

## **Hegel's Market Socialism**

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Hegel seems to hold two very different views about the economic life of society:

On the one hand, Hegel argues that economic life, the life of exchange and production, should be organized by market principles. Significantly curtailing free exchange spells “doom (*Verderben*)” (PR § 206A, all trans. mine) for society.

On the other hand, Hegel is highly critical if economic life comes to be characterized by egoism, social antagonism and social inequality. Those characteristics of economic life are deep social problems that ‘torment (*quälen*)’ (PR § 244A) society.

Many commentators see a tension between these two sides. After all: on the face of it, it seems that egoism, social antagonism and social inequality are *inevitable characteristics* of economic life in a market economy – the flip-side of its competition and freedom.

However: I argue that Hegel is fully aware of this tension and that he presents a principled, yet easy to overlook, argument to defuse it. According to this argument, egoism, social antagonism and social inequality are *not* inevitable characteristics of economic life in a market economy. Rather, they are inflicted on the market economy by external social conditions that corrupt economic life on the market, and render it incompatible with altruism, solidarity and social equality. Criticizing that economic life has become gripped by these social ills, therefore, does not entail a critique of the market economy *itself*, but rather a critique of the social conditions that have corrupted the market sphere.

Opening conceptual avenues...

... for proponents of the market to defend themselves from the charge that they are oblivious to the inevitable downsides of market competition for economic life.

...for critics of egoism, social antagonism and social inequality in economic life to embrace the market economy in principle, instead of feeling pressured to endorse a planned economy.

### **1. The two sides of Hegel's economic theory**

On the one hand: Hegel holds the view that economic life in society should largely be organized by market principles. This modern economic form is a “liberation (*Befreiung*)” (PR § 194,195) and political states that try to repress economic exchange – Hegel here uses the Platonic State as an example (PR § 206+A) – fail to respect the ‘principle of individuality’

On the other hand: Hegel seems actively critical if economic life becomes characterized by certain features which, on first glance, we might take to be simply inevitable characteristics of economic life on the market – egoism, social antagonism and social inequality. A few representative passages

“[In the modern economic sphere] ethical life is lost into its extremes [...]” (PR § 184)

“In its contrasts and entanglements, [modern] Civil Society presents the spectacle of debauchery, misery and physical and ethical ruin common to both” (PR § 185)

“The decline of a great mass below the mature of a certain mode of existence [...] and with it the loss of a sense of right [...] produces the generation of the rabble, which in turn brings with it the greater ease of accumulating disproportionate amounts of wealth in only few hands” (PR § 244)

““[B]oth of these sides, poverty and affluence, represent the scourge of Civil Society” (VPR Henrich, 196)

## 2. Are egoism, social antagonism and social inequality *inevitable* in the economic life of a market economy?

Egoism: It is clearly undeniable that markets are built around the pursuit of self-interest and, for this reason, habituate its participants precisely in this pursuit. Yet, *egoism and the pursuit of self-interest are not the same thing* (cf. PR § 249). A subject, for example, that deeply identifies with their family members will pursue the interest of their spouse, sons and daughters as part of their ‘self-interest’, but it seems implausible to conceive of this as an egoistic pursuit: after all, this subject is pushing, as their own, the interest of others (cf. also e.g. PR § 158-159).

But once we have conceptually separated ‘egoism’ and ‘the pursuit of self-interest’, it becomes clear that the market economy, in principle, only requires and furthers the latter, but not the former. If subjects become more egoistic through participating in market competition, then this is because they have a narrow conception of their own self (and its interests), not because there is anything about the market that would make them this way.

Social Antagonism: It is indeed constitutive of market competition that realizing one’s ends presupposes the failure of the end of another (for this, see also Hussain 2020). But this seems to make relationships of solidarity – where we support the pursuit of each other’s ends – impossible in market competition.

Once again, however, Hegel can insist on greater conceptual clarity here. The hinge issue here are the conceptual demands of solidarity. Solidarity, plausibly reconstructed, only requires that we take over each other’s essential ends – not that we take over each others ends in general. Otherwise we would have to identify with each other’s inconsistent and ethically question ends!

Yet, this shows that solidaristic relationships are not impossible in market competition – they only are if essential goods *themselves* (e.g. having enough to eat) are on the line in market competition. But that’s not required for a market economy, as long as a significant set of other goods that are subject of market competition (PR § 235, on taking essential goods off the market).

Social Inequality: on the market, material wealth itself figures as a significant competitive advantage, which means that markets tend to automatically amplify pre-existing material inequalities.

Yet, once again, Hegel can insist on conceptual nuance – in this case, on the difference between *material inequality* and *social inequality*. After all: ‘material inequality’ denotes the, in and of itself, ethically innocuous fact that material resources will not be evenly distributed in society. ‘Social inequality’, by contrast, denotes the ethically problematic fact that some individuals will be treated unequally by society and will perhaps even demand such treatment from the social world that they inhabit (on the distinction between the material and the social level, PR § 244A).

But once we have differentiated between material inequality and social inequality, it becomes clear that the market only promotes the former, but not necessarily the latter. Of course: it is easy to see how material inequality can give rise to social inequality, but it is equally easy to see that – whether it does so – depends on a complex set of *legal and cultural background conditions* (VPR Ringier 152/153).

## 3. But if they are not inevitable, then where do they come from?

Hegel broadly distinguishes between two structural developments in the economic world that are behind the problems in the contemporary market sphere: one extensional development that affects the scope of the market and one, even more important, intensional development that affects the way that subjects participate in the market.

The first development is an extensional development that concerns the scope of the market sphere and the goods that are traded within it (PR § 235+36). Hegel argues, more specifically speaking, that there is a

modern tendency to extend the bounds of the market further and further, driving forward an all-encompassing '*commercialization*'.

But as we already know from above, as soon as the satisfaction of our most *essential* ends becomes a constituent of market competition, the formation of solidaristic relationships indeed becomes structurally impossible in economic life.

The second development is an intensional development: what Hegel has in mind here is the disappearance of *cooperative forms of market participation* (PR § 250-256) – a form of market participation that entails that subjects intentionally coordinate their productive/consumptive activity with other subjects, instead of simply participating in the market as individual producers or consumers.

In this replacement of a cooperative with an individualistic mode of market participation, something crucial is lost: namely that producer and consumers, within their participation in the market, form what one could call 'economic communities of fate' – collective economic agents whose economic decision-making, as well as their economic success and failure is, to some degree, inextricably linked together.

Such economic communities of fate have the distinct advantage that they force subjects to define their economic self-interest to include the individual interests of their other cooperators, forming what one could call 'cooperative' economic identities in the process. Moreover, such economic communities of fate have the further advantage that they provide an experiential link between the wealthier and between the poorer members of an cooperative.

#### **4. Conclusion: Hegel and us**

In conclusion, it's hard not to ask how we should see Hegel's argument from a more contemporary perspective. Let me make three brief points here. First: From the reconstruction I have given here, it has hopefully become obvious that Hegel is a forerunner of a position that nowadays is called 'market socialism'.

This connection between Hegel and market socialism is particularly noteworthy, because even market socialist themselves often believe that their position is only an invention of the 1990s, when socialism had to adjust its own ambitions in the wake of the fall of the Soviet Union (e.g. Roemer, 1995). But, as Hegel's position shows, market socialist ideas are not simply born – to use Jerry Cohen's famous phrase – out of an attempt to create the "future of a disillusion" (Cohen, 1991) .

Second: Hegel – and this brings us to the second point that needs attending to here– even offers valuable conceptual resources for contemporary market socialists. This is because Hegel's argument shows that market socialists don't need to concede that markets have 'necessary vices' – egoism, social antagonism and social inequality are rather perversions of economic life on the market, induced by external social conditions.

Third: Hegel's argument, however, is not entirely successful. Hegel tells us quite directly what kind of social developments are detrimental in the current market sphere, but he does not tell us enough about the social conditions that should be put into *place instead*.

This should't be surprising: Hegel here is limited by his own anti-utopianism. Yet, Hegel's account of the economic world – perhaps more than any other part of his political philosophy – would have needed a small dose of pragmatic utopia.