

Reality or Appearance of Ethical Life? Hegel's Analysis of the Market Economy



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Abstract: The article attempts to show that Hegel's concept of "civil society" is characterized by a deep ambivalence about the value of the new market economy. On the one side, Hegel believed that the economic system represented by "civil society" succeeded like no other in simultaneously giving free reign to the desires of individual subjects and integrating them into a stable structural framework (I). On the other side, Hegel's reflections are growingly overtaken by doubts as to whether, in light of its self-destructive tendencies, the market system can be as successful in guaranteeing individual freedom as he first envisaged it to be (II). In the course of this essay, it will ultimately become clear that Hegel's attempt to redefine "civil society" reveals considerably more conceptual indecision and inner conflict than one might have suspected from the great system builder.

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The chapter on "Civil Society" [*Die bürgerliche Gesellschaft*] in Hegel's *Elements of the Philosophy of Right* occupies an almost unparalleled position in modern political philosophy. Few texts have been responsible for such profound changes in our conceptualization of the political and thus in our perception of modern society. Prior to its publication, despite the fact that "society" had certainly undergone rapid transformations since the 17th century, philosophers from Hobbes to Kant via Locke had standardly understood the "civil" in "society" in much the same way as had ancient authors: as a political union of economically independent citizens who, freed from the shackles of more burdensome forms of labour, freely exercise their collective will to control the fate of their polity. It was this conception, an adaptation of the classic political categories of "polis," "koinōnía politikē," or "societas civilis" to modern conditions, which was to be dealt an ultimately fatal blow by Hegel's completely new deployment of the term "civil society." For, on his understanding, the "civil" in civil society no longer denotes the political activity of citizens of the state, but rather the very opposite: the economic activity of all those who, relieved of any responsibility for ensuring political cohesion, exclusively pursue their own

private interests.¹ As Hegel was well aware, this meant that from now on there were two categories of citizen. On the one hand there were those who, driven by self-interest, were active in the new sphere of the market economy; on the other, there were those involved in administering the business of the state with a view to the common good. Indeed, in a famous passage he laments that German lacks different concepts for each type of citizen, whereas French still makes a clear distinction between “bourgeois” and “citoyen.”²

Yet as if that weren't enough, as well as assigning citizens two different roles, Hegel's *Philosophy of Right* also placed what had previously been called “civil society” in stark opposition to the political union of citizens. The inherited classical division of society into the working private household or “oikos” on the one hand and the political community of citizens on the other now unexpectedly evolves into a threefold division of “family,” “civil society” and the “state.” This division, moreover, was intended to make clear how the family was henceforth to be a site of intimate, private coexistence rather than of work, whilst society would have to organize all necessary forms of labour without political mediation. The state, meanwhile, would be left the considerable task of guaranteeing a harmonious interaction between each of the three complementary spheres via the exercise of universal legal powers. Thanks to this threefold division, civil society (which for Kant was still the privileged sphere of civic political action) (Kant 1968, §§ 45 and 46) became the subsystem of a privately organised market economy almost overnight.

Around a quarter of a century later, Marx would take up this revolutionary conceptual innovation in his “On the Jewish Question,” a text that represents his first attempt to develop a critique of given social relations. Without echoing prior terminology, he deploys the category of “civil society” to designate exclusively the sphere in which subjects are free to pursue their purely individual interests by entering into economic transactions with other subjects, whose actions are equally governed by considerations of private utility. And like Hegel, Marx too opposes this space of legally circumscribed private egoism within modern societies to the political state, where the latter claims to represent the common interest and is thus the sole governor of collective ties amongst members of the society (Marx 1978, 34–35). However, this is the only insight with which Marx credits Hegel in his brief essay: in uncompromising language, he complains that the *Philosophy of Right* commits the grave error of offering a normative endorsement of this (no doubt correctly described) division between “civil society” and “state” – worse still, of consecrating it as a manifestation of some higher reason. Two fundamental reasons convinced Marx that in approving of the division between the economic sphere and the political state, Hegel had gone astray: First of all, it entails that securing the individual's essential welfare is no longer the task of the community; and secondly, it splits the human

1 See what remains the definitive article on Hegel's conceptual innovation (Riedel 1962, 539–566).

2 Hegel uses the distinction between „bourgeois“ and „citizen“ for the first time in his „Rechts-, Pflichten- und Religionslehre für die Unterklasse“ (Hegel 1970a, 266). All further references to Hegel in the text are citing the paragraphs of his *Elements of the Philosophy of Rights*.

being into an “empirical,” needy part and a higher, socially conscientious part; such a split, however, is utterly contrary to human nature, which is social through and through (Marx 1978, 35).

Reading these rather brusque objections to Hegel, however, quickly arouses the suspicion that Marx had either not read the *Philosophy of Right* at all or had done so at best superficially. For, in his chapter on “Civil Society,” Hegel quite clearly does everything conceivable in order to avert such a dislocation insofar as he tries to secure an orientation to a rational universal within the economic sphere of the market itself. In contrast to Marx, who seems not to have understood this point, whilst Hegel did indeed want to retain a distinction between the pursuit of economic interests and political action, he also sought to reduce the distance between the two spheres as much as possible by identifying various civilizing ethical processes within the market. Whether the details of his reflections on “civil society” represent a success in this regard can hardly be the standard for measuring their contemporary value. Rather, the important question is whether his suggestion of communitizing the market from within represents a viable path. At any rate, when we try to reconstruct Hegel’s arguments for his conception of the market economy, it soon becomes very clear that he himself had considerable doubts as to whether that conception really bears up. He seems continually to interrupt the flow of his own text to disabuse us of any suggestion that the new economic formations he describes might strive for ethical order and coherence of their own accord; and from a contemporary standpoint, it is these doubts and reservations – which, contrary to his intentions, end up placing Hegel somewhere between Adam Smith and Karl Marx – that are perhaps, more than the details of his actual program, the most interesting and exciting features of his brief text on the market.

Such, in outline, is what I aim to show in what follows. I will begin by assembling the arguments that moved Hegel to place all economic activity in a separate sphere, distinct from that of political action, in which individuals pursue their private interests. He believed that the economic system represented by “civil society” succeeded like no other in simultaneously giving free reign to the desires of individual subjects and integrating them into a stable structural framework (I). I will then turn to sketching the reasons that then led Hegel to pursue an almost countervailing line of thought and so to graft certain additional organs of ethical self-regulation onto this “civil” economic sphere. We will see how, time and again, Hegel’s reflections are overtaken by doubts as to whether, in light of actual conditions, the program he envisages for rendering the market an ethical sphere is sufficiently realistic (II). In the course of this essay, it should ultimately become clear that Hegel’s attempt to redefine “civil society” reveals considerably more conceptual indecision and inner conflict than one might have suspected from the great system builder.

I.

The chapter on “Civil Society” is divided into three parts, the first of which is famously devoted to an account of “The System of Needs”. The question of why Hegel chose precisely this term to designate the new, highly specialised market economy is itself by no means easy to answer. A shorter and punchier term would certainly have been simply “The Market” or “The Market Economy”; indeed, such concepts would have made his anyhow unmistakable debt to Adam Smith even more explicit.³ Hegel’s decision to draw instead on an entirely unorthodox category, the “system of needs,” may therefore have its own revealing reasons. In particular, they might give us an initial indication of why he thinks the benefits of the market economy outweigh those of other economic systems. Given the title of the subchapter, one of the advantages he sees in this new mode of production must have something to do with the way in which it employs human needs by lending them a certain order – indeed, by bringing them into a “system.” And as we will see in what follows, everything that Hegel regards as good and praiseworthy about the market economy stems from how the pressures it imposes upon the private subject upon his departure from the family unit have a formative effect on his desires.

Yet in his short introduction to the chapter as a whole, Hegel begins his discussion as though he wants to assert the very opposite. In § 182 (Hegel 1972b) we learn that the “concrete person” attains their right when they are finally able to actualize themselves in their “particular end,” which is made up of “a totality of needs.” And a few paragraphs later, Hegel seems to want to further underscore this idea when he says that the difference between the economic constitution of civil society and prior economic orders consists to a considerable degree in how it allows the “infinite personality of the individual” to unfold freely, finally doing justice to the modern principle of “subjective freedom” (Hegel 1972b, § 185). Reading such formulations, it is impossible not to be reminded of Adam Smith’s *Wealth of Nations*, in which Smith notes how the enormous productivity of the specialized market economy is due first and foremost to the fact that its participants act out of pure self-interest (Smith 1976, 18). Smith too designates the motive that drives individuals in the new economic system as “self-love,” and at first glance this seems to be just what Hegel means when he asserts that what the subject finds in civil society is a space in which he can henceforth pursue unconstrained self-development through economic activity and satisfy individual needs. According to such an interpretation, the “concrete person” of whom Hegel speaks when discussing those who participate in economic processes of labour and exchange is identical with the “self” that Smith has in mind in describing of the new economic citizen who acts out of pure self-interest.

Yet this interpretation is wide of the mark. Unlike Smith, Hegel does not believe that the citizen in the role of “bourgeois” acts simply out of raw self-interest. Rather, he assumes that the individual’s orientation to self-interest is shaped by the formative

³ On the relation between Adam Smith and Hegel, see the excellent study of Herzog (2013).

pressures of the market itself, which steer it towards a consideration of the common good. Although the difference between Smith and Hegel on this point is in itself quite negligible, it is decisive for their overall conceptions: whereas the Scottish philosopher sees the miracle of the market in its ability to harmonize the self-interested strivings of economic subjects through the law of supply and demand, Hegel ascribes this very same miracle an educational function. For him, the market is not simply just a mechanism for coordinating trade between parties governed by individual interests, but also, indeed primarily, an agent of socialization: it transforms those very same interests and works them into a system of reciprocally complementary needs.⁴ It is in this step beyond Smith that we find the essential basis for Hegel's initial esteem for the market economy.

Thus, whilst Hegel's introduction to the chapter devotes a few anticipatory paragraphs to explaining how the "concrete person" in their "particularity" finally obtains a right to exist in this new economic system, it also makes clear why this particularity cannot consist merely in each individual's calculated self-interest. Rather, he tells us that in actualizing his "selfish end[s]" [*selbstsüchtiger Zweck*] the economically active individual is dependent on a "system of all-round interdependence" in such a way that he can only "assert himself and gain satisfaction" in and through this system (Hegel 1972b, §§ 182 and 183). To be sure, neither here nor elsewhere in the *Philosophy of Right* does Hegel explicitly speak of "the market"; but the "system of all-round interdependence" is meant to designate precisely that arena in which supply meets demand, the arena that Smith believed was necessary as soon as the nascent division of labour compelled people to exchange their individually produced goods with one another. Translated into the language of Smith, therefore, Hegel's contention that subjects can satisfy their selfish ends only through a "system of all-round interdependence" means that they must first have adapted their particular needs to the universalizing pressures of the market before they can in fact go on to realize them. Hegel's subchapter on "The System of Needs" then goes on to explain the educational effects that such adaptation has on private individuals upon their exit from the family unit. He divides these socializing effects of the market along two dimensions: that of producers and that of consumers.

The reason Hegel believes he has to distinguish between these two aspects of the market's educative function is simply that he conceives economic citizens in the roles of both buyer and seller. In the first role, Hegel regards him – somewhat questionably, as we shall see – as the "producer," in the second as the "consumer" of a good. Whether the subject acquires or produces a means for satisfying some need in the marketplace, he learns something new about both himself and the social world, albeit in respectively different ways. Through participating in the market, he experiences a transformation in his attitudes and accordingly of his needs. For the sake of clarity, I will restrict myself

⁴ I owe the idea that the market possesses an educational function for Hegel originally to an essay by Heisenberg 2018. I will be frequently relying on this extremely illuminating analysis in what follows.

to highlighting two different educational effects of each mode of market participation, although many more can certainly be found in Hegel's characteristically dense presentation.⁵

Turning first to the role of the consumer: firstly, since he has to consider which goods he wishes to acquire in the market, he has to make a reflexive determination and differentiation of his own needs. He has to learn not only to decide for himself which of the goods on offer he actually desires and to give it the form of "the understanding" (Hegel 1972b, § 187) in order to articulate it to others, but must also learn to establish a preferential order amongst his desires should he need to make purchases with limited means. This process of "spiritualizing" and "differentiating" needs which, for Hegel, occurs through participation in the sphere of consumption, is further developed through the game of "imitation" and social distinction. In acquiring goods, one wants to emulate other market participants and imitate their preferences as closely as possible, whilst at the same time (and here Hegel's debt to Rousseau is unmistakable⁶) "assert [oneself] through some distinctive quality" (Hegel 1972b, § 193) so as to distinguish oneself through one's especially refined taste. Being torn between the tendency to imitate others and the wish to distinguish oneself from them nevertheless, puts the consumer in touch with the full range of their emotions. The role of consumer thus demands that the individual "adapts itself" to the self-imposed limitations of its "natural needs"; for, in the marketplace one has to learn to oppose "the immediacy of desire as well as the subjective vanity of feeling and the arbitrariness of caprice" (Hegel 1972b, § 187) in order to lend one's needs a rationally ordered and universally intelligible form.

Hegel's first thesis already shows him taking an unusual path, emphasizing the educative rather than the damaging effects of modern consumer behavior. Yet if anything, his second thesis concerning the experience undergone by the consumer is still more astonishing. In the very first paragraphs of the subchapter devoted to the topic of goods acquisition, Hegel asserts that the market places a particular demand on the subject: he is to see other subjects no longer as representatives of specific roles or particular cultures, but solely as "human beings":

at the level of needs (...) it is that concretum *of representational thought* which we call the *human being*; this is the first, and in fact the only occasion on which we shall refer to *the human being* in this sense (Hegel 1972b, § 190; Hegel's emphases).

As with the first thesis, Hegel here seems to want to reverse what in his day had already become a common notion: instead of describing the sphere of consumption as one of experienced inequality (due to differences in purchasing power), he conceives it as a site in which individuals encounter each other in terms of a common and unifying

⁵ For instance, Thimo Heisenberg believes that Hegel also sees the market as a means of inculcating a sense of tact and considerateness (Heisenberg 2018; cf. Pinkard 2017).

⁶ On the importance of Rousseau's "amour propre" for Hegel see: Honneth 2021.

factor. The argument for this surprising thesis has to be that as soon as we have dealings with others in the marketplace, we have to assume an attitude towards them that requires us to see how, for all their cultural and social differences, they resemble us in a crucial respect; namely, in being desiring creatures concerned with the satisfaction of their elementary needs.⁷ In this context, it may well be helpful to recall that the purchasing decisions of the average consumer in Hegel's day were restricted to essential goods. In any case, Hegel seems to assume that of all of society's spheres of activity, it is only that of consumption which unifies its members in a way that brings home to them their essential commonality as needy natural beings: the family cannot bring the subject to this realization, because its ways of manifesting our creatureliness are confined to the narrow circle of family members and relatives; and the political sphere of the state cannot impart this understanding, because it has subjects encounter one another in abstraction from their natural concerns and desires.

Hegel thus ascribes two socializing functions to the consumption of goods, and he does the same with reference to the production of salable commodities. However, the few paragraphs he devotes to this topic in the *Philosophy of Right* leave it much more open whether the educational effects at issue actually stem from the market rather than from the activity of labour itself. Some of the formative phenomena he discusses, such as becoming habituated to having a permanent occupation and the concomitant cultivation of self-discipline, seem to have more to do with the business of labour as such. Others, by contrast, emerge only once activity is directed at the production of salable goods and thus requires an anticipation of economic demand. In the case of the latter, i.e., productive activities, Hegel once again credits the market with at least two positive effects: firstly, the producer of marketable goods must acquire the technical skill and knowhow to shape and process objects such that, by satisfying pre-existing needs, they generate a sufficiently large demand in the marketplace. For Hegel, the relevant educative mechanism of the market is the way it compels the worker to direct his activity not only at the "the nature of the material in question," but also "in particular" at "the arbitrary will of others" (Hegel 1972b, § 197). The production of goods destined for an anonymous market rather than the immediate satisfaction of specific individuals' needs requires an imaginative identification with the desires of all manner of market participants; it is their demand, after all, which will determine the salability of the finished article. The necessity of anticipating the future desires of unknown others requires the producer to think himself into the "system of needs," as it were, and to adapt his activities accordingly. And as if that weren't enough, Hegel also believes he has identified a second mechanism by which the market contributes to breaking the "subjective selfishness" of the producer and forcing him to adopt the perspective of a universalized other: the more economic competition drives the division of labour, the more the labourer has to learn to concentrate on a single

⁷ In deciphering this Hegelian argument, I lean heavily on the aforementioned essay by Heisenberg (2018, 1288 f.).

task in a network of complementary activities, so as to make a “contribution towards the satisfaction of the needs of everyone else” (Hegel 1972b, § 199). Accordingly, the argument Hegel draws upon here is that a market-driven intensification of the division of labour requires the producer to pool his skills and talents in a way that allows them to fit into a social schema of reciprocally complementary activities.

We have now surveyed four of the reasons behind Hegel’s conviction that the market has the power to form the attitudes and needs of its participants in such a way that they become assimilated into a well-ordered system. Subjects operating in the new economic structure are not equipped with the egoism that Smith labelled “self-love”; instead, they are equipped with socially beneficial, well-intentioned interests, the formation of which the market itself has ensured using its own pedagogical instruments. If we were to offer a provisional summary of Hegel’s position, we could say that he seems to have such admiration for the market because it pulls off a unique feat: it simultaneously gives free reign to the desires of individuals and incorporates them into a socially harmonious fabric. If other economic systems are characterized by either the coercive imposition of an alien order or the uncontrolled proliferation of private interests, the market economy alone is able to reconcile the two and establish a stable harmony between them. Yet if that is so, why then does the third part of Hegel’s chapter go on to impose a series of additional educational institutions and supervisory bodies onto this seemingly well-functioning “system of needs”? Why do there need to be “corporations” and trade oversight mechanisms if the market already possesses its own means for socializing private economic activity? The aspects we have considered so far clearly cannot be the whole story when it comes to Hegel’s view of the market. Yet his reasons for subsequently correcting this view betray a much greater degree of uncertainty and indecision that we are used to expecting from Hegel the grand systemizer.

II.

That Hegel so much as deems it necessary to equip the market with further educative institutions and supervisory authorities is testimony to the fact that, in reality, he does not entirely trust the “system of needs” to function as frictionlessly as his own description might otherwise suggest. Were this system, supported by the “administration of justice” [*Rechtspflege*] that Hegel subsequently presents (Hegel 1972b, §§ 209–229), to fulfill the tasks assigned to it, there would, one might think, be no danger of lasting frictions appearing within the new economic order; throughout their various transactions, market participants would largely restrict themselves to the pursuit of interests that fit neatly into the schema of reciprocal interdependence in terms of which they consciously orient their activities. Moreover, thanks to this wise mechanism, their productive and consumer activities would be sufficiently attuned to one another, and whenever the mechanism might fail, causing poverty and destitution, the legal system would urge them to keep in mind the

natural neediness of all individuals and bring to bear a “right of necessity” (Hegel 1972b, § 127).⁸ Nevertheless, Hegel’s presentation of the “system of needs” frequently reveals his doubts as to whether the marvel that is the modern market economy can in fact function in as unimpeded fashion as he suggests. In paragraph § 185, for example, we suddenly and somewhat unexpectedly hear that “civil society affords a spectacle of extravagance and misery as well as of the physical and ethical corruption common to both”; and then in § 195, after several paragraphs breathing a spirit of unmistakable optimism, we meet the surprising contention that in civil society “the particularity of the ends remains its basic content,” for which reason “an indeterminate multiplication and specification of needs, means and pleasures (...) has no limits,” producing “an equally infinite increase in dependence and want.” Such passages clearly signal that the subchapter on the “System of Needs” is also a document of the conflictedness of its author: on the one hand, he would like to believe that the market possesses sufficient disciplinary force to tame “individual selfishness” and integrate it into a system of mutually harmonious interests; on the other hand, however, he also senses that private passions and desires can gain the upper hand and break through the layer of constraints the market imposes upon them.

It should be noted, however, that none of these revealing passages mention any kind of systematic crisis afflicting the market, be it a tendency to overproduction or the constant danger of underemployment. Thus far, all that provides any cause for concern are various psychological contingencies that can manifest themselves if and when individual needs come to lose their habitual connection to the common good and begin to proliferate wildly in every conceivable direction. It is only several dozen paragraphs later that Hegel’s picture of the market suddenly becomes considerably darker, namely with the transition to the “police” and the “corporation.” At this point, the psychological hazards of the first paragraphs become autochthonous causes of ever-recurring failures of the market. The origins of this abrupt change in attitude are just as hard to discern as Hegel’s reasons for interspersing his otherwise affirmative presentation of the “system of needs” with moments of doubt. Not only this first section of the chapter on “civil society,” but also the relation between its three component subchapters, betray a deeply uncharacteristic indecisiveness in a philosopher who is usually so eager to forcefully pronounce his views and to reach a firm verdict on the knottiest of issues. Here, however, faced with the phenomenon of the modern market economy, his customary courage to take up definite stand seems to desert him. At any rate, once Hegel turns to his treatment of the “police” and “corporations” we find the very first indications that the “system of needs” is subject to a structural, and not merely incidental and occasional, danger of losing its power to establish social order.

The very first sentence of the new subchapter suddenly puts everything asserted

⁸ The question of how the chapter on the “Administration of Justice” emphasises the necessity of protecting private property coheres with Hegel’s prior comments on the common neediness of all human beings in the “system of needs” (Heisenberg 2018).

thus far about the formative power of the market in the conditional mood: the “system of needs,” we now read, only creates the *possibility* of securing the “livelihood and welfare of each individual.” The actualization of this possibility, however, essentially depends upon the “contingencies” of the individual’s “arbitrary will” and “particular nature” in fact being “cancelled” [*aufgehoben*] (Hegel 1972b, § 230). This sentence might at first sound quite harmless, a mere reminder that since private strivings may occasionally break through the chains imposed by the market, there are legitimate doubts about the extent of latter’s power. Yet the further Hegel pursues his reflections, the clearer it becomes that he is no longer using the concept of “possibility” in the temporal sense of an occasional or contingent occurrence. Rather, he means the concept in the logical sense of the deficient condition characteristic of a mere potentiality that requires a further factor for its actualization. This change marks a considerable difference, because it makes clear that Hegel’s evaluation of the market had shifted drastically between the first and third section: if the initial claim was that the structural framework provided by the market was vulnerable to occasional derailments caused by recurrent outbreaks of untamed individual selfishness, we now learn that the market offers the sheer possibility of such a structural framework, with its actualization requiring the support of external forces.

This change in Hegel’s picture of the market goes together with a change in his pronouncements on the emergence of private selfishness: now, far from asserting itself just “occasionally” or “contingently,” it has become the evil seed of a general tendency, a law-governed phenomenon even, that continually plunges the market into crises. For all intents and purposes, what was at first presented as a force for the establishment of social order has become a source of permanent disorder. Hence, in this third section, Hegel speaks as though it is entirely obvious that the market needs further educative institutions to enable it to become the ethical order that it could never be through its own resources. This about-face is astonishing, though, not only because the section on the “system of needs” made it sound as if the market required no additional regulative or mollifying instruments; it is just as astounding that whilst Hegel previously vouched for the efficacy and functionality of the spheres of production and consumption (registering only minor reservations), he now thinks he can show that the very same spheres are in fact subject to endemic, continually recurring ills, which require therapy and treatment.

In order to explain these endemic abuses, Hegel to a large extent has to employ the same psychological language he used previously in describing occasional breakdowns in the market-generated order. To do otherwise would risk giving the impression that now, in asserting that the market is structurally liable to crises and distortions, he was talking about a different object. For the explanation he wants to offer, this means that he has to trace these market failures to a standing, not merely contingent and occasional, tendency for private self-seeking to take on a life of its own in relation to the structural framework supposed to contain it; and in fact, he does just this, first with regard to the sector of social consumption and then with regard to that of social production.

Concerning the sphere of consumption, the sphere that procures and puts into circulation the means for satisfying the differentiated needs of the population (Hegel 1972b, § 235), Hegel first of all emphasizes how the “differing interests of producers and consumers” can quickly “come into collision with each other,” because an “interest” can “blindly (...) immerses itself in its selfish ends” (Hegel cf., § 236). In the “System of Needs,” a relatively stable harmony between individual sellers and private producers still seemed to prevail: the market, so went the idea, encouraged its participants to take one another’s expectations into account. Here, by contrast, disharmony and disorder dominate, since both parties tend to focus exclusively on their own respective ends: the consumers develop ever more elaborate needs that the producer cannot anticipate, whilst the latter, aiming at a quick profit, develop goods for which there is no demand. Whilst this rupture between the two interest groups already suffices to bring about “dangerous convulsions” within the sphere of consumption (Hegel cf., § 236), there is the further aggravating factor that an individual’s possession of the requisite purchasing power depends upon “such conditions as skill, health, capital etc.,” which can hardly be controlled (§ 236). Different consumers, possessing such factors to varying degrees and in varying amounts, will be able to acquire vastly different quantities from the mass of commodities manufactured for the market, and this quickly leads to an outrageous inequality in the provision of vital goods. It is at this point, i.e., in his discussion of the consumer sphere, that Hegel first mentions the “rabble,” with which his account of the market finally loses any tone of optimism and takes a decidedly darker turn: when, due to “contingent physical factors and circumstances based on external conditions” (§ 241), the under-provision of vital goods for a particular group becomes so drastic that the resulting destitution leads to ethical deterioration and lawlessness (§ 241), it becomes necessary to speak of the “rabble.” Hegel, however, does not immediately concede that the baseness of this destitute class stems from a “sense of wrong,” signalling instead that the causes of their situation are not to be sought in the consumer sphere alone. Fluctuations in the provision of subsistence goods or “external” events and factors such as illness or ineptitude cannot, he indicates, be responsible for a “large mass of people sink[ing] below the level of a certain standard of living” (§ 244). Rather, according to paragraph 241, it is the continual deprivation of “natural means of acquisition,” i.e., undeserved long-term unemployment, which delivers a social group to a fate of poverty and ethical depredation. In explaining how the “police” have a responsibility for preventing abuses and collisions between producers and consumers by supervising trade, Hegel thus has to address the structural failure of the capitalist labour market.

When it comes to the second kind of crisis endemic to the market, Hegel once again begins by attempting to adduce a merely psychological explanation. One can see him desperately trying to trace the frequent production of a class of the pauperized unemployed back to the dominance of private, egoistic motivations. In § 237, for example, just a little before his first mention of the “rabble,” we still find him explaining how

the “possibility (...) for individuals to share in the universal resources” is threatened by “contingencies of a subjective kind.” Once again, this can only mean that individual participation in the collectively secured general welfare depends upon each subject being prepared to fit into the schema of reciprocal interdependence set out in the “System of Needs” and refrain from insisting on the pursuit of self-seeking ends. Accordingly, a few paragraphs later he explains how the accumulation of wealth in only a small number of hands and the concomitant disadvantage to the rest of the population is primarily due the incentive to derive “profit” from the increasing demand for ever more specialized goods and thus to exploit a favorable opportunity for egotistical ends (Hegel 1972b, § 243). Yet in the very paragraph in which Hegel mentions this motive of profit-seeking greed, he also thematizes a cause of social immiseration that, with the best will in the world, cannot be captured in psychological or mental concepts. In addition, and complementary to individual egoism, Hegel’s second diagnosis of how the labour market becomes derailed is the increasing “*specialization* and limitation of [the] particular work” by which the great mass of the population earns its daily bread (Hegel cf., § 243). In “The System of Needs,” he had already made fleeting reference to the ongoing mechanization of labour, albeit with the optimistic addition that “the human being is eventually able to step aside and let a *machine* take his place” (Hegel cf., § 198). In the context of these later paragraphs, however, his reference to this same process is purely negative. He cites it as the essential cause of an ever-growing proportion of the working population being threatened with unemployment and thus exposed to poverty.

As though the spell of psychologism has finally been broken, from this point onwards his diagnoses switch from a mentalistic to a system-theoretical terminology: he no longer describes the acknowledged tendency to produce poverty and neglect as an outcome of private egotistical ends attaining an unsustainable autonomy, but as the result of an inner contradiction within the new economic order based on deriving profit from capital. On the one hand, as we read in paragraph 254, the advancing mechanization of production processes condemns ever more people to unemployment and thus to penury; on the other hand, however, since growing poverty threatens continual decreases in demand, the very same process at the same time forces a restriction on output and thus a further increase in unemployment. Faced with this vicious cycle between underconsumption and overproduction, Hegel comes up with a striking formulation, albeit one that betrays a deep perplexity: “This shows that, despite an *excess of wealth*, civil society is *not wealthy enough* – i.e., its own distinctive resources are not sufficient – to prevent an excess of poverty and the formation of a rabble.”

Everything that follows this remarkable sentence in the paragraphs that follow is really just so much wasted paper. The passages in which Hegel wonders whether the danger of overproduction might be remedied by the colonial conquest of overseas markets are sufficiently well known (Hegel 1972b, § 248); so too is his recommendation in the chapter’s final section to establish “corporations” designed to combat the danger of

a shrinking workforce succumbing to ever more isolation and social degradation (Hegel cf., §§ 251–256). Yet all of these methods for protecting the foundations of civil society are powerless to resist the force of the contradiction that Hegel has already formulated so succinctly: namely, that civil society could never be rich enough to overcome the misery of the impoverished masses that it itself generates. To be sure, this assertion rests on empirical and theoretical premises that Hegel either could not sufficiently support or which were not even fully clear to him. He operates, for example, with a concept of work that is exclusively tied to the manufacture of commodities and thus to productive activity, meaning he does not even consider the alternative occupations available to the industrial “reserve army” (Marx) in the domain of service work (Honneth 2022). Even in his own time, the number of people employed in that sector was almost everywhere far greater than that of people employed in industry. This escaped Hegel’s notice, and he falsely believed in the inevitability of growing underemployment. Yet irrespective of the empirical value we might today assign his dark predictions, he was in any case convinced of an ongoing tendency towards permanent underemployment, which the tools of the market economy are unable to halt. And this portrait of the market is so abysmally negative, so thoroughly pessimistic, that it becomes impossible to recognize the positive traits of his original picture. The chasm between the “System of Needs” and the market as he depicts it in the final section of the chapter is far too deep to be bridged by any auxiliary construction. Regardless of whether one understands the structural framework sketched at the start as a mere possibility or as an as yet unfinished construction, the contradiction he goes on to discern in the new economic system is so fundamental that it must inevitably demolish that system from within. The market, for Hegel, is seemingly at one and the same time both the semblance and the appearance of ethical life.

If that is indeed the case, however, then Hegel’s chapter on “Civil Society” is not what it purports to be. It is not the presentation of a sphere of ethical life under severe strain, not the description of an economic order that, though continually subject to painful stress tests, still manages to generate a well-ordered system of action. Rather, it is a document of an inner conflict, of the author’s inability to come to a final decision about whether he should endorse or condemn this new element in social actuality. Hegel begins with heartfelt praise for the disciplining virtues of the market, but then has to cut off his own train of thought, as it were, and charge the very same market with an irresolvable contradiction. He outdoes even Adam Smith in his praise for the market, whilst simultaneously anticipating Marx with his insights into the necessary failure of the capitalist economic system. Perhaps Hegel’s chapter on “Civil Society” has had such an enduring influence because, and not in spite of, this indecision. The inner conflict that Hegel, perhaps despite himself, puts on display in this chapter is no different from that which plagues his contemporary readers.

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