

From *Rechtsphilosophie* to *Staatsökonomie*: Hegel and the philosophical foundations of political economy

Bernardo Ferro^{1,2}

¹Department of Philosophy, University of Warwick, Coventry, UK

²Institute for Philosophical Studies, University of Coimbra, Coimbra, Portugal

Correspondence

Bernardo Ferro, Department of Philosophy, University of Warwick, Coventry, CV4 7AL, UK.

Email: bernardo.ferro@warwick.ac.uk

Abstract

Although Hegel is increasingly recognized as an important figure in the history of political economy, his economic views are never strictly economic. In contrast to other modern thinkers, his primary concern is not the economic efficacy of different practices or institutions but the extent to which they enable and promote the development of human freedom. In this article, I argue that Hegel's pioneering critique of modern liberal economy plays out simultaneously at a more empirical level, corresponding to the properly economic dimension of his analysis, and at a deeper, logical level, which grounds and guides his position. Moreover, I argue that the tendency to favour the first of these levels, found in most of the literature on Hegel's economic thought, reduces the Philosophy of Right's main argument to a more or less vigorous plea for economic interventionism. Against this kind of reading, I show that a renewed focus on the text's logical structure reveals a different and more radical philosophical proposition, which has yet to be fully acknowledged. In particular, I argue that Hegel's dialectical logic leads him beyond the liberalism-interventionism debate, towards a qualitatively different conception of social and economic relations

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1 | INTRODUCTION: HEGEL AND POLITICAL ECONOMY

While Hegel is generally recognized as a central figure in the history of political thought, the importance of his contribution to the field of political economy is not as widely acknowledged. On the face of it, there are good reasons for this. Firstly, and most obviously, Hegel's economic views play a relatively small part in his social and political writings. His views on freedom, right and social justice have important economic implications, but these are often merely sketched or taken up indirectly, as part of a wider philosophical argument. Secondly, the comparative brevity of Hegel's economic considerations can be put down to the fundamental difference between the methods and aims favoured by political economy and those required by a political–philosophical enquiry, as Hegel conceives it. Indeed, he himself suggests as much in the *Outlines of the Philosophy of Right*, by relegating political economy to the realm of the understanding (*Verstand*), as opposed to that of reason proper (*Vernunft*).¹ Although based on general laws and principles, political economy is still focussed on the ‘appearance [*Scheinen*] of rationality’ that governs the modern market sphere (PR §189) and not yet on the ‘actual rationality’ of a fully developed state. And this point is reiterated by Hegel's general claim that political philosophy, unlike other social sciences, is not directly concerned with empirical or historical events, but ‘only with their inner side, with the *thought of their concept*’ (PR §258R). This, again, is clearly at odds with the empirical vocation of political economy, intent on explaining the ‘mass-relationships and mass-movements’ that shape modern civil society in ‘their qualitative and quantitative character’ (PR §258R). Thirdly, and partly as a result of this, Hegel's actual knowledge of political economy is somewhat limited. Despite his life-long interest in economic matters and his explicit references to the works of Adam Smith, Jean-Baptiste Say or David Ricardo, his familiarity with the economic debates of his day has been rightly questioned.² And this limitation is certainly tied to the fact that political economy, in the late 18th century and early 19th century, was a fairly recent field of study, whose structure, scope, and vocabulary were still being established.

For all of these reasons, Hegel's economic views have often been treated as a marginal aspect of his philosophy. However, some scholars have challenged this kind of reading, arguing instead for the importance of his engagement with political economy and the central role it plays in his critique of modern civil society. This approach can be traced back to Georg Lukács' (1973) pioneering analysis of the development of Hegel's economic thought, but its influence has grown above all in the last four decades, following the publication of different sets of transcripts of the lectures on the philosophy of right. This new material prompted a general reconsideration of Hegel's social and political philosophy, but also a series of systematic studies on its economic dimension: from Norbert Waszek's (1988) account of the relationship between Hegel and the Scottish Enlightenment to Birger Priddat's (1990) comprehensive analysis of Hegel's mature economic thought, Alben Neschen's (2008) revisitation of his early economic views and Lisa Herzog's (2013) comparison between Hegel's and Adam Smith's conceptions of the market.³ In all of these works, Hegel emerges as an important economic thinker, with a sophisticated understanding of the capitalist system taking shape before his eyes.

Yet as Hegel's economic views were brought to the fore, the speculative logic that guides his philosophy faded into the background. As he was made to engage more directly with the empirical framework of political economy, and brought into dialogue with James Steuart, Adam Smith and other figures of the classical economic canon, the peculiarity of his philosophical approach was inevitably toned down. This is evident in Waszek's and Priddat's studies, centred for the most part on Hegel's approach to concrete economic issues such as the division of labour, the structure of the market or the extent of the state's intervention in the economy. To be fair, both of these authors acknowledge that Hegel's approach to these problems is informed by his wider philosophical system, but the latter's logical framework and ontological implications are not truly mobilized or explored. Herzog is more careful in this regard: before confronting Hegel's and Smith's standpoints, she offers a brief introduction to Hegel's philosophy and notes that he is not a conventional economic thinker⁴; moreover, she points out that his approach to political economy relies on a series of ‘metaphysical assumptions’ (2013, p. 10) that are unique and different from Smith's. Nevertheless, her ‘pragmatic’ approach to the *Philosophy of Right* (Herzog, 2013, p. 14) is predicated on the idea, implicit in the works of her predecessors, that Hegel's economic views are best brought out when detached from the logical

structures of his 'larger system', which are bound to be 'problematic from a modern point of view' (Herzog, 2013, p. 46).⁵

In this article, I propose a different interpretative strategy. On the one hand, I agree that Hegel's engagement with political economy is not a secondary matter but an important and original part of his thought, which is well worth exploring. On the other hand, I reject the assumption that such an exploration is best served by bracketing out the theoretical foundations of his philosophy. I believe that his views on civil society, capitalism and the market can only be fully comprehended in light of the speculative mode of criticism that animates his work as a whole. This comprehension does not require a detailed consideration of Hegel's entire philosophical system, nor the full acceptance of its metaphysical claims, but it does demand, in my view, the appreciation of the wider logical framework that underlies his political economy and of the extent to which it differs from more conventional approaches to the subject.

This alternative line of interpretation enables not only a clearer understanding of Hegel's political thought but also a fruitful reconsideration of his views on modern economy and especially on the relationship between the political and the economic spheres. To show how, I start by focussing on the *Philosophy of Right* as a whole, its main aims and its unique methodology (Section 2). I then turn to Hegel's characterization of civil society (Section 3) and claim that his views play out simultaneously at a more empirical level, corresponding to the properly economic dimension of his analysis, and at a deeper, logical level, which grounds and guides his position. Afterwards, I argue that the recognition of these two levels and their mutual interaction is crucial to a proper understanding of Hegel's economic thought (Section 4). While the current tendency to favour the empirical level reduces the *Philosophy of Right's* main argument to a more or less vigorous plea for economic interventionism, a renewed focus on the text's logical structure reveals a different and more radical philosophical proposition—namely, the need to move beyond the selfish logic of civil society, towards a qualitatively different conception of social and economic relations. Finally, I show that the key to this transformation lies in the professional associations Hegel names 'corporations' and places halfway between civil society and the state (Section 5). These associations shed an important light on his economic vision, but also on the need to overcome its main limitations.

2 | FREEDOM'S IMMANENT LOGIC

The *Philosophy of Right* is the clearest and most detailed exposition of Hegel's mature political thought. In it, he outlines and discusses what he takes to be the main structural features of a free and just society, from the legal principles regulating the simplest social interactions all the way to the political, judicial and economic institutions at work in civil society and the state. The theme and the breadth of Hegel's book invite comparisons with other major works of modern political philosophy, from Hobbes' *Leviathan* to Rousseau's *Social Contract*. But despite its thematic proximity to these works, the *Philosophy of Right* is by no means a conventional philosophical treatise. Hegel's unique conception of political philosophy, his distinctive methodology and his singular views on the relationship between philosophy's theoretical and empirical dimensions set his work apart from that of all his predecessors.

To begin with, although the *Philosophy of Right* is a self-contained work, which can be read and interpreted on its own, it is also a part of Hegel's wider philosophical system, whose three main stages—the Logic, the Philosophy of Nature and the Philosophy of Spirit—are outlined in the *Encyclopaedia of the Philosophical Sciences*. More specifically, the *Philosophy of Right* amounts to an expanded version of what Hegel calls the Philosophy of Objective Spirit, that is, the subsection of the Philosophy of Spirit that deals with human life, or 'spirit' [*Geist*], in its legal, moral and political dimensions. This means that his book is both a development of the system's previous insights and a preparation of its subsequent developments.

The relationship between Hegel's political philosophy and his philosophical system has long been a subject of debate. While scholars like Klaus Vieweg or Angelica Nuzzo highlight the importance of this relationship, especially as regards the *Philosophy of Right's* conceptual dependence on the Logic,⁶ Charles Taylor or Allen Wood question the

relevance and/or the legitimacy of this dependence, arguing instead for a stand-alone reading of Hegel's major political opus.⁷ Although my current aim is not to settle this dispute, I believe some knowledge of the system is needed to understand why the *Philosophy of Right* starts the way it does and what it proposes to achieve. Such a knowledge is needed, in particular, to understand why Hegel places the notion of freedom at the beginning of his enquiry and why the latter is defined as the 'realm of freedom made actual' (PR §4).

These questions lead back to the system's overall structure: in order to reveal and explicate the fundamental features of reality, Hegel starts by focussing on the notion of being, its basic attributes and the logical categories through which they are thought; afterwards, this enquiry transcends the logical realm and leads into the concrete realm of spatio-temporal existence and the physical and organic dimensions of the natural world; then, nature gives way to human life, reason and self-conscious activity. This new enquiry corresponds to the Philosophy of Subjective Spirit, where human self-consciousness is shown to imply different sensuous faculties, an increasingly complex array of cognitive powers and, finally, a free, self-determining will. 'But this freedom is itself initially only a concept, a principle of the mind and heart, and destined to develop into objectivity, into legal, ethical, religious actuality' (Enc §482R). And this development is the subject of Hegel's political philosophy. It is because the notion of freedom corresponds, in his eyes, to the corollary of his previous enquiries that it must be the basis of the *Philosophy of Right*.

A further aspect that sets Hegel's work apart from that of other modern political philosophers is its unique methodology. As we have already started seeing, the *Philosophy of Right* is about the actualization of freedom. More precisely, it aims to reveal the form that freedom must assume if it is to become *true* or *actual* freedom. And this task is inherently normative: it entails the identification of the social principles, practices and institutions that best embody human freedom, as opposed to those that do not, or do so to a lesser degree. However, Hegel's goal is not to turn away from existing reality and draw up the plan of an ideal society. As he writes in the preface, if a philosopher 'goes beyond the world as it is and builds up a world *as it ought to be*, that world exists indeed, but only in his opinions, a supple element in which anything you please may be constructed by the imagination'. (PR, 15). Although the *Philosophy of Right* does advocate a specific conception of society, Hegel is eager to distance himself from the utopian framework he associates with previous political thinkers.

This attitude is tied to the immanent logic that guides Hegel's entire philosophy. In the *Phenomenology of Spirit*, referring to philosophical knowledge in general, he claims that 'the way of asserting a proposition, adducing reasons for it and in the same way refuting its opposite by reasons, is not the form in which truth can appear' (PS, 48). In this kind of approach, the validity of a given assertion is established by its capacity to refute other assertions about the same content or issue. But since there is no globally accepted standard with which to measure all competing assertions, the ones that are held to be true are always only provisionally so. Their reign only lasts until a new, more convincing assertion is put forward. The problem comes down to the classical opposition between dogmatism and scepticism. A mode of valuation that consists in judging its objects in accordance with external criteria is intrinsically dogmatic, and hence intrinsically vulnerable to scepticism. For Hegel, this problem warrants a change of strategy: instead of endorsing a *transcendent* mode of valuation, philosophy must proceed in an *immanent* manner, by focussing on a given reality, behaviour or mode of thinking and determining whether it fulfils its own potential. Only by 'letting go of its *particular* beliefs and opinions and letting the *basic matter* [*die Sache*] hold sway in itself' (Enc §23) can philosophy avoid the pitfalls of dogmatism. And only then can it accomplish its true task, namely to show how reality 'makes itself through and out of itself into what it is'. (Enc §83).

The *Philosophy of Right* applies this immanent logic to the social realm. Instead of starting with his own views on what a free society is or looks like, Hegel focusses on the notion of freedom itself and sets out to explore its inner potential. This dialectical procedure is divided into three main stages, which are outlined in paragraphs 5–7 and ground all of the book's subsequent developments. Initially, setting aside every opinion or assumption, freedom is reduced to its most basic or minimal form: it is at first only the ability to abstract from anything determinate; and this ability is enabled by the universality of thought, 'that pure reflection of the I into itself which involves the dissolution of every restriction and every content' (PR §5). On closer inspection, however, this first definition proves inconsistent: since the power of abstraction presupposes something to abstract *from*, freedom is in fact thoroughly

dependent on determinacy, and hence irrevocably bound to the particularity it seeks to negate (PR §6). Finally, this contradiction prompts the need to find a new, less contradictory definition of freedom, able to accommodate its universal and particular dimensions. The solution is found in the notion of *will*, wherein ‘the I posits itself as its own negative, i.e. as restricted and determinate, and yet remains with itself, i.e. in its self-identity and universality’ (PR §7).

In Hegelian language, the first and the second conceptions of freedom were ‘sublated’ (*aufgehoben*) into the third, that is, they were negated but also preserved and raised to a higher or more rational form.⁸ And to grasp the exact nature of this process is crucial to understanding Hegel’s entire project. On the one hand, freedom was shown to be irreducible both to universality and to particularity; on the other hand, these two definitions were not simply discarded, but recognized as essential moments of freedom. However, they can only be brought together if they cease to be regarded as one-sided determinations, pitted against each other. While universality was initially nothing more than the opposite of particularity, and particularity nothing more than the opposite of universality, the dialectic revealed that both moments are inherently related and can only be conceived *through each other*. The will is only universal because it is free to give up a particular content and return to itself, and it is only particular because it is free to give up universality and assume a determinate form. As Hegel puts it, ‘freedom is to will something determinate, yet in this determinacy to be with oneself and to revert once more to the universal’ (PR §7A).

But freedom of will is not yet freedom’s final or actual form. Just like before, this new definition is examined and found wanting, which leads in turn to a new dialectical tension. In its most basic form, free will is ‘arbitrariness’ (*Willkür*), that is, the power to choose what one pleases. However, this power is not truly liberating, but merely the ability to choose between externally given objects, whose content is not freely determined. To overcome this new contradiction, freedom must be understood in a different way: instead of being valued for the sake of this or that particular object, it must be valued *in itself*, that is, as the primary condition of every particular choice. This is the basic idea behind the notion of *right*, with which freedom acquires, for the first time, a normative dimension. And this important transition paves the way for a new string of sublations, which at present can only be briefly mentioned: first, freedom is grounded in a basic set of personal rights, including the right to own and exchange property; second, the examination of these rights reveals new contradictions and the need for a more robust normative framework, found in the realm of morality; third, morality’s own contradictions are sublated in the domain of ‘ethical life’ (*Sittlichkeit*), where freedom is embodied in family life, civil society and the state.

While even the most cursory account of Hegel’s progression would require a much more detailed analysis, the previous description is enough to illustrate the kind of logic that animates the *Philosophy of Right*. For Hegel, the main features of a rational society can be immanently derived from the notion of freedom. To ‘make itself through and out of itself into what it is’, freedom must undergo a long dialectical progression, leading from its most abstract to its most concrete or rational form. Furthermore, although the different stages of the progression introduce different modes of freedom, embodied by different principles, practices and institutions, they can all be regarded as variations of the basic conflict between particularity and universality highlighted above. As we will see below, Hegel’s political state is aimed precisely at overcoming this conflict, by means of a final, overarching synthesis between freedom’s particular and universal dimensions.

Finally, another distinctive feature of the *Philosophy of Right* concerns the relationship between what might be called the progression’s logical and empirical dimensions. This issue is not as relevant in the stages of abstract right and morality, but it becomes so in the stage of ethical life, where Hegel deals with the more concrete aspects of an actual human society. In a conventional philosophical treatise, the mention of factories, the market or courts of law might be taken to refer to existing social institutions. In Hegel’s case, however, these references are not as straightforward.⁹ Since his progression is not descriptive or historical, but normative and immanent, the institutions he discusses are not brought in from the outside, modelled after the empirical world, but derived from the notion of freedom, and hence subordinated to its own logic. Thus, for example, although Hegel argues, in the stage of civil society, that personal freedom entails the right to exchange goods in a market economy, the latter should not be reduced to the one Hegel knew, or indeed to any other existing economy. And this distinction is not a mere exegetical subtlety: it has an important bearing on how his work is to be understood. If his progression is indeed an

immanent progression, its empirical dimension follows from its logical dimension and not the other way round. And this asymmetry should be borne in mind when interpreting his views on political economy. Indeed, Hegel's economic views are never strictly economic: in contrast to other modern thinkers, his primary concern is never the economic efficacy of a given practice or institution but the extent to which it advances the development of freedom. This is not to say that his work has no empirical relevance. On the contrary, as I hope to make clear in the following sections, it is a promising starting point to reflect on issues as concrete as economic competition, inequality or regulation. However, these issues are not discussed for their own sake, but as part of a wider philosophical programme that informs and clarifies their meaning.

3 | HEGEL'S TWOFOLD CRITIQUE OF CIVIL SOCIETY

Hegel's interest in economic matters goes back to his earliest writings. In *The Spirit of Christianity and its Destiny*, his philosophical account of the history of the Jewish people is influenced by the evolutionary model proposed in James Steuart's *Inquiry into the Principles of Political Economy*, which retraces the development of human society from the stages of hunting and gathering all the way to a modern market economy.¹⁰ Later, in the political writings from the Jena period, Steuart's influence is combined with that of Adam Smith: in the *System of Ethical Life*, Hegel deals more explicitly with the notion of labour and its productive value, but also with the origin and regulation of private property and with the 'system of needs' grounding the modern market sphere; in *On the Scientific Ways of Treating Natural Law*, he defines political economy as the science that deals with 'the system of universal mutual dependence with regard to physical needs and the labour and accumulation [of resources] which these require' (1999, p. 141). Yet it is only in the *Philosophy of Right*, written almost two decades later, that this system is presented and discussed in detail.

Some of Hegel's early economic views are carried over into the *Philosophy of Right*, where political economy, or *Staatsökonomie*, is singled out as 'one of the sciences which have arisen out of the conditions of the modern world'. (PR §189R). However, by the time Hegel wrote his political opus, he had already arrived at the final shape of his system—and, within it, at the basic structure of his *Rechtsphilosophie*. Therefore, unlike the somewhat hybrid nature of his previous economic considerations, embedded in reflections of a more historical, anthropological or even theological nature, his mature economic views are clearly subordinated to his immanent enquiry into the notion of freedom. More specifically, his characterization of the modern economic sphere is located, in the *Philosophy of Right*, within a wider critique of modern civil society, or *bürgerliche Gesellschaft*, of which he was arguably the first great theorist.

In Hegel's progression, the emergence of civil society amounts to a significant leap forward in the actualization of freedom. Whereas in the previous stages freedom was determined with recourse to different normative principles, all of which turned out to be abstract or one-sided, civil society shifts the focus to *self-determination*. Its participants are no longer merely legal persons, or moral subjects, or family members, defined by their compliance with a specific normative system, but individual social agents, free to identify and pursue their own interests and to elevate themselves socially and professionally on the basis of their merit and enterprise. Civil society embodies 'the right of the subject's *particularity*, his right to be satisfied, or in other words the right of subjective freedom' that is 'the pivot and centre of the difference between antiquity and modern times' (PR §124R). Yet despite Hegel's insistence on the importance of this new social order, he is also one of its first great critics. Anticipating some of the objections that will later be raised by Marx, he argues that the kind of freedom promoted by civil society is ultimately self-contradictory, and thus incapable of grounding a truly free society.

To understand Hegel's argument, it is important to bear in mind the exact nature of his progression. Throughout the *Philosophy of Right*, each new stage brings with it a new mode of freedom, but the latter is not perceived, initially, as part of a longer dialectical progression. Rather, each new conception of freedom proposes to reveal freedom in its true or actual form. Only afterwards, upon closer inspection, is this initial pretence called into question: as each stage

is analysed, its basic premises are shown to be problematic; and what is more, the freedom it promises is shown not to be liberating, but indeed an obstacle to the true actualization of freedom. This is why the different practical world-views that are taken up and examined are not merely incomplete or inadequate, but *contradictory*: in being criticized, they 'pass over into their opposites as a result of their finite and dialectical nature' (PR §26R). And this reversal is re-enacted in different and increasingly complex ways: in the stage of abstract right, the universality devised to guarantee the particularity of personal choices proves inherently arbitrary and incapable of preventing a descent into crime and retribution; afterwards, the universality brought in to regulate the particularity of moral judgements is incapable of providing an actual criterion with which to distinguish good or moral deeds from wrong or immoral ones; finally, in the stage of ethical life, the universality of civil society is also hailed as the solution to the progression's previous problems, but its reign is equally short-lived.

In civil society, family members are raised to the status of *Bürger*, or bourgeois, that is, free-standing economic agents focussed on the pursuit of their own interests. However, this pursuit is not an individual task but one that is necessarily dependent on the activity of other self-interested individuals. This mutual dependence is a central theme of modern political economy, famously highlighted by Adam Smith, who had already noted how 'in civilized society', through the division of labour, every person 'stands at all times in need of the cooperation and assistance of great multitudes' (1975, p. 26). For Hegel, as well, civil society is a 'system of complete interdependence' (PR §183) where each person, by working towards the achievement of his or her goals, is bound to contribute to the achievement of other people's goals. More importantly, however, this system embodies a specific conception of freedom, grounded in a specific understanding of the relationship between particularity and universality:

Since particularity is inevitably conditioned by universality, the whole sphere of civil society is the territory of mediation where there is free play for every idiosyncrasy, every talent, every accident of birth and fortune, and where waves of every passion gush forth, regulated only by reason shining through them. (PR §182A)

Particularity and universality are both essential moments of civil society, inherently related to one another. However, their relationship is not one of reciprocity, but one of subordination: although universality 'shines through' the self-interested deeds of the *Bürger*, it is not desired or promoted for its own sake, but for the sake of particularity. Each individual recognizes the need to respect and accommodate other people's interests, but only because the failure to do so would prevent his or her own interests from being pursued in return. At issue is thus the negative conception of freedom that is typical of the modern liberal tradition, introduced by Hobbes and reiterated, in different ways, by Locke, Rawls or Nozick: since the freedom fostered by civil society is primarily conceived as the absence of external constraints, the duties imposed upon its members are only accepted in order to prevent other, more damaging constraints. Universality is regarded as a necessary evil, called upon to regulate the otherwise boundless realm of personal freedom.

By stressing this imbalance between universality and particularity, Hegel aims to show that the liberal conception of freedom is not yet freedom's true form, but a mere *Schein*, that is, a mere *semblance* of freedom, which must be recognized as such and sublated.¹¹ However, his critique of civil society combines two different lines of argument, which are often merely conflated: while part of his analysis plays out at a more empirical level, centred on the social and economic consequences of modern individualism, another part is centred on the logical contradictions underlying those consequences. And although many scholars tend to focus on the first of these two dimensions, given its affinity with more conventional approaches to political economy, it is the second dimension that holds the key to Hegel's economic views.

Let us start with the empirical side of the argument. As is well known, Hegel regards civil society as the source of different and serious forms of inequality. First, the competition fostered within the market sphere exacerbates existing inequalities, derived both from the unequal distribution of natural skills and resources and from inherited economic asymmetries, which leave some individuals better equipped to satisfy their needs. Second, the expansion

of the industrial sector leads to an exponential increase of the products offered to the market. When supply outgrows demand, profit rates decrease and businesses are led to cut salaries and lay off workers, boosting unemployment and poverty. Finally, the economic inequalities generated or aggravated by the market tend to translate into political inequalities, whereby large-scale private interests infiltrate the public sphere, consolidating their dominance and hindering the redistribution of wealth.¹²

Following this damning diagnosis, Hegel discusses different strategies to tackle inequality from within civil society. Focussing primarily on the alleviation of poverty, he alludes to the possibility of direct financial assistance, by means of charity or social welfare, but also to the creation of jobs and the exportation of goods to colonial and foreign markets.¹³ However, these strategies can only achieve so much. In the first case, financial aid is essential to address immediate material needs, but it is incapable of securing the dignity and the freedom that only a stable and rewarding job can provide. The second strategy is equally limited, since a wider labour force gives rise to a wider productive sector, which ends up favouring the overproduction that led to unemployment in the first place. Finally, international trade can help reinvigorate an overcrowded internal market, but it also broadens the scope and the intensity of economic competition, leading to new forms of inequality.

Even though Hegel's economic analysis echoes some of the main themes explored by Adam Smith, he does not share the latter's faith in a perfectly competitive market, which would somehow harmonize all competing interests, nor does he believe such a solution can ever yield a 'universal opulence which extends itself to the lowest ranks of the people'. (1975, p. 10) In fact, Hegel is equally sceptical of all attempts to tackle inequality that fail to challenge the liberal foundations of the modern economic sphere. In his eyes, the free market is itself a source of inequality, which generates both extreme wealth and extreme poverty. Moreover, it does so not out of some error or misadjustment, but precisely when it is working properly, free from the public interference judged detrimental by the liberal tradition.

From a strictly economic perspective, this problem can be solved by regulating the economic sphere. This is the strategy pursued by James Steuart, whose influence is also felt in the *Philosophy of Right*. Unlike Smith, Steuart insisted on the market's inherent instability and argued for the state's responsibility in guaranteeing a lasting equilibrium between supply and demand.¹⁴ This led him to advocate a series of interventionist policies aimed at regulating the economy, from public job-creation programmes to price supports for the agricultural sector. Like Smith, however, Steuart took the 'principle of self-interest' to be the grounding rule of political economy,¹⁵ thereby reaffirming the individualism Hegel situates at the core of civil society. This point is crucial, in my view, to appreciate the true scope of the *Philosophy of Right*'s main argument. As is widely recognized, Hegel rejects the laissez-faire economics of Smith and his followers. Less recognized, however, is his implicit criticism of the welfare liberalism championed by Steuart and, by extension, a number of more recent social-minded thinkers. And this criticism exposes the limitations of the empirical approach we have been considering.

Hegel also argues, in the *Philosophy of Right*, that the disruptive effects of the market can be mitigated by a public authority—literally, an economic 'police' (*Polizei*) charged with regulating the economic sphere and guaranteeing its proper functioning. In case of necessity, it can even fix the prices of basic goods and services and oversee their circulation, to ensure that they reach everyone.¹⁶ Nevertheless, since this authority is primarily aimed at 'the protection and security of particular ends and interests *en masse*' (PR §249), it is still grounded in the self-seeking logic that fuels civil society. Consequently, this kind of regulation is at best a palliative, which does not get at the root of the problem. If Hegel were simply looking for ways to minimize the market's most harmful effects, the issue would come down to the *efficacy* of the proposed solution: the 'principle of self-interest' would be accepted as a fact of life and a set of interventionist policies—either those proposed by Steuart or different ones—would have to be adopted. Yet Hegel opposes not only the efficacy of this model, but also its underlying logic. On his view, the social outlook promoted by liberal capitalism rests on a fundamental misconception, which is bound to translate into irrational and increasingly unstable values, practices and institutions.

This brings us to the logical side of Hegel's argument. Although his critique has focussed, so far, on the consequences of the freedom promoted within civil society, his real target is the idea of freedom on which such a society

is predicated. In other words, the problem with the modern economic sphere is not simply the conflict between negative freedom and the inequality it is bound to generate, but the contradiction between negative freedom and *freedom itself*, that is, the freedom it purports to be but falls short of.

In civil society, as we have seen, universality is opposed to particularity but accepted as a necessary evil, since only by making room for other people's particularization can one guarantee the right to pursue one's own interests without interference. Yet this arrangement contradicts the very nature of particularity, which is 'to develop and launch forth in all directions' (PR §184). As this development gains ground, the freedom it promises turns round into its opposite: since 'particularity by itself is measureless excess, and the forms of this excess are themselves measureless' (PR §185A), the satisfaction of particular desires is not liberating, but imprisoning; each consummation 'arouses [new desires] without end' and is thus 'in thoroughgoing dependence on arbitrariness and external contingency' (PR §185). Moreover, although particularity is supposed to be held in check by universality, its acquisitive logic is ultimately incommensurable with any form of restraint. By following its own nature, it 'destroys itself and its substantial concept', along with the freedom it is thought to provide.

Accordingly, the contradiction that plagues civil society cannot be solved only on the empirical level, by mitigating poverty or introducing further barriers to the accumulation of wealth. Given the boundlessness intrinsic to particularity, these attempts will either have no real effect or require increasingly severe forms of regulation, liable to compromise the particularity they seek to protect. A real solution is ultimately dependent on the embracement of a different kind of logic, corresponding to a different conception of social relations. It requires a social system in which particularity and universality are not perceived as self-excluding but as complementary moments within a wider dialectical unity. In Hegel's progression, this new logic is introduced in the transition from the stage of civil society to that of the state, through a system of professional associations named 'corporations' (*Korporationen*, or *Genossenschaften*). In these groups, citizens cease to be mere individuals and become part of a community, grounded in mutual aims and interests. Their self-realization becomes aligned with that of the other members of the corporation, and the competition promoted by the market gives way to solidarity and trust. But a corporation is not an end in itself. Its communal logic acts as a bridge towards the communal logic of the state, the real destination of the *Philosophy of Right*, where the regional interests of the different branches of society are brought together under an even wider collective unity.

For Hegel, the state is the true embodiment of human freedom. Within the state, individuals 'do not live as private persons for their own ends alone, but in the very act of willing these they will the universal for the sake of the universal, and their activity is consciously aimed at the universal end' (PR §260). However, the transition from civil society to the state must not consist merely in the replacement of particularity with universality, in which case, personal freedom would not be so much raised to a rational form as curtailed and potentially eliminated. Hegel does not call for personal aims and interests to be abolished, but simply divested of the arbitrary form they are bound to assume when defined solely in term of self-interest, competition and accumulation. He seeks to show that the citizens of a rational state, although subjected to various restrictions, are actually *freer* than the individual atoms of civil society. His whole argument hinges, therefore, on the possibility of the logical transformation prepared within the corporation and extended to society as a whole.

4 | POLITICAL ECONOMY AND THE RATIONAL STATE

In Hegel's writings, according to Gary Browning and Andrew Kilmister, 'the modern political economy is not accepted at face value', but 'criticised in the light of a deeper philosophical reading of social and political developments' (2006, p. 14). I agree with this characterization and have argued as much in the previous section. However, I do not think Hegel is critical of modern political economy simply because 'it tends to absolutize individualistic, self-interested behaviour' (2006, p. 15). For while he does oppose the radical liberalism of *laissez-faire* economics, he also criticizes the regulated liberalism advocated by Stuart and others, which can hardly be said to 'absolutize' individual

self-interest. Although these two approaches rest on different economic models, they are both associated with civil society, and thus informed by a conception of freedom that is intrinsically problematic.

As seen earlier, the dialectic of civil society is meant to raise the freedom enjoyed by modern economic agents to its true form. And this process is triggered by the recognition of a discrepancy between what this freedom purports to be and what it really amounts to. Hegel argues that the subjective freedom to pursue one's interests is not yet actual freedom, but merely a moment within a wider dialectical whole, which must be properly recognized and embraced. He claims, moreover, that the tendency to isolate this moment follows from an atomistic conception of society that favours particularity over universality and fails to recognize their inherent reciprocity. Therefore, to restrict particularity by regulating the economy may well lead to a more equitable distribution of material resources, to the prevention of extreme poverty and to the correction of market failures, but all of this is still compatible with an eminently self-interested conception of freedom. This social model is still qualitatively different from the one introduced by the corporations and actualized in the state, where universality is no longer merely opposed to particularity. For the citizens of a rational state, the common good is not a limitation, but a basic requirement—it is the condition of possibility of freedom as such and the ultimate basis of all its particular instantiations.

The previous observations lead to two important conclusions: first, the economic debate between liberalism and interventionism amounts, for Hegel, to an internal variation of the same philosophical standpoint; second, this standpoint is not fully rational and needs to be further criticized. In light of these conclusions, it is easy to see why the recent focus on the empirical dimension of Hegel's engagement with political economy is problematic. If his economic views were simply one among other aspects of his philosophy, they could be dealt with in relative isolation. Hegel could be brought into the classical canon of political economy, alongside Smith, Say or Ricardo, by simply brushing aside the non-economic elements of his thought. Yet his critique of civil society is part and parcel of a wider hierarchical progression where each new stage transcends all the previous ones. To detach Hegel's economic analysis from his wider philosophical critique is thus to regard as final what is still only provisional, that is, to mistake one of the intermediate stops along the road to freedom for its true destination.

When confined to the stage of civil society, Hegel's economic views are reduced to the alternative between a more or less regulated market economy. This is the general approach followed, for example, by Waszek, to whom Hegel steers a 'middle course between liberalism and interventionism' (1988, p. 8), or Priddat, who speaks of a Hegelian 'synthesis' between Smithian liberalism and the cameralist tradition (via Steuart's *Inquiry*) (1990, p. 11). As I see it, although these readings are economically plausible, they fail to appreciate the full philosophical significance of the transition from civil society to the state. At stake in this transition is a *qualitative* transformation, irreducible to the particularism that defines civil society, regardless of whether or how it is regulated. As Hegel explicitly points out, 'if the state is represented as a unity of different persons, as a unity which is only a community, then what is really meant is only civil society' (PR §182A). Such a unity cannot ground a rational state, where particular interests must 'pass over of their own accord into the interest of the universal' (PR §260), but only an 'external state', or a 'state based on need' (*Notstaat*), charged with controlling and organizing the sphere of particularity.

The same point is reiterated in the following paragraph:

If the state is confused with civil society, and if its specific end is laid down as the security and protection of property and personal freedom, then *the interest of individuals as such* becomes the ultimate end of their association[.] ... But the state's relation to the individual is quite different from this. Since the state is objective spirit, it is only as one of its members that the individual himself has objectivity, truth, and ethical life. Unification as such is itself the true content and aim, and the individual's destiny is to live a universal life. His further particular satisfaction, activity, and mode of conduct have this substantial and universally valid life as their starting point and their result. (PR §258R)

As this description makes clear, the transition to the state entails a profound ontological transformation, which is irreducible to the liberalism-interventionism debate. Yet not all of the recent literature is confined to this debate.

According to Lisa Herzog, Hegel 'in a way tries to "sublate" both Smith *and* Steuart, the free market *and* its control through social and political institutions' (2013, p. 60). Moreover, she sees this sublation as a clear departure from the particularism of civil society: for Hegel, 'there needs to be a level of social unity that goes *beyond* the instrumental ties of the economic sphere and the institutions that stabilize it by force' (2013, p. 58). However, Herzog goes on to suggest that the different levels of social unity discussed in the *Philosophy of Right* can be thought of as different 'spheres' or 'contexts' of freedom, each having its place in the social whole, and that Hegel's 'lasting insight' is therefore the search not so much 'for one formula that could capture all that matters about being free', but 'for ways in which different aspects of freedom can be combined, and how an optimal balance can be struck between them'. (2013, p. 146) Therefore, while a selfish conception of freedom is appropriate for the market sphere, a more altruistic outlook is required when dealing with the state. In other words, both the businessman and the citizen are justified in their different outlooks, provided they know their respective domains and act within them.

A similar strategy is found in Axel Honneth's critical reconstruction of the *Philosophy of Right*, where the different stages of *Sittlichkeit*, or 'social freedom', are equated with different 'spheres' or 'patterns' of mutual recognition: personal relationships, the market economy and the political public sphere.¹⁷ For Honneth, these different spheres translate into different social roles, and the actualization of freedom implies the ability not only to identify these roles and their specific normative requirements but also to change roles depending on the social context (2014, p. 121). Moreover, although Honneth acknowledges the superiority of the political sphere over the other two, the latter retain a relative degree of independence. Instead of Hegel's self-evolving progression, where each conception of freedom gives way to a higher and more rational one, Honneth speaks of 'an institutional web of reciprocal dependencies' (2014, p. 332), whose variable geometry can accommodate different social demands.¹⁸

Once again, I believe this kind of approach, regardless of the overall merits of Honneth's work, fails to acknowledge the true depth of Hegel's argument. And this is particularly relevant with regard to the transition from civil society to the state. If the self-interested worldview of civil society is not transcended, but merely relegated to a specific segment of social life, human freedom is not fully actualized. Reality will become rational, but only within a certain context and to a certain extent. This does not mean, of course, that the emergence of the state is meant to eliminate self-interest altogether, or that the previous stages of the progression are meant to disappear or be discarded. Hegel's aim is not to replace particularity with universality, but to reveal their 'thoroughgoing unity' (*durchdringende Einheit*) (PR §258R). Consequently, although there are still particular interests, economic agents and a market sphere within a rational state, they can no longer be seen with the eyes of civil society. The state brings with it not an additional layer of freedom, but a *global change of perspective*, that reveals the entire progression under a new light. And this why, as Sven Ellmers rightly recognizes, 'Hegel does not have to assume that there are split personalities who, depending on the respective context of action, behave either in a completely asocial manner or exclusively in the interest of the common good'. (2015, p. 161)¹⁹ The point is precisely that these two stances are not juxtaposed but *synthesized* within a wider and more rational conception of freedom.

The whole issue hinges on how one interprets the logical movement that guides the *Philosophy of Right*, and indeed all of Hegel's systematic works. And to grasp the full implications of this movement, one must take into account the logical structure of Hegel's philosophy, which many economic interpreters are keen to ignore. If Hegel's progression is interpreted in a 'horizontal' manner, as a succession of layers added to an original core of personal freedom, each new stage is but a further specification of the same global picture. According to this interpretation, Hegel is merely putting together, one by one, the different components of a modern state—from a basic set of legal rights to a system of fully functioning judicial and political institutions. The *Philosophy of Right* is hereby reduced to a *cumulative* process, where the different stages are not transformed, but merely completed or expanded by subsequent ones. And this kind of reading, when applied to the transition from civil society to the state, leads back to the empirical approach I have previously criticized. If the individualism of the economic sphere is merely complemented by the collective logic of the state, Hegel's entire project comes down to some form of social or welfare liberalism. And this is indeed the conclusion drawn by many of the *Philosophy of Right*'s liberal interpreters, neatly summarized in Rawls' characterization of Hegel as a 'moderately progressive reform-minded liberal' (2000, p. 30).

The 'horizontal' reading emphasizes Hegel's economic liberalism because it views his progression mainly as an assemblage of social principles, practices and institutions. However, the progression's different stages are not simply added to one another, but 'sublated'; and although Hegel's *Aufheben* also means 'to preserve', it does not refer to a simple or straightforward preservation, which would allow the same standpoint to remain unchanged. What is preserved with each transition is not a specific practice or institution, but the very notion of freedom, or rather the need to actualize this notion in different and increasingly rational ways. Freedom is preserved by being constantly redefined, in response to the contradictions encountered at each new dialectical juncture. And this is also true with respect to civil society: the freedom enjoyed by modern economic agents, initially regarded as stable and self-sufficient, is eventually shown to be neither. It can only be preserved through the negation of its alleged actuality and the appeal to a higher dialectical unity, which 'emerges as [its] true ground' (PR §256R).

This points not to a 'horizontal' but to a 'vertical' reading of the *Philosophy of Right*, where each sublation entails a global rearticulation of what went before. And such a reading is clearly suggested by Hegel's methodological indications. For one thing, he emphasizes the progression's *hierarchical* nature: 'Every stage in the development of the Idea of freedom has its own special right', but 'if two rights collide one is subordinated to the other' (PR §30R); therefore, moving up Hegel's ladder, 'the right of the state stands above the preceding stages; it is freedom in its most concrete shape' (§33A). However, the progression's hierarchical nature is not incompatible with a horizontal reading. Indeed, the progression's higher stages might be superior simply because they are richer or more complete than the previous ones, that is, because they concentrate in themselves a wider array of facets or dimensions of freedom. Yet Hegel also emphasizes what might be termed the progression's *iterative* nature: in the *Philosophy of Right*, 'it cannot be said that the concept [of freedom] reaches anything new; on the contrary, its final determination coincides with the first' (§32A). What takes place, then, is not an *accumulation* of different elements but the *redefinition* of the same central concept, identified in increasingly concrete ways. 'The development we are studying is that whereby the abstract forms reveal themselves *not as existing for themselves, but as untrue*'. (§32A, My emphasis). Therefore, as Hegel often puts it, the latter can only 'find their truth' in the progression's highest or most concrete stage.

In short, only a vertical reading of Hegel's progression can do justice to its hierarchical and iterative dimensions. And such a reading leads beyond the liberal framework favoured by many interpreters, towards a more explicit affirmation of the common good.²⁰ In light of this conclusion, the question one should ask is no longer simply to what extent Hegel's market is regulated but how it is transformed by the transition to the rational state. What should be determined, in other words, is the political-economic translation of the 'thoroughgoing unity' of particularity and universality inherent to actual freedom. Unfortunately, the *Philosophy of Right* does not offer a full answer to this question. Hegel does not elaborate on the market's place within the state, and when he does focus on the state his characterization is not fully consonant with his previous insistence on its universal vocation. As several commentators have noted, Hegel's wariness of democracy and his endorsement of a constitutional monarchy where political power is partly tied to property and birth rights run against the wider communal spirit of his philosophy. In many respects, these conservative views seem to amplify rather than counter the inequalities promoted by civil society and to leave the state vulnerable to the very particularism it is meant to overcome.

But although Hegel's constitutional solution is problematic, his general position is clear enough. And although he fails to spell out its full economic implications, his overall argument suggests a few basic conclusions, which I will now attempt to summarize. To begin with, the idea of a rational state, regardless of its actual architecture, implies a political reappropriation of the economic sphere. In a society where particular and collective interests are explicitly aligned, the economy can no longer be structured according to the laws of the market. While such a society may continue to rely on markets for the allocation of different goods and services, its commercial activity will no longer be driven by the focus on individual profit, competition and accumulation that characterizes modern liberal economies. To borrow a distinction later highlighted by Karl Polanyi, Hegel's rational state seems to entail the transition from a 'market society', where 'social relations are embedded in the economic system', to a society 'with markets', where the economy is subordinated to wider social concerns. (Polanyi, 1957, p. 60) And this transition will presumably lead to a reduction in the scope and importance of the market sphere. To ensure a fair distribution of the

resources deemed essential to a well-functioning society, the market's exchange mechanisms will have to be replaced, in many instances, by more direct redistributive measures, informed by collective forms of deliberation.

Furthermore, the transition to the rational state also seems to call for a reconsideration of property rights. At the beginning of the *Philosophy of Right*, in the stage of 'abstract right', human beings were conceived as independent legal agents, endowed with the basic right to own and exchange property. In this early stage, private property was seen as the first vehicle for the actualization of freedom, and hence as a basic feature of personal identity. Later on, with the series of sublations leading from abstract right to civil society and the state, the legal framework with which property was first associated gave way to a wider ethical framework, shaped by an increasingly universal conception of social relations. And this evolution denotes a tension similar to the one we encountered with regard to the market. Although Hegel is not clear as to how the actualization of freedom conditions his initial conception of property, the two make for an awkward pair. Just like before, in a society predicated on the alignment of particular and common interests, it is hard to see why private ownership should take precedence over other modes of property.²¹ On the contrary, as regards the goods and services considered essential to the general welfare, only collective forms of ownership and management seem capable of ensuring that particularity and universality are indeed brought together and harmonized.

5 | THE CORPORATION: A BRIEF REASSESSMENT

The conclusions outlined in the two previous paragraphs, concerning the market and the ownership structure best suited to a rational state, are not directly found in Hegel's text. However, they are both implicitly suggested in his presentation of the corporations. These organizations, despite their central role in the progression, have long been the target of various criticisms: it was argued that their ability to fight poverty is more limited than Hegel seems to acknowledge, since they are only open to skilled or qualified workers; that their inclusion of both employers and employees renders them unable to defend workers' rights; that they are prone to become self-enclosed factions and to reproduce, at a higher level, the atomistic logic of civil society; that they are suited to a small-scale handicraft-based economy but not to the large-scale industrial capitalism taking shape in Hegel's day; and, more generally, that they are unable to offset the rampant individualism of modern society and the destructive effects of the market. Broadly speaking, all of these objections are valid. The corporations are in many respects outdated and ineffective. However, they remain the pivotal point of the ethical transformation envisaged by Hegel and the closest approximation to the alternative economic model this transformation implies.

First, with regard to the market, the communal logic that animates the corporations is radically different from the particularism of the modern commercial sphere. But the difference does not lie simply in the idea of cooperation. In civil society, individuals are also led to cooperate in different ways in order to advance their interests. In these cases, their motivations are still intrinsically selfish: cooperation is preferred to competition whenever it is perceived as a more effective means of maximizing one's goals. And this attitude is also shared, at first, by the members of the corporation, wherein 'particular interest is initially the aim' (Griesheim §251). Yet the corporation's role is to overcome this logic by fostering a sense of belonging and solidarity among its members. What Hegel has in mind is not a mere interlocking of different interests or life goals, but a profound attitudinal change, whereby universality ceases to be a by-product of particularity and comes to be pursued and cherished *for its own sake*. However, as already mentioned, this does not mean that particularity is to be eliminated and replaced by universality. Such an interpretation is still informed by the dichotomic viewpoint of civil society, which is precisely what must now be overcome. Within the corporation, the opposition between selfishness and selflessness is revealed as a *false* opposition because one's interests are no longer conceived *in contrast* to those of the others. Consequently, the idea that individuals are naturally driven by a measureless urge for particularization is also discredited. Since one's identity is now shaped by the recognition and trust promoted by the corporation, one's interests are measured by those of the other members and the corporation as a whole.

This transformation is reflected by the corporations' economic function, and particularly by their role in containing market competition so as to ensure the livelihood and welfare of their members. This issue is not truly developed in the published version of the *Philosophy of Right*, where it is said only that 'the so-called "natural" right of exercising one's skill and thereby earning what there is to be earned is restricted within the corporation' (PR §254). However, the transcripts of Hegel's lectures offer a clearer picture of the limitations imposed by the corporations on the freedom of trade (*Gewerbefreiheit*).²² Against the liberalizing trend gaining ground across Europe, Hegel argues for the reinstatement of compulsory corporate membership, which had been abolished in Prussia in 1810,²³ and for the corporations' right to limit the entry of new members based on their skills and the conditions of the market. This right is dependent, however, on a strict supervision on the part of the public authority and the state, as is the corporations' right to determine the nature and the amount of goods they produce and put on sale.

But the effects of the transformation brought about within the corporation are also felt outside of it. To ensure a harmonious cohabitation between the various corporations and the state, Hegel proposes to recreate the same communal logic at a higher political level, by having an elected spokesperson represent each corporation in a wider legislative assembly. Bringing together members of the corporations, of the government and of the different social estates (*Stände*), this legislative body aims to bridge the gap between the economic and the political spheres, but also to allow the different corporations to recognize each other as legitimate and valuable components of a wider social whole.²⁴ Furthermore, and just as importantly, the ethical ties binding each member of a corporation to his fellow associates might also extend, with time, to his relationship with the members of other corporations. While each worker, in his daily activity, 'continues to pursue particular interests', 'these are no longer opposed to the common good, because he knows he is recognized as part of a community: instead of unduly enriching himself at the expense of his buyers, he is compelled to produce goods of good quality at a reasonable price' (Ellmers, 2015, p. 78), such as those he receives from others.

This leads us to the second main transformation suggested by the corporations, regarding the issue of ownership. As already noted, Hegel seems to base his entire political philosophy on the precedence of private over common and public property. In the stage of abstract right, private property is legitimated by the basic need to 'put one's will into things' and thereby externalize one's freedom (PR §41). Yet the main task of the corporations is precisely to overcome this incipient conception of freedom. Within them, men and women are no longer merely free-standing, property-owning individuals, but part of a larger social unit, whose identity is shaped by common interactions, aims and aspirations. Therefore, just as these groups usher in a new mode of identity, it is only natural they should introduce a new approach to property, allowing for different kinds of ownership. Hegel takes a step in this direction when he mentions the corporation's right 'to protect its members against particular contingencies', presumably by channelling part of its profits to a mutual aid fund (PR §252). But this mutualization can be taken much further. Given the corporations' communal logic, there is no obvious reason why they cannot be collectively owned and managed. As Bruce Gilbert convincingly argues, '[a] co-operative is arguably a far better institution to fulfil the tasks of Hegel's corporations than the corporations themselves', as it 'would give workers a far greater sense of the importance of their participation in the universal conversation of public life' (2013, p. 248).²⁵

A more democratic economic sphere would certainly elevate freedom to a higher degree of actualization. This is not to say, however, that collectivization should be extended to the whole of society, nor that it does not raise difficulties of its own. On the other hand, even if such a strategy were consistently pursued, it is far from clear that it would suffice to overcome the contradictions of liberal capitalism. And this uncertainty, first highlighted by Hegel's Marxian critics, has recently become more palpable: with the rise of neoliberalism and the global dissemination of ever more violent forms of competition, exploitation and inequality, the hope of reuniting particularity and universality seems increasingly remote. Accordingly, the fulfilment of Hegel's communal logic may require new and more radical reconstructions of his original progression.

6 | CONCLUSIONS

Discussing Marx's Hegelian heritage, Pierre Naville claimed that political economy 'was assimilated and philosophically translated' by Hegel (1957, p. 11). In the previous sections, I argued that the opposite is true: rather than providing the economy with a philosophical translation, Hegel undertakes a philosophical critique of human freedom and derives therefrom its political and economic implications. Moreover, I claimed that the recognition of this difference is decisive to grasp the real scope of Hegel's critique of modern civil society. In most of the existing research on his economic thought, Hegel's position is reduced to a compromise between a free market and some form of regulation. And this tendency can be put down, in my view, to a superficial understanding of the *Philosophy of Right's* transformative logic, where each new dialectical stage is both a continuation and a reinvention of the previous ones. Consequently, a clearer acknowledgement of this process is bound to reveal a different and more ambitious economic critique: instead of a mere anticipation of the social liberalism that would become the rule in many European countries, Hegel's position implies a more radical commitment to the common weal, grounded in a firm rejection of the social atomism promoted by modern political economy.

For Hegel, a rationally structured economy entails a conscious alignment of particular and common interests, which requires in turn the abandonment of the instrumental logic that defines the modern economic realm. This is the main task of the corporations, charged with organizing the production of the goods and services sold on the market. By restricting economic freedom to the sphere of consumption, Hegel hopes to counter the arbitrariness of economic competition, to protect the welfare of the different economic agents and to instil in them an truly ethical disposition, which will shape their social and economic behaviour. But while this strategy represents an important break with the liberal framework of civil society, it seems to presuppose a labour market based on small productive units, where work relations are still centred around the learning of a specific craft and the subsequent attainment of professional independence. In a wider industrial context, however, characterized by an intense and often alienating division of labour, prolonged job insecurity, low wages and no prospects of independence, the communal transformation envisaged by Hegel is much less likely. To my mind, this problem can only be addressed by expanding and rearticulating his basic strategy. As I have argued, a proper understanding of the logical framework underlying the *Philosophy of Right* demands not only a sublation of economic liberalism but also a redefinition of Hegel's initial views on property. A partial collectivization of the productive sphere would reinvigorate the communal ties eroded by industrial capitalism and help tackle some of its main contradictions.²⁶

ENDNOTES

¹ The contrast between *Verstand* and *Vernunft* is central to Hegel's conception of philosophy: while the understanding is an abstract or undialectical mode of thinking, bound by fixed logical distinctions, reason overcomes these distinctions and integrates them within a wider dialectical whole. See notably Enc §§80–82.

² See Priddat (1990, p. 52) and Buchwalter (2015, pp. 149f.).

³ Along with the papers and chapters by Henderson and Davis (1991), Stedman Jones (2001), Browning and Kilmister (2006) and Campello (2013), among others, and the edited volumes by Maker (1987) and Buchwalter (2015).

⁴ See Herzog (2013, pp. 42–51).

⁵ In Neschen's study, as in other studies on Hegel's early writings, this issue is not as relevant, since Hegel's economic views are still deeply entwined with his wider philosophical speculations. The dichotomy between a more philosophical and a more economic Hegel is only really an issue in his mature political thought, where political economy is accorded a more independent role.

⁶ See Vieweg (2012, pp. 35–95) and Nuzzo (2017).

⁷ See Wood (1990, pp. 4–8) and Taylor (2015).

⁸ For Hegel's own definition of *Aufhebung*, see SL, 81f. or Enc §96A.

⁹ Such direct references are also present in the *Philosophy of Right*, but usually found in the 'Additions' (*Zusätze*)—based on Hegel's notes and those of his students—and not in the main paragraphs—which contain the actual substance of Hegel's arguments.

- ¹⁰ Although Hegel does not mention Steuart in any of his writings, he is thought to have written a commentary on his *Inquiry*, now lost (see Rosenkranz, 1844, p. 86). For Steuart's influence on Hegel, see Chamley (1963); Waszek (1988, esp. pp. 180–191); or the brief overview by Plant (1977, pp. 81–86). I will return to this issue below.
- ¹¹ See notably PR §181A and §189.
- ¹² Hegel's discussion of inequality is primarily directed at England's burgeoning industrial capitalism. See notably VPR §§243–244, Griesheim §255 or Hotho §254.
- ¹³ See PR, §§245–248.
- ¹⁴ See Steuart (1966, p. 195).
- ¹⁵ See Steuart (1966, p. 142).
- ¹⁶ PR §236.
- ¹⁷ See notably Honneth (2014, pp. 123ff.).
- ¹⁸ It is telling in this regard that Honneth starts off by distancing himself from the *Philosophy of Right's* 'methodological standards' and by affirming the impossibility of rehabilitating its 'ontological concept of spirit' (2001, pp. 13f.). See also Honneth (2014, pp. 2f.).
- ¹⁹ My translation. Henceforth, where no English edition is indicated, the translation is mine.
- ²⁰ It might be argued that the vertical reading is not equally applicable to all of the *Philosophy of Right's* dialectical transitions. The transition from the family to civil society, in particular, seems to imply a more horizontal logic, in that the family is a perennial institution, not to be easily overcome. There is no good reason, however, why a vertical logic would not also apply in this case: as always, Hegel's primary focus is not the family as an empirical or historical institution, but as a specific embodiment of the concept of freedom, based on a specific conjugation of particularity and universality. As such, his aim is to show that this conjugation is not yet freedom's true form. This does not mean that families will cease to exist or play an important social role, but simply that their inner logic will give way to a higher ethical standard. A consequence of this is visible in Hegel's claim that 'society's right is ... paramount over the arbitrary and contingent preferences of parents' (PR §239) and can thus compel them 'to send their children to school, to have them vaccinated, and so forth.' (PR §239A).
- ²¹ This tension was recently highlighted by different interpreters. See, for example, Mohseni (2015, pp. 170ff.), James (forthcoming, chapter 3) or Gilbert (2013, pp. 189–205), who argues that the priority of private property is contradictory in Hegel's own terms, and that it actually presupposes the priority of public property.
- ²² See Griesheim §§254–255 and Hotho §254.
- ²³ See, for ex., Koselleck (1981, pp. 588ff.).
- ²⁴ See PR §§308–311.
- ²⁵ See also MacGregor (1998, pp. 112–140).
- ²⁶ I would like to thank David James and two anonymous reviewers for their helpful comments on earlier versions of the text.

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