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LIBERALISM VERSUS DEMOCRACY. HAYEK AND DEMARCHY*

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Abstract

The end of an order shapes our contemporaneity. The continuous production of crises challenges the neoliberal form of government. Some interpreters see the emergence of authoritarian liberalism and illiberal democracies as a response to the excesses of the market. In this article, however, through the figure of Friedrich A. Hayek, we show how the neo-liberal proposal itself originated as an attack on the Keynesian liberal democracy that emerged after World War II. Hayek's work on the political and legal lexicon highlights the intention to untie liberalism from democracy. The analysis focuses on Hayek's institution: "demarchy," as a form that limits the will of the people through the rules of private law.

Keywords

neoliberalism; crisis; Hayek; demarchy; rule of law

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Resumen

Nuestra contemporaneidad está marcada por el fin de un orden y la producción continua de crisis pone en tela de juicio la forma neoliberal de gobierno. Algunos intérpretes ven en el surgimiento del liberalismo autoritario y de las democracias antiliberales una respuesta a los excesos del mercado. En este artículo, sin embargo, a través de la figura de Friedrich A. Hayek mostramos cómo la propia propuesta neoliberal se originó como un ataque a la democracia liberal keynesiana que surgió tras la Segunda Guerra Mundial. El trabajo de Hayek sobre el léxico político y jurídico pone de manifiesto la intención de desvincular el liberalismo de la democracia. Por lo tanto, el análisis se centra en la institución que propuso Hayek: la “demarquía” que limita la voluntad del pueblo a través de las normas del derecho privado.

Palabras clave

neoliberalismo; crisis; Hayek; demarquía; Estado de derecho

1. Illiberal Democracy as a Response to the Crisis of Neoliberalism

On July 26, 2014, in Băile Tușnad, Viktor Orban declared, “We have to abandon liberal methods and principles of organizing a society, as well as the liberal way to look at the world.” The Magyar form of government—assuming the death of the Western democratic model—has embraced the authoritarian turn:

the new state that we are building is an illiberal state, a non-liberal state. It does not deny foundational values of liberalism, such as freedom, etc. But it does not make this ideology a central element of state organization, but applies a specific, national, particular approach in its stead. (Orban, 2014)

Hungary’s illiberal turn has been the focus of several political and legal analyses (Carlino, 2019; Trentin, 2024). What surprised many authors was that a country that was part of the European order and a member of NATO had changed its constitutional arrangements in favor of an authoritarian shift (Campati, 2022). Authoritarian liberalism, like the one that emerged in the countries of the former Soviet Union, has challenged the rhetoric and practices of what Nancy Fraser (2017) has called “progressive neoliberalism.” The normative reach of the latter underpinned much of the European Union’s legislation and policies between the 1990s and early 2000s. As stressed by the Council of Europe, the eastward enlargement of the European Union was imposed through “democratic and economic reforms” capable of promoting “greater stability and prosperity in Europe” (European Council – Council of the European Union, 1993).

Initially, in this essay, we investigate the genealogy of the turning point that led to the legitimacy crisis of a specific government order. Orban (2014) himself has stated that the roots of the shift toward authoritarian liberalism and illiberal democracy must be found in the “sunset”—or sense of crisis—of the liberal-democratic form of government, especially in the version we might call “neo-liberal democratic” that emerged in the wake of the Cold War (Campati illiberal).

In agreement with Adam Tooze’s interpretation, we identify the starting point of the “crash” (Tooze, 2018) of that specific “art of government” (Gentili, 2021) in the financial crisis exploded in 2008 with the bursting of the subprime mortgage bubble. It was the first questioning of the ideological and governmental processes that supported neoliberal legitimacy. This phenomenon was further accentuated by the continuous production of crises that followed the failure of the Lehman Brothers investment bank—effectively described and conceptualized with the notion of “poly-crisis” (Scanga, 2023; Tooze, 2021).

The beginning of the new decade—with the spread of the COVID-19 pandemic and the multiplication of war scenarios—has been the second turning point. The introduction into the political and economic lexicon of terms such as the crisis of neoliberal globalization, deglobalization, decoupling, re-shoring, friend-shoring, and near-shoring traces a path (Limes, 2023; Maronta, 2024; Ottaviano, 2022). That form of government that has been hegemonic for forty years has been increasingly challenged. Specifically, it is the particular equilibrium that neoliberalism has imposed, since its genesis, on the relationship between the spheres of political and economic sovereignty that is questioned and re-defined (Zanini, 2008).

Following this interpretation, the debate has revolved around the “return of the state” (Gerbaudo, 2022) and the possibility that the state can protect society from the excesses and drifts of the market. Alessandro Somma (2021), for example, has taken a “reactive” proposal by pointing out that the emergence of illiberal, authoritarian, and populist forms is an expression of the “Polanyi moment”: a reaction to the crisis of legitimacy of neoliberalism. In this scheme, as Mulieri (2024) has shown, illiberal democracy has come to assume a “normative dimension” and “refers to an idea of politics and a vision of society that brings it close to the thinking of right-wing populisms and makes anti-liberalism its main ideological motive” (p. 11).

In this article, however, we will take a different stance while we still assume that neoliberal governance is challenged by the continuous production of crises. In fact, we will address the emergence of authoritarian liberalism by urging a line of reading internal to the neoliberal theoretical proposition itself instead of highlighting what we have termed as the “reactive” dimension, the re-proposition of the state form as a levee to the market. The suggested reading is that authoritarian liberalism responds not to the crisis of order but to the neoliberal proposition itself (Slobodian, 2023). The neoliberal mode of government presented itself as the response to the inflation of democracy expressed by Western societies thirty years after World War II (Crozier et al., 1975). In particular, it did so by untying the notion of liberalism from that of democracy through a distinct theoretical and institutional model.

Through the analysis of Friedrich A. Hayek’s text, it will be shown that the relationship between liberalism and democracy, like that between Economic and Political, is resolved in terms of a “neutralization” of democracy in favor of the catallactic order (Scanga, 2021). For this reason, the essay demonstrates the deeply antidemocratic root of Hayekian neoliberalism. After showing the constitutive fragility of the liberalism-democracy pair and analyzing how neoliberalism is a response to the liberal-democratic model that emerged from the ashes of World War II, we will see how Hayek, the

best-known exponent of the Austrian School, rethought the relationship between liberalism and democracy through work on the political and legal philosophical lexicon (De Carolis, 2017). Specifically, we will show how the notion of liberalism has been rethought and removed from nineteenth-century tradition. The notions of competition, individualism, and the rule of law are crucial to rethinking it. It is precisely from the conceptual jus-philosophical dimension that institutional proposals such as “demarchy” emerge. We will then see how authoritarian neoliberalism is not (only) a “reaction” to crises endogenous to the order as much as it is a theoretical perspective internal to the Hayekian tradition itself.

2. Liberalism and Democracy: What Kind of Relationship?

The relationship between liberalism and democracy has historically presented itself with the characteristics of instability and compromise. Although the liberal-democratic theoretical proposition has led to the belief that the two terms were interdependent, the problem of their relationship is far from linear. Norberto Bobbio (2006) recalled that just as a liberal state is not necessarily democratic, “it is historically realized in societies in which participation in government is very restricted, limited to the wealthy classes.” At the same time, a democratic government does not give rise to a liberal state; indeed, “the classical liberal state has now been undermined by the progressive process of democratization produced by the gradual enlargement of universal suffrage” (Bobbio, 2006, p. 29). In a recent essay, Carlo Galli (2023) showed how the liberal democracy of the second half of the twentieth century, the one “with social content and predominantly state-run.” In fact, it resulted from a precise geopolitical context in a macroeconomic paradigm dominated by the decisions made in 1944 at Bretton Woods. The Keynesian political, economic, and legal rule—which determined a definite relationship between liberalism and democracy—was held for thirty years; then, this fragile balance between the economic and political spheres was shattered by neoliberalism’s political rise.¹

The 1973 Chilean coup marked the first moment in this history (Harvey, 2005). Much is said about the well-known statement made by Friedrich A. Hayek to the Chilean newspaper *El Mercurio* in an interview in 1981 at the height of the Pinochet dictatorship. It reveals the transformation of the relationship between liberalism and democracy imprinted by neoliberalism. Hayek (1981) argues:

¹ For the genealogies of neoliberalism, we refer to Dardot and Laval (2017), Ferrara (2021), Foucault (2004), Mirowski and Plehwe (2015), and Slobodian (2018).

I am totally against dictatorships. But a dictatorship may be a necessary system for a transitional period. At times it is necessary for a country to have, for a time, some form or other of dictatorial power. As you will understand, it is possible for a dictator to govern in a liberal way. And it is also possible for a democracy to govern with a total lack of liberalism. Personally, I prefer a liberal dictator to democratic government lacking liberalism. My personal impression—and this is valid for South America—is that in Chile, for example, we will witness a transition from a dictatorial government to a liberal government. And during this transition it may be necessary to maintain certain dictatorial powers, not as something permanent, but as a temporary arrangement.

In just a few lines, the Austrian theorist expressed all his aversion to democracy, which was understood as a liberation project, building a furrow between democracy and liberalism. So much so that in the same interview, urged by the journalist, he argued that unlimited democracies are such that “what we call majorities are able to turn into discriminatory groups which favor certain people to the detriment of others.” Conversely, limited democracy “ought to be able to give its own group of supporters the same possibilities as the rest” (Hayek, 1981). The preference toward a “liberal dictator” rather than a “democratic government lacking liberalism” thus opens the way toward fundamental questions for the analysis of “neoliberal democracy” or what we might call “authoritarian neoliberalism.” The aim of the essay is thus to highlight how the neoliberal proposal must be understood in the separation, including conceptual separation, between democracy and liberalism.

In highlighting how the neoliberal form of government determined the relationship between liberalism and democracy, we consider it central to show what Hayek meant by “liberalism.” The thesis we propose is that Hayekian neoliberalism was an ambitious project of conceptual and lexical rethinking. As we shall see, at the heart of the renewal of liberalism—which distances itself from late nineteenth-century *laissez-faire* and some acquisitions of classical theory—there is an “anti-democratic” trait. This theoretical trait preceded the form of a political-institutional system. It derives “from a determination to shield the rules of the market from the policy orientation of governments, whatever its electoral majority” (Dardot & Laval, 2019, p. 39). The neoliberal project was formed from the war on democracy, on constitutionally guaranteed democracies, in an attack on labor rights and popular participation (Laval et al., 2021).

Precisely since the 1970s, neoliberalism has crept into the tension between capitalism and democracy, dissolving the marriage that had been imposed on them after World War II. Since “the legitimization problems of democratic capitalism” had become

“accumulation problems,” “a progressive emancipation of the capitalist economy from democratic intervention” was deemed necessary (Streeck, 2014, p. 19). Wolfgang Streeck (2014) described this development “as the transformation of the Keynesian political-economic institutional system of postwar capitalism into a neo-Hayekian economic regime.” A process of “de-democratization of capitalism through the de-economization of democracy” (p. 20). The neoliberal solution called for progressive emancipation of the capitalist economy from democratic intervention became even more acute after the 2008 crisis to achieve “the institutional hegemony of market justice over social justice” (Streeck, 2014, p. 120). The rewriting of a new material constitution, which, in Europe, can be described as a “*Jus publicum economicum europeum*” (Dardot & Laval, 2019, p. 68), in which de-democratization or Hayekian democracy was the way liberalism made itself immune to mass democracy.

3. The Hayekian Lexicon

Within this framework, we are interested in investigating what theoretical roots allowed for the development of a concept of democracy alien to that which the post-World War II era bequeathed to us. In 1944, with the war still in progress, Hayek published a well-known text, which became a bestseller and introduced him to the world as a social and moral sciences theorist and no longer exclusively as an economist. In this book, titled *Road to Serfdom*, Hayek began to clarify some of the points of neoliberal doctrine, starting with his opposition toward “classical socialism; aimed mainly at the nationalization or socialization of the means of production” (Hayek, 1994, p. 95). According to the Hayekian reconstruction, many socialist parties, by the mid-1940s, had apparently abandoned these aims and turned to “redistribution/fair-taxation ideas” and the realization of a welfare state. The policies of the welfare state—the redistributive aspect in particular—would lead, however, to the same result: “destroying the market order and making it necessary, against the will of the present-day socialists, gradually to impose more and more central planning” (Hayek, 1994, p. 95). To free himself from what he called “a mortal danger to the survival of freedom,” Hayek reconstructed a liberal lexicon capable of disarticulating the liberalism-democracy relationship.

According to Hayek, the concept of freedom, which is always to be regarded as individual liberty, is to be understood as protection by law against all forms of arbitrary coercion, unlike that conception of freedom that attaches prominence to the claim of the right for each group to self-determine through its own form of government. And it is precisely this individual freedom that, in *The Road of Serfdom*, he opposes “socialists of all parties.” However, this freedom cannot be sufficiently determined unless three

other determinants are taken into consideration: competition, individualism, and the rule of law.

First, the liberal Hayekian thesis is expressed as one that favors the best possible use of the forces of competition as a means of coordinating human efforts (Hayek, 1967, 1990). This thesis distances itself from *laissez-faire*: indeed, it is based on the conviction that where effective competition can be created, this, *vis-à-vis* other solutions, is the best way to direct individual efforts. It stresses that for competition to work in a way that brings benefits, “a carefully thought-out legal framework is required, and that neither the existing nor the past legal rules are free from grave defects” (Hayek, 2006, p. 37). Hayekian liberalism regards competition as superior, not only because in most cases it is the most effective method, but even more so because it is the only method by which activities can be adapted to one another without coercive or arbitrary intervention by authority. Competition, by eliminating the need for “conscious social control” (Hayek, 2006, p. 38), allows individuals to decide whether the prospects of a given occupation are sufficient to offset the disadvantages and risks it entails. As a principle of social organization, effective competition precludes certain kinds of coercive interference in economic life but admits others that can sometimes, in a really considerable way, help its functioning and even require “certain kinds of government action” (Hayek, 2006, p. 38). The functioning of competition not only requires the proper organization of certain institutions such as currency, markets, and channels of information, but it depends before anything else on the existence of an appropriate system of laws, a system of laws designed in such a way as to preserve competition and to make it function as profitably as possible.

Second, alongside competition, central to constructing a purely liberal movement, we find individualism (Hayek, 1948). It starts from the observation that

the limits of our powers of imagination make it impossible to include in our scale of values more than one sector of the needs of the whole society, and since scales of values can exist only in the minds of individuals, there is then nothing but partial scales of values, scales which are inevitably different and mutually incompatible. (Hayek, 1948)

What is really important is the fact that it is “the basic fact that it is impossible for any man to survey more than a limited field, to be aware of the urgency of more than a limited number of needs” (Hayek, 2006, p. 62). For Hayek, this is the “fundamental fact on which the whole philosophy of individualism is based” (Hayek, 2006, p. 62). The

essence of the individualist conception is, therefore, the recognition of the individual as the sole ultimate judge of his own ends, the belief that, as far as possible, his views should govern his actions.

Finally, as the third constituent element of Hayekian liberalism, we identify the normative framework. In fact, for the Austrian theorist, nothing more clearly distinguishes the situation of a free country from that of a country subjected to an arbitrary government than the observance that one has, in the free one, of the great principles known as “the rule of law” (Tedesco, 2002). Liberal government is bound by rules established and announced in advance: “rules which make it possible to foresee with fair certainty how the authority will use its coercive powers in given circumstances, and to plan one’s individual affairs on the basis of this knowledge” (Hayek, 2006, pp. 75–76). The distinction between the creation of a stable framework of laws, within which productive activity is guided by individual decisions, and the direction of productive activity exercised by a central authority is a specification of the more general distinction between “the Rule of Law and arbitrary government” (Hayek, 2006, p. 76). What Hayek, in *The Road of Serfdom*, calls “formal rules” inform in advance what action the state will take in certain kinds of situations, defined in general terms, without reference to time, place, or particular persons. They are purely instrumental rules in that they are expected to be useful for people one does not yet know and in circumstances that cannot be predicted in detail. These kinds of rules, Hayek continues, have two aspects, the first of which is economic. The state should limit itself to establishing the rules that apply to general types of situations and should allow individuals freedom in whatever depends on the circumstances of time and place, for the reason that “only the individuals concerned in individual cases can fully know these circumstances and adapt their actions to them.” If individuals are to be placed in a position to effectively use their knowledge in formulating their plans, they must be able to predict the state’s actions that may affect these plans. The second aspect of the issue, however, is moral and political. If we are to create new opportunities open to all, and that is to provide possibilities of which people can make use as they see fit, the “effect on particular ends or particular peoples cannot be known beforehand” (Hayek, 2006, pp. 78–79). As Hayek (2006) writes in a footnote:

The form which the Rule of Law takes in criminal law is usually expressed by the Latin *tag nulla poena sine lege*—no punishment without a law expressly prescribing it. The essence of this rule is that the law must have existed as a general rule before the individual case arose to which it is to be applied. [...] But while the Rule of Law has become an essential part of criminal procedure in all liberal

countries, it cannot be preserved in totalitarian regimes. There, as E. B. Ashton has well expressed it, the liberal maxim is replaced by principles *nullum crimen sine poena*—no “crime” must remain without punishment, whether the law explicitly provides for it or not. (p. 87)

It is only through general rules—which are genuine laws in that they are distinct from specific orders, to be understood as operating in circumstances that cannot be foreseen in the particulars and whose effect on particular ends or particular individuals cannot be known in advance—that the legislature can be impartial. This produces economic inequality, but “all that can be claimed for it is that this inequality is not designed to affect particular people in a particular way” (Hayek, 2006, p. 82). For the rule of law to be effective, the existence of an enforced norm “always without exceptions” is more important than the content of the norm itself. Often the content of the norm is of second order if the norm is “universally” observed. This is a fundamental notion that, as will be seen in the next section, will be developed in the neoliberal debate. Moreover, the unpredictability of particular effects, which is the defining characteristic of the formal laws of a liberal system, also allows Hayek to clarify one of the central themes of his theory that clashes with much of his contemporary liberal tradition, namely, the belief that its underlying characteristic consists in the non-action of the state. The issue of whether or not the state should “act” or “interfere,” according to Hayekian liberalism, leads one to posit an entirely wrong alternative, so much that he goes so far as to argue that “the term *laissez-faire* is a highly ambiguous and misleading description of the principles on which a liberal policy is based” (Hayek, 2006 p. 84).

4. Defending Private Law: The Demarchy Proposal

Neoliberal authors have often used the analogy with the highway code to define the difference between the rule of law and the arbitrary rule of law. The difference between these two types of rules is “the same as that between laying down a Rule of the Road, as in the Highway Code, and ordering people where to go: or, better still, between providing signposts and commanding people which road to take” (Hayek, 2006, p. 78). The stability of these rules is essential to the function of the code. If the rules change at a certain periodicity according to traffic conditions, drivers would be unable to orient themselves in advance, creating great disorder. The same, according to Hayek, happens with rules of law: they are imposed on all governments regardless of electoral alternations.

But what kind of rules of law does Hayek mean? The reference is not to the obligation of states to respect fundamental human rights; instead, the rules of law, whose

supremacy neoliberalism asserts, are exclusively the rules of private law. Such law “has validity only in the sphere of private property and market exchange, where contracts assert their particular logic” (Dardot & Laval, 2019, p. 42). The generality of the rules of law does not only mean being “always and without exception,” rather, for a system of freedom to work, “it is not sufficient that the rules of law under which it operates be general rules, but their content must be such that the market will work tolerably well” (Hayek, 2011, p. 338).

For this reason, the rules of private law are fundamentally different from those of public law that define the specific organization of the state. The individual can only obey the rules of private law, which has a fundamental consequence: “The only coercion which the state can legitimately exercise is compelling individuals to respect the rule of private law” (Dardot & Laval, 2019, p. 42). The state fulfills this function by, for example, imposing these rules on itself. While not merely likened to a private person, the state “has to conduct itself like a private person by applying to itself the rule it imposes on private individuals” (Dardot & Laval, 2019, p. 43). In this way, the Hayekian definition of the rule of law emerges as the *a priori* limitation that private law imposes on any legislation and government.

In modern Western legal thought, it is the constitution, understood as the fundamental law or supreme legal norm, that is responsible for delimiting the various powers established within the state. Following the principle of separation of powers, “the state’s various powers (executive, legislative, judicial) must be allocated to different bodies in order to avoid their concentration in the same hands” (Dardot & Laval, 2019, p. 43). Clearly, the Montesquieuian conception does not undermine the place occupied by private law: In its preamble, a constitution may recognize property rights as a fundamental right, but it is not its task to fix private law *a priori*.

It is with this conception of the constitution that neoliberalism breaks. Hayek, in fact, accords the rules of private law, the catallactic order, a very special status, that of true constitutional norms. In *Constitution of Liberty*, the goal pursued was to propose a new political organization, an “economic constitutionalism” (Rosanvallon, 2015, p. 201), given that existing constitutions fail to guarantee individual liberty. In addition to the inevitable tendency for executive power to be strengthened to the detriment of legislative power,

the political problem arises from confusion regarding the tasks of legislators, who are responsible, at the same time, for ratifying general rules of conduct, thus laws in the proper sense of the term, and for formulating the particular decrees and

regulations that constitute ordinary governmental work, applied to particular problems. (Dostaler, 2008, p. 139)

In response to this problem, Hayek proposes a detailed institutional mechanism to ensure the survival of the rule of law and an effective separation of powers through the combination of three bodies: a constitutional court, a legislative assembly, and a governmental assembly. This involves assigning the legislative function to different assemblies in a strict sense, that is, the making of permanent legal rules and the direction of the day-to-day government business. As Hayek (2021) points out in *Law, legislation and liberty*,

if those who decide on particular issues can make for any purpose whatever law they like, they are clearly not under the rule of law; and it certainly does not correspond to the ideal of the rule of law if, whatever particular group of people, even if they are a majority. (p. 386)

As Dostaler reconstructs, only such a device could ensure the rule of law. In it, “there is no sovereignty” (Dostaler, 2008, p. 140), except, and only temporarily, in the representative body responsible for the permanent framework of the constitution. Again Hayek (2021) argues:

We shall have to reconcile ourselves to the still strange fact that in a society of freemen the highest authority must in normal times have no power of positive commands whatever. Its sole power should be that of prohibition according to rule, so that it would owe its supreme position to its commitment with every act to a general principle. (p. 486)

Ultimately, it is the liberal principle of the balance of powers that is sacrificed on the altar of the constitution of private law. We have in the Hayekian constitution a dual submission: on the one hand, the governmental power to the legislative power, and on the other hand, the legislative power to the higher instance that looks after the constitutionality of new laws. The ideal for Hayek consists of the “replacement of government by people with government by law” (Dardot & Laval, 2019, p. 44). Hayek, unlike Jean-Jacques Rousseau, intends to separate law from the will of the people in order to elevate it above the people. In fact, true law is never the work of the legislature but is imposed in the form of a pre-existing custom that judges merely validate. Private law, being a spontaneous order, stems from recognizing the rules of just conduct that have enabled certain societies to survive and develop more effectively than others. It is a “nomocracy”: “For the activity of governing, laws thus construed are not means, but exclusively limits” (Dardot & Laval, 2019, p. 44).

It is precisely for this reason that Hayek distinguishes between democracy and “demarchy”: While the word democracy takes on the sense of absolute power of the people, the word demarchy, on the contrary, has the function of meaning the limitation of the will of the people through the rules of private law. As Hayek (202) insists in *Law, legislation and liberty*:

What we need is a word which expresses the fact that the will of the greater number is authoritative and binding upon the rest only if the former prove their intention of acting justly by committing themselves to a general rule. This demands a name indicating a system in which what gives a majority legitimate power is not bare might but the proven conviction that it regards as right what it decrees. (p. 399)

Substituting archè for kratos, Dardot and Laval point out, is not an innocent operation: “archè is the word for legitimate power, whereas kratos is the name for the power obtained by a victory over opponents—power deemed illegitimate by the oligarchy” (Dardot & Laval, 2019, p. 44). This means that in demarchy, before belonging to the people, the archè belongs to the laws. “Demarchy” is actually a kratos exercised by a minority of the rich over the mass of the poor in the name of the rule of law. Indeed, the laws of the “demarchy” are selected by judges, “an institution of a spontaneous order” (Hayek, 2021, p. 124), entirely devoted to private property.

5. Conclusions

Taking neoliberalism as an anti-democratic project capable of separating liberalism from democracy leads to the consequences from which we started: the emergence of authoritarian liberalism. As demonstrated in the essay, the defense of a legal structure of the market order passes through the institutional production of rules capable of producing, governing, and prospering competition, the only “mode of discovery.” This, however, does not lead to excluding the role of governmental and state interventionism. Nor does it lead to excluding the role of governmental and state interventionism. On the contrary, as ordoliberal authors following Carl Schmitt have shown, it requires a “strong state” (Malatesta, 2019; Mesini, 2019; Schmitt, 2019). By neutralizing the sphere of democracy, even in its most authoritarian version, the state is functional in guaranteeing the catallactic order. For the neoliberals, “not only is democracy not synonymous with liberalism, but one can conceive of a liberal society without democracy” (Dostaler, 2008, p. 137). Hayek (1990), in this regard, was never in doubt: “Although there is good reason for preferring limited democratic government to a non-democratic one, I must confess to preferring non-democratic government under the law to unlimited (and therefore essentially lawless) democratic government” (p. 154).

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