I. INTRODUCTION

Neoliberalism is a nebulous term. Left largely undefined and used primarily as a pejorative, it has come to explain everything from the current global order to the rise of reality television. While the term has few self-identified supporters who could lay out a coherent framework, critics are nonetheless consistent in their identification of scholars and policies which supposedly represent the neoliberal worldview. One scholar frequently discussed in connection to neoliberalism is Friedrich Hayek; one set of policies is the Washington Consensus. The purpose of this chapter is to discuss the relevance of Hayek’s ideas to the debate over neoliberalism and the Washington Consensus.

Our primary concern is not whether Hayek should be classified as a neoliberal. Nor is it to discuss the merits or weaknesses of neoliberal policy reform. Instead, our goal is to demonstrate how Hayek’s actual, nuanced ideas are more relevant to the academic debate over the Washington Consensus than is his irreverent appointment as an intellectual figurehead for the imposition of

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1 Pirie (2017: 1) responds to the idea that “no-one claims to be a neoliberal” by stating, “This is no longer true. The Adam Smith Institute, which formerly described itself as ‘a libertarian, free-market think tank,’ now calls itself ‘a neoliberal, free market think tank.’”
market fundamentalism. Despite his unquestioned support of markets, Hayekian ideas can be found in the primary arguments offered by economists against neoliberal policies. We identify Hayek’s idea of “planning for competition” in Joseph Stiglitz’s (1999) argument against the Washington Consensus and Hayek’s anti-constructivism in Dani Rodrik’s critique (2002; 2006).

The debate over the Washington Consensus contains not only the important question of what is required to promote growth and well-being, but the equally important question of how to achieve it. Hayek’s ideas resonate on both fronts.

II. NEOLIBERALISM

The term neoliberalism has become prevalent in recent years where it has been applied to an increasing range and number of phenomena.\(^2\) However, while the term is “oft-invoked”, it remains “ill-defined” (Mudge 2008:703). Boas and Gans-Morse (2009), for example, find that 69% of the articles in their sample which used the term did not provide a definition.\(^3\) The implicit definition the term does have stems from its use by critics who negatively relate it to “a radical form of market fundamentalism with which no one wants to be associated” (Boas and Gans-Morse 2009: 138). Only 3% of the articles in their study used “neoliberalism” in a positive manner. The consistent lack of a definition and negative connotation led Boas and Gans-Morse (2009: 156) to conclude that “neoliberalism has become a conceptual trash heap capable of accommodating multiple distasteful phenomena without much argument as to whether one or the other component really belongs.”\(^4\)

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\(^2\) For example, a ProQuest search for “neoliberalism” from 2008 to 2018 shows a 1550% increase from the term’s usage between 1989 and 1999 (Rodgers 2018; see also Boas and Gans-Morse 2009 and Venugopal 2015).

\(^3\) Their study includes 148 articles from top comparative politics, development, and Latin American studies journals between 1990 and 2004.

\(^4\) See Nonini (2008), Thorsen (2010), and Laidlaw (in Eriksen et al. 2015) for similar conclusions on the emptiness of the term.
Despite persistent abuse of the term, there are attempts to provide coherence.\(^5\) The predominant approach, as alluded to above, is to equate neoliberalism with market fundamentalism or as a synonym for “unfettered capitalism and economic imperialism” (Biebricher 2015: 256). An alternative approach is to provide a historical account of the term’s usage and the scholars who have been associated with it (Mirowski and Plehwe 2009; Davies 2014). Hayek is weaved in throughout both narratives. The problem with these two approaches is that the ideas which encapsulate one version of neoliberalism can be used to argue against the policies associated with the alternative version. Additionally, neoliberal scholars can, at the same time, hold ideas which run counter to both versions. These two issues put the discussion surrounding Hayek and neoliberalism off to a confusing start.

II.1 NEOLIBERALISM AS MARKET FUNDAMENTALISM

Neoliberalism-as-market-fundamentalism holds the fundamental belief in the superiority of market competition (Mudge 2008: 706; see also Harvey 2005: 3). Neoliberal policies are thus those which seek to maximize the reach of markets by minimizing the role of the state through extreme versions of privatization, liberalization, deregulation, austerity, and tax cuts (Connell and Dados 2014: 117). As such, neoliberals are considered to favor business and be “indifferent toward poverty, social deracination, cultural decimation, long term resource depletion and environmental destruction” (Brown 2003: 1). Sang Ben and Van der Horst (1992: 368), in fact, suggest that neoliberals are “antiliberal” due to their willingness to “sacrifice social welfare” for “economy first” policies.

\(^5\)There are many such attempts. We limit our investigation to the two where Hayek is most frequently discussed. See flew (2014) for different conceptions of neoliberalism.
The market-fundamentalist conception of neoliberalism is also associated with imperialism, with Pinochet’s Chile being the textbook example of neoliberal reform (see Fischer 2009; Sheppard and Leitner 2010; Dean 2012; Gilbert 2013). Boas and Gans-Morse (2009: 139) note how neoliberalism only acquired its negative connotation after being used by Chilean intellectuals to refer to the reforms under Pinochet. More recently, the term has become associated with the imposition of free-market reforms through less flagrant efforts than those used in Chile, with the Washington Consensus, the IMF, and the World Bank taking the brunt of the criticism. Harvey (2005: 29), for example, claims that through debt rescheduling, which “required” indebted countries to implement reforms, the IMF and the World Bank propagated and enforced market fundamentalism and neoliberalism. Similarly, Rodrik (2006: 974) relates how the reform agenda is perceived by critics “as an overtly ideological effort to impose ‘neoliberalism’ and ‘market fundamentalism’ on developing nations.”

Many of the critics who associate neoliberalism with the imposition of market fundamentalism reference Hayek and members of the Mont Pèlerin Society (MPS), primarily those of the Chicago School, as foundational to the approach (Klein 2007; Fischer 2009).

II.2 NEOLIBERALISM AS ORDOLIBERALISM

The historical approach to understanding neoliberalism also centers around Hayek and members of the MPS, only with greater reference to the German Ordoliberals (Mirowski and Plehwe 2009; Dean 2012; Connell and Dados 2014; Flew 2014). This approach originates neoliberalism with the 1938 Walter Lippmann Colloquium, a precursor to the MPS, where the term was coined (Henry 2010; Rodrigues 2012). Liberal scholars, including Hayek, Wilhelm Röpke, and Ludwig von Mises, gathered at the Colloquium to discuss a “new liberalism” ready to take on the perceived
failure of liberal policies following World War I and the Great Depression (Henry 2010; Rodrigues 2012; Gilbert 2013).  

Louis Rougier (1938: 13), the organizer of the Colloquium, opened the conference with the proposition that liberals should abandon the laissez-faire doctrine. Hayek ([1947]1992: 237) expressed a similar sentiment at the first MPS meeting in 1947:

>This task [of reviving liberalism] involves both purging traditional liberal theory of certain accidental accretions … and also facing up to some real problems which an over-simplified liberalism has shirked or which have become apparent only since it has turned into a somewhat stationary and rigid creed. … The old liberal … is not of much use for our purpose. What we need are people who have faced the arguments from the other side, who have struggled with them and fought themselves through to a position from which they can both critically meet the objection against it and justify their views.

One group of scholars set to take up the task of forging a new liberalism was the German Ordoliberals, including Walter Eucken, Wilhelm Röpke, and Alexander Rüstow. Ordoliberals sought to shift the focus of liberalism to understanding the framework, or the “economic order”, which allows markets to work. Market competition, or the “economic process”, will be undermined by private interests if left to its own devices. Thus, to guarantee a competitive economic process, the state must create and enforce a competitive economic order—a legal, political, and cultural framework that supports a functioning market (Kolev 2010). Dean (2012: 154) summarizes neoliberalism à la ordoliberals as “tak[ing] a broadly constructivist rather than naturalist approach to the market” by “defin[ing] a positive role for the state in the construction of the conditions necessary for the free operation of the market.” The ordoliberal position can also be summed up by the title of one of Rüstow’s more famous essays, “Free Economy—Strong State”.

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6 Of those in attendance, only Mises was willing to defend the laissez-faire doctrine (Caldwell 2011).

7 Hayek (1951 [2012]: 168) even acknowledges that “If the existence of a neo-liberal movement is known far beyond the narrow circles of experts, the credit belongs mainly to Röpke”.

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The ordoliberals’ support for a strong state stems from their view on monopolies. Whereas laissez-faire liberals were concerned with the impact of state intervention, ordoliberals were more concerned with capital accumulation, monopolies, and all other forms of private economic power (Friedrich 1955: 525). For Rüstow, the competitive framework requires “[a] strong and prudent state policy of policing the market” where “[e]very form of cut-throat competition [is] punishable by law” (1942: 280-281). Carl Friedrich, in his review of neoliberalism, emphasized the ordoliberals’ anti-capitalist sentiment in addition to their more classically liberal anti-socialist position. He also discusses their “fond[ness]” for Benjamin Constant’s statement, “The government beyond its proper sphere ought not to have any power; within its sphere, it cannot have enough of it” (Friedrich 1955: 513).

The proper sphere for an ordoliberal government extends well beyond the laissez-faire doctrine. Ordoliberals advocated for what is referred to as the “social market economy”—an economy that is free, but subject to controls to prevent the concentration of economic power and promote humanistic values (Friedrich 1955: 511). To ensure a social market economy, the government’s role includes providing public goods, correcting externalities, regulating monopolies, and providing welfare programs (Davis 2014: 312). Eucken, for example, considered social security and social justice to be one of the greatest concerns of his time (Gerber 1994: 37). And Rüstow, who believed that social and economic justice could only be attained by “a combination of just initial conditions and free efficiency competition”, favored policies, such as a minimum income standard and the systematic extension of educational scholarships, to correct unjust inequalities and “satisfy the demand for economic justice… in the most fundamental and radical manner” (1942: 281-282).
Miller identifies the “grand contradiction” of neoliberalism-as-ordoliberalism as “its passion for intervention in the name of non-intervention”—a passion that market fundamentalists and laissez-faire liberals would detest (2010: 56). Ordoliberals were explicit in their rejection of laissez faire policies and, given their position on monopolies, were against policies set to favor business. They were also in favor of various forms of publicly provided social programs to correct for the concentration of economic power. Neoliberalism, of the ordoliberal variety, is fundamentally at odds with the market fundamentalist’s attempt to minimize the state (Gilbert 2013).

**III. HAYEK, THE NEOLIBERAL**

From a purely historical perspective, Hayek is a natural fit for the neoliberal-as-ordoliberal label. Hayek was at the Lippmann Colloquium with Röpke and Rüstow, with whom he later joined “organizational forces” to create the MPS (Kolev 2010: 8). Eucken is mentioned favorably in *The Constitution of Liberty* as being important for Hayek’s own intellectual development (Hayek 1960 [1978]: 415) and was, according to Hayek (1983 [1992]: 192), “the star” of the first MPS meeting. Furthermore, and perhaps most definitively, Moeller (1950: 224), who coined “ordo-liberalism” to encapsulate the work of Eucken and the Freiburg School, included Röpke and Hayek within the original definition.

However, our interest is less with Hayek’s historical association with ordoliberals than it is with his ideas. To the extent that Hayek’s ideas conform to the ordoliberal approach, it would...
be difficult to consider him a market fundamentalist. Further, any market-fundamentalist policy could be critiqued from a Hayekian-ordoliberal perspective for failing to provide the proper framework for markets to work.

III.1 HAYEK, THE ORDOLIBERAL AND “PLANNING FOR COMPETITION”

To what extent do Hayek’s ideas conform to ordoliberalism? Given the depth and variety of Hayek’s work, one way to answer this question is to separate Hayek into different phases. In the traditional framing, Hayek is separated into two phases based on his early technical economic work and his later more philosophical work (see Hutchison 1981). Kolev (2010) instead recommends a three-fold division: Hayek I remains the capital/business cycle theorist while Hayek II in the traditional framing as the evolutionary/social theorist moves to become Hayek III. In between, Kolev (2010:2) maintains, is a Hayek II as “an ordo-liberal philosopher”, which he dates primarily between the 1930s and 40s during which Hayek wrote *The Road to Serfdom* and founded the MPS. This period of Hayek’s work shares many characteristics, concerns, and policy recommendations with ordoliberals, from his critique of laissez faire and support for designing a competitive framework to his support of corrective policies for monopolies and other market failures, including support for publicly funded welfare programs.

Hayek begins *The Road to Serfdom* with a discussion on the failure of the laissez-faire doctrine to defend a system of liberalism. Traditional liberals ignored the “many obvious tasks, such as our handling of the monetary system, and the prevention or control of monopoly… where there could be no doubt” that government action was required (Hayek 1944 [2001]: 18-19). Once this is recognized, the strict laissez-faire position collapses altogether. According to Hayek (1944 [2001]: 84), “[t]he question whether the state should or should not ‘act’ or ‘interfere’ poses an
altogether false alternative”. Every state must act, and every state action must necessarily interfere with something. What matters for the maintenance of a liberal order is whether the state observes liberal principles in its action or inaction. The choice, Hayek (1944 [2001]: 43, 84) maintains, is not between planning and no planning, but between “planning for competition” or “planning against competition”.

Due to their commitment to laissez-faire, traditional liberals failed to develop a positive program for the creation of a framework which would preserve the market (Hayek 1978 [1990]: 146).9 The fundamentalist version of laissez-faire, wherein the state would just do nothing or at most act as a night-watchman, could not be rationally defended. As Hayek argues, “An effective competitive system needs an intelligently designed and continuously adjusted legal framework” (Hayek 1944 [2001]: 40). It is with the identification of this deficiency in traditional liberalism, and his attempt to correct it, that Hayek fits most closely with the ordoliberal’s constructivist approach to the market. The “liberal plan”, according to Hayek (1944 [2001]: 36-38), requires “design[ing] the most rational permanent framework” for competition to work.

Hayek’s liberal plan should not be equated with minimizing the state. He readily admits that “[a] functioning market presupposes certain activities on the part of the state” and suggests that it is the “character rather than the volume” of government action which matters (Hayek 1960 [1978]: 194). Throughout his work he lists several tasks which provide a “wide and unquestioned field for state activity”, including the protection against violence and epidemics; the provision of roads, land registers, and the certification of goods or services; regulations on deforestation and pollution; the preservation of natural and historical sites; as well as requiring sanitary working conditions and limiting work hours (see Hayek 1944 [2001]: 38-40; 1960 [1978]: 375; 1982: 41,

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9 As Hayek (1978 [1990]: 146) notes, this task was only “examined systematically...by some of the 'neoliberal' groups”.
And, like the ordoliberals, Hayek (1978 [1990]: 145-146) was particularly concerned with setting up the framework to limit and regulate potential monopolies.

Hayek is also more like an ordoliberal than a laissez-faire liberal or a market fundamentalist in the definitive role he sees for the state in providing social programs. As Hayek (1944 [2001]: 39) notes, an extensive welfare system is not incompatible with the preservation of competition. In speaking on social security in particular, Hayek (1960 [1978]: 285-286) claims “[t]he necessity of some such arrangement… is unquestioned”. Furthermore, much like Rüstow, Hayek (1982: 54-55) suggests that “[t]he assurance of a certain minimum income for everyone… appears not only to be a wholly legitimate protection against a risk common to all, but a necessary part of the Great Society”.

The positions taken by Hayek led Hoppe (1994: 67), who likely could be considered a market fundamentalist by the critics of neoliberalism, to view Hayek as indistinguishable “from that of a modern social democrat”. A likely alternative phrase could have been ‘that of an ordoliberal.’ Regardless of the label, Hayek’s vision of a liberal order does not fit within Brown’s (2003: 1) conception of neoliberalism as being “indifferent toward poverty, social deracination, cultural decimation, long term resource depletion and environmental destruction.”

**III.2 HAYEK, THE ANTI-CONSTRUCTIVIST**

Hayek’s ordoliberal views can be contrasted with statements from traditional laissez-faire liberals like Mises. Mises, for example, claims “[t]here is no other planning for freedom and general welfare than to let the market system work” (Mises 1945 [2008]: 14). He also suggests that it is, in fact, “vain to speak of government interference to make people free and to reestablish
competition” (Mises 1946 [2009]: 2). However, Hayek’s ordoliberal views can also be contrasted with his own critique of constructivism.

In the forward to the 1976 edition of *The Road to Serfdom*, Hayek (1944 [2007]: 54-55) writes:

> When I wrote the book, I had by no means sufficiently freed myself from all the prejudices and superstitions dominating general opinion… Where I now feel I was wrong in this book is chiefly in… that I had not freed myself from all the current interventionist superstitions, and in consequence still made various concessions which I now think unwarranted.

Kolev argues that the “interventionist superstitions” Hayek mentions refer to his support for rationally designing the competitive framework (2010: 9, 11, 16). In other words, from Hayek III’s evolutionary perspective, the basic errors of Hayek II, particularly in *The Road to Serfdom*, was his constructivist tendencies, which, as Hayek tells us, is the commitment to the belief that “since man has himself created the institutions of society and civilization, he must also be able to alter them at will so as to satisfy his desires or wishes” (1978 [1990]: 3).

Hayek’s critique of constructivism stems from his work on knowledge and the limits of reason. Making more of the social order dependent on design comes with the tradeoff of restricting the utilization of dispersed knowledge (Hayek 1982: 5). Given the complexity of the order, our limited reason, and our limited ability to gather the localized knowledge necessary for effective design, Hayek proposes humility, against those who had “hoped that our increasing power of prediction and control… would soon enable us to mould society entirely to our liking”. In fact, to “act on the belief that we possess the knowledge and the power which enable us to shape the processes of society entirely to our liking, knowledge which in fact we do *not* possess, is likely to make us do much harm” (emphasis original, Hayek 1978 [1990]: 33).
One way to interpret Hayek’s anti-constructivism is in a conservative direction, with a passive acceptance of the existing rules and a presumption against any effort to reform. Buchanan, for example, states that while he shares much of Hayek’s vision, he “cannot take the ultimate [anti-constructivist] step.” Buchanan wishes to hold on to the “conviction that human kind can, indeed, construct, maintain, and improve the procedural framework” which allows markets to work (1988-1989: 3). However, while Hayek may be considered overly fatalistic in his rejection of constructivism, he is quick to note that the conservatives too will probably be disappointed in his actual position:

The proper conclusion from the considerations I have advanced is by no means that we may confidently accept all the old and traditional values. Nor even that there are any values or moral principles, which science may not occasionally question. The social scientist who endeavors to understand how society functions, and to discover where it can be improved, must claim the right critically to examine, and even to judge, every single value of our society. The consequence of what I have said is merely that we can never at one and the same time question all its values (Hayek 1978 [1990]: 19).

Rather than blind support for traditional rules, Hayek’s position is one of caution against radical, wholesale reform. We cannot just “arbitrarily… lay down any new rule” we desire as it is not possible to “achieve a coherent whole by just fitting together any elements we like” (Hayek 1978 [1990]: 11). The appropriateness of any rule will depend on all the existing rules (Hayek 1982: 60). Change “must proceed slowly and step by step as new experience shows it to be desirable” (Hayek 1978 [1990]: 136).

Hayek’s anti-constructivism doesn’t negate his liberalism. While “all beneficial improvement must be piecemeal” and done with great humility, it cannot be directionless (Hayek 1982: 60). Reform requires coherent principles. A coherent order cannot be built by “random experimentation” nor designed “by shaping each part separately without regard to the rest.” It can only be achieved by “consistently adhering to certain principles throughout a process of evolution”
(Hayek 1982: 60). Thus, while liberalism, traditional or ordo, can provide coherent principles, the key point of Hayek’s anti-constructivism is that reform must remain gradual.

If Van Horn and Mirowski are correct that “[t]he starting point of neoliberalism is the admission, contrary to classical liberalism, … that the conditions for its success must be constructed” (emphasis original, 2009: 161), then did Hayek cease to be a neoliberal when he made his anti-constructivist turn? This is not for us to say. However, whether Hayek III is a neoliberal or not, any attempt to impose or construct a policy, whether market fundamentalist or ordoliberal in design, could be critiqued from a Hayekian-anti-constructivist perspective.

IV. THE WASHINGTON CONSENSUS

The “Washington Consensus” was a phrase coined by John Williamson (1990) to refer to set of ten policy measures which, at the time, found a degree of consensus in Washington. The ten policies include (see Williamson 1990; Williamson 2003):

(1) Fiscal Discipline (against large budget deficits)
(2) Public Expenditure Priorities (in favor of cuts, but also reorganization towards essential services)
(3) Tax Reform (toward a broad base with moderate marginal rates)
(4) Liberalizing Interest Rates (toward market-determined rates)
(5) A Competitive Exchange Rate (toward market-determined rates)
(6) Trade Liberalization
(7) Liberalization of Inward Foreign Direct Investment (against the restriction of foreign financial flows)
(8) Privatization (of state enterprises)
Notably not on the list, Williamson is careful to point out, are the typical neoliberal policies of “free capital movements, monetarism, minimal tax rates... or the minimal state that accepts no responsibility for correcting income distribution or internalizing externalities” (2003: 1476). Nevertheless, the Washington Consensus came to “symbolize… an ideological agenda that was to be imposed on all countries at any and all times” (Williamson 2003: 1476). While Williamson disagrees with the idea that the Washington Consensus represents a neoliberal manifesto,\textsuperscript{10} it would be difficult to argue that the policies do not fit within at least the ordoliberal conception of neoliberalism. All ten policies suggest an active role for the state in providing or improving the framework that allows for competition to work.

\textbf{IV.1 Critiques of the The Washington Consensus}

Despite Williamson’s protest, most opponents of the Washington Consensus consider it to be neoliberal in design (Williamson 2003: 1476). Two such critics are Joseph Stiglitz and Dani Rodrik; however, their critiques differ slightly. Stiglitz primarily focuses on the ends sought while Rodrik focuses on the means.

For Stiglitz, the Washington Consensus was too narrow in both its strategies and objectives (Stiglitz 1999: 31). It proposed a limited set of policy tools, such as liberalizing trade and privatization, in the pursuit of an overly narrow goal, economic growth. He suggests that while

\textsuperscript{10} Which he equates with “the set of ideas emanating from the Mont Pèlerin Society and developed primarily by Milton Friedman and Friedrich von Hayek” (Williamson 2003: 1476).
important, the proposed policies of the Washington Consensus “are neither necessary nor sufficient for successful development” (Stiglitz 2000: 13).

Stiglitz characterizes the Washington Consensus as having the implicit assumption “that governments are… worse than markets” (1999: 26). His preferred position, instead, is that governments should act as “a complement to markets, undertaking those actions that make markets fulfill their functions better” (Stiglitz 1999: 27). Rather than reducing the role of the state, governments should be encouraged to provide the fundamentals, such as education, healthcare, environmental protection, welfare, and correcting market failures. “The choice”, Stiglitz (1999: 27) contends, “should not be whether the state should or should not be involved. Rather, it is often a matter of how it gets involved.”

Stiglitz (1999: 21) is primarily concerned with “making markets work better,” meaning the creation of an actual competitive environment.\[1\] The problem with the Washington Consensus was that it saw the policies, such as trade liberalization and privatization, as ends in themselves rather than as means to enhance competition and support markets. While the proposed policies may increase competition, they will only do so only under the right conditions. For example, Stiglitz notes how liberalizing trade in the presence of a monopoly importer or privatizing a state enterprise without the proper regulatory apparatus would result in several forms of inefficiency (Stiglitz 1999: 21-23). Pushing for pro-market policies without first addressing these issues would make the market less competitive, not more. Thus, in the absence of competitive conditions, the end goal should not be to implement pro-market policies, but to create a competitive framework.

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\[1\] Hayek’s (1968) conception of competition differs significantly from Stiglitz’ view outlined in the perfect competition model. However, we do not address this difference here as our focus is on the relevance of Hayek’s ordoliberalism to Stiglitz’ position against the Washington Consensus.
One way to read Stiglitz’s criticism regarding our discussion on neoliberalism is that the Washington Consensus was insufficiently neoliberal in design. Neoliberals of the ordoliberal variety would agree with Stiglitz’s claim that more than privatization and trade liberalization are needed to make markets work. Further, they would agree that the objective should extend beyond a narrow concept of economic growth to include elements that resemble a social market economy, including policies concerned with monopolies, externalities, education, and welfare. In fact, it is difficult to read Stiglitz’s argument against the Washington Consensus and not think of the almost identical quotes from either the German ordoliberal or Hayek (II).

The second major critique of the Washington Consensus comes from Dani Rodrik, who views the Washington Consensus as an application of a one-size-fits-all policy (Rodrik 2002; 2006). His problem with the Washington Consensus is not with the goals put forth, but with the efforts to achieve these goals without consideration of the localized constraints. His main argument is that the broad objectives of the reforms “do not translate into unique set of policy actions” given the diversity of conditions (Rodrik 2006: 976). Thus, while the objectives may be correct, the Washington Consensus was “yet another impractical blueprint” which simply “describe[d] what ‘advanced’ economies look like, rather than proscribing a practical, feasible path of getting there” (Rodrik 2002: 1-2).

The premise of the Washington Consensus, from Rodrik’s perspective, was that it assumed we were in the world of first-bests. Neoliberal policies may be ideal in such a world, but we are, of course, not in one. Rodrik, for example, agrees with the Washington Consensus that if the goal is to promote growth, the ideal policy would be to “institute private property rights” (2006: 984). However, such a proposal is ineffective if the country lacks an effective legal system—the “first-best logic is not helpful” (2006: 984). Rodrik’s critique also applies to Stiglitz’s proposal to focus
on creating an actual competitive environment.12 Changing the framework may too face significant constraints. In other words, improving the institutional framework to allow the policies of the Washington Consensus to work may not be a viable option in the short-run.

Rather than design policies or the framework based on ideal theory, reformers should experiment and learn about the binding constraints in a region (Rodrik 2006: 976-77, 980). Rodrik’s preferred approach to reform13 is thus an “ode to humility” (2006: 982) which “warns us to be skeptical of top-down, comprehensive, universal solutions—no matter how well intentioned they may be” (2006: 986). Reform, Rodrik maintains, “has to be done case by case” (2006: 986).

Case by case reform should not be directionless. Rodrik, a critic of neoliberalism, does not think we should reject the principles provided by mainstream economics (2002: 2-3). Rodrik (2017)acknowledges that these principles, including private property rights, the rule of law, and prudent financial and macroeconomic policies, mimic much of the neoliberal creed, yet he continues to stress his “key point” that they “do not map into unique institutional arrangements or policy prescriptions.” The universal principles of economics “need to be filled in with institutional detail before they become operational” (Rodrik 2017). As Rodrik (2017) suggests, “[i]t would perhaps be easier to criticise [the] list of principles for being vacuous than to denounce it as a neoliberal screed.”

Like with Stiglitz’s critique, it is difficult to read Rodrik’s argument against the Washington Consensus and not think of themes from Hayek (III). Economists and policy makers can give general advice guided by universal principles but may lack the knowledge required to

12 Rodrik (2006) applies his critique to the “Augmented Washington Consensus” which recommends broader institutional reforms, as opposed to just the original policies.
13 His preferred approach is best represented by the World Bank’s (2005) Economic Growth in the 1990s: Learning from a Decade of Reform.
design specific forms. However, while both emphasize the need for humility, Hayek is less willing to accept that the issue of reform is just one of experimentation and obtaining the appropriate data.

For Rodrik, it is ability to make contingent statements, such as policy A is preferred if conditions X, Y, and Z hold, that differentiates an economist from an ideologue. “Sensible advice consists of a well-articulated mapping from observed conditions onto its policy implications” (Rodrik 2006: 986). While Hayek would agree that we could produce a well-articulated mapping “if we knew all the particular circumstances,” he would find it “absurd to assume that we could ever ascertain all these particular facts” (emphasis original 1978 [1990]: 12). Better economic science can help us understand the mappings, but it cannot “significantly help us ascertain all the widely dispersed and rapidly fluctuating particular circumstances of time and place which determine the order of a great complex society” (Hayek 1978 [1990]: 12). This shouldn’t render Hayek an ideologue or a fatalist, but it may mean we are only able to “consistently adher[e] to certain principles throughout a process of evolution” if we wish to improve the social order (Hayek 1982: 60).

V. CONCLUSION
Neoliberalism has come to mean everything and nothing all at once. It means everything due to its unrestrained use yet means nothing due to its pejorative definition which largely refers to a set of ideas and policies which few people hold. Given its current use, the term today represents nearly the opposite of how it was used in the past (Boas and Gans-Morse 2009: 145).

Nevertheless, people are neither caricatures nor are they their labels. Hayek had many nuanced views, some of which were in contention with each other. What is interesting, however, given Hayek’s grouping with the pejorative version of neoliberalism, is that his ideas can be seen
in two of the primary arguments against one of the most identified neoliberal policies. The debate over the Washington Consensus contains not only the important question of what is required to promote growth and well-being, but also the equally important question of how to achieve it. Hayek-the-ordoliberal and Hayek-the-anti-constructivist are more relevant to these questions than any caricaturized version of Hayek-the-market-fundamentalist.

To the extent that neoliberal policies have the end goal of minimizing the state, they can be critiqued using a Hayekian-ordoliberal argument. To the extent that neoliberal policies are imposed on countries, they can be critiqued using a Hayekian-anti-constructivist argument. Hayek should be weaved in throughout both arguments.
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