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# Classical Political Economy Sifted Through Dialectical Reason: The Hegelian rereading

Delphine Brochard<sup>1</sup>

## Abstract:

This article examines the analysis of the economic system developed by Hegel in the *Elements of the Philosophy of Right*. It shows how this analysis amounts not to a reworking and development of the theses of classical political economy, but rather to their dialectical reinterpretation. This particular logic of apprehension grounds the specificity of the Hegelian view of the economic sphere and its irreducibility to classical theses. The article explains how this particular logic of apprehension leads Hegel to bring to the foreground the insufficiencies of the market-based mode of coordination of individual destinies, as well as the necessity that this mode of coordination be surpassed both by and in the rational state. The article, then, focuses on the specificity of the articulation that Hegel conceives between civil society and the state. It shows how Hegel, surpassing the liberalism-state interventionism opposition, sketches an institutional device ensuring the advent of an ethical economy.

J.E.L.: B12, B19, B30

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## 1. Introduction

The studies devoted to the *Elements of Philosophy of Right* continue to give rise to contradictory interpretations of Hegel's economic thought. Most of them cast the Hegelian conception of economic relations as a reworking and a development of classical economics. Be this as it may, these studies' conclusions are far from being unanimous, a fact which leaves the Hegelian position oscillating between liberalism (Fatton 1986, Greer 1999) and state interventionism (Avineri 1972, Denis 1984). More recently, it has been argued that Hegel's economic thought could be interpreted as a scientific theory of economic nationalism, and examined as an alternative to Keynesian macroeconomic policy (Nakano 2004).

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This persistent interest may be explained by the fact that the questioning of the thoroughly modern connections between economics and politics, which underlies this work of Hegel's maturity, has lost nothing of its pertinence. In fact, as C. Colliot-Thélène (1992, pp. 36-50) notes, Hegel focuses on two paired aspects of modernity: on the one hand, the birth of a depoliticized society, or the scission of civil society and the state (where political life is concentrated in the state) and, on the other, the shift of this society's center of gravity to the economy, with economic practices acceding to the rank of a constitutive moment of social integration. This problematic, which permeates the whole of the Hegelian corpus, finds its final, and from an economic point of view, richest treatment in the *Philosophy of Right*, Hegel's last published work (and the one to which this study will be confined). Indeed, as C. Colliot-Thélène goes on to note, while the young Hegel's works sought a limiting circumscription of the field of economic activities such that their principle (the pursuit of private interest) would not warp political life, the *Philosophy of Right* foregrounds their positive contribution to the attainment of an ethical life, a condition of concrete liberty offered to modern Man. The Hegelian analysis of economic relations thus sets forth an example of the fertile links that can exist between economics and philosophy<sup>2</sup>.

It is within this perspective that we would like to propose a rereading of Hegel's arguments, with the goal of both giving an account of the diversity of previous interpretations and going beyond them. Taking off from the distinction Hegel establishes between the logic of understanding and the logic of reason, we will first show that the discourse of classical political economy that partakes of the first category could never, in Hegel's eyes, constitute anything more than a first stage in the progression towards a more complete analysis of civil society. Moving on, we will establish that the Hegelian theory of economic relations developed in the *Philosophy of Right* rests not on the adoption and development of classical ideas but on a dialectical reinterpretation of this intellectual current. This particular logic of apprehension of the economic sphere, we would like to suggest, grounds the originality of the Hegelian perspective on this sphere, as well as its irreducibility to classical theses. We will show how this logic leads the author to highlight the insufficiencies of the market mode of coordination of individual destinies, thereby illustrating the necessity of its being surpassed (*aufheben*) by and in the advent of the rational

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<sup>2</sup> Philosophical commentaries on the *Philosophy of Right* often evoke a filiation between classical political economy and Hegel's thought. We would draw the reader's attention in particular to J.-P. Lefebvre and P. Macherey's (1984) stimulating study of this Hegelian text, which inspired this article.

state. Then, we will turn to the intimate relations that Hegel sets up between civil society and the state. We shall see how Hegel, surpassing the liberalism-state interventionism opposition, envisages the possibility for the state to act through a series of mediations upon the very content of the particular interest that is expressed in civil society. Through this institutional device, the Hegelian state ensures both the identification and the realization of an ‘enlightened’ interest, one which amounts not to the nationalism of the economic agent, but rather to the advent of an ethical economy.

## **2. Classical economy sifted through dialectical reason**

### *2-1. The logic of understanding vs. the logic of reason*

In order to grasp the opposition Hegel establishes between the logic of understanding and the logic of reason, we must first make a brief incursion into the gnoseological conceptions of the author. Let us first recall that in response to the dualism posited by Kant between object of knowledge and knowing subject, Hegel affirms that only the subject knowing the object or the object known by the subject exist, and that, as such, truth cannot lie anywhere else but in the identity of the in-itself and knowledge, of being and thought. Hegel calls this identity, which is the final goal of knowledge, “concept,” designating with this term both a given being and the act of knowing it (Kojève 1933-39, p. 452). More precisely, as it partakes of an organic conception of reality, the concept designates a particular entity taken in its connections with the totality of the real, which gives it meaning. Hence, all of the constitutive dimensions of the real are, in truth, linked internally and necessarily, and these links are precisely what constitutes the principle of their intelligibility. And what Hegel calls “Spirit” is precisely this integral real, revealed by scientific thought (that is, rigorously true thought), namely this organic totality in a state of becoming, which constitutes the concrete, or the true, figure of the real.

If the world, in its truth, is the world of Spirit, the becoming of the world takes on meaning as the process of self-determination and self-concretization of Spirit, that is, as Spirit’s realization and manifestation. More accurately, this movement, which animates all reality, is a “dialectical” movement, an immanent movement having negation as its motor.” Furthermore, the dialectic for

Hegel is (in broad terms) the true description of the realization and manifestation of being (i.e., of all that which is), which itself means that this realization (i.e., all that exists in objective reality, or, being as it is realized in the natural and human world) and this manifestation (i.e., all that which appears to the human subject, or, being as it is revealed to real human subjects) are mediated by a negative or negating element, a “dialectical” element (in the narrow, and strong, sense of the term) (Kojève 1933-1939). Whence it follows that being in its truth is being in its totality, composed of the set of moments of its becoming, that is, the set of stages of its realization in the objective world and of its manifestation to real human beings. The dialectic is thus, at one and the same time, the guiding principle of the development of being and the movement of knowing: it is not any given being which is dialectical, but being in its totality, in its truth; in other words, Spirit, of which empirical reality is but one facet.

With the concrete—which is to say, the true—figure of the real thus defined, Hegel distinguishes between two modes of knowing: the logic of reason and the logic of understanding. The logic of understanding is thought that proceeds through abstraction, or common, ordinary thought, accessible to everyone. This thought apprehends its object independent of the whole in which it is inscribed. It is, for Hegel, the first moment of knowing, the moment where thought grasps being in its immediate identity, conceived as a thing-in-itself, fixed in a moment of its becoming. It is, after a fashion, 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, can attain.

In order to reach the truth, to go from representation to concept, thought must surpass understanding and become reason, rational thought. Only this thought is positioned to reveal the other aspects of being as such and of all that which is real: only this thought seizes being in its totality and in its truth. First, as “negative” reason, it seizes being as a thing in movement, bringing to light the dialectical principle that animates it, and the contradiction that is at the origin of its movement: how, in the course of its realization, the determined and set entity (as understanding apprehends it), is negated dialectically—i.e., while conserving itself, and becomes other. Next, as “speculative” or “positive” reason, it reveals being in its unity throughout the series of its transformations. Through these two moments, reason, the sole vector of concrete intelligence, grasps its object in its organic connections within the whole of reality, and in doing so, derives its

concept from it. In sum, it is only in becoming reason that thought becomes wholly scientific, and this is of course the demand that Hegel makes of his own thinking: a systematic thinking in the image of the real that it has set out to reveal.

## *2-2. The dialectic as a mode of apprehension of the economic*

In the Hegelian system, each moment in the development of the real is part and parcel with a moment in the discourse that reveals it (the real dialectic is expressed in the ideal dialectic of thought and discourse), and true thought—manifested in Hegelian philosophy—is the synthesis of all the moments covered by revealing thought. It is against this backdrop that Hegel appeals to political economy as that discourse, born of modern times, in which the constitution of civil society reflects upon itself. Hegel writes:

Political economy “is one of the sciences which have arisen out of the conditions of the modern world. Its development affords the interesting spectacle (as in Smith, Say and Ricardo) of thought working upon the endless mass of details which confront it at the outset and extracting therefrom the simple principles of the thing, the Understanding effective in the thing and directing it”(1821, § 189, rem., pp. 126-127).

Through this characterization, Hegel specifies the object, the method and the validity of political economy. Thus defined, political economy is the theory of a particular, and therefore abstract, moment of the Whole: it apprehends civil society as it thinks itself, identical to itself, abstracted from the dialectical movement that gives it meaning. As a science of the Understanding, it is abstract intelligibility: it studies economic phenomena considered in their isolation, and discloses the exterior relationships that connect them in the form of laws. As a result, *political economy never produces anything but a partial truth, offering only a representation of civil society, not its concept; it can therefore only make up, in Hegelian logic, a preliminary stage in a deeper analysis.*

Thus the philosopher cannot content himself with the gains made by this discipline; he must, in order to reach the truth of its object, transform this knowledge of understanding into knowledge of reason. And it is just such an approach that underlies the Hegelian analysis of civil

society in *The Philosophy of Right*: the philosopher reinterprets the categories brought to light by classical political economy, drawing them into dialectical reasoning. A misrecognition of the complexity of the relationship linking Hegel to classical political economy leads, as the example of M.R. Greer's analysis (1999) shows us, to a misinterpretation of his conceptions of economics. We will return to this point. For the moment, let us note that contrary to what this latter author holds, there could be no simple "adoption" and "development" of classical theses on Hegel's part. For, in Hegelian logic, only dialectical reasoning can apprehend the concrete real; only it can reveal those interior connections, whose exterior (phenomenal) manifestations are ascertained by political economy<sup>3</sup>.

More precisely, the dialectic that drives the comprehension of civil society is, in the Hegelian system, the one that animates the set of human actions making up history: the realization of the "concrete universal" by the contradictory play of the "particular" and the "universal."<sup>4</sup> Considered in terms of the development of civil society, these two categories designate, on the one hand, the pursuit of individual interest—the principle of particularity—and on the other, the general and mediating relationship which ensures the coordination of particular interests and which steers social interconnectedness in the direction of the realization of the ethical life—the principle of universality.

In other terms, the concrete intelligence of civil society's functioning as well as its becoming implies, for Hegel, grasping civil society as the product of the interaction between individuals and the social whole, with the latter being at once the substance of individuals and the

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<sup>3</sup> The connection between Hegel's thought and classical political economy cannot be limited or reduced to an external critique, as Nakano's analysis implies. According to Nakano (2004), Hegel's political economy distances itself from classical economics, in that Hegel would reject the latter's abstract, formal and unrealistic methodology in favor of an institutional and dynamic economy. However, strictly speaking, Hegel undertook no work in the field of economics *per se*. If, as G. Lukács' study (1948) of the young Hegel has shown, the philosopher was interested very early on in political economy, his views on this domain made up merely one portion of his philosophy of society. Hence, what is of interest to us today is not any contributions that Hegel may have made to the science of political economy; it is rather Hegel's use of the findings of political economy to buttress and inform his knowledge of social problems that merits our attention (*ibid.*, p. 52).

<sup>4</sup> For Hegel, it is through this play of the particular and the universal, which constitutes the concrete universal, that Spirit is realized in history; the peoples of the world are the vehicles of this realization. Whence it follows that a content is only truly thought, and not merely re-presented, if it is grasped as a moment of the immanent and necessary process of self-realization and self-concretization of this concrete universal.

result of their actions.<sup>5</sup> Its mode of apprehension thus depends neither on methodological individualism (which would read the emerging principle of cohesion as beginning with individual conduct) nor on methodological holism (seeing individual conduct through the principle of socialization). Rather, as we shall see, it aims to make evident the dialectical unity, or, again, the organic connection, existing between the principles of particularity and of universality.

### 3. The economic space as a “System of Needs”

#### 3-1. *Homo œconomicus or the abstract particular*

In his apprehension of civil society, Hegel, in keeping with classical political economy, departs from man as “a totality of wants and a mixture of caprice and physical necessity” (1821, § 182, p. 122). This is the initial, abstract presupposition (the first moment of dialectical reasoning), with the individual considered in his particularity, as a set of specific needs, abstracted from his inscription in the universal; this is, for Hegel, the figure of the “bourgeois,” the private individual, concerned only with his particular well-being. This is also the individual as he *thinks himself* in civil society, and as political economy *reflects (upon) him*: an abstract individual who considers the collectivity to which he belongs as a simple means to attain the ends of his own particular will. The pursuit of individual interest—which motivates his conduct—is, then, fulfilled in the search for satisfaction of particular needs. And this satisfaction, Hegel tells us, is 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, the middle term between the subjective and the objective” (1821, § 189, p. 126).

In the pursuit of his individual interest, the individual therefore necessarily enters into relation with the needs and the free will of the other, which, in return, make up so many conditions for his own satisfaction. This condition of reciprocity, as political economy has shown, constitutes

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<sup>5</sup> The individual considered in isolation is, in Hegel’s eyes, a mere abstraction; only a people, conceived as a singular incarnation of the universal Spirit, has concrete existence. This universal Spirit informs individual behavior from within and confers a universal determination upon to the latter as it acts as a sort of second nature, a socialized nature. Whence it follows that the social realm, the objectified realm of human practices guided by reason, is the product of the spirit of the people that it animates and, as such, it possesses an immanent rationality in itself. Thus, the principle of universality is also a principle of rationality.

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. Smith illustrated this system's coherence as well as the autonomous logic of its functioning (through the analysis of market mechanisms), and it becomes in Hegelian terminology the "System of Needs," the first constitutive element of civil society, the first form of the general and mediating relationship ensuring social cohesion. Furthermore, Hegel praises political economy for having shown how a principle of coordination of individual interests emerges from the interaction of individuals, a principle which, while it is the work of individuals, is nonetheless imposed upon them as a necessity.

Yet, contrary to what M.R. Greer affirms (1999, p. 565), the Hegelian analysis does not stop there. The internal and necessary links of this social cohesion (internal and necessary from the point of view of Spirit and, more specifically here, of the "ethical life") are yet to be revealed. The representation of this cohesion offered by the economists is a merely abstract one (and one that does not provide "universal" laws in the Hegelian sense, as Greer, whose interpretation hinges on a semantic slippage that is arbitrary at best<sup>6</sup>, would have it). It remains for the philosopher to elucidate the dialectical movement animating the System of Needs, the movement which gives the concrete intelligence, and in so doing the limits and the becoming, of the System of Needs.

Reinterpreted in the terms of the Hegelian dialectic, the (mechanical) principle of cohesion that the Classics formulate is in effect only an aspect of the (organic) movement by which individuals, pursuing their particular interests, integrate themselves into a network of social determinations: the System of Needs, which is itself a product of their objectified reciprocal actions. This network, in return, moulds their particular conduct (denying their condition as abstract particulars) and entails the conformity of behaviors that makes possible the realization of the principle of universality. We therefore cannot follow H. Denis (1984, p. 49) when he affirms that Hegel recognizes no more than a mechanical interdependence in the System of Needs, such that the dialectical mode of

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<sup>6</sup> According to M. R. Greer (1999, pp. 564-566), the "universal economic laws" laid out by the Classics are, for Hegel, the manifestation of the "universality" proper to civil society: "Universal economic laws govern, make intelligible, and give shape to the mass of particular economic phenomena, in a manner similar to how the law of universal gravitation guides the movements of the particular planets. The particularity of civil society resides in the individual self-seeking of its members. The universality of civil society resides in the theoretical laws of the system as a whole" (idem). This assimilation of the universality claimed by the Classics for their laws (which would be universal economic laws in that they are anchored in a universal human nature) to the universality in Hegel (as a form or attribute of Spirit), has no justification, be it in letter or in spirit, in the Hegelian text.

apprehension of economic relations would be only a potentiality of Hegelian thought, one which would still remain to be actualized. We would like to suggest that the principle of cohesion that rests on the relations of exchange and production is not limited, in Hegel's eyes, *to a relation of exteriority among atomized individuals*—as political economy represents it. Rather, it sets in motion the negation of the specifying, abstract determinations of individuals, a precondition of their transformation into universal determinations:

As members of civil society, individuals 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” (1821, § 187, p. 124).

### *3-2. From the multiplication of needs to the division of labor*

Because the satisfaction of individual need is predicated upon the mediation of the other, Hegel in effect infers that in the order of civil society, need must be “recognized” socially in order to be satisfied. This social inscription informs the need's *content* as it does the *conditions of its realization*: the System of Needs is endowed with its own movement, to which it submits the particular need.

First, in its content, particular needs turn into “social needs,” and more specifically, in this first stage of civil society, needs stemming from representation:

“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” (1821, § 192, add., p. 269).

Henceforth, modeled by the social context where the dual human penchant for imitation and distinction are at play, the need for “equality and for emulation, which is the equalizing of oneself with others,” and “the need of the particular to assert itself in some distinctive way,” are combined with a search for “refinement” (1821, § 193, p. 128; § 191, p. 127); the need that was at first the sole product of natural necessity, and which was thus possessed of a finite and concrete character, finds itself at once differentiated into abstract elements and 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” (1821, § 196 p. 128), the multiplication and specification of “needs and their ways and means of satisfaction” (1821, § 192, p. 127) in turn “subdivides production and brings about the division of labour” (1821, §198, p. 129). Taking up the Smithian concept of the division of labor anew, while grounding it differently (here, it is not the natural propensity of men to exchange that leads to the division of labor, but rather the immanent evolution of the modalities of need—their *denaturalization*), Hegel draws three consequences from this:

“By this division, the work of the individual becomes less complex, and consequently his skill at his section of the job increases, like his output. 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. Further, the abstraction of one man’s production from another’s makes work more and more mechanical, until finally man is able to step aside and install machines in his place” (1821, § 198, p. 129).

While the division of labor makes possible an augmentation of production volume, it also, in the same movement, brings about a complete dependence on the part of individuals. The more the division of labor grows, the more the individual’s skills are particularized, and the more he is incapable of fulfilling the set of his needs by himself. Furthermore, as it is fragmented (abstracted), the product of his labor only gets its value, and its concrete nature, in the social sphere, where it can be exchanged. As a result, transforming private particular activity (which is concrete, in that it is conscious of its ends) into abstract social labor (on account of its fragmented nature), the

division of labor encloses the individual in a system of reciprocal dependence, which submits subjective liberty to economic necessity. “When needs and means become abstract in quality, abstraction is also a character of the reciprocal relation of individuals to one another” (1821, § 192, p. 127), such that, for the particularity, this process of the universal appears as a destiny imposing itself on its particular want. And, according to Hegel, the movement proper to the System of Needs leads to an indefinite extension of this system of reciprocal dependence, subsuming the free will of the particular in a greater, more widespread necessity.

### 3-3. From the “invisible hand” to the “ruse of reason”

According to Hegel, political economy has brought this necessity to light in the form of simple laws and principles that come into play spontaneously in the System of Needs, where they regulate individuals’ interactions. This necessity whose function is, for Hegel, analogous to that of the planetary system (1821, § 189, add., p. 268), draws the individual into the realization of an order that exceeds him. As they are pulled into the social network that the division of labor weaves, individuals, who believe themselves to be pursuing their own ends, obey unbeknownst to themselves the incentives (the socially recognized needs) and fulfill the functions (as defined by the division of labor) that meet the requirements of a total order (J.-P. Lefebvre, P. Macherey 1984, p. 35). Invoking a mechanism whose guiding principle evokes that of Smith’s “invisible hand,”<sup>7</sup> Hegel thus concludes that while civil society rests on selfish interest (the fundamental motivation of the “particular”), it nonetheless transfigures selfish interest by subjecting the latter to its laws:

“When men are thus dependent on one another and reciprocally related to one another in their work and the satisfaction of their needs, subjective self-seeking turns into a contribution to the satisfaction of the needs of everyone else. That is to say, 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

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<sup>7</sup> For a comparative examination of Smith’s “invisible hand” and Hegel’s “ruse of reason”, see J. B. Davis (1989).

what he thus earns by means of his work maintains and increases the general capital” (1821, § 199, p. 130-31).

Nevertheless, as Hegel sees it, the universal proper to relations of production and exchange is not manifest only in market mechanisms orienting individual behaviors from without, as political economy would have it in its description of atomized individuals who react to “price signals.” The universal also acts as a second nature, a socialized nature, that modifies the very content of particular interest, and transforms natural necessity into social necessity. And it is this transformation that makes civil society a form, albeit incomplete, of the “ethical life.”

As J.-F. Kervégan (1992, pp. 242-248) shows, the role Hegel accords to Estates (*Stände*) soundly illustrates this double dimension, at once objective (exterior to the individual) and subjective (interior), of the articulation between the universal and the particular orchestrated by the System of Needs. Indeed, for Hegel, the objective movement of the System of Needs leads beyond the social division of labor to the creation of “particular systems of needs”: Estates (*Stände*<sup>8</sup>). This division of civil society into “general groups” (1821, § 201, p. 130) organizes individuals according to their social function, the means and the tasks that correspond to this function, as well as the theoretical and practical culture that it implies. But Estates are neither classes in Marx’s sense, nor castes: the assignation of an individual to a social Estate must depend upon his own choice (a choice which nonetheless has its constraints)<sup>9</sup>. Constituted in distinct social entities, according to the specificity of their function and the system of representation associated to this function, Estates are, in Hegel’s view, an essential part of the coordinating mechanism: each Estate

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<sup>8</sup> “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” (1821, § 201, pp. 130-131). Each Estate has its role: the substantial Estate “has its capital in the natural products of the soil which it cultivates,” (1821, § 203, p. 131); the industrial Estate “has for its task the adaptation of raw materials, and 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” (1821, § 204, p. 132); the universal Estate “has for its task the universal interests of the community” (1821, § 205, p. 132).

<sup>9</sup> We draw the reader’s attention to the fact that according to Knox (cf. translator’s notes to § 199, p. 356), the term *Stände* has no single, functional equivalent in English but, most of the time, Knox chooses to render the term as “classes” or “class-divisions”. Indeed, Hegel’s use of the term is very specific and any reduction of the term to one of its English equivalents inevitably belies its semantic potential in Hegel’s usage. In order to avoid any confusion we choose to use the term “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.

This reinscription of the teachings of economic theory in the (thinking of the) Whole (the Whole of reality, the union of being and thought) leads Hegel, as we can see, to foreground the element of consciousness in his apprehension of economic relations, though the element of consciousness is only present in the incomplete, and thus abstract, form of representation and opinion, the form of the Understanding. Furthermore, 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”:

“[In civil society] 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”(1821, § 181, add., p. 266).

The particular, seeking its self-realization, finds itself to be, in fact, caught up in social interactions, and thus set off on the realization of universality. This would seem to support Smith’s thesis, and its consequences, in terms of economic liberalism. But in contrast with the latter, Hegel does not think that the individual serves the general interest even better when he does so unknowingly. On the contrary, for Hegel, because in the System of Needs the universal is only realized unbeknownst to individuals, it never amounts to anything more than an *abstract universal*.

From the point of view of individuals, and in the thinking of political economy (for individuals evolving in the order of the System of Needs, and the political economy that reflects (upon) their movements, participate, according to Hegel, in the same level of the development of consciousness: the stage of understanding), the collectivity in effect only appears as a means of serving individuals’ particular ends. The collectivity asserts itself as a necessity and, in doing so, reveals itself to be an objective constraint imposing itself on the subjective wants of the individual.

Thus, the connection that civil society, through the mediation of the “atomistic system” of needs, establishes between particular interests and the general interest, presupposes (and rests upon) the acquiescence of individuals to the collective ideal.<sup>10</sup> They can, however, refuse to submit to the common order if it does not allow them to satisfy their own interests (J.-P. Lefebvre, P. Macherey 1984, p. 42). And this connection is even more precarious given that the satisfaction of particular interest is, in the order of civil society, far from being guaranteed.

#### **4. The aporiae of economic cohesion**

##### *4-1. From the contingency of individual satisfaction to the necessity of a legal and institutional framework*

Sifted through dialectical reason, the discourse of political economy exhausts itself in bringing to light a necessity, which yields only an abstract, relative identity of particular and general interests: *(market-based) economic mediation is not sufficient to ensure social cohesion*. In effect, if the mechanisms of the System of Needs, as they are portrayed by the economists, orient individual behavior towards the fulfillment of general 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” (1821, § 230, pp. 145-46).

Subjected to the interaction of particular subjectivity and the objective law of the system, individual satisfaction is the object of a “blind necessity,” that is, of a formal and wholly contingent possibility. Thus, from the subjective side, Hegel tells us that:

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<sup>10</sup> “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 area – 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...” (1821, § 229, add., pp. 275-76).

“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” (1821, § 200, p. 130).

Intertwined with this unequal distribution of ability and resources is, from the objective side, the contingency inherent to particular satisfaction in the System of Needs, because the System of Needs submits the former to the unfolding of its necessity:

“In civil society the sole end is to satisfy want—and that, because it is man's want, in a uniform general way, so as to secure this satisfaction. But the machinery of social necessity leaves in many ways a casualness about this satisfaction. This is due to the variability of the wants themselves, in which opinion and subjective good—pleasure play a great part. It results also from circumstances of locality, from the connections between nation and nation, from errors and deceptions which can be foisted upon single members of the social circulation and are capable of creating disorder in it—as also and especially from the unequal capacity of individuals to take advantage of that general stock. The onward march of this necessity also sacrifices the very particularities by which it is brought about, and does not itself contain the affirmative aim of securing the satisfaction of individuals. So far as concerns them, it may be far from beneficial: yet here the individuals are the morally justifiable end” (Hegel 1830, § 533, pp. 262-263).

As the classical economists have pointed out, in order to give each individual the real possibility of ensuring his subsistence and well-being, and thus in order to maintain individuals in its order, civil society gives brings about the implementation of an adapted legal and institutional framework, without which economic cohesion could not take place.<sup>11</sup> At first, as Smith teaches us,

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<sup>11</sup> As Smith points out, “according to the system of natural liberty, the sovereign has only three duties to attend to [...] : first, the duty of protecting the society from the violence and invasion of other independent societies ; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice ; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual

the existence of social inequalities in the distribution of wealth makes the administration of justice necessary.<sup>12</sup> The administration of justice, for Hegel, has the responsibility of seeing that the existing order is respected in civil society, as well as of guaranteeing the reciprocal recognition of individuals in the juridical context, which, in the order of civil society, means defending the rights of personhood. Next, Hegel affirms the necessity of the “police” (in the larger sense of civil government), whose task overlaps in large part with one that Smith foregrounds, namely that of putting the individual in a position to secure for himself an abundant revenue: “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” (1821, § 236, add., p. 276). More precisely, the “police” are dedicated to making up for the inadequacies of market-based coordination. The “police” thus assume responsibility for the functioning of public goods<sup>13</sup>, for education, for aid to the indigent, but also for foreign commerce.<sup>14</sup> More generally, they also make circumstantial interventions to regulate conflicts of interest (which are products of the blind selfishness and contingency inherent to the System of Needs) that cannot be resolved by the play of market mechanisms alone, or to expedite the process of making adjustments:

“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... [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

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or small number of individuals, to erect and maintain ; because the profit could never repay the expense to any individual or small number of individuals... ” (1776, Bk. IV, ch. IX, p. 208).

<sup>12</sup> In Smith’s words, “wherever there is great property, there is great inequality. For one very rich man, there must be at least five hundred poor, and the affluence of the few supposes the indigence of the many. The affluence of the rich excites the indignation of the poor, who are often both driven by want, and prompted by envy, to invade his possessions. It is only under the shelter of the civil magistrate that the owner of that valuable property, which is acquired by the labour of many years, or perhaps of many successive generations, can sleep a single night in security” (1776, Bk. V, Ch. I, p. 232).

<sup>13</sup> “In the indefinite multiplication and interconnection of day-to-day needs, (a) the acquisition and exchange of the means to their satisfaction – a satisfaction which everyone confidently expects to be possible of attainment without hindrance, and (b) the endeavours made and the transactions carried out in order to shorten the process of attainment as much as possible, give rise to factors which are a common interest, and when one man occupies himself with these his work is at the same time done for all. The situation is productive too of contrivances and organizations which may be of use to the community as a whole. These universal activities and organizations of general utility call for the oversight and care of the public authority” (1821, § 235, p. 147).

<sup>14</sup> “...public care and direction are most of all necessary in the case of the larger branches of industry, because these are dependent on conditions abroad and on combinations of distant circumstances which cannot be grasped as a whole by the individuals tied to these industries for their living” (1821, § 236, p. 147).

period in which their tension should be eased through the working of a necessity of which they themselves know nothing” (1821, § 236, pp. 147-48).

Must we perceive in this conception of an “economic police” the influence of Steuart’s mercantilism (which Hegel had earlier studied)<sup>15</sup>, or of what Germanic culture calls “Camerarism”? As J.-F. Kervégan notes (1992, p. 234), Hegel does not limit his thinking to a practical organization and conception of the economic sphere, since his readings of Smith and the social upheavals of 19<sup>th</sup> century England would have shown him that such a position was no longer viable. Must we understand from this, as M.R. Greer (1999, p. 566) holds, that Hegel adopts the fundamental tenets of the economic liberalism extolled by the Classics, all the while acknowledging the legitimacy of interventions on the part of a public authority which would be situated on the margins of the market system? What is certain, at this level of reflection, is that Hegel affirms the right of the individual to follow his own self-interest just as much as that of the administration to guarantee the fulfillment of the general interest:

“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” (1821, § 236, add., p. 276).

#### *4-2. The contradictions of civil society*

This juridical and economic administration of the market space, conceived as a mediation between particular and general interest, that seeks to make up for the deficiencies of strictly economic mediation—whose importance was grasped by the classical economists and Smith in particular—shows itself nonetheless, in Hegel’s eyes, to be *insufficient for surpassing the contradictory movement which animates civil society*. Reinterpreted in terms of the Hegelian dialectic, the objective movement of the System of Needs can be seen to lead, in effect, to the unchecked growth of the inequalities of skill and wealth upon which it rests:

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<sup>15</sup> P. Chamley (1963, p. 56) is a proponent of this argument, holding that the classical economists had a near-negligible influence on Hegel, while attributing Hegel’s inspiration to J. Steuart.

“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...” (1821, § 243, pp. 149-50).

The accumulation of wealth, for which bourgeois society aims, functions only through a deepening and a generalization of the division of labor within the industrial Estate. This amplified division translates, for the individuals who take part in it, into a growing abstraction of their labor, a restriction of their faculties and aptitudes and, in the process, into an ever-increasing dependence on the system and its contingencies. As Smith has emphasized, the division of labor accentuates and heightens natural inequalities, and reduces workers to torpor and debasement. Hegel, in turn, returns to the fragmented character of divided labor, and its consequences both social and human, in order to deduce from this that the System of Needs leaves workers faced with the growing impossibility of earning their part of the common wealth, thus opening up the field to the social question: “The important question of how poverty is to be abolished is one of the most disturbing problems which agitate modern society” (1821, § 244, add., p. 278). And Hegel 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” (1821, § 244, p. 150).

It falls to the “police” to intervene against this threat of dissolution weighing upon the collectivity; the “police,” that institution of civil society which, in Hegel’s mind, assumes in addition to its ordinary function of curtailing legal infractions, the tasks of surveillance and assistance necessary for the maintenance of that minimum of material well-being which conditions

participation in civil society. But this solution does not constitute, in Hegel's eyes, anything more than a stopgap, one whose effect is to displace, rather than resolve the problem, since "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" (1821, § 245, p. 150).

Indeed, Hegel explains that, confronted with the "creation of a penurious rabble," two options arise, although both lead to an impasse. On the one hand, 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 their revolutionary fervor). On the other hand, if society created jobs arbitrarily for such individuals, "the volume of production would be increased;" whereas in fact, as Hegel tells us, "the evil consists precisely in an excess of production and in the lack of a proportionate number of consumers who are themselves also producers" (1821, §245, p. 150). And this contradiction, as the philosopher would have it, explains the tendency of every civil society, and especially the British one, toward expansion and colonization:

"This inner dialectic of civil society thus drives it – or at any rate drives a specific civil society [English 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." (1821, § 246, p. 151).

#### *4-3. The economic subject as being of consciousness*

"Particularity by itself, given free rein in every direction to satisfy its needs, accidental caprices, and subjective desires, destroys itself and its substantive concept in this process of gratification. At the same time, the satisfaction of need, necessary and accidental alike, is accidental because it breeds new desires without end, is in thoroughgoing dependence on caprice and external accident, and is held in check by the power of universality. In these contrasts and their complexity, civil society affords a spectacle of extravagance and want as well as of the physical and ethical degeneration common to them both" (1821, § 185, p. 123).

The Hegelian analysis gives us to believe that if political economy has not taken account of this contradictory movement of civil society, it is a result of the abstract character of its reasoning, a reasoning that only apprehends the economic sphere outside of its inscription in the Whole, the union of being and thought. In Hegel's thinking, Man is not the being that appears in the discourse of political economy, moved by the satisfaction of his natural needs, and whose liberty is played out in his freedom of choice. Man is first and foremost a being of consciousness, immersed in the Spirit of the people that he belongs to (which provides the grounds for universality) and that guides the set of his actions, through the "culture" that informs his representations.

In the order of civil society, this consciousness, as we have seen, is present in the still-incomplete form of understanding and opinion. Thus the need that the individual seeks to satisfy is not, according to Hegel, the simple product of a natural necessity (a finite, concrete need that has its *raison d'être* in itself), but rather a need issued from representation. Hence, because the engine of civil society is the pursuit of particular satisfaction and because this satisfaction, which is the product of a *mise en abîme*, is never fully attained (for there cannot be a saturation point of needs), "social conditions tend to multiply and subdivide needs, means, and enjoyments indefinitely – a process which, like the distinction between natural and refined needs, has no qualitative limits." In this drift toward "luxury," produced by the dialectical movement proper to the System of Needs, "dependence and want increase ad infinitum" (1821, § 195, p. 128).

And it is again because man is a being of consciousness that he can refuse to submit to this order of civil society. Thus, the revolutionary sentiment that characterizes the rabble is first and foremost, for Hegel, the fruit of a state of mind. Imprisoned within a state of destitution and lack, confronted with the objective constraints of the system, the industrial worker becomes conscious of the purely formal nature of his liberty. Before the spectacle of the wealth that others have accumulated, the sentiment of injustice erupts. Whence we can understand that in Hegel, poverty threatens civil society inasmuch as it is associated with a certain "disposition of mind," that is, when it when poverty "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.” (1821, § 244, add., p. 277).<sup>16</sup>

Civil society, built exclusively around market relations, thus reveals itself to be a contradictory form of sociality. Following the teachings of political economy, Hegel recognizes the emergence of a mode of coordination that is proper to civil society, one that draws individual activity into the movement of general wealth. But transcribed into the terms of his dialectic, this movement functioning through the socialization of need and the modes of its satisfaction never accomplishes anything but an abstract identification, powerless to reign in the excesses of particular interest. Because it only appears to individuals in the form of a blind necessity, issuing from an exterior order, this movement toward general prosperity effectively leaves individuals to be prisoners of their selfish wants; hence, reduced to this selfish side of their industry, individuals endlessly seek recognition through exterior manifestations (exterior to their professional activity), manifestations which are limitless. Thus begins the spiral of the “false infinite,” here in the form of the unfolding of a pernicious logic of profit and revolt, where the quest for luxury and refinement exists alongside growing dependence and deprivation:

“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” (1821, § 185, add., p. 267).

In order to break away from this contradictory movement where wealth is never realized without engendering poverty, where all individuals, prisoners in an endless *mise en abîme*, benefit from a merely formal liberty, Hegel proclaims the necessity of the rational state’s advent.

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<sup>16</sup> Note the difference in Hegel’s position on the impact of inequalities on social cohesion compared to that of Smith, who writes: “Among civilized and thriving nations, on the contrary [i.e., as opposed to the savage nations], though a great number of people do not labour at all, many of whom consume the produce of ten times, frequently of a hundred times more labour than the greater part of those who work; yet the produce of the whole labour of the society is so great, that all are often abundantly supplied, and a workman, even the lowest and poorest order, if he is frugal and industrious, may enjoy a greater share of the necessaries and conveniences of life than it is possible for any savage to acquire” (1776, Intro., p. 2). This difference can be explained by the role of the “principle of sympathy”, which ensures in Smith’s thought the interiorization of the social order (Duboeuf 1985).

## **5. The surpassing of the contradictions of civil society in and through the advent of the rational state**

### *5-1. The inadequacies of the state under liberalism*

The analysis of civil society has demonstrated that—in line with the teachings of political economy—if, in civil society, the principle of universality guides particular interests toward the attainment of general wealth, this universal remains an exterior order imposing itself upon particulars (an order that is endured, rather than willed for itself). This exteriority of the universal in the order of civil society is figured in the model of the state deployed by classical political economy, which never touches upon more than the set of institutions that crop up in civil society, as far as the Hegelian analysis is concerned. In Hegel’s mind, this form of sociality, which is directed towards the satisfaction of particular needs, never constitutes anything more than an “exterior state,” a state of understanding and necessity, one realizing no more than an abstract universal, unfit to halt the excesses of particular interest, i.e., the unfolding of a logic of profit and revolt.

In order to surmount the contradictions inherent in civil society, the state must, according to Hegel, realize a concrete, a conscious identification of particular interest and general interest by instituting an order 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” (1821, § 260, pp. 160-61). But the surpassing of this dualism does not entail its erasure. Maintaining the irreducibility of the modern world to the ancient world, Hegel deduces from this that the modern state must be powerful enough to allow a sphere of particular interest to flourish as a site for the expression of subjective liberty, as well as to bring this sphere back to itself through a series of mediations. The elaboration of this articulation is the work of two bodies, the legislative power and the executive power, whose responsibility it is to ensure the continuing unity of the whole, and in particular to prevent the formation of the

“rabble.”<sup>17</sup> In their roles as an implementer (in the case of the first body) and an administrator (in the case of the second) of the general will, these two organs of the rational state make up, for Hegel, the operative mode of the concrete fusion of interests. They are entrusted with the task of orchestrating the continual movement of mediation, which reveals and ensures the reciprocal, unifying connections—in their truth—of particular wills and the general will.

This continual movement of mediation, which 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),<sup>18</sup> or 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.<sup>19</sup> And since the aim of this movement is to ensure the advent of an ethical economy, its scope may not be limited to the defense of an economic nationalism (as in Nakano 2004).

#### *5-2. The state as administrator of the general will: governmental power*

Considered as part of the movement that interests us here, viz. the surpassing of the contradictions of civil society, governmental power (which includes the executive, administrative and juridical powers), administered by public servants qualified by their training, knowledge and

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<sup>17</sup> More precisely, for Hegel, the state can only acquire this power and strength, which oversee and guarantee the concrete (mediated) fusion of particular wills and the general will, in the form of a constitutional monarchy. Only this type of regime takes account of the properly modern separation of these two wills, while transcending it; this political form constitutes, 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 (the “bourgeois”) cannot constitute the universal subject that founds the state; lost in the atomistic individualism of this modern, privatized society, it remains for individuals to be awakened to the meaning of, and thus the path leading to, the universal.

<sup>18</sup> According to Avineri (1972), Hegel calls for state intervention, while limiting his advocacy of state interference exclusively to external control, thus leaving the problem of poverty open and unresolved. 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”.

<sup>19</sup> In Fatton's view (1986), there is also a “Hegelian dilemma” in that Hegel is conscious of the existence of the poverty that is endemic to the bourgeois economic system, and which contradicts the universality and the rationality of the state that houses it, while, at the same time, since Hegel is a prisoner of bourgeois political economy, he is led to denounce the disturbances that an intervention on the part of the state would bring about. Greer (1999), on the other hand, maintains that Hegel accepts the liberalism of the Classics, all the while rejecting the liberal political vision associated with it; this implies that within the Hegelian system there would lie a fragile coexistence of economic liberalism and political communitarianism.

experience, takes on the objective realization of the universal will by subordinating to it the particular wills that are expressed within civil society in their plurality. This subsumption of particularities must not, however, be understood as a sort of effacement. The Hegelian state does not seek the outright suppression of the particularity of individual interests; rather, it interiorizes the movement of the universal through emphasizing the universal determinations of particular interests, such that they may be brought into accord with the general interest: “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” (1821, § 261, rem., p. 162). It is only through integrating these wills into the common order, through converting them, that the modern state can ensure the reign of the universal, a universal all the more robust in that it draws its strength from the fulfillment of particular interests:

“In contrast with the spheres of private rights and private welfare (the family and civil society), the state is from one point of view an external necessity and their higher authority; its nature is such that their laws and interests are subordinate to it and dependent to it. On the other hand, however, it is the end immanent within them, and its strength lies in the unity of its own universal end and aim with the particular interest of individuals...” (1821, § 261, p. 161).

Hegel’s position on matters of economic government is thus defined, as H. Denis (1984, p. 29), J.-F. Kervégan (1992, pp. 231-236 ; 1998, p. 299) or T. Nakano (2004, p. 43) 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” (1821, § 236, rem, p. 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 M.R. Greer (1999) or R. Fatton (1986) proffer, Hegel rejects the economic liberalism of classical political economy, refusing to abandon this sphere to the merely “unconscious” regulation by market mechanisms, whose inadequacies with regard to the identification and the realization of the general interest he makes a point of illustrating clearly:

“The essence of the state is the universal, self-originated, and self-developed – the reasonable spirit of will; but, as self-knowing and self-actualizing, sheer subjectivity, and—as an actuality—one individual. Its work generally—in relation to the extreme of individuality as the multitude of individuals—consists in a double function. First it maintains them as persons, thus making right a necessary actuality, then it

promotes their welfare, which each originally takes care of for himself, but which has a thoroughly general side; it protects the family and guides civil society. Secondly, it carries back both, and the whole disposition and action of the individual—whose tendency is to become a centre of his own—into the life of the universal substance; and, in this direction, as a free power it interferes with those subordinate spheres and maintains them in substantial immanence” (Hegel 1830, § 537, p. 264).

In order to accede to this middle path between liberalism and state interventionism, Hegel believes that the state must intervene through the support of the institutional network of civil society to channel particular interests and activities toward the fulfillment of the general interest. According to him, the legal institutions and organizations emerging in civil society constitute mediations between the particular and the universal, whose functioning the state takes the responsibility of guiding and maintaining. Aside from the institutions of justice and of the police in charge of maintaining the universal as an exterior order (the framework where individual action is elaborated), Hegel sees in the territorial and professional communities, organized juridically and placed under the control of the public authority, a sort of network of relays allowing for the gratification of common particular interests (which, in turn, consolidate the network), in conformity with the general interest. As he conceives them, these particular spheres constitute an interface between the multiplicity of individual wills and the general will; responsibility for the creation and continued functioning of this interface falls to the state. It is through these institutions that atomistic society first takes on a primary organic form, setting up an associative solidarity among the institutions’ members, who are united by shared particular interests; this associative solidarity, when it is correctly guided, awakens them to the (meaning of the) universal. Through these institutions, the government, which confirms and ratifies the election of their leaders, can exert an influence on the content of the needs and initiatives of individuals in civil society and, in return, take note of their legitimate demands. Overall, if, as M. R. Greer (1999) would have it, Hegel does not conceive of “political economics in the neoclassical sense of the term” it is because he conceives of the possibility of acting, through a series of mediations, upon the very content of individual interest as it is expressed in civil society, bringing individual interest in line with the collectivity.

Hegel sees in the Corporations<sup>20</sup> in particular a privileged instrument allowing the state to tame the interests of the individuals who make up the industrial Estate. In this latter form of Estate, which nourishes the scissions of civil society, Corporations ensure the diffusion of a state of mind suitable for maintaining the individual in the social order by doing away with the contingency that impinges upon individual satisfaction, and by guiding this satisfaction toward the universal, wherein lies its truth:

“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 (and it is only by being authorized that an association becomes a 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” (1821, § 253, rem., pp. 255-56).

More precisely, Hegel describes this organization as the instrument of a reciprocal recognition between the individual and the collectivity, one which would prevent the excesses of particular interest.<sup>21</sup> On the one hand, through granting to each member the legal recognition of his activity within the context of the social division of labor, the Corporation reveals the rational and universal significance of his activity: the private individual leaves behind the bounds of his private 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:

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<sup>20</sup> According to J.-P. Lefebvre and P. Macherey (1984), J.-F. Kervégan (1992, pp. 248-59 ; 1998, p. 307) and T. Nakano (2004, p. 45), Hegel’s sense of the “Corporation” does not correspond to the medieval guild. This reading breaks with an established tradition of interpretation (cf. Denis 1984), which perceives in Hegel’s use of the term a reactionary appeal for a return to a medieval guild.

<sup>21</sup> “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” (1821, § 253, p. 153).

“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 work-man or others, recognized, guaranteed, and at the same time elevated to conscious effort for a common end” (1821, § 254, p. 154).

### *5-3. The state as translator of the general will: the legislative power*

Nevertheless, this universal dimension that springs up in the consciousness of individuals in civil society, through the involvement of the executive power in these elementary organic unities, only achieves its full expression (an expression that is concrete because it is conscious) in the third moment of the modern state: the legislative power, which marks the moment when the Estates Assembly takes the stage. In the architectonics of the rational state, the function of the legislative power is to determine the rights and duties that codify the relationship between individuals and the public power, namely “provision by the state for their well-being and happiness” and “the exaction of services from them” (1821, § 299, p. 194).

If the governmental power determines the content of laws, “since it is the moment possessed of (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” (1821, § 300, p. 195), it is incumbent upon the Estates Assembly, through administration, to ratify these laws and to control the modalities of their application. As it is inscribed in the movement integrating the individual within the universal order, this assembly complete the institutional device conceived by Hegel. It is at once the end of this descending spiral that we have just described, having the responsibility of diffusing the general will in the order of civil society, and the initiator of an ascending spiral by which the universal, which realizes itself in and through the state, draws its force from particular interests. Hegel thus conceives of this assembly as a means to make the views and wills belonging to individuals in civil society take part in the elaboration of the universal will. The assembly also therefore works upon the two Estates of

civil society not yet invoked in the realization of the concrete universal: the substantial Estate and the industrial Estate<sup>22</sup>, which ensure that legitimate private interests are represented in the state.

Firstly, the Estates Assembly finalizes the movement of mediation initiated by the government and its administrations. If, as we have framed it above, governmental power takes on the task of the objective realization of universal will, its actuality in social reality, this will remains at the moment in question a will “in itself.” It is an order that imposes itself upon individuals, one whose rationality they can of course recognize, but one which nevertheless does not appear as the product of their own free choice: the universal realized by the government and its administrations is not something that individuals want in itself, but is rather an order which they recognize as preserving their particular shared interests. The recognition of the universal as a free choice, or a reasonable one, which Hegel considers to be a necessary condition for the concrete fusion of interests, only comes to be in and through the legislative moment. In effect, it is only because it is discussed and promulgated by the Estates Assembly that this universal will becomes “in itself” and “for itself” in the reality of individuals. And more precisely, *the Estates Assembly finalizes the diffusion of the universal will as it makes public the debates that furnish the context for the universal will’s elaboration, thus allowing the formation of a self-conscious, universal and therefore free collective will, one which constitutes, for Hegel, the reality of the state:*

The purpose of the Estates as an institution is not to be an inherent *sine qua non* of maximum efficiency in the consideration and dispatch of state business, since in fact it is only an added efficiency that they can supply. Their distinctive purpose is that in their pooled political knowledge, deliberations, and decisions, the moment of formal freedom shall come into its right in respect of those members of civil society who are without any share in the executive. Consequently, it is knowledge of public business above all which is extended by the publicity of Estates debates.

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<sup>22</sup> The private views and wills can only intervene within the state in a form that is already organic, that is, by the intervention of the Estates of civil society. These Estates, produced by the System of Needs, acquire a political efficacy and importance in this phase. Because they champion two different types of consciousness, they 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” (1821, § 302, p. 197). The substantial Estate, represented by the large landowners, is situated in the first chamber. In the second lies the Estate of industrial labor, represented by deputies with mandates from organizations that are differentiated from civil society (the Corporations and communes), in order to defend their common particular interests.

The opening of this opportunity to know has a more universal aspect because 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” (1821, § 314-15, p.203).

Secondly, because the Assembly is for Hegel the privileged site of the political formation of the “*masse*,” who there learn “how to recognize the true character of its interests,”<sup>23</sup> the assembly is, in return, the mediation by which common particular interests, emerging from the elementary organic unities of civil society, express their legitimate demands, through the intervention of their representatives. Essentially, the assembly constitutes a sort of theatre where the citizens’ participation is figured in the becoming of the collectivity, and the representation that the assembly affords brings to completion the movement of reciprocal recognition between the individual and the collectivity, the movement which, in the Hegelian vision, animates the modern state.

Surprisingly, this third moment of the modern state is not evoked in the studies of Hegel’s economic thought. Nakano (2004), in particular, overlooks it, a fact which might explain his interpretation of Hegel’s theory as an economic nationalism. In our view, this moment completes the institutional device that Hegel conceives to ensure both the identification and the realization of an ‘enlightened’ interest, one which amounts not to the nationalism of the economic agent, but rather to the advent of an ethical economy.

## **6. Conclusion**

Overall, as it is conceived by Hegel, the advent of the rational state signifies and ratifies the transition to a full and complete consciousness, through which the individual perceives, in the general interest, both the truth and the conditions of possibility of attaining his particular ends. The fusion of interests orchestrated by this state is thus achieved by way of recognition. By revealing and maintaining, through its diverse organs, the reciprocal connections unifying, in their rational

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<sup>23</sup> “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” (1821, § 315, add., p. 294).

determinations, particular interests and the general interest, the state ensures the surpassing of the contradictions of civil society, all the while drawing upon the social bonds that the latter establishes.

Integrated into the order of reason, civil society reveals itself to be henceforth subjectivity's unsurpassable and legitimate field of expression, whose orientation and functioning must be guaranteed by the political state (the state, properly put). Apprehended thus in their truth, the political state and civil society appear as two moments of the substantial state, which brings them into a superior unity, a spiritual and ethical identity. Taken into the movement of this coherent totality, civil society finds its *raison d'être* in the regulatory mechanism that it sets in motion, and which draws individuals, through Estates and Corporations, into a formal universality, that of culture, the primary rational stage of the state.

Returned to this perspective, Hegel's outlook upon the economic sphere differs markedly from those of the founders of liberalism. The dialectical interpretation of classical political economy, which, as we hope to have shown, offers a more accurate portrait of Hegel's relationship to political economy, where Hegel is led to accord only a restricted place to market mechanisms as a mode of coordination of individual destinies. In fact, Hegel never considers such mechanisms as offering anything more than an incomplete mode of regulation, unfit in itself to identify the general interest and ensure its realization. If he nonetheless holds civil society to be the site of a free pursuit of particular interest, it is because he believes that the state can, through a series of mediations, exert an influence on the very content of this interest, orienting it toward the realization of the general interest. And it is Marx's denial of just such a possibility that will lead him to affirm the necessity of a reevaluation of the economic system's foundations.

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