Economic disorders and ethical order in Hegel's Philosophy of Right

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Economic disorders and ethical order in Hegel's *Philosophy of Right*

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This paper challenges two previous articles published in EJHET concerning Hegel's outlook upon the economic sphere in his Philosophy of Right. These contributions interpret Hegel as the promoter of a fragile mix of economic liberalism and "political communitarianism" (Greer 1999) or alternatively as a theorist of economic nationalism (Nakano 2004). In this paper, it is argued that Hegel's economic thought has rather to be interpreted as promoting an ethical economy. It is shown that by reinterpreting dialectically the teachings of classical economics, Hegel considers the self-regulatory mechanisms that are at work in the market economy to be offering a mere potentiality that must be actualised. This actualisation implies at first institutional devices of market regulation and social protection, aiming to limit the uncertainty that is part and parcel of the play of market forces. But these standard elements of welfare state are themselves included by Hegel in a larger and less familiar device of ethical regulation, driven by the state and in charge of making conscious and then real the unity of particular and common interests. The Hegelian conception is, however, burdened with ambiguities and consequently appears more stimulating through the questions it asks rather than the answers it gives.

1. Introduction

Hegel's singular and fundamental treatment of the question of 'the proper balance between the market and other social and political institutions' (Hunt 2006: 67) in *Elements of the Philosophy of Right* (1821) continues to give rise to contradictory interpretations, thus demonstrating both its richness and its ambiguity. In *EJHET*, Greer (1999) has defended the idea that Hegel's *Philosophy of Right*, relying on classical political economy, casts the market economy as an absolutely necessary (albeit incomplete) sphere of expression of individual freedom and, consequently, advocates for a fragile coexistence of economic liberalism and "political communitarianism". According to Nakano (2004), on the contrary, although Hegel does explicitly refer to Smith, Say and Ricardo in a paragraph of the *Philosophy of Right*, his political economy is nonetheless far from classical economics and does not lead him to accept their economic liberalism: Hegel's economic thought has rather to be interpreted as a scientific theory of economic nationalism.

This divergent assessment implies two different visions of Hegelian thought and its relevance to the present day. Avineri (1972) offers retrospectively a vantage point for making sense of and overcoming this divergence. As he points out, the theory of economic relations developed in the *Philosophy of Right* can be analysed as a dialectical reinterpretation of classical political economy: classical economics is thereby both preserved and surpassed. The

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aim of this paper is to offer new insight into Hegelian economic thought by developing this vantage point. As we will observe, Hegel's dialectical approach grounds the originality of his economic thought, through establishing a critical distance with regard to the nature and the potentialities of the capitalist market economy as it is represented in classical economics. From that perspective, this paper's main contribution lies in the distinction it highlights in Hegel's text between two different types of aporias affecting the principle of cohesion based on relations of exchange and production; two types of aporias opening onto two different, although complementary, schemes of state intervention in the economic system.

The paper begins by explaining why, contrary to what Greer affirms, Hegel does not proceed to a simple 'adoption' and 'development' of classical theses but rather to a dialectical reinterpretation of them. Next, the paper shows how this approach determines an alternative comprehension of the nature and the limits of the self-regulation mechanisms at work in the market economy. The paper also examines the consequences of this rereading in terms of economic policy. On the one hand, the paper shows that while recognizing the potentialities for economic growth held by the capitalist market system, Hegel foregrounds the formal and wholly contingent nature of the opportunity given to each individual to share in the national wealth, and thereby to increase his welfare: in other words, uncertainty hangs over individual satisfaction, all the more so given that the individual in question is poorly endowed with capital and skills. Then, the paper establishes that in order to ensure individuals' adherence to its implicit contract, market society needs, according to Hegel, an institutional framework including devices of social protection and market regulation, whose scope of action depends on the mores of a particular time and society. On the other hand, the paper explains that in Hegel's view this institutional framework that fosters market mechanisms is nevertheless powerless to curb the consequences of the excesses of self-interest on its own. Excesses that took the form, in Hegel's time, of general overproduction crises leading to massive unemployment and poverty. Next, the paper demonstrates that if Hegel does conceive of any economic policy in the modern sense of the term to cure these economic disorders, as Greer would have it, this does not mean that he simply accepts endemic poverty and growing inequalities as the price to pay for subjective freedom. On the contrary, the paper demonstrates that to prevent such economic disorders that jeopardize the social order, the state must, according to Hegel, establish and guarantee the conditions of an ethical regulation of the economic system.

Herein lies Hegel's originality and relevance for the present day: that is, in his choice to promote an ethical regulation of the economy rather than a set of imperative rules as a means

to achieve a more concrete form of subjective freedom through the market economy. His theory regarding the necessity and the means of such ethical regulation echoes today's debates about the call for a morally sound capitalism through, for instance, ethical funds or corporate social responsibility. The Hegelian conception is, however, burdened with ambiguities, as Nakano's interpretation in terms of economic nationalism shows. This paper thus concludes that far from paving the way to a scientific theory, as Nakano affirms it to be doing, Hegel's economic thought would appear to be more stimulating through the questions it asks rather than the answers it gives.

2.Political economy sifted through dialectical reason

The specificity of Hegel's economic thought stems from the very particular logic on which it is based. To begin, opposed to the linear progression proper to the hypothetico-deductive method prevailing in economics, the circle is the emblematic figure of Hegelian reflexive epistemology. In Hegel's view, the only way to surpass the arbitrariness inherent in any choice of a point of departure, and therefore to avoid the relativity inherent in any analysis of the real, is to follow a process wherein the final result must legitimise, or ground in reason, the initial presuppositions. Following this schema, Hegel's examination of the relationships between civil society and the state within the *Philosophy of Right* (*PR*) starts by presupposing an identity of interest between the individual and the community as a whole, or more precisely the 'identity of the universal will with the particular will' (*PR* 155: 109).

Hegel does not thus assume that each and every particular interest is immediately in accordance with the common interest, nor that the converse is true. Rather, his presupposition is that the truth of sociality, what he calls 'ethical life,' lies in the coinciding of the particular interest and the common interest, in their 'dialectical unity.' In the ethical order, both are linked by their reciprocal determination and, although they remain distinct, they are only fully realized once joined together: 'both universal and particular turn into one another and exist only for and by means of one another' (*PR* 184A: 267). Accordingly, the fact that this unity is presupposed means not that it is immediately given or acquired but rather that it has to be determined and won. And herein lies the core of the issue with regard to the dialectical process of ethical life that figures in the *Philosophy of Right*, through the three moments of the family, civil society, and the state. Hegel aims to think the modes of social organization that would make it possible to attain to this identity of interests, or this dialectic unity of the

particular will with the universal will. This identity is indeed conceived as a condition of the concrete freedom of individuals, which is defined by Hegel as self-determination.[3]

It is as part of this project that Hegel appeals to political economy as the theory of a particular moment within the process of the ethical life that he studies. Political economy is defined more precisely as that science born of modern times in which the constitution of civil society reflects upon itself. As such, this science is considered as a key factor in the intelligibility of the thoroughly modern mode of social organization based upon relations of exchange and production. However, its teachings can only serve as a preliminary stage of Hegel's own analysis of civil society, which aspires to grasp the whole of the potentialities of the sphere of private interest, both negative and positive, with regard to the realization of ethical life. Indeed, as a science of 'understanding', that is, a science proceeding through abstraction (*PR* 189: 126-7), political economy never produces, according to Hegel's epistemology, anything but a partial analysis of civil society. He therefore cannot content himself with the gains made by this science and must, in order to reach his objective, transform this knowledge of 'understanding' into knowledge of dialectical 'reason.'[4] And it is just such an approach that underlies the Hegelian analysis of the economic system in the *Philosophy of Right*, as Avineri (1972) suggests: Hegel reinterprets the categories brought to light by classical economics, drawing them into the dialectical process of ethical life. Thus, if his analysis is steeped in or impregnated with classical theses, as it has been often stressed (cf. Greer 1999 for a synthesis of the relevant literature), it nonetheless does not confine itself to a mere adoption and development of those theses. Classical economics is both preserved and surpassed in Hegel's thought.

Clarifying Hegel's approach shows us which rereading of economics Hegel is leading to. In keeping with classical economics, his conceptualisation of civil society takes as its point of

[3] 'The recognition and the right that what is brought about by reason of necessity in civil society and the state shall at the same time be effected by the mediation of the arbitrary will is the more precise definition of what is primarily meant by freedom in common parlance' (*PR* 206: 132). Otherwise put, the free social individual is that person who, while obeying the general institutionalised will, is only obeying his own will.

[4] Let us recall that Hegel's epistemology established a fundamental distinction between two modes of knowing: the logic of reason and the logic of understanding. The logic of understanding is thought that proceeds through 'ab-straction' by grasping its object independent of the organic whole in which it is inscribed. It is, for Hegel, the first moment of knowing, the moment where thought analyses its object in its immediate identity, conceived as a thing-in-itself, fixed in a moment of its becoming. It is the raw material of reasoning: a representation that can only lead to partial and relative truths. Such is, according to Hegel, the degree of truth to which the 'vulgar sciences,' such as physics or economics, can attain. Rational thought is, in Hegelian logic, the sole vector of concrete intelligence, as it grasps its object in its organic connections within the whole of reality. First, as 'negative' reason, it seizes its object in its movement, bringing to light the dialectical principle that animates it, i.e. the contradiction that is at the origin of its movement: that is, how, in the course of its realization, the determined and set entity (as understanding analyses it) is negated dialectically—i.e., while conserving itself, and becomes other. Next, as 'speculative' or 'positive' reason, it reveals its object in its unity throughout the series of its transformations.

departure man as ‘a totality of wants and a mixture of caprice and physical necessity’ (*PR* 182: 122). This individual considered in his ‘particularity,’ as a set of specific needs with a focus on his particular well-being, is the individual as he thinks himself in civil society, and as political economy reflects (upon) him: the *homo oeconomicus* who considers the social unit to which he belongs as a simple means to fulfil his particular needs. This is, in Hegel’s view, the iconic figure of civil society as social form, in opposition to the family form where the particularity of each individual tends to be assimilated. In the family, which Hegel considers to be the most natural, immediate and least reflective type of sociality, the affective bond ensures an immediate identity of the individual interest with the interest of the family as a whole. Things are different in civil society where participants enter into relationships through exchange and production, looking for the satisfaction of their particular needs. As this satisfaction is, as Hegel tells us, had ‘by means of external things, which at this stage are likewise the property and product of the needs and wills of others’ and by ‘work and effort’ (*PR* 189: 126), the individual necessarily enters into relation with the needs, the work and the free will of others, which in return are conditions for his own satisfaction. This condition of reciprocity, as political economy has shown, constitutes the matrix of a system within which the satisfaction of individual needs is just as much a function of the individual’s work as it is of the work and satisfaction of all the others. It becomes in Hegelian terminology the ‘system of needs,’ the first form of the general and mediating relationship ensuring social cohesion in civil society.

As Greer (1999) emphasizes, Hegel praises political economy and, more specifically, Smith, Say and Ricardo, for having brought to light simple laws and principles that come into play spontaneously in the system of needs, where they regulate individuals’ interactions. Classical economists illustrated this system’s coherence as well as the autonomous logic of its functioning through the analysis of market mechanisms. Following their teachings, Hegel describes the emergence of a coordination process that draws individual activity into the movement of public interest. Yet, reinterpreted in the terms of the Hegelian dialectic, market coordination (conceived as a relation of exteriority among atomised individuals) appears as a mere abstract aspect of the ‘dialectical advance’ by which individuals, pursuing their particular interests, integrate themselves into a network of economic and social determinations, a network which is itself a product of their reciprocal actions. This network, in return, moulds their conduct, sets in motion the negation of their particular determinations and entails the conformity of behaviours that makes possible the realization of an order that exceeds them. This interpretation of the coordination process in terms of ‘dialectical advance’

gives Hegel's economic thought its specificity and, in particular, grounds the dynamic dimension underlined by Nakano (2004).

First, far from assuming exogenous and independent preferences, Hegel describes how the bond of reciprocity informs the very content of needs just as it does the conditions of their satisfaction (Hunt 2006: 77). Particular needs turn into 'social needs,' needs stemming from representation and convention:

> The fact that I must direct my conduct by reference to others introduces here the form of universality. It is from others that I acquire the means of satisfaction and I must accordingly accept their views. At the same time, however, I am compelled to produce means for the satisfaction of others. […] To this extent everything private becomes something social. In dress fashions and hours of meals, there are certain conventions which we have to accept because in these things it is not worth the trouble to insist on displaying one's own discernment. The wisest thing here is to do as others do. (*PR* 192A: 269)

Next, this social determination of needs explains the dynamic of the system. Modelled by the social context, where the dual human penchant for imitation and distinction are at play (*PR* 193: 128) combined with a search for refinement (*PR* 191: 127), the needs find themselves drawn into a movement of multiplication and extension. This evolution of the modalities of need and its satisfaction influences in turn the form and content of the work that satiates need. Since, for Hegel, 'the means of acquiring and preparing the particularized means appropriate to our similarly particularized needs is work' (*PR* 196: 128), the multiplication and specification of needs and their ways and means of satisfaction 'subdivides production and brings about the division of labour' (*PR* 198: 129).

It is, therefore, the socialization of the modalities of need that explains the emergence of the division of labour, rather than the natural propensity of humans to exchange, as presupposed by Smith. And if this division increases labour productivity through the simplification of its content and its mechanization, as Smith described it, it also, as part of the same movement, brings about in return a complete dependence in the individuals involved in it: 'At the same time, this abstraction of one man's skill and means of production from another's completes and makes necessary everywhere the dependence of men on one another and their reciprocal relation in the satisfaction of their other needs' (*PR* 198: 129). The division of labour thus reinforces the social interplay that preceded its coming into being. From this point on, it is not only the content and the modalities of the satisfaction of needs that are shaped by social representations; rather, the form and the content of work themselves receive a 'universal' determination.

Indeed, for Hegel, the inner dynamic of the system leads beyond the social division of labour to the creation of 'particular systems of needs', namely the 'substantial', the 'formal' and the 'universal' estates (*Stände*). This differentiation of civil society into three 'general groups' organizes individuals according to their social and economic function, as well as the theoretical and practical culture that these functions imply:

> The infinitely complex, criss-cross, movements of reciprocal production and exchange, and the equally infinite multiplicity of means therein employed, become crystallized, owing to the universality inherent in their content, and distinguished into general groups. As a result, the entire complex is built up into particular systems of needs, means, and types of work relative to these needs, modes of satisfaction and of theoretical and practical education, i.e. into systems, to one or other of which individuals are assigned. (*PR* 201: 130-1)

As Kervégan (1992: 242-8) shows, the role Hegel accords to estates soundly illustrates the double dimension, at once objective (external) and subjective (internal), of the articulation between the 'universal' and the 'particular' orchestrated by the system of needs that lends the Hegelian analysis its specificity. Constituted into distinct social entities according to the specificity of their function and the system of representation associated with this function, estates are in fact an essential part of the coordinating mechanism in Hegel's view. Each estate sets up a professional ethic that guides the knowledge, wants and activities of the individuals that it gathers together on the path leading to the 'universal.'[5] And it is only through belonging to one of these spheres that the individual can reach the full satisfaction of his particular interest:

> A man actualizes himself only in [...] restricting himself exclusively to one of the particular spheres of need. In this [estate]-system, the ethical frame of mind therefore is rectitude and *esprit de corps*, i.e. the disposition to make oneself a member of one of the moments of civil society by one's own act, through one's energy, industry, and skill, to maintain oneself in this position, and to fend for oneself only through this process of

[5] This partition is tied to economic functions: agriculture, in the case of the first estate, craftsmanship, manufacture and trade for the second, and civil service for the third. But the *raison d'être* of this estate-division is not to specify their role in the creation of wealth, as in classical economics' conception of class-division. Rather, it aims to make evident how these functions are joined to a differentiated conscious relation to the 'universal.' This estate-division reproduces the three dialectical moments of the ethical life within civil society: family, civil society and the state. For the first estate, which 'has its capital in the natural products of the soil which it cultivates,' the relation to the 'universal' is 'substantial or immediate': 'the agricultural mode of subsistence remains one which owes comparatively little to reflection and independence of will, and this mode of life is in general such that this class has the substantial disposition of an ethical life which is immediate, resting on family relationship and trust' (*PR* 203: 131). For the second estate, the relation to the 'universal' is 'reflecting or formal,' since 'for its means of livelihood it is thrown back on its work, on reflection and intelligence, and essentially on the mediation of one man's needs and labour with those of others' (*PR* 204: 132). For the third estate, which 'has for its task the universal interests of the community,' the relation to the 'universal' is concrete, for to accomplish this task it must 'be relieved from direct labour to supply its needs, either by having private means or by receiving an allowance from the state which claims its industry, with the result that private interest finds its satisfaction in its work for the universal.' (*PR* 205: 132)

> mediating oneself with the universal, while in this way gaining recognition both in one's own eyes and in the eyes of others. (*PR* 207: 133)

In sum, as Nakano (2004) remarks, making reference to Plant (1997) and in contradiction with Greer's analysis, Hegel's concept of the system of needs is very different from market mechanisms based on individuals' economic rationality and conceived of as 'an autonomous realm independent of other aspects of human life.' Rather, for Hegel, 'economic rationality is dependent upon the system of needs as a nexus of relations with other aspects of human life' (Nakano 2004: 41). In fact, the 'mediation of the particular through the universal' (*PR* 199: 130-1), orchestrated by relations of production and exchange, is not manifest only in market mechanisms orienting individual behaviours from outside, as political economy would have it in its description of atomised and rational individuals who react to 'price signals.' As Hegel sees it, the system of needs modifies the very content of particular interest through representations and conventions that are shaped by culture, and which inform individual behaviour from within. And it is this transformation that makes the system of needs a constitutive element of 'ethical life':

> Individuals [as members of civil society] are private persons whose end is their own interest. This end is mediated through the universal which thus appears as a means to its realization. Consequently, individuals can attain their ends only in so far as they themselves determine their knowing, willing, and acting in a universal way and make themselves links in this chain of social connexions. (*PR* 187: 124)

However, this determination by the 'universal' is only present at this point in individuals' consciousness in an incomplete, and thus abstract, form. Only the universal estate members have a conscious relationship to the 'universal' interest of the community. For the others, society only appears as a means of serving their particular ends. That is why the system of needs shows itself to be the case in which the 'universal' is realized through the 'particular,' according to the schema of the 'ruse of reason;' a schema which might be seen, as Davis and Henderson (1991) notice, as Hegel's dialectical reading of Smith's Invisible Hand:[6]

> [In civil society] the particular is to be my primary determining principle, and thus my determinacy by ethical factors has been annulled. But this is nothing but a pure mistake, since, while I suppose that I am adhering to the particular, the universal and the necessity of the link between particulars remains the primary and essential thing. I am thus altogether on the level of show, and while my particularity remains my determining principle, i.e. my end, I am for that very reason the servant of the universal which properly retains power over me in the last resort. (*PR* 181A: 266)

[6] For a comparative examination of Smith's 'invisible hand' and Hegel's 'ruse of reason', see Davis (1989).

But in contrast with Smith's thesis, Hegel does not hold that the individual serves the public interest even better when he does so unknowingly. On the contrary, precisely because in the system of needs the 'universal' dimension is only realized unbeknownst to individuals, and through an 'unconscious' and 'blind' necessity, it never amounts, as we will see, to anything more than an 'abstract universal': that is, a potentiality that remains to be actualised. Here again the Hegelian dialectical reinterpretation establishes a critical distance with regard to classical theory.

3. From the blind necessity of market forces to oversight and care by the public authority

> [...] by a dialectical advance, subjective self-seeking turns into the mediation of the particular through the universal, with the result that each man in earning, producing, and enjoying on his own account is *eo ipso* producing and earning for the enjoyment of everyone else. The compulsion which brings this about is rooted in the complex interdependence of each on all, and it now presents itself to each as the universal permanent capital which gives each the opportunity, by the exercise of his education and skill, to draw a share from it and so be assured of his livelihood, while what he thus earns by means of his work maintains and increases the general capital. (*PR* 199: 130-1)

This later quotation synthesises the market economy's promise, otherwise put, the implicit contract that, according to classical economics, bonds together participants in the market economy. Yet, this promise cannot be kept, according to Hegel, by the 'unconscious necessity' of market forces on their own. It is faced with two obstacles: firstly, the uncertainty or 'contingency' that is part and parcel of the unfolding of market relations; and secondly, the excesses of self-interest.

Let us first clarify the threat related to uncertainty. As Hegel observes, if the mechanisms portrayed by economists orient individual behaviour towards the fulfilment of common prosperity, the stake of each individual in this prosperity is never anything more than a possibility subject to certain conditions: 'in the system of needs, the livelihood and welfare of every single person is a possibility whose actual attainment is just as much conditioned by his caprices and particular endowment as by the objective system of needs' (*PR* 230: 145-6). Individual satisfaction is the object of a formal and wholly contingent possibility. Contingency first enters into the initial endowments of capital and skills, which determine individuals' ability to draw their share of the wealth that is produced and thereby to be assured of their livelihood:

> A particular man's resources, or in other words his opportunity of sharing in the general resources, are conditioned, however, partly by his own unearned principal (his capital), and partly by his skill; this in turn is itself dependant not only on his capital, but also on accidental circumstances whose multiplicity introduces differences in the development of natural, bodily, and mental characteristics, which were already in themselves dissimilar. In this sphere of particularity, these differences are conspicuous in every distinction and on every level, and, together with the arbitrariness and accident which this sphere contains as well, they have as their inevitable consequence disparities of individual resources and ability. (*PR* 200: 130)

Next, contingency intervenes in economic mechanisms. If Hegel does recognize the coherence of the market economy, this does not entail that the economic system is in a constant state of general equilibrium. On the contrary, as stressed by Nakano (2004: 41), Hegel pointedly emphasizes the disruptive effect of uncertainty upon the markets' efficiency. Market uncertainty (variability of demand, complexity of the system, contagious effect from foreign economies, etc.) provokes recurrent crises in large sectors of the economy. In other words, crises are inherent in the dynamic of a system that rests on the *a posteriori* validation of production's value: market forces act as a 'blind' necessity (*PR* 236: 147-8). This uncertainty specifically impacts those who are made vulnerable by their lack of capital and skills. And this differentiated exposure to market risk increases the initial disparities.

In order to give each members of civil society the real possibility of ensuring his subsistence and well-being—and thus maintaining him in its order—Hegel affirms the necessity of implementing an institutional and political framework capable of limiting contingency's impact upon individual trajectories[7]. More precisely, as he conceives it, 'the oversight and care exercised by the public authority aims at being a middle term between an individual and the universal possibility, afforded by society, of attaining individual ends' (*PR* 236A: 276). On the subjective side (individual endowments), Hegel emphasizes the relevance of a social protection system, which would be both public and private. Placed under the surveillance of the public authority, this system of social protection could save individuals from economic and social insecurity and compensate for flagging familial solidarity:

> Originally the family is the substantive whole whose function is to provide for the individual on his particular side by giving him either the means and the skill necessary to enable him to earn his living out of the resources of society, or else subsistence and maintenance in the event of his suffering a disability. But

[7] 'In civil society, universality is necessity only. When we are dealing with human needs, it is only right as such which is steadfast. But this right—only a restricted sphere—has a bearing simply on the protection of property; welfare is something external to right as such. This welfare, however, is an essential end in the system of needs. [...] Still, since I am inextricably involved in particularity, I have a right to claim that in this association with other particulars, my particular welfare too shall be promoted. Regard should be paid to my welfare, to my particular interest, and this done through the police and the Corporation.' (*PR* 229A: 275-6)

> civil society tears the individual from his family ties, estranges the members of the family from one another, and recognizes them as self-subsistent persons. Further, for the paternal soil and the external inorganic resources of nature from which the individual formerly derived his livelihood, it substitutes its own soil and subjects the permanent existence of even the entire family to dependence on itself and to contingency. Thus the individual becomes a son of civil society which has as many claims upon him as he has rights against it. (*PR* 238: 148)

This care is clearly related to specific risks. 'In its character as a universal family, civil society has the right and duty of superintending and influencing education, inasmuch as education bears upon the child's capacity to become a member of society,' because 'society's right here is paramount over the arbitrary and contingent preferences of parents' (*PR* 239:148). Civil society also has the right and duty to undertake the care of public health (*PR* 236A: 276) and provide aid to the indigent, who are reduced to poverty not only by 'caprice' but also by 'contingencies, physical conditions, and factors grounded in external circumstances' (*PR* 241: 148). In addition to public institutions, Hegel foregrounds the role played by professional organisations (*Korporation, Genossenschaft*) with regard to the estate that is associated with business activities. Indeed, the workers of that sector are specially exposed to crises and the risk of unemployment because of the interdependence and deskilling effects brought about by the division of labour (Henderson and Davis 1991: 191-3). As Hegel conceives it:

> A Corporation has the right, under the surveillance of the public authority, (a) to look after its own interests within its own sphere, (b) to co-opt members, qualified objectively by the requisite skill and rectitude, to a number fixed by the general structure of society, (c) to protect its members against particular contingencies, (d) to provide the education requisite to fit others to become members. (*PR* 252: 152-3)

As regards the objective determinations of individual trajectories, Hegel advocates for a regulation of market practices by the public authority:

> The differing interests of producers and consumers may come into collision with each other; and although a fair balance between them on the whole may be brought about automatically, still their adjustment also requires a control which stands above both and is consciously undertaken. [...] But public care and direction are most of all necessary in the case of larger branches of industry, because these are dependent on conditions abroad and on a combination of distant circumstances which cannot be grasped as a whole by the individuals tied to these industries for their living. (*PR* 236: 147)

Unlike economic liberals, Hegel—as we can see in the above quotation—does not invoke an information problem in order to rule out the public authority's intervention in the economy;

on the contrary, he tends to stress the perspicacity of the public authority's insights, as we will confirm in the next section by evoking the role played by public servants. In opposition to the invisible and blind hand of market mechanisms, Hegel emphasizes the role of the visible and conscious hand of the public authority:

> [Particular interest] invokes freedom of trade and commerce against control from above; but the more blindly it sinks into self-seeking aims, the more it requires such control to bring it back to the universal. Control is also necessary to diminish the danger of upheavals arising from clashing interests and to abbreviate the period in which their tension should be eased through the working of a necessity of which they themselves know nothing. (*PR* 236: 147-8)

We therefore cannot follow Greer (1999: 566) when he holds that Hegel adopts the fundamental tenets of economic liberalism, rejecting 'the welfare state and with it, any forces other than the anonymous forces of the market in setting the parameters within which one pursues one's self-interest' (*ibid.*: 570). The Hegelian position on matters of economic government should rather be defined, as Denis (1984), Rosanvallon (1989), Kervégan (1992) or Nakano (2004) maintain, by a double rejection. On the one hand, Hegel rejects the idea of a planning-driven state, 'providing for everything and determining everyone's labour' (*PR* 236: 147), since the sphere of production and exchange ought to remain, in his eyes, the site of the particular will's expression. On the other hand, and contrary to the theses that Fatton (1986), Waszek (1988) or Greer (1999) proffer, Hegel also rejects the economic liberalism of classical economics, which acknowledges the legitimacy of public interventions only on the margins of the market system; this rejection becomes evident through his refusal to abandon this sphere to merely 'unconscious' regulation by market forces. In fact, Hegel adopts a position that is more pragmatic than dogmatic. He affirms the right of the individual to follow his own self-interest just as much as that of the public authority to guarantee the fulfilment of the common interest; and, consequently, he denies all possibility of drawing an objective and irrevocable line of demarcation:

> In this connexion, two main views predominate at the present time. One asserts that the superintendence of everything properly belongs to the public authority, the other that the public authority has nothing at all to settle here because everyone will direct his conduct according to the needs of others. The individual must have a right to work for his bread as he pleases, but the public also has a right to insist that essential tasks shall be properly done. Both points of view must be satisfied, and freedom of trade should not be such as to jeopardize the general good. (*PR* 236A: 276)

The sole obstacle Hegel sees to public intervention, as Greer correctly points out, is the subjective freedom actualised by market society. That is why the assurance of the possibility of sharing in the common wealth given by the public authority must remain incomplete (*PR* 237: 148), and public intervention should not thwart individual initiative. But far from rejecting the welfare state as a matter of principle (to the extent that the concept of the welfare state can be said to have a meaning during Hegel's time), he instead conceives of the kind of risks covered and the scope of public supervision and care as being 'determined by custom, the spirit of the rest of the constitution, contemporary condition, the crisis of the hour, and so forth' (*PR* 234: 146).

This institutional framework that fosters market mechanisms and may curb the consequences of partial crises caused by exogenous and 'contingent' shocks is nevertheless in Hegel's view powerless to face the consequences of a systemic crisis induced by the excesses of self-interest. Beyond the disturbing action of uncertainty that legitimates the foresight of the public authority, Hegel evokes a much more important threat hanging over the economic system:

> When civil society is in a state of unimpeded activity, it is engaged in expanding internally in population and industry. The amassing of wealth is intensified by generalizing (a) the linkage of men by their needs, and (b) the methods of preparing and distributing the means to satisfy these needs, because it is from this double process of generalization that the largest profits are derived. That is one side of the picture. The other side is the subdivision and restriction of particular jobs. This results in the dependence and distress of the class tied to work of that sort… (*PR* 243: 149-50)

In accordance with Smith's thesis, capital accumulation nourishes an economic growth that rests on the deepening and the generalization of the division of labour. This implies, for the workers who take part in it, an increasing restriction of their abilities and thereby a stronger dependence on the system and its uncertainties. Here lies, for Hegel, the source of a structural mismatch in the economy between the amount of goods offered on the market and the purchasing power of the workers who produce these goods, leading to a crisis of general overproduction. Following an argumentation that recalls partially one of Malthus's (1820), Hegel affirms the possibility of 'an excess of production' caused by a strong urge for profit and accumulation and by 'the lack of a proportionate number of consumers who are themselves also producers' (*PR* 245: 150). This general glut entails massive unemployment and therefore a fall below the subsistence level in the standard of living of a large mass of people. Hegel concludes that the system of needs then leaves workers faced with the growing

impossibility of earning their portion of the common wealth. And he sees in the emergence of the 'rabble of paupers' the most tangible manifestation of this contradictory development:

> When the standard of living of a large mass of people falls below a certain subsistence level – a level regulated automatically as the one necessary for a member of the society – and when there is a consequent loss of the sense of right and wrong, of honesty and the self-respect which makes a man insist on maintaining himself by his own work and effort, the result is the creation of a rabble of paupers. At the same time this brings with it, at the other end of the social scale, conditions which greatly facilitate the concentration of disproportionate wealth in a few hands. (*PR* 244: 150)

This poverty, which is no longer individual and accidental but rather massive and endemic, is beyond the reach of the public authority's and the corporations' regulating powers. Indeed, the goal of these institutions is to give individuals the ability to participate in the system of needs, to satisfy their needs while contributing to the satisfaction of others' needs; they do not intend to substitute themselves for the system of needs. More precisely, the task of these institutions is to ensure the minimum of abilities and of initial endowment that conditions 'the disposition to make oneself a member of civil society by one's own act, through one's energy, industry, and skill, to maintain oneself in this position, and to fend for oneself only through this process of mediating oneself with the universal, while in this way gaining recognition both in one's own eyes and in the eyes of others' (*PR* 207: 133). If society ensured the subsistence of the 'masses declining into poverty' without providing work as compensation, this would not solve the problem of the 'loss of the sense of right and wrong, of honesty and the self-respect which makes a man insist on maintaining himself by his own work and effort' that characterizes the rabble (and fuels the revolutionary fervour). On the other hand, if society created jobs arbitrarily for such individuals, 'the volume of production would be increased;' whereas in fact, 'the evil consists precisely in an excess of production' (*PR* 245: 150). None of these solutions is then able to resolve the problem, which leads Hegel to the conclusion, that 'despite an excess of wealth civil society is not rich enough, i.e. its own resources are insufficient to check excessive poverty and the creation of a penurious rabble' (*PR* 245: 150). And this lack of endogenous solutions explains, for Hegel, the tendency of every civil society, and especially the British version, toward commercial expansion and colonization:

> This inner dialectic of civil society thus drives it—or at any rate drives a specific civil society—to push beyond its own limits and seek markets, and so its necessary means of subsistence, in other lands which are either deficient in the goods it has overproduced, or else generally backward in industry, &c. (*PR* 246: 151)

4. The surpassing of economic disorders through the advent of an ethical order

As Kervégan (2005: 295-6) notes, Hegel's description here of a pathological evolution of civil society has a rather ambiguous status. Does Hegel have in mind a particular evolution linked to specific circumstances, such as the case of the English industrial revolution, or rather an evolution that is necessary to every civil society? Is it possible, moreover, to remedy this pathological evolution and its consequences within the framework of civil society as Hegel describes it? For Kervégan, Hegel appears to be hesitant here. Many readers of Hegel have perceived a fundamental limit to Hegelian analysis at work in this contradictory movement wherein wealth and poverty develop conjointly and seemingly without any solution (since expansion inevitably generates new contradictions). According to Avineri (1972), Hegel leaves the problem of poverty 'open and unresolved' by calling for state intervention, while limiting the state's interference exclusively to external control. This is 'Hegel's dilemma,' Avineri continues: 'if he leaves the state out of economic activity, an entire group of civil society members is going to be left outside it; but if he brings in the state in a way that would solve the problem, his distinction between civil society and the state would disappear, and the whole system of mediation and dialectical progress towards integration through differentiation would collapse' (1972: 14).

In Fatton's view (1986), there is also a 'Hegelian dilemma' in that while Hegel is conscious that the existence of an endemic poverty contradicts the universality and the rationality of the state that shelters this poverty, he is also, as a prisoner of classical economics, led to denounce the disturbances that state intervention would bring about. And his last-ditch attempt to solve the 'problem of poverty and overproduction through the resettlement of population and the search for raw materials and markets abroad' is nothing more than a temporary palliative 'since the conquest of new territories and new markets cannot proceed ad infinitum. Imperialism is fettered by the geographical limitations of this own expansion' (Fatton 1986: 596).

For Greer (1999: 568-70), on the other hand, Hegel's rejection of using economic policy to alleviate the plight of the poor implies no dilemma. According to this interpretation, Hegel considers endemic poverty and growing inequalities to be the price of subjective freedom: 'For Hegel, economic forces may impoverish certain unlucky groups of people, but at least they do so impersonally and unconsciously, thereby preserving individual autonomy and subjective freedom' (Greer 1999: 570). As a true economic liberal, he leaves care of the poor to voluntary, private associations: the 'corporations'. Greer's reading of the *Philosophy of Right* suffers however from two weaknesses. Firstly, as Fatton points out, corporations are not

open to everyone—and specifically not to the 'propertyless rabble of unemployed' (Fatton 1986: 593). Secondly, as Hunt remarks, 'Hegel's advocacy of some form of welfare state is rooted not so much in a concern for economic justice as in considerations of political legitimacy and stability. Independently of whether it is just to allow the development of extreme economic inequalities in a society, it is politically dangerous to do so' (Hunt 2006: 71). The 'rabble of paupers' clearly constitutes, in Hegel's view, a threat of dissolution weighing upon civil society.[8] The problem is thus more acute than Greer recognizes.

The distinction we have sketched above between the two types of failure of the economic mediation in Hegel's text opens another path for surpassing the so-called 'Hegelian dilemma'. According to our distinction, a first type of failure, which is translated into accidental poverty, is tied to the disturbing action of uncertainty and justifies the setting-up of a stabilizing framework by the public authority. The causes and remedies of the pathological evolution of the system of needs are quite different. The endemic and massive poverty that threatens social cohesion is due, in Hegel's text, to the market economy's inability to curb the excesses of self-interest that it prompts. These excesses are the fruit of a particular state of mind, which Nakano (2004) rightly called 'ethical corruption.'[9] The spontaneous order emerging from the market economy leaves individuals to be prisoners of their selfish wants, endlessly seeking recognition through limitless manifestations:

> When complaints are made about the luxury of the business classes and their passion for extravagance – which have as their concomitant the creation of a rabble of paupers – we must not forget that besides its other causes (e.g. increasing mechanization of labour) this phenomenon has an ethical ground […]. Unless he is a member of an authorized Corporation [...], an individual is without rank and dignity, his isolation reduces his business to mere self-seeking, and his livelihood and satisfaction become insecure. Consequently, he has to try to gain recognition for himself by giving external proofs of success in his business, and to these proofs no limits can be set. (*PR* 253: 255-6)

[8] As Waszek (1988) notes, Smith had already denounced the negative effects of the division of labour on the moral virtue of the citizen and the soldier. For Hegel, however, what is at stake is a breaking of the social contract that founds civil society. This difference in the two authors' judgments regarding the impact of inequalities on social cohesion can be explained by the role of the 'principle of sympathy', which ensures in Smith's thought the internalisation of the social order (Duboeuf 1985).

[9] Nakano's interpretation of the impact of this ethical corruption remains nevertheless ambiguous. At fist, he explains the occurrence of overproduction by an incorrect anticipation of demand, which is then in turn related to a problem of uncertainty: 'Workers increase the volume of production in order to improve their livelihood, but they are too remotely linked with consumers through the vast system of needs to be aware of the relevant demand for their products' (Nakano 2004: 41). He then affirms the following: 'However, overproduction and alienation are not only the cause but also the result of ethical corruption' (*ibid*.: 44). Finally, he concludes: 'capitalism by its nature generates overproduction and alienation, because isolated individuals in modern society rush into obsessive overwork to gain recognition through economic success' (*ibid*.: 49). Our distinction between two types of failure of economic mediation allows us to lend come clarity to this ambiguity.

Here lies the origin of the unfolding of a pernicious logic of profit and revolt, where the quest for luxury and refinement exists alongside growing dependence and deprivation (*PR* 195: 128).[10]

The solution to this ethical corruption falls within a second register of state intervention, one which aims to influence individuals' disposition of mind.[11] More precisely, in order to prevent the pathological evolution of market-based civil society while preserving its positive potentialities, Hegel proclaims it necessary for the state to institute the conditions of an ethical order (conceived as a superior order of rationality) such that:

> [...] the universal does not prevail or achieve completion except along with particular interests and through the co-operation of particular knowing and willing; and individuals likewise do not live as private persons for their own ends alone, but in the very act of willing these they will the universal in the light of the universal, and their activity is consciously aimed at none but the universal end. (*PR* 260: 160-1)

The implementation of this concrete (conscious) identification of particular and universal interests, which marks the 'rational' state's advent, is the work of two bodies: the legislative power and the executive power. In their respective roles as a translator and as an administrator of the 'universal' will, these two organs of the 'rational' state orchestrate a continual movement of mediation, one that reveals and ensures the reciprocal connections unifying particular and 'universal' wills in their rational determinations.[12] This continual movement of mediation that lends the Hegelian articulation between the political and economic spheres its specificity is widely underestimated by those who assert that Hegel has no solution to the problems posed by civil society in its modern context (Avineri 1972), or by

[10] In Hegel's mind, poverty threatens social order inasmuch it 'takes the form of a wrong done to one class by another': 'The lowest subsistence level, that of a rabble of paupers, is fixed automatically, but the minimum varies considerably in different countries. In England, even the very poorest believe that they have rights; this is different from what satisfies the poor in other countries. Poverty in itself does not make men into a rabble; a rabble is created only when there is joined to poverty a disposition of mind, an inner indignation against the rich, against society, against the government, &c.' (*PR* 244A: 277)

[1111] 'Particularity by itself is measureless excess, and the forms of this excess are themselves measureless. By means of his ideas and reflections man expands his desires, which are not a closed circle like animal instinct, and carries them on to the false infinite. At the other end of the scale, however, want and destitution are measureless too, and the discord of this situation can be brought into a harmony only by the state which has powers over it.' (*PR* 185A: 267)

[12] More precisely, for Hegel, the state can only acquire the power and strength to oversee and guarantee the concrete (mediated) fusion of particular wills and the general will when it takes the form of a constitutional monarchy. Only this type of regime takes account of the properly modern separation of these two wills, while transcending this separation. The political form of constitutional monarchy is, for Hegel, the rational form of the modern state. If Greek democracy manifested an immediate unity of particular wills and the general will proper to the spirit of antiquity, in modern times it could not, in Hegel's view, engender anything more than a dissolution of the state into private interests. Locked into their private desires, the individuals of civil society cannot constitute the universal subject that founds the state; lost in the atomistic individualism of this modern, privatised society, it remains for individuals to be awakened to the meaning of, and thus the path leading to, the 'universal.'

those who read Hegel as a resigned partisan (Fatton 1986) or convinced partisan (Greer 1999) of economic liberalism in the classical sense of the term. And since this movement of mediation endeavours to bring about the advent of an ethical economy, its scope must not be limited to the defence of an economic nationalism (as in Nakano 2004). Let us summarize this device of ethical regulation briefly.

Considered as part of this device, the executive power, which is administered by civil servants qualified by their training, knowledge and experience, takes on the charge of 'subsuming the particular under the universal'. But this 'universal' will embodied by the state should not appear to the individuals as a constraint or as something which must be, Hegel argues. Rather, the executive has to seek the adherence of the members of civil society by granting that: 'in this identity of the universal will with the particular will, right and duty coalesce, and by being in the ethical order a man has rights in so far as he has duties, and duties in so far he has rights' (*PR* 155: 109). More precisely:

> In whatever way an individual may fulfil his duty, he must at the same time find his account therein and attain his personal interest and satisfaction. [...] Particular interests should in fact not be set aside or completely suppressed; instead, they should be put in correspondence with the universal, and thereby both they and the universal are upheld. The isolated individual, so far as his duties are concerned, is in subjection; but as a member of civil society he finds in fulfilling his duties to it protection of his person and property, regard for his private welfare, the satisfaction of the depths of his being, the consciousness and feeling of himself as a member of the whole... (*PR* 261: 161-2).

In order to achieve this 'union of duty and right', the executive must intervene through the mediation of the institutional network of civil society, the functioning of which the executive has, according to Hegel, the responsibility of maintaining and guiding. Among these institutions, figure, first, the institutions of justice and public administration of civil society (including devices of market regulation and social protection), which are responsible for maintaining the 'universal' as an external order (that is, as the legal framework for individual action), all the while protecting individuals' rights and welfare. The standard elements of the welfare state advocated by Hegel are thus conceived as part of a larger and less familiar device of ethical regulation, driven by the state and in charge of making conscious and then real the unity of particular and common interests. The same principle applies to the intermediate bodies that emerge in civil society and stand between the individual and the state. Through these municipal or professional 'associations' (guilds), Hegel explains, the atomised beings of civil society surpass their immediate self-interest by developing an associative solidarity, based on the defence of shared interests. When legally organised and

placed under the control of the public authority, these associations constitute, in Hegel's view, a set of interfaces between the multiplicity of individual wills and the general will, able to channel particular interests and activities toward the conscious fulfilment of 'relative' universal goals, which are recognized as such by the state:

> It is true that these associations won too great measure of subsistence in the Middle Ages, when they were states within states and obstinately persisted in behaving like independent corporate bodies. But while that should not be allowed to happen, we may none the less affirm that the proper strength of the state lies in these associations. In them the executives meets with legitimate interests which it must respect, and since the administration cannot be other than helpful to such interests, though it must also supervise them, the individual finds protection in the exercise of his rights and so links his private interest with the maintenance of the whole. (*PR* 290A: 290)

Correctly guided by the executive, who ratifies the election of their leaders, these intermediate bodies establish an essential level of regulation, complementary to the levels of the law and the market, through acting on the content of the needs and initiatives that are expressed in civil society. As has been stressed above, representations and conventions are in Hegel's view an essential part of the coordinating mechanism at play in the economic sphere, guiding the knowledge, wants and activities of individuals on the path leading to the 'universal.'

Hegel sees in the 'corporations' in particular a privileged instrument making it possible to tame the interests of the individuals who make up the business (or 'formal') estate (that is, individuals involved in craftsmanship, manufacture and trade):

> We saw earlier that in fending for himself a member of civil society is also working for others. But this unconscious compulsion is not enough; it is in the Corporation that it first changes into a known and thoughtful ethical mode of life. Of course Corporations must fall under the higher surveillance of the state because otherwise they would ossify, build themselves in, and decline into a miserable system of castes. In and by itself, however, a Corporation is not a closed caste; its purpose is rather to bring an isolated trade into the social order and elevate it to a sphere in which it gains strength and respect. (*PR* 255A: 278)

In this estate which nourishes the scissions of civil society, 'corporations' may ensure the diffusion of a disposition of mind, a 'sentiment' suitable for maintaining the individual in the social order by doing away with the contingence that impinges upon individual satisfaction, and by guiding this satisfaction toward the common interest, wherein lies its truth. More precisely, Hegel describes these organizations as the instrument of a reciprocal recognition between the individual and the community, capable of preventing the excesses of particular interest:

> In the Corporation, the family has its stable basis in the sense that its livelihood is assured there, conditionally upon capability, i.e. it has a stable capital. In addition, this nexus of capability and livelihood is a recognized fact, with the result that the Corporation member needs no external marks beyond his own membership as evidence of his skill and his regular income and subsistence, i.e. as evidence that he is a somebody. It is also recognized that he belongs to a whole which is itself an organ of the entire society, and that he is actively concerned in promoting the comparatively disinterested end of this whole. Thus he commands the respect due to one in his social position. (*PR* 253: 153)

On the one hand, through granting to each member the legal recognition of his activity within the context of the social division of labour, the 'corporation' reveals the 'rational' and 'universal' significance of his activity: the individual leaves behind the bounds of his particular interest in order to exercise consciously an activity that is directed toward a relatively 'universal' goal. On the other, by assuring the subsistence of the individual, his family, and his possessions, through a system of guarantees and protections, the 'corporation' allows the individual to rise above his particularity:

> The so-called 'natural' right of exercising one's skill and thereby earning what there is to be earned is restricted within the Corporation only in so far as it is therein made rational instead of natural. That is to say, it becomes freed from personal opinion and contingency, saved from endangering either the individual workman or others, recognized, guaranteed, and at the same time elevated to conscious effort for a common end. (*PR* 254: 154)

Nevertheless, this 'universal' dimension that springs up in the consciousness of individuals in civil society through the support of the executive only achieves its full expression in the exercise of the legislative power, whose function is to determine the content of rights and duties that codify the relationship between the public authority and individuals, namely 'provision by the state for their well-being and happiness' and 'the exaction of services from them' (*PR* 299: 194). If the executive power brings about the consciousness that 'in the state duty and right are united in one and the same relation' (*PR* 261: 161), these rights and duties are not something that individuals want in themselves, but rather an order which they recognize as preserving their particular interests. The recognition of this order as a free choice (its internalisation), which Hegel considers to be the condition for the concrete union of interests, only comes to be in and through the legislative moment. In the legislative moment, these rights and duties are discussed and promulgated by the 'estates assemblies', in which not only the executive's 'highest civil servants' belonging to the universal estate, but

also the representatives of the substantial/agricultural and of the formal/business estates, intervene.[13]

More precisely, as Hegel conceives it, the function of the estates assemblies is not to determine the content of laws. This is the executive's prerogative as 'advisory body', since it possesses (a) a concrete knowledge and oversight of the whole state in its numerous facets and the actual principles firmly established within it, and (b) a knowledge in particular of what the state's power needs' (*PR* 300: 195). The contribution of the estates assemblies is, in this matter, only 'additional', as it consists in expressing the 'legitimate' demands of civil society by the intervention of their diverse representatives during the debates that accompany the ratification of the laws, and in controlling the modalities of their application by the civil servants afterwards. Rather, the main contribution of these assemblies lies, for Hegel, in making public the debates surrounding the deliberations and decisions concerning the life and becoming of the community: 'by this means public opinion first reaches thoughts that are true and attains insight into the situation and concept of the state and its affairs, and so first acquires ability to estimate this more rationally' (*PR* 315: 203).

As part of the device of ethical regulation, these assemblies are then conceived as a sort of theatre where the citizens' participation in the formulation of the common will is staged, and where, in return, they learn how to recognize the 'true character' of their interests:

> Estates Assemblies, open to the public, are a great spectacle and an excellent education for the citizens, and it is from them that the people learns best how to recognize the true character of its interests. The idea usually dominant is that everyone knows from the start what is best for the state and that the Assembly debate is a mere discussion of this knowledge. In fact, however, the precise contrary is the truth. It is here that there first begin to develop the virtues, abilities, dexterities, which have to serve as examples to the public. (*PR* 315A: 294)

The estates assemblies thus finalize the movement of mediation initiated in the exercise of the executive power. As they make it possible for the public to recognize the 'universal' will as 'the absolutely rational element in the will', Hegel explains, the estates assemblies ensure the 'universal' will's internalisation and cultivate ethical virtue in those who participate in civil

[13] For Hegel, the private views and wills can only take part in the formulation of the 'universal' will in a form that is already 'organic', that is, by the intervention of the estates of civil society. Because they champion two different types of consciousness, the substantial/agricultural and the formal/business estates are broken down into two chambers, with each having an elective mode that is proper to it, in relation to its degree of universality, but nonetheless subject to the same rule: 'their function requires them to possess a political and administrative sense and temper, no less than a sense for the interests of individuals and particular groups' (*PR* 302: 197). The substantial estate, represented by the large landowners, is situated in the first chamber. In the second lies the estate of business activities, represented by deputies with mandates from organizations that are differentiated from civil society (professional and local associations), in order to defend their shared interests.

society. From then on, individuals are able to perceive, in the common interest, both the truth of and the conditions of possibility for attaining their particular ends, and act accordingly in market society.

5.Conclusion: a lesson for the future?

Having reached the end of this brief examination of the Hegelian *Philosophy of Right*, it appears that Hegel's outlook upon the economic sphere differs markedly from those of the founders of liberalism, as Nakano (2004) rightly suggests. The dialectical interpretation of classical economics leads Hegel to grant only a restricted role to the market as a coordinating mechanism of individuals' desires and needs. More generally, Hegel does not think that the economic system can be virtuous and harmonious as a whole if its constituent parts do not adopt co-operative behaviours and do not adhere to ethical norms. While he does hold market-based civil society to be the legitimate site of a free pursuit of self-interest and subjectivity's unsurpassable field of expression, as Greer (1999) maintains, he does so because he believes that the state can incite the members of civil society to adopt these co-operative behaviours and ethical norms freely. More precisely, Hegel holds that the state can, through a range of institutional mediations (including some standard elements of the welfare state), promote the awareness of the interdependency of individual and collective destinies over the abstract and deceiving representation of atomism borne by market practices. In so doing, it can cultivate an ethical disposition of mind among the actors of civil society taming the excesses of self-interest and orienting self-interest toward the realization of the common good. The originality and contemporary significance of the Hegelian analysis likely lies in this reflection upon the necessity of an ethical regulation of the market-based economy and in the role he allocates to intermediary bodies therein. And yet, Hegel's theory is far from clearing the way for a scientific theory that would offer an alternative to Keynesian macroeconomic policy, as Nakano affirms.

The device of ethical regulation conceived by Hegel depends mainly on the ability and virtue of the members of the so-called 'universal' estate, that is: civil servants, who are in charge of revealing and maintaining the reciprocal connections unifying 'particular' and 'universal' interests in their rational determinations. Admittedly civil servants require the support of civil society and its intermediary bodies in order to do so. But the effectiveness of the latter's contribution appears to be very limited, as shown by Hegel's treatment of the intermediary bodies' ability to bring forth the 'universal' by themselves and, consequently, by the necessity for the intermediary bodies to be placed under guardianship. One might at first

be surprised by the ‘naivety’ of ‘Hegel’s account of the public-spirited behaviour of the state bureaucracy’, as Hunt (2006: 89) remarks, recalling that ‘as public choice theorists never tire of insisting, there is no reason to suppose that people alter their motives simply because they hold public office’. This is in fact an old criticism, and Marx (1842) was one of the first to make it. However, Hegel did not ignore this problem, since his text features a reflection on the modalities of recruitment, remuneration, status and control (by the estate assemblies) that are capable of ensuring ‘public-spirited behaviour’ on the part of the civil servants.

More fundamentally, one might question the very content of the identity of interest between the individual and the social whole (as it is represented by the sate) that the device of ethical regulation is supposed to promote. As Hegel describes it, the task of the civil servants is only to actualise the identity of interests that already exists in potentiality. This identity of interests, Hegel argues, first finds an unconscious and incomplete expression in civil society through the system of needs, since this system does not only harmonise given individual preferences through ‘price signals’, but also acts on the very content of these preferences. More precisely, the social interplay accompanying relations of production and exchange gives rise to representations and conventions that dialectically inform self-interests and give them a ‘universal’ determination. And as Hegel understands it, this ‘universal’ determination does not refer to the mere constraints of the system’s self-reproduction. This determination is part of a larger cultivation process. Through this process, emerges and expresses itself what Hegel calls the ‘spirit of the people’ (*Volkgeist*), that is: a substantial bond transforming a people into an ‘organic whole’ and inspiring all of its productions and institutions. The Hegelian device thus relies upon the underlying proposition of the existence of this common ‘spirit’, which ensures *a priori* the existence of a field where particular interests converge, and whose rational content can be determinate through an appropriate knowledge by the civil servants and implemented through a blend of market mechanisms and institutional arrangements.

In this sense, there is no fragile coexistence of ‘economic liberalism and political communitarianism’ in the *Philosophy of Right*, as Greer would have it. On the contrary, Hegel’s economic liberalism presupposes communitarianism. If Hegel advocates an ethical regulation rather than a set of imperative rules as a means to achieve a more concrete form of subjective freedom through a market economy, he grounds this ethical regulation on the existence of a substantial bond, or cultural ‘cement’ that unifies individuals. Nevertheless, this communitarianism does not found an economic nationalism, as Nakano suggests. It is no doubt true that Hegel emphasizes ‘the important role of the nation-state in the economy’, as Nakano explains. However, nationalism implies an exclusivism, an exaltation and affirmation

of the primacy of national interests that does not dovetail with Hegel's universalist ambitions. Let us recall that a people is significant for Hegel only insofar as it is a singular incarnation of the 'universal spirit'.

That said, the question of the origin and the content of the identity of interests, on which the ethical device is based and which defines the 'concrete' universal, remains unresolved once the transcendental category of 'spirit of the people' has been set aside. In fact, by evoking this category, Hegel presupposes what has to be explained. Henceforth, Hegel's economic thought appears to be more stimulating by virtue of the questions it raises than by the answers it provides. And our interpretation foregrounding the role of ethical regulation in his theory leads us to shift, rather than to resolve, the 'Hegelian dilemma'. The dilemma would now lie in the determination of a deliberative process that could lead, through the interplay of intermediary bodies (e.g., unions, NGOs, non-profit organisations, think tanks) and beyond the conflict of particular interests, to the formulation of a 'concrete universal', that is: a set of recognised and wilfully adopted ethical norms capable of guiding individuals acting in a given market society.

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