism, dress policy, language, and religious customs (see Tebble 2016).

Hayek's focus on knowledge provides a unique *epistemic* defence of the liberal order. Central planning is not only inefficient, but politically dangerous because it licenses elitist rule on the part of planners who assume knowledge unavailable to them. While markets facilitate trial-and-error learning, central planning assumes no learning is required, with central actors claiming to know everything needed to "steer" the

economy. More seriously, it exercises domination over individuals, who are expected to fulfil, under penalty, “The Collective Purpose.” In contrast, healthy democracies typically feature a degree of fragmentation and contestation, which play the epistemic function of discovering better solutions in political contexts (Muller 2016; Cowen et al. 2025).

Neoliberalism’s critics, to be fair, do not advocate comprehensive central planning. Instead, they argue for greater regulation, intervention, and social redistribution within a broadly capitalist economy. Mixed economies of this sort are not technically incompatible with Hayek’s economics, provided policies are consistent with the rule of law ideal. The rule of law ideal, extensively developed in *The Constitution of Liberty*, consists of principles ensuring policies are general, predictable, and apply equally to everyone. It does not refer to mere legality or political authority commands, but a “meta-level doctrine” circumscribing the limits of coercion (Hayek 1960, p. 206). The generality and equal applicability of rules ensure individuals have broad agency without specific direction. Its predictability enables individuals to plan and interact, promoting social coordination and pluralism. Overall, adherence to the rule of law facilitates an environment where individuals are free to pursue goals, discover possibilities, and adapt to life’s changes without fear of arbitrary interference. The state, in this view, is what Oakeshott termed a “civil association,” as opposed to an “enterprise association” where a collective purpose is enshrined.

Accordingly, accounts depicting Hayek as advocating a “regulation-free” market are misguided, as if humans exist without regularities. Markets cannot be “regulation-free” any more than corporations, communities, neighbourhoods, or any other human association can function without rules of conduct. Hayekian liberals do not dismiss the need for some measure of deliberate legislation but argue that even where necessary, having multiple regulatory jurisdictions can enhance regulation’s benefits more than a single centre can achieve (a case in point is the United States’ federal system).<sup>4</sup>

The question for Hayek and liberals is therefore not whether “regulation” per se is desirable, but how it should be structured without compromising the rule of law. The case against an excess of top-down *legislation* is not that classical liberals have a religious fanaticism against regulation, but that it could potentially compromise the transparency, predictability, and equality of proper *law*.<sup>5</sup> Ironically, by viewing deliberate legislation as the only plausible governance tool, neoliberalism’s critics precisely undermine the very function of law: allowing people to form stable expectations of others and fruitfully cooperate.

Consider the growth of the modern administrative state, with its thousands of statutes and compliance requirements in jurisdictions like the United States and the European Union. The American administrative state has been charged with empowering bureaucrats with broad discretion to issue legislation, without traditional legal constraints, leading to inconsistent rule interpretation and application (Epstein 2020).<sup>6</sup> Individuals and businesses become subject to mandates they do not fully understand or are even aware of, with compliance becoming overwhelming due to volume and complexity. Instead of providing a clear and predictable legal framework, administrative regulations become tools of arbitrary enforcement, creating uncertainty and inhibiting private actors’ ability to plan and innovate. Classical liberals are not irrationally hostile to “regulation” but wish to defend the rule of law from arbitrary legislation.

Critics of neoliberalism often contend that Hayek’s ideas promote dangerous deregulation that empowers the strong at the expense of the vulnerable. In this account, neoliberalism strips away protective institutions, giving “freedom to the wolves, and death to the sheep” (Stiglitz 2024a, p. xvii). The exaltation of economic freedom, they argue, undermines political liberty and facilitates the rise of authoritarian populists. While Stiglitz is right to warn against the radical right, he misattributes the causes of its ascendancy. The authoritarian tendencies he rightly fears are entirely consistent with Hayek’s own concerns about discretionary power and the erosion of general rules. The Trump administration’s selective use of tariffs and corporate favouritism illustrates this danger. Such policies reward some groups while punishing others, compromising the neutrality that underpins a liberal democratic order (Triantidis and Cowen 2020). This same logic applies to state-led developmentalism in East Asia. Mission-oriented industrial policy in countries like Japan, South Korea, and Singapore relied heavily on bureaucratic discretion to direct capital, control information, and shape incentives. These regimes achieved economic growth, but

through authoritarian methods rarely acknowledged by critics of neoliberalism. If the concern is truly to protect the “sheep,” then bureaucratic mission direction, not “neoliberalism”, poses the more immediate threat (Cheang 2024b).

Accusations of “market fundamentalism” also overlook the institutional sophistication of Hayek’s theory. His emphasis on a general legal framework does not entail a rigid commitment to laissez-faire. Rather, it reflects a broader concern with the conditions for spontaneous order to emerge. Hayek recognises that markets do not operate in a vacuum; they require legal and regulatory frameworks that structure interaction, support innovation, and facilitate discovery. As he sets out in Part III of *The Constitution of Liberty*, a Hayekian framework allows for public goods, merit goods, and social insurance, provided such policies respect generality and the rule of law requirements. Social welfare is a case in point. Hayek did not oppose safety nets; he explicitly endorsed them for those outside market provision. Even expansive welfare policies may be compatible with Hayek’s principles, if implemented through stable, general, and transparent rules (Bergh 2019). The universal basic income (UBI) aligns well with these criteria. Unlike targeted or discretionary welfare schemes, UBI distributes benefits through a rule-based system that avoids political favouritism and aligns with Hayek’s normative framework. Moreover, UBI may serve as a tool of discovery, enabling individuals to experiment with new lifestyles, pursue entrepreneurial ventures, and achieve economic independence (Fleischer and Lehto 2023).

## THE ELITISM OF WASHINGTON CONSENSUS DEVELOPMENTALISM

As the previous section showed, Hayekian public policy accommodates a wide range of state action as long as it fulfils the rule of law requirements of generality, equality, and transparency. The problem with the modern administrative state is its increasing discretionary powers, which favour some groups over others. Unsurprisingly, such bureaucratic discretion contributes to rent-seeking and political capitalism, a serious problem in Western capitalism since the Great Financial Crisis.

Many problems critics attribute to neoliberalism are often, though not always, a reflection of political capitalism, where elite insiders enjoy protected interests and are insulated from creative destruction. American capitalism, especially from the Nixon era to the 2008 financial crisis, saw the rise of such rent-seeking cronyism. This period witnessed the rejection of sound money and fiscal discipline in favour of speculative finance, excessive government intervention, and corporate bailouts, all enriching a narrow elite at the expense of broad prosperity (Stockman 2013). Importantly, this corruption of capitalism was due to the actions of governments and central banks, which distorted market exchange and created “socialism for the rich,” especially in finance-related sectors (Sharma 2024). On a different continent, political capitalism has also plagued China’s post-communist reform. This entanglement of political and economic power involves massive exploitation of state resources and rent-seeking, exemplified by cases like Zhou Yongkang’s graft empire, which continued despite Xi Jinping’s “anti-corruption” facade (see Pei 2016).

That said, neoliberalism’s critics make a legitimate point when they criticise the Washington Consensus market reforms pushed onto poor countries by global development organisations. Especially from the 1980s, organisations like the International Monetary Fund and the World Bank recommended reforms including privatisation, liberalisation, deregulation, balanced budgets, and austerity, often bundled into “structural adjustment plans” conditioning aid on policy implementation. As critics point out, such reforms were imposed on developing nations during vulnerable crises, when they could not reject external pressure. This “disaster capitalism” undermines democracy because local populations are too weak to resist global neoliberal hegemony (Klein 2007).

Assessments of neoliberal market reforms must be proportionate. Over a broader time horizon, Washington Consensus policies yielded considerable economic gains, particularly in the developing world (Grier and Grier 2020). These reforms were crucial in steering many economies away from autarky and central planning, restoring basic market pricing and trade mechanisms. For much of Southeast Asia, this shift was a pragmatic response to devastation from ideological communist governance experiments. In

countries like Cambodia, Vietnam, Laos, and Myanmar, collectivisation, land nationalisation, and economic isolation led to a human catastrophe. In Cambodia, where the Khmer Rouge pursued forced urban evacuation and systematic mass killing, the results were so extreme that “even Hitler might be shamed by the poor performance of his killers” (Rummel 1994, ch. 9; see also Chandler D. P. 1991; Vu 2014). In the aftermath, economically liberal reforms were introduced. To the extent they restored basic economic sanity, they must be credited.

Yet, this account must be qualified. While these reforms often produced growth, they were typically implemented under authoritarian conditions, with little democratic input and few corresponding efforts to build inclusive institutions. The Russian transition is a well-known example, but similar patterns unfolded across Asia. In Indonesia, the Suharto regime oversaw rapid economic growth underpinned by market liberalisation. But reforms were nested within crony capitalism, built on elite patronage and concentrated power. Following Suharto’s fall, liberalisation continued in form but not substance. Regulatory capture, rent-seeking, and economic nationalism persist, preventing a genuinely inclusive political economy. The story in Cambodia is worse. Since the 1990s, market reforms, largely driven by international donors, have coincided with the entrenchment of a deeply illiberal regime. Economic growth has been real, and market mechanisms more widely used, but political and economic power remain tightly concentrated in the hands of the Cambodian People’s Party (CPP). Extractive institutions, weak rule of law, and systemic corruption have enabled elites to convert market reforms into tools of political consolidation. Foreign investment, especially from China, has been used not to liberalise governance, but to reinforce authoritarian control. In many developing nations, therefore, liberal market reforms are captured by entrenched interests, undermining the humane spirit of liberalism and perpetuating institutional stagnation.

How should such developments be evaluated? One approach focuses narrowly on economic freedom and aggregate welfare. But this risks legitimising regimes that, while adopting market reforms, retain coercive political structures. Singapore illustrates this dilemma. Often praised as a beacon of “economic freedom”, Singapore combines, in reality, pro-business economics with technocratic governance and strategic control over key sectors (Cheang and Lim 2023). Its political economy is marked by high state direction, with the ruling party maintaining dominance through calibrated interventions in civil society, media, and land ownership. While market exchange is encouraged, political liberalisation is tightly constrained. Singapore is not an outlier. It exemplifies a broader phenomenon of authoritarian capitalism where nations selectively adopt market instruments while rejecting liberal norms. This disjuncture between economic and political freedom, identified by many critics of neoliberalism, is real. But it should not be seen as a failure of Hayekian political economy. Rather, it highlights the danger of severing market reform from the moral commitment to individual rights that makes capitalism humane.

To be fair, many so-called “neoliberals” are aware of authoritarian dimensions in contemporary capitalist regimes. The issue lies less in their recognition of these tendencies and more in their analytical frame. Too often, economic freedom is treated as a standalone metric, abstracted from the political contexts where markets function. This leads to the problematic implication that an economy may be meaningfully “free” even within an authoritarian political order. The recent exchange between Cheang (2024a) and Murphy (2023) highlights problems when liberal narratives focus narrowly on economic indicators without attending to the broader institutional ecology. To the extent that “libertarians’ expressions of admiration for authoritarian Asian governments are more common all the time” (Slobodian 2022, p. 216), classical liberals need to reflect.

While neoliberalism’s critics are right to criticise the technocratic imposition of Washington Consensus policies, they ironically elide the similar concerns expressed by Hayekian liberals. Though correcting price distortions may be defensible in isolation, the imposition of such reforms reflects a technocratic mindset: policy experts, development economists, and international advisors attempting to engineer social change from above. The implicit assumption is that economic development can be planned by experts and delivered to populations by administrative fiat. This technocratic impulse shaped not only the Washington Consensus but development practice more broadly. Foreign aid programmes, for example,

are routinely designed by political elites in global institutions or donor governments, with scant regard for local knowledge, context, or values. These programmes are paternalistic, treating communities as passive recipients rather than agents capable of charting their own course. As Hayekian liberals have warned, such elite-driven development undermines the dignity of those it claims to empower (Easterly 2014; Cheang and Palmer 2023). Ironically, neoliberalism's critics unwittingly channel Hayekian warnings of constructive rationalism in their denunciations of Washington Consensus.

The irony is further compounded when examining the disjuncture between neoliberalism's critics' rejection of the elitist imposition of the Washington Consensus and their preference for activist states in domestic policy. Take Mariana Mazzucato, a chief critic of neoliberalism today. She has written that "something must replace the Washington Consensus if we are to flourish, rather than simply survive, on this planet" (2021b). Yet, she advocates replacing one consensus with another—a "Cornwall Consensus" driven by a mission-directed state—that she favours. Notably, this view envisions society operating cohesively around a common mission, with an ambitious state leading structural transformation. What seems like a radical critique ends up as old wine in a new bottle. Recently, some have also called for the replacement of the Washington Consensus with a new London Consensus (Besley et al. 2025). By contrast, rather than pushing any elite-driven *consensus*, a consistent application of Hayek's thought would lead one to embrace the *dissensus* of bottom-up social processes. All communities may choose their own modes of governance, without needing to cohere, agree or converge to some common "consensus", neoliberal or otherwise.

## THE PROBLEM OF AUTHORITARIANISM AND THE PLURALIST RESPONSE

This section further responds to charges that Hayekian neoliberalism undermines democracy, stemming from concerns over his rhetoric about dictatorial regimes and his ostensible elevation of economic liberties over political liberties. Here, my intention is not to defend Hayek's statements, reinterpret history, or divine his true intentions, but rather to build a critique of authoritarianism, especially contemporary authoritarian capitalism, on Hayekian grounds.

First, it should be emphasised that Hayek never idealised authoritarian dictatorship, despite statements legitimising it as a transition. In *The Constitution of Liberty*, he praised democracy's relative efficiency compared to dictatorships, its contribution to safeguarding individual liberty, and most importantly, its dynamic effects on "formation of opinion"—where democratic processes could improve social knowledge over time (Hayek 1960, pp. 107-109; 1979). The last point is especially important since he distanced himself from the epistocratic expectation that an educated elite could produce superior outcomes than democracy, which draws on wider knowledge inputs. In this sense, Hayek's arguments might be read with contemporary proposals for "epistemic democracy," even if he might object to the scope of state activity endorsed by some adherents.

Importantly, Hayek's scepticism of democracy was against its potentially "unlimited" nature that could undermine individual liberty. For him, a free society was not merely predicated on economic exchange, but grounded on a legal-political order that separates and checks powers, protects individual rights from majority tyranny, and codifies equal treatment under law. In this sense, Hayek was hardly unique. He echoed the Western tradition of liberal constitutionalism, including Montesquieu and the American framers, who stressed separation of powers rather than unfettered popular sovereignty (Hayek 1960, chaps. 11-12). Consequently, the fear of unbounded democracy has classical foundations: thinkers like Aristotle and Cicero stressed the law as a counterbalance against the rule of the mob and its accompanying tyranny (see Keane 2009). Hayek's position draws on long-running themes *within* democratic theory itself on the dangers of unbounded popular sovereignty.

When evaluating Hayek's statements on democracy and dictatorship, it is essential to separate theoretical expectations from reality. Much has been said about his controversial "transitional theory" of dictatorships, where he hoped a period of dictatorship would lead to subsequent political liberalisation. This is technically possible, but whether such a scenario plays out concerns complex issues of institutional

change that Hayek's normative writings cannot authoritatively address. How and whether an authoritarian dictatorship transitions to political democracy is subject to a serious knowledge problem given the contingency of political contestation from country to country during critical junctures, shaping subsequent institutional development in unexpected ways long after these time windows have closed. Taking Hayekian epistemic concerns seriously would mean institutional transitions—political (dictatorship to democracy or vice versa) or economic (socialism to capitalism or vice versa)—cannot be predicted in pace, sequence, or precise nature. Hayek would have been most consistent when fielding interviews on political transitions with “I don't know.”

A key consideration in evaluating the criticism of Hayek as an “anti-democrat” lies in understanding the tension between intellectual commitments and messy political realities. The controversy surrounding Hayek's interactions with Pinochet's Chile highlights navigating such terrain. Hayek's primary concern seemed to be economic progress spurred by market reforms, a stark departure from prior socialist policies (Caldwell and Montes 2014, see also Farrant and McPhail 2014 for a nuanced evaluation). Yet his failure to repudiate Pinochet's human rights abuses naturally opened him to the charge of legitimising “free-market authoritarianism.” While this perception is understandable, it oversimplifies the predicament intellectuals often face. Here's the problem: liberal change does not always proceed consistently across political and economic domains. Authoritarian leaders, like Pinochet, may implement market reforms (sincerely or opportunistically), but democratic leaders may also champion economically interventionist or quasi-socialist policies. Ideally, genuine political actors or parties would advance a comprehensive liberal programme. Javier Milei's “neoliberal policies,” for example, are genuinely liberal and find broad support. But in many cases, such options simply don't exist. This isn't an intellectual puzzle smart liberals can solve; it's a political reality. In these contexts, liberals face bad choices: support the least harmful option available or remain silent.

For Hayek, acknowledging the merits of market reform in Chile, independent of its political status, was not inherently wrong. Indeed, those reforms fostered economic recovery and growth, defensible on their terms.<sup>7</sup> The ethical dilemma, however, lies in how such acknowledgements could be framed as tacit approval of authoritarianism. Consider the Singapore case. Singapore's government has implemented policies yielding remarkable economic outcomes, even if grounded in a technocratic conceit. One can recognise these successes without endorsing the government's hubris and authoritarianism. Similarly, in nations like Cambodia, Laos, and Vietnam, market reforms pulled millions out of poverty after years of nightmarish socialist dysfunction, even though reforms were not always accompanied by inclusive political institutions.

In such situations, it is consistent to applaud economic progress while remaining dissatisfied with the broader political context. For intellectuals like Hayek, easy answers are rare. The tension between economic and political progress is a persistent reality, not a defect of classical liberalism. At the same time, state actors with specific agendas may seize intellectual arguments to legitimise their hegemony, further muddying the waters. Framing Hayek as an “anti-democrat” based on certain statements or omissions is understandable, but remains an overly reductive interpretation of a far more nuanced challenge.

## AUTHORITARIANISM AND THE NON-WESTERN WORLD

Some criticisms of Hayek have been unduly harsh, reflecting politics' inherent dilemmas rather than any fundamental flaw in his reasoning. However, I want to advance a different argument: authoritarian capitalism is, to some extent, a cultural challenge, one Hayek himself could not fully address due to his Western-centric perspective.

Hayek's primary concern was defending free societies from state interventionism, which he believed could erode their foundations. This underpins his argument that liberal democracy is incompatible with economic governance characterised by increasing state interference in private exchange. Notice the conditional nature of his argument: *if* a society wishes to preserve its valued political liberties, *then* it must

ensure robust market freedoms and property rights. He feared those controlling production means would inevitably gain power to undermine democracy itself. This thesis remains largely correct, as socialist dictatorships have shown.

The problem I highlight is that many non-Western societies do not necessarily share the assumption that living in a politically free society—with civil liberties, free speech, competitive elections, etc.—is highly valued. Hayek’s writings were primarily for a Western audience, like *The Road to Serfdom* readers, who already cherished political freedom but were tempted by economic planning. For Hayek, socialism represented “a break not only with the recent past but with the whole evolution of Western civilization” (Hayek 1944, p. 13). Similarly, the danger of unlimited democracy morphing into a vehicle for expanding state control was, in his view, “what has been threatening during the last two or three generations throughout the Western world” (Hayek 1960, p. 206).

Hayek’s work was deeply rooted in liberalism’s cultural heritage, reflecting a concern for Western civilisation’s preservation. His writings consistently emphasised this civilisational context (see Dekker 2019). He acknowledged that “the essential features of that individualism, from elements provided by Christianity and the philosophy of classical antiquity, was first fully developed during the Renaissance and has since grown and spread into what we know as Western European civilization—the respect for the individual man qua man” (Hayek 1944, p. 14). For Hayek, this individualist ethos “created Western civilization” (Hayek 1944, p. 20). In *The Constitution of Liberty*, he noted it had been “a long time since that ideal of freedom which inspired modern Western civilization and whose partial realization made possible the achievements of that civilization was effectively restated” (Hayek 1960, p. 1). He thus framed Part 2 of that work as “an examination of the institutions that Western man has developed to secure individual liberty” (Hayek 1960, p. 5).

But here’s the challenge: many non-Western societies have not been steeped in this “individualist tradition” and do not prize political liberty the same way. In such contexts, offering a roadmap for “the preservation of political liberty” may be irrelevant, assuming a need or desire that isn’t there. This might explain the tendency of many non-Western nations to embrace economic liberalisation while remaining committed to closed political systems. These societies seek material prosperity from markets but remain indifferent, even resistant, to the liberal values historically associated with those markets. For them, Hayek’s thesis that free markets are essential to preserving political liberty has little resonance, as political liberty’s preservation is not their chief aim. As a result, economic liberalisation is often treated as a mere expedient for wealth generation, detached from the broader ideals of political freedom and individual liberty Hayek rightly associated with Western civilisation.

Indeed, outside the Western world, we increasingly witness authoritarian regimes seeking capitalism’s benefits but resisting its liberal spirit. Singapore and China come to mind, and more so than Pinochet’s Chile, seem to harness market freedoms within a closed political order. In such contexts, the idea that “market freedoms are necessary for political liberty” is correct but irrelevant, because people in these societies simply do not start with the same cultural assumption of political liberty’s value. Numerous cultural surveys and analyses—including those by the present author—show that residents in much of the non-Western world value authoritarian regimes, meritocratic governance involving elitist paternalism, or mixed regimes that somewhat insulate decision-making from popular will (Huntington 1996; Shin and Kim 2016; Cheang 2026). This is not to say such residents love dictatorships; certainly, we have seen popular resistance and democratisation movements, but political liberty is often one of many other valued ends, rather than something especially prized as in Western political consciousness. Additionally, even the “democracies” such nations establish are intermixed with illiberal, non-liberal, or traditional social practices. Therefore, my contention is not that Hayek “undermined democracy,” but that his emphasis on economic freedom falls on the ears of those who believe they either already have enough of it, or that they can combine it with illiberal politics.

As such, if the aim is to advance the liberal agenda, the emphasis cannot be economic freedoms per se, but *the moral, legal, and cultural value of the individualist ethic*. This is not to say economic freedom

is no longer valuable, but that it is only part of the wider liberal programme summed up by the idea that “each individual has values of his own which he is entitled to follow” (Hayek 1960, p. 79), even if those values involve non-economic aims or even economic regress. Interestingly, Hayek’s methodology is more amenable to such a moral defence of the liberal order than the positivism of neoclassical liberals (like Friedman), which is obsessively concerned with measurable economic benefits. Adam Smith’s liberal plan was not GDP, profits, and utility maximisation, but rather “equality, liberty, and justice,” that “allows every man to pursue his own interest his own way” (1776/1977, p. 881). It is this humane face of liberalism, rather than economic analyses, that should be front and centre of any reform agenda (see McCloskey 2019 for an exemplar).

Let’s take the specific case of Singapore, which Quinn Slobodian (2022) dedicates an entire chapter to. He explains that neoliberals have foolishly praised libertarianism in the nation when it was a state-led project. Singapore is also a “hero in the pantheon of crack-up capitalism,” which in reality has a darker face: inequality, stratification, democratic stagnation (see ch. 3). He is not wrong. Yet, he fails to recognise that these very problems he raises flow not from “neoliberalism,” but from an obsession with technocratic social engineering of the sort Hayek warned against (see Cheang 2022; Cheang and Choy 2021; Cheang 2026). No matter how much economic growth a nation has achieved, or how high its rankings on “economic freedom” indices, it is subject to liberal critique if it suppresses the individual.

## CHALLENGING AUTHORITARIANISM THROUGH SPONTANEOUS ORDER

We can now reflect on how best to challenge authoritarianism. Democracy is not merely, as Schumpeter described it, the existence of competitive elections; it also encompasses various features that together constitute what Dahl (1998) terms a “polyarchy.” Among these is “associational autonomy,” the principle that “citizens have the right to form relatively independent associations or organisations in order to exercise their rights” (Dahl 1998, pp. 85-86). Associational autonomy is critical for securing civil liberties, freedom of expression, electoral freedoms, and other democratic safeguards, particularly in societies characterised by heterogeneous and diverse values. By emphasising pluralism, we can improve democracy’s operations through mechanisms like power sharing (as in consociational democracy), devolution, and political compromise among diverse political groups. Institutionally, pluralism invites us to embrace a polycentric form of governance where political authority is divided rather than concentrated (Thunder and Paniagua 2024; Cheang 2025). In this sense, what critic of neoliberalism Quinn Slobodian (2022) unceremoniously described as “crack-up capitalism” is simply to take seriously institutional and social diversity.

In this context, Hayek’s theory of spontaneous order is invaluable because it emphasises the undesignated dynamics of social interaction, where individuals and groups freely come together to pursue mutual interests, without anyone dictating their goals or outcomes. These bottom-up processes energise civil society, vital to any thriving democracy. Here, Alexis de Tocqueville’s insights naturally complement Hayek’s. Tocqueville recognised that democracy’s real value lies not in its formal institutions but in its vibrant associational life. Such voluntary associations are democratic training grounds, where citizens develop habits of cooperation, mutual trust, and shared responsibility. Hayek and Tocqueville remind us that a healthy democracy’s heart is not in state direction or even in collective deliberations but in self-organising networks of civic engagement, spaces where associational freedoms cultivate democratic virtues.

A difficult challenge for the liberal pluralist is the presence of groups whose values threaten social order or are fundamentally intolerant. As explained, this is especially common in the non-Western world, and possibly amongst certain peoples moving into the West. If pluralism means respecting diverse views, does that mean liberals should “do nothing” in the face of illiberal values—values rejecting liberty, individualism, and mutual toleration? <sup>8</sup> This is a challenge not just for defenders of the open society like Popper and Hayek, but a practical dilemma for liberal reformers today, particularly in non-Western nations where illiberal values are often entrenched.

From the perspective of indigenous reformers confronting authoritarianism, there is a way forward: through the creative forces of spontaneous order. While Hayek rightly emphasised evolutionary wisdom in traditions, one may also lean into how all traditions can and should be subject to ethical creative destruction. Spontaneous order doesn't just preserve traditions; it destabilises and reshapes them, subjecting even entrenched norms to contestation and reinvention. For people in illiberal societies, this is a vital tool for gradually fostering broader acceptance of values like individual freedom, pluralism, and the rule of law—values Hayek rightly associated with the Western tradition but which must be adapted and grown from within. Cultural entrepreneurs need to rise to the occasion, as they have in places like Iran, Russia, Hong Kong, and many more. Hayek's respect for traditions is not absolute, but contingent “on the direction of existing tendencies” (Hayek 1960, p. 399). For much of the world, which still exists in the pre-Enlightenment stage of development, many of the existing traditions are manifestly hostile to liberty and should be challenged. This is why, “what is most urgently needed in most parts of the world is a thorough sweeping away of the obstacles to free growth” (Hayek 1960, p. 399).

At the global level, however, liberal pluralism requires caution in public policy. Authoritarian regimes and illiberal cultures cannot be easily “fixed” from the outside. History shows such efforts are fraught with difficulties, whether due to elite capture, historical path dependence, or the absence of genuine liberal movements. A pragmatic response is to envision a sea of toleration including even authoritarian states, a “liberal archipelago” (Kukathas 2003). This doesn't endorse authoritarianism or illiberal values but recognises the limits of external intervention. Liberal orders need to be created from *within* a society's cultural resources, and liberal change instigated by homegrown movements (Cheang and Palmer 2023). At the same time, the most potent instrument Western nations (who have successfully transitioned to open access orders) can “wield” in a world of authoritarian states is an open door. Free movement is not only a cornerstone of the liberal order; it also circumvents difficulties associated with conventional institutional change. It allows people to escape authoritarian societies and carve out their own small worlds aligning with their values—what Slobodian denigrates as a “crack-up” world.<sup>9</sup> In a world of free movement, authoritarian leaders lose hegemony over their subjects, the very targets of their coercion.

## CONCLUSION

Critics of neoliberalism often caricature Hayek as the prophet of “market fundamentalism,” championing the worship of deregulation and economic efficiency. Yet, as this paper has demonstrated, a proper understanding of Hayek's work reveals a sociologically grounded account of the inescapably rule-governed nature of human affairs. Far from advocating a “regulation-free” world as Joseph Stiglitz suggested, Hayek recognised that rules are essential for social order—he simply rejected the hubristic belief that these rules must always be the product of deliberate legislation. Ironically, in their rush to castigate neoliberalism, these critics commit a fundamentalism of their own, a “government fundamentalism”. They cling to the dogma that deliberate legislation is the *only* source of social order, oblivious to the very Hayekian insight they unwittingly deploy: that attempts to impose sweeping reforms from the top down often fail due to ignorance of local knowledge and the complex nature of social systems.

Their critique of the Washington Consensus is a case in point. While they attack it as an elite-driven project, they ignore that many of their own alternatives rely on similarly paternalistic, technocratic impositions. To their credit, the Washington Consensus did help some nations escape economic extremes, but its failure lay in violating Hayekian principles: it ignored bottom-up dynamics of spontaneous order and treated developing nations as blank slates for foreign expertise. It was not Washington Consensus' emphasis on markets that “failed”, but its failure to consider Hayekian warnings of technocratic design, whether driven by governments or global elites.

The legitimate concern with authoritarian capitalism, highlighted by neoliberalism's critics, deserves scrutiny. As this paper has shown, tackling this issue requires moving beyond a Western-centric lens. The persistence of illiberal traditions in the non-Western world demands indigenous cultural entrepreneurs

who can challenge entrenched values and foster broad-based support for liberal governance. But this process must emerge organically, through spontaneous processes, rather than directives from outside actors presuming to know better. Fortunately, they may draw inspiration from Hayek's *Constitution of Liberty* and indeed the wider tradition of liberal constitutionalism that preceded and succeeded him. At a meta-level, however, toleration of political diversity, including authoritarian regimes, is warranted. This is not a justification of the status quo, but a recognition of conventional institutional change's difficulty, and a principled stance for open havens for those fleeing oppression.

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## NOTES

- 1 These categories are not mutually exclusive, as some critics straddle across all three, and some less. It is possible for instance to be an advocate of market-oriented policies without subscribing to the tenets of neoclassical economics.
- 2 Many critics of “neoliberalism” have themselves praised authoritarian regimes. Joseph Stiglitz and his favourable remarks on Venezuelan dictator Hugo Chavez is a case in point (Epstein 2018). Another similar instance is Jostein Hague and his favourable remarks of China (see Adam Smith’s Panmure House 2025). Should they also be condemned?
- 3 To better understand what I call the “embedded individualism” of Hayek’s thought, refer to the following: Steven Horwitz (2001, pp. 81-97); Chandran Kukathas (1989, pp. 84-129). The chapter “Individualism: True and False” is also central (Hayek 1948/1958). That said, other brands of classical liberalism may not be as nuanced.
- 4 The *polycentric* nature of such a federal system mirrors the market in that it provides competition in governance.
- 5 This important distinction is explored by Hayek in *Law, Legislation and Liberty*. Hayek as a philosopher of law is discussed in Skoble (2006, pp. 171-81).
- 6 Regulatory burdens may even be heavier in the EU, where businesses are more likely to report regulatory obstacles as burdens to them. See Statista (2023) and Myers (2024).
- 7 Evidence suggests that in Latin America, where market reforms were actually and genuinely implemented, there were positive outcomes (see Goldfajn et al. 2021).
- 8 There is no reason why a liberal order cannot formulate sensible rules on migrants. Free migration is also compatible with targeted procedural rules that ensure newcomers respect basic norms and rules.
- 9 While we cannot predetermine people’s choices, there is hope that if given the chance, they often choose to live in civilisation. As Hayek (1988, ch. 8) described, “the readiness with which ordinary people of the Third World—as opposed to Western-educated intellectuals—appear to embrace the opportunities offered them by the extended order, even if it means inhabiting for a time shanty towns at the periphery, complements evidence regarding the reactions of European peasants to the introduction of urban capitalism, indicating that people will usually choose civilisation if they have the choice”.