

Axel Honneth

Hegel and Fichte: Two Early Critiques of Capitalism

The economic transformations that began to take shape in western European countries towards the end of the 18th century already clearly pointed in the direction of a capitalist market economy: The last vestiges of the old feudal order were in a process of dissolution; in the countryside, the production methods of agrarian capitalism began to gain ground as a result of increasing foreign trade; in industry, the hitherto unknown factory system gradually established itself alongside the long-established systems of workshops and handcrafts; and with this last development, the new figure of the industrial wage labourer came on the scene. Rapidly growing populations, the resulting urbanisation and expanding overseas trade also contributed to a sudden impression that the entire economy was moving towards an entirely new form of organisation, one shaped by industry, wage labour and free enterprise.¹

In the lesser German states, industrial underdevelopment and political fissures meant that these changes took place at a somewhat slower pace. But even here, there were intimations of the emergence of the market economy, an event that Karl Polanyi would call the „Great Transformation“ some 150 years later.² For Hegel and Fichte, both of whom saw their task at the turn of the century as that of continuing the republican heritage of Kant on the new foundations of idealist philosophy, this creeping transformation must have represented an immense challenge. Of course, the true consequences of that transformation were at first discernible in only a few small symptoms: in the rapidly exploding number of beggars in larger cities, in the miserable conditions of the agricultural day labourer, or in the sudden unleashing of foreign trade. But both were sufficiently worldly and informed to sense the coming of an economic system fundamentally characterised by the uncontrolled expansion of the market. Since each of them, during this period, was occupied with developing the basic features of a freer and more just political order, one based upon the concept of reason, they could hardly have been indifferent to the discord and dislocations that were afflicting the economic basis of social life. And consequently, both Fichte and Hegel, whether they liked it or not, had to confront the pressing question: how can one conceive an economic system compatible with the conditions of a political order founded upon individual freedom and social justice? The younger of the two, Hegel, would recommend that a rational state, founded on the notion of right, should include a strictly confined, socially embedded market economy; the elder of the two, Fichte, thought instead that the very same state must adopt an economic order that can well be described as a “planned economy”. The differences between their competing solutions remain significant to the present day: For they contain the outlines of the two alternative economic models that still remain very on the table in current reflections on alternatives to an unbounded capitalism.

In the interest of clarifying these alternatives, I would like, in what follows, to attempt to reconstruct Fichte’s and Hegel’s reasons for developing their respective conceptions of a rational social and economic order. As we will see, their economic ideas began to take

¹ This perception of a fundamentally new economic order was accompanied to a happy obliviousness to the fact that the overseas trade of European countries frequently assumed the form of colonial landgrabs and plundering.

² Karl Polanyi, *The Great Transformation. Politische und ökonomische Ursprünge von Gesellschaften und Wirtschaftssystemen*, übersetzt von Heinrich Jelinek, Frankfurt/M. 1978.

different paths as soon as they tried to settle upon the form of individual freedom that is meant to be guaranteed by a rational organisation of economic life compatible with the constitutional state. Yet before I come to address their decisive differences, I will first of all need to point out the considerable disparities between their respective conceptions of an idealism of reason; for it is in terms of these conceptions that they both addressed the issue of a just, freedom-enabling social order. For the diverges between their understandings of idealism already provide indications that and why they would ultimately come up with such opposed accounts of a rational economic constitution.

I.

Early on in their intellectual development, both Fichte and Hegel became dissatisfied with the system of faculties of human reason bequeathed by Kant. Despite their differing intellectual orientations, both doubted that these capacities to actively intervene in the world could be adequately understood so long as reality itself is conceived as something forever alien, which necessarily eludes our mental grasp. And such an understanding of reality, in their view, was implied by Kant's boundary-concept of a "thing in itself". Both, therefore, had to find ways of closing the gap between reason and nature, mind and reality, in order to arrive at a more coherent picture of the place of human beings in the world they inhabit. Yet their methods for setting about this task were very different indeed – a difference even reflected in their respective musings on the nature of a rational economic order. Fichte famously solved the problem posed by Kant through a radical assumption: closer inspection of our experiences reveals that there is just nothing in reality besides the "I" which, in order to realise its vocation and bear witness to its own rational efficacy, has to deploy its own resources to bring about a counterpart in the form of a material world. Everything the human being encounter in its natural and social world needs to be explained in terms of this original feat of a transcendental "I".³ To this extent, however much Fichte's system departed from Kant, its method remained thoroughly indebted to that of transcendental analysis: In step-by-step fashion, the system must uncover the conditions of the possibility of the "I"'s capacity of appropriating all of reality according to the canons of its own reason, such that that reality ultimately comes to reflect nothing but its own rational activity. For the domain of social reality, the subject of the second part of Fichte's system, this means reconstructing the conditions under which subjects, now understood as finite, individually embodied beings, can achieve a social order that counts as completely "rational", in the sense of a lawful order founded on justice and freedom.⁴ This transcendental derivation of „right“ begins with the question of how such an individual subject can assure itself of its own efficacy in the empirical world without either its freedom being restricted by any object that remains external to its rational activity or simply circling within the self-enclosed sphere of its own self-consciousness, fully removed from the world. And the answer consists, of course, in the famous thesis of the "summons", that has to be issued to the subject striving for self-consciousness by a second subject: In the very moment of being addressed, the first subject brought to a consciousness of its capacity for free activity, since it sees itself as summoned to give an uncoerced, entirely independent response; in the unavailability of this response, its own freedom is almost literally presented before its very

³

⁴ Johann Gottlieb Fichte, *Grundlage des Naturrechts nach Principien der Wissenschaftslehre*, in: *Fichtes Werke*, Band III, Berlin 1971 (Nachdruck).

eyes.⁵ It is on the basis of the reciprocity of this linguistically constituted interaction that Fichte ultimately develops the transcendental foundations of rational concept of right, on which he bestows the classical moniker of “natural right”: When two human subjects encounter and address their words to one another, it is immediately incumbent upon both to restrict their respective spheres of free action so that each is granted the possibility of making use of their freedom; otherwise, the conditions of rational communication cannot so much as arise.⁶ According to Fichte, it is the law which facilitates an institutional perpetuation of this reciprocal restriction of freedom within a political community; indeed, for all members; and it does so by admonishing each of them, at pain of sanction, to respect the self-activity of every other member of the community to the requisite extent. It thus encompasses all the normative principles needed to allow mutually cooperative citizens to make equal use of their essentially free capacity for self-directed activity. From this set of ideas, it’s but a short step to the reflections on the necessity of a „closed commercial state” that Fichte would undertake four years after the publication of his *Foundations of Natural Right*. For in a sense, he understands his economic theory as just an extension of his thoughts on *Vernunftrecht*, the doctrine of rational right; for he thinks he can determine the nature of a just economic order in the form of an application of the legal norms of reciprocal freedom to the economic sphere. In this transcendental deduction of the conditions of rational economic activity, as we might call it, Fichte already pursues a fundamentally different method to Hegel.

For Hegel resolves the problems he saw bequeathed by Kant in an altogether different manner. Early on in his intellectual career, before he’d developed his own system, he accused Fichte of making an at best half-hearted attempt to liberate himself from the inheritance of the sage of Königsberg. Both thinkers, he thought, were trapped by the same error: beginning from a transcendental “I”, they opposed reason to reality in such a way that the tension between them was so great as to exclude any possible conceptual interaction. In Hegel’s view, Fichte too remained indebted to this kind of transcendentalism; despite taking as his starting point an “I” that generates the entire material world, he ends up having to conceive the latter as wholly alien to reason and thus any mentality.⁷ In contrast, Hegel had already attempted to show in his 1807 *Phenomenology of Spirit* that such an „I” is capable of becoming conscious of its own rational capacities in the first place only to the extent that, as a member of a spiritual-social community, it is always already a participant in the realisation of a rational world – albeit, at first, without sufficient knowledge of the fact. What this subject learns about itself in its retrospective intellectual reflection is, firstly, that it is not left purely to its own devices in its strivings to attain self-consciousness; and secondly, that the reality it confronts in doing so is not simply dead matter, but a living antagonist. With this philosophical change of course, commonly regarded as a transition to an „objective” idealism, Hegel shifted the thought of his time away from a fixation on the rational subject and towards an orientation to the spiritual (*geistig*) content of the environment it inhabits. For Hegel, this environment is already rationally organised, because for us, nothing can exist besides that which emerges from Geist and therefore always and everywhere manifests traces of its activity. What Kant and Fichte had both located in the atemporal rational capacities of a transcendently operating being, Hegel now relocates in the anonymous process of a historically developing

⁵ Ebd., § 3 (S. 30 – 40).

⁶ § 4 (S. 41 – 56).

⁷ G.W.F. Hegel, *Vorlesungen zur Geschichte der Philosophie*, Band III, Frankfurt/M. 1971 (Theorie-Werkausgabe), S. 407: „Die Fichtesche Philosophie hat denselben Standpunkt als die Kantische Philosophie; das Letzte ist immer die Subjektivität, sie ist an und für sich seiend“.

spirit, a process that, though certainly mediated by human subjects, is not controllable by them without remainder. Every stage of this developmental path accordingly exhibits a new, ever more adequate relation between reason and reality, since with the progression of spirit, even the domain of the merely natural world that initially acts as a restriction continually diminishes. But for Hegel, this entails a fundamental transformation of philosophical procedure: This can no longer be the transcendental search for this or that condition of the possibility of the realisation of reason; instead, it has to merely show or, as Hegel like to put it, “exhibit”, how reason has gradually actualised itself through the action of historically situated subjects. For the social world, the topic of the third part of his mature system, this means showing, in a sociologically informed philosophy, what progress reason has already effected in the institutional forms of social existence. Accordingly, his *Philosophy of Right* represents an attempt to show how the emerging institutions of modern society with its characteristic division of labour embodies an advanced, almost completed phase of the historical unfolding of spirit. For in the form of “right” as the incarnation of social order, modern society is able to guarantee the conditions of individual freedom for all its members without restriction.

And if we consider this aim of the *Philosophy of Right*, it is already apparent to what an extent Hegel’s methodological approach to political action differs from Fichte’s. For, Fichte’s own theoretical premises allow him to develop his picture of a suitable, just economic order “at the drawing board”⁸, so to speak, simply from the normative principles of his *Vernunftrecht*. Hegel, by contrast, needs to be able to show how already existing economic relations, at least in part, satisfy the claims of rational freedom. There is thus a world of difference between their two economic theories: On the hand, there is Fichte who, starting from a normative ideal, infers the conditions of a well-ordered mode of organisation for economic activity; on the other, there is Hegel who, starting from historically emerging economic relations, seeks to philosophically uncover their rational potential. Whilst Fichte, one might say, proceeds ‘constructively’, attempting to derive the normative presuppositions of a rational economic system from transcendently grounded principles of justice, Hegel proceeds reconstructively, taking given economic conditions and seeking to filter out those elements that, in a historical sense, already count as rational. Yet if this methodological difference were all that separated their political economies, evaluating their respective advantages and disadvantages would not be a particularly lengthy task. If it were, everything would depend on whether one thought that normative standards of economic activity are best attained through an ‘ideal’ theory of justice determined in advance of empirical considerations, or through an empirically oriented theory of existing ethical life. But this way of settling the matter would be not only over-hasty, but unproductive. For, both thinkers, however surprisingly, seem to end up deploying the same – or at least a similar – standard in their attempts to conceive a just economic order. Both Fichte and Hegel are convinced that their respective models of economic activity satisfy the following normative constraint: of guaranteeing each member of society the opportunity for an unrestricted exercise of individual freedom. For all their methodological differences, both thinkers agree on the principle that a rationally organised economy may not curtail the legally guaranteed freedom of any of its participants – indeed, it instead has to promote it. And both, moreover, believe that their own economic model can do justice to this basic principle: in the one case in the form of a planned economy, in the other in the form of a socially embedded market economy.

⁸ I owe this expression to Thomas Sören Hoffmann: idem. „Vorwort“, in: ders. (Hg.), *Fichtes ‚Geschlossener Handelsstaat‘. Beiträge zur Erschließung eines Anti-Klassikers*, Berlin 2018, p. 5 – 10, 8.

The question that then arises, however, is where these enormous differences between their models of political economy ultimately stem from. Are they already predetermined by their competing methodological premises or should we instead be looking at their different conceptions of the very freedom that an economic order is supposed to secure? To explain why Hegel and Fichte arrive at such different conclusions regarding the suitable organisation of economic activity, should we look to differences in their philosophical approaches or in their understandings of freedom? To answer this question, I will need to turn to a more detailed consideration of their respective reflections on the economy and, indeed, to the central role played by the concepts of freedom with which they each attempt to ground their accounts of a rational economic order. I shall proceed chronologically, beginning with Fichte's blueprint for a closed commercial state.

II.

Fichte's study of a rational economic order, which he published in 1800 under the title *The Closed Commercial State*⁹, seems to take barely any notice of contemporary debates in political economy. To be sure, one can find the occasional polemical allusion to Adam Smith's *Wealth of Nations*¹⁰, and now and again he makes reference to cameralism.¹¹ But by and large, Fichte presents his text as though it was composed in complete ignorance of any recent innovation in the field of economic theory. However, despite its transcendental construction, the *Closed Commercial State* is anything but a text that floats free from history and praxis. Rather, Fichte intends it to move his contemporaries to put an end to the anarchy of commercial relations and finally organize their economic affairs in a rational fashion.

True to this practical purpose, Fichte begins his reflections with the question of how to determine the laws that could make "public commerce" "right", i.e., which would bring them into accord with rational "right"; once such laws have been correctly formulated, he continues in his introduction, it must be the task of a future politics to bring these to bear institutionally; this "science" would describe the "continuous path" from the economic order of "the existing actual state" to that of the "rational state".¹² In order to be of assistance to this kind of politics, therefore, Fichte first has to determine the character of laws governing commerce that can count as „right“ or in accordance with right. And in the first, and for us most relevant, part of his treatise, he does indeed set out, step by step, how a rational constitutional law, founded on right, could be applied to the basic framework of a new economic order. It makes sense to divide this derivation into three steps, which I here summarise in turn:

a) As we would expect, Fichte's first step is to justify the rational principle that is meant to be applied in the economic sphere. He does so in the form of a deduction of the normative conditions that would have to be in place for a body politic emerging from the contractual unification of a multiplicity of subjects to count as legitimate. But as he makes clear in a

⁹ Johann Gottlieb Fichte, *Der geschloßne Handelsstaat*, hg. von Hans Hirsch, Hamburg 1991

¹⁰ Vgl. etwa: Ebd., S. 124f.

¹¹ On this, cf. Jürgen Stahl, „Erfahrungen und Theorien wirtschaftlichen Handelns um 1800 in Deutschland oder die Abwesenheit ‚marktwirtschaftlicher‘ Begrifflichkeit“, in: Thomas Sören Hoffmann (Hg.), *Fichtes Geschlossener Handelsstaat*, a.a.O., S. 43 – 76.

¹² ENG p. 87

comment preceding his own version of a contract theory, Fichte has something quite different in mind to the majority of his predecessors: The burdens placed upon state constituted according to the claims of reason should be neither too many nor too few: it should neither be a guarantor of human wellbeing and individual happiness, as in the classical tradition, nor a mere organ charged with maintaining existing individual and property rights, as in the modern liberal tradition. Rather, a state founded on reason must be able to take on the task, as he says, “to first *give* each what is his, to first *put* each *in possession* of his property, and only then to *protect* him in this.”¹³ Fichte explains how this is meant to be possible, by first of all briefly recapitulating the basic principle on which he had attempted to base the “civil contract” in his *Principles of Natural Right* four years previously.¹⁴ When several subjects join together and decide that they will henceforth refrain from inflicting injury or damage upon one another, by entering into such a contract, each thereby determines to refrain from intervening in the sphere that each other subject may regard as that of their own “desire”. From the perspective of the participants, however, the „right to property“ established through this achievement of reciprocal renunciation will at first possess only a somewhat private and thus rather unstable character, so long as they have not yet entered into a second contractual agreement, namely to create a state: the state acts as an organ to which they concede the authority to ensure adherence to the rights and duties corresponding to the property relation through the threat of sanction. For Fichte, what begins with contractual agreement between private persons thus finds its rational, internally coherent completion only with the “civil contract”. Up to this point, however, his deduction of the constitutional state and, especially, the philosophical concepts it deploys, is not so very different from that of the contractualist theories that were already doing the rounds at the time. He soon takes a critical turn against the then-dominant liberalism, however, when he then tries to clarify what is entailed in saying that every party to the contract should be granted a sphere, protected by the state, which is to be regarded as subject to their “desire”. And since others are to be denied free access to this sphere, he labels it “property”. Fichte does not trace the desire at issue back to individual preferences, but to the interest common to all individuals of maintaining themselves in existence through purpose activity: Every human being possesses a natural need, he thinks, to create a mode of existence for themselves that is as pleasant as possible, through “free activity”. But if this “desire” is indeed the measure determining the kind of property due to members of the state by right, then it is only consistent that each should have a legally secured sphere of action in which they are entitled to work, with the aim of leading a life as pleasant as circumstances permit. The property that the state has to guarantee equally to each of its members, therefore, is not a right “to things”, but “to acts”: “In accordance with this equality of their rights, the division [of labour (A.H.)] must be made in such a way that one and all can live as pleasantly as is possible when so many men as they are exist next to one another in the given sphere of efficacy.”¹⁵ Such is Fichte’s summary of what he meant in declaring at the outset that it is the highest “vocation” of the rational state “to give each what is his”. Given what he has gone on to claim about the primary “desire” of all human beings, this has to mean that each member of society possesses a legal claim to acquire a share in the mass of available labour, a share whose remuneration affords them a moderately pleasant existence. And this share is to be understood as legal property. This basic constitutional principle provides the normative yardstick for Fichte’s own blueprint for a new economic order. Accordingly, his task is to sketch a system of economic action that fulfils the following requirement: it must

¹³ p. 91

¹⁴ Fichte, *Grundlage des Naturrechts*, a.a.O., § 17.

¹⁵ p. 93

guarantee every adult (male) citizen an occupation that provides them with a livelihood whilst simultaneously ensuring that the scope of this occupation is not so great that it prevents other citizens from securing their livelihood in turn. In this second step of his demonstration, Fichte then tries to show what this mean in detail for the social organization of working conditions.

b) The difficulty of the task Fichte faces in this second step can be seen in the fact that he now has to harmonise at least three very different demands within his economic system. First of all, there is the general social demand for work, arising from the necessity of satisfying the basic needs of the population in an adequate fashion; secondly, there is the right granted to every individual citizen to acquire a share in this pool of labour sufficient to secure them an income from which they can live free from want and anxiety; and thirdly, it needs to be ensured that all *other* citizens can likewise acquire a share in the total volume of labour, so that they too can lead a pleasant existence from the wages earned in return for their own contributions. Thus, the labour necessary to satisfy the needs of the entire population needs to be distributed amongst the mass of male adults in such a way that each man and his family can lead a sufficiently comfortable life. Given the additional consideration that this difficult calculation also needs to take account of the level of the social division of labour, it immediately becomes apparent that Fichte as set himself a daring, though practically impossible task: to take the constitutional demand that all citizens should have access to the work necessary to secure their livelihood, and translate it directly into the structures of a new economic order. Such an enterprise, we may well expect, can hardly hope to succeed without some sacrifice of the individual's freedom to choose their own occupation and to develop their own capacities according to their own preferences. Fichte begins his sketch with a distinction between the three different branches of economic life of which, he thinks, an advanced division of labour obviously has to account. The agricultural "estate", as he calls it, has to take care of "extracting the products of nature"; the productive estate is charged with performing "further labor on this produce with a view toward recognized human purposes", whilst it falls to the merchant class to distribute the goods produced by the second estate amongst consumers according their needs by means of exchange at prices set in advance.¹⁶ According to Fichte, each of the three estates has to be closed off from one another: members of one estate cannot freely migrate to another, unless the state government determines that a given sector is suffering from a lack of manpower. As Marianne Weber has observed in her study of the "closed commercial state", Fichte's professional groupings resemble the medieval guilds, with the difference, however, that the guilds were largely responsible for recruitment and training, whilst Fichte's estates are to have the number of their numbers prescribed by the government.¹⁷ Here, we can already see quite how considerable a role the state plays in his economic system. departing from liberal doctrine, the state is no longer an authority that merely attends to the legal framework conditions and administrative control of a market that is otherwise left largely to its own devices; rather, it is a highly-staffed apparatus, which must continually deploy its professional knowledge and instincts to calculate the labour requirements of the various branches of the economy; and it does so in light of the shifting relations between economic productivity and the current needs of the population. "[O]nly the state", he says "can go around asking questions to everyone whom it receives into its alliance", in order, we are to understand, to determine the potential performance levels of the individual professional groups, the number of workers employed within each of them, and the consumption needs of the respective segments of the population. Fichte seems convinced

¹⁶ p. 95.

¹⁷ Marianne Weber, *Fichte's Sozialismus und sein Verhältnis zur Marx'schen Doktrin*, Tübingen 1900., S. 66 – 68.

that if this entire apparatus functions smoothly – if the state, that is, continually manages to distribute the available labour power so as to meet the demands of the various branches of the economy – then under conditions of regulated full employment, the needs of the population can be satisfied to the requisite degree through the controlled exchange of essential goods between the three estates.

However, there is one element in this economic system that does not seem compatible with the concentration of all planning and control at the state level. Fichte wants to understand the three commercial estates just as much as occupational groups, and he sees these groups as autonomous to the extent that, like sovereign subjects, they can conclude contracts among themselves concerning the exchange and exchange value of goods that they do not need themselves. Indeed, at various points he goes even further and seems to want to treat the estates as fully independent actors that can regulate the economic cycle of raw material extraction, commercial processing and distribution largely among themselves. Many have puzzled over how Fichte can combine these two features of his economic model – on the one hand, the concentration of all economic planning and control in the state, on the other, the estates' at least partially autonomous powers of negotiation and control - without entangling himself in awkward contradictions.¹⁸ The best answer – indeed, one suggested by the text – that he likely wanted to let the professions take responsibility for carrying out their own transactions whenever the governmental authorities lacked the capacity and knowledge to gather the framework data necessary for their overall plans. The economic model outlined in *The Closed Commercial State* would then amount to the somewhat strange construct of a centrally planned economy with features of guild socialism. In this system, the state would implement a plan calculated in advance, to determine the quantity of products and services which the partially autonomous occupational groups would have to produce and exchange among themselves, sometimes on their own initiative, sometimes by decree, according to centrally determined prices, all in order to enable their members and their families to have an adequate existence. Fichte had designed this economic order solely in order to guarantee each citizen the opportunity to secure their livelihood through individual “self-activity”; but he now sees this very system as so fragile and subject to disruption that he finds himself compelled to introduce a further economic measure. The scope of the economic activity regulated by the centralised plan has to be strictly confined to the domain over which the national government has complete jurisdiction and control; otherwise, the foundations of his economic system would be imperilled. This brings me to the third step in Fichte's exposition of his program, the step which gave his economic model its name.

c) Clearly, the economic model Fichte sketches can function, if at all, only if the state fully directs the exchange of goods through setting and controlling prices. Every slight deviation from the pre-determined prices would represent a further restriction on the planning capacity of the central government, which, by its very nature, is necessarily limited to begin with; for, the elaborate system of the regulated production and distribution of vital goods rests upon shielding their exchange value from unpredictable variations and divergent estimates. It was to attain clarity about this complicated network of economic relations, that Fichte intensively engaged with questions of monetary theory. In contrast to Adam Smith, he came to a conclusion that is since taken for granted: that money owes its function as a means of exchange not to the value of the material it's made from, be it metal or some other stuff, but

¹⁸ Darauf machen unter anderem Marianne Weber und Hans Hirsch (in seiner lesenswerten „Einleitung“ in die hier verwendete Ausgabe des „Geschlossenen Handelsstaat“) aufmerksam.

solely to the agreement of economic actors that it should count as a “sign” for some given value.¹⁹ Nevertheless, as Fichte correctly infers, such agreement presupposes that the state can guarantee that the value merely symbolised by money is actually secured, that it can, if need be, be exchanged for the corresponding quantity of goods within the currency area. Every government, therefore, has to keep an eye on the actual volume of goods produced within its territory at any given time, since it also has to vouch for the material equivalent of mere token money. Now, Fichte believes, not without justification, that the variations in the value of money which could threaten the price controls essential to the system, can be avoided only by protecting domestic trade from foreign influence. But instead of guaranteeing this by granting the state a monopoly on foreign trade²⁰, as one might have thought, he makes the much more radical suggestion of completely closing off domestic trade from transactions with other countries. And this is what gives rise to the thought that quickly earned Fichte’s economic model the reputation of being nationalistic: A just, rational system of economic activity can only exist, he thinks as a “closed commercial state”.²¹

Whether this radical solution was partly motivated by his opening suggestion to the Prussian finance minister, namely of departing from the „greater European commercial society“²² in order to bring an end to colonialism, is hard to judge. Such moral considerations may certainly have had some weight for Fichte, but in the text itself, his reasons for the complete closure of national trade are purely economic in nature and are based exclusively on the thought that the highly complex task of providing all citizens with sufficient work precludes trade with foreign partners. As we shall see, this was not the only matter Hegel would see entirely differently; he neither thought it was necessary to have a plan to secure the conditions of individual freedom within the economic sector, nor that international trade would harm the cause of a just economic order. But before I turn to Hegel’s own model, I want to briefly summarise the upshot of Fichte’s politico-economic design – for that design is rather less unambiguous and self-contained than its author might have suspected.

III.

Translating its conceptual core into our contemporary terminology, Fichte’s economic model is based upon a principle of distributive justice:²³ the labour necessary to satisfy the needs of the population as a whole should be distributed amongst the mass of employable adult males in such a way that each of them is able to earn an income sufficient to support himself and his family through his own activity. This is meant to be possible thanks to a sophisticated planned economy, in which the state steers the exchange of goods between different branches of trade and industry so that all of its members are provided for. At the same time, Fichte’s model suffers from at least two tensions, which he was either not clear about himself or did not know how to resolve. In light of the Fichtean commitments considered so far, the primary good that the state is rationally bound to distribute fairly amongst all its citizens is the right to a form of work that allows them to secure a livelihood. In this context, however, “work” means substantially more than just any old occupation or activity within one of the three branches of

¹⁹ Ebd., S. 45 – 53. Vgl. dazu sehr erhellend: Hans Hirsch, “Einleitung”, ebd., a.a.O., S. 30* – 33*.

²⁰ Hans Hirsch, “Einleitung”, a.a.O., S. 32*.

²¹ S. 33* – 35*.

²² p. 85

²³ David James

the economy that serve the overall good. Rather, as Fichte never tires of repeating, this work should represent a form of “self-activity”, a category which clearly alludes to the original “Fact-act [*Tathandlung*]” of the transcendental I: The individual subject, he thinks, can attain freedom only if it repeats the world-generating activity through which the transcendental I realises its immanent freedom from within its worldly existence, and thus in an empirically bounded shape. But Fichte thereby, however inadvertently, charges his fundamental good, labour, with a significance that has extremely demanding presuppositions: It is through work that the human first becomes a rational being; for through the process of shaping a material object, it becomes aware that its freedom is effective in natural world – it is no accident that Fichte’s text frequently mentions that the human being needs to have a “circle of efficacy” at its disposal, which is to be universally recognised as his property.²⁴ At the same time, though, Fichte connects work, which he emphatically presents as “self-activity”, with the further condition of sufficient remuneration; he needs to ensure that meeting the goal of providing all individuals fit for work with employment does not go along with social squalor and flagrant disparities of income. Not only should every (male) member of society be enabled by the state to engage in free self-directed activity, but each should be remunerated to an extent that allows them, roughly to the same degree, to lead a comfortable life. In Fichte’s rational state, both of these measures are equally conditions of individual freedom. They come as a package, constituting the basic good in which each member of society ought to obtain a sufficiently large share. So much is their due as rational beings: The human being is free if he is in a position to engage in self-activity; but equally, he is free only when he is spared from having to worry about falling into material destitution. Consequently, both conditions need to be satisfied in a single stroke. But it is precisely in trying to design an economic system that reconciles these two conditions of freedom that Fichte fails miserably. For in the economic model he presents, the first condition of freedom, namely individual self-directed activity, is almost entirely sacrificed to the second, namely the universal guarantee of a sufficient earned income. Fichte thinks that this stark change of emphasis is forced upon him, because the only way he sees of establishing an equilibrium between the demands of production, full employment and securing universal subsistence is by having the state obligate each man fit to work to engage in one of the three branches of the economy. Fichte is quite explicit that an economic order founded on principles of reason cannot include the freedom to choose one’s career; otherwise, it would not be possible to guarantee sufficient remuneration for the requisite labour.

At the end of Fichte’s sketch, what remains of the free, individual self-activity with which he began is a form that work that is entirely determined by others, at least insofar as the individual can be compelled at any time to work, independently of “their own insight and judgment”.²⁵²⁶ Fichte’s text shows him continually trying to soften the contradiction this creates, that whilst each should be empowered to self-directed activity, realising this end means that can in principle be forced to engage in some precisely defined task. One of the strategies he deploys consists in retrospectively restricting the meaning of uncoerced, self-determined labour for the realisation of human freedom. Thus, in the third chapter of the first book, we read that besides his work, the human being must have sufficient “time left over” in

²⁴

²⁵ *Ibid.*, 98.

²⁶ “If someone wishes to register for a branch of art that is already occupied with the maximum number of workers permitted by law, he will not be issued the title of right, but will be informed of other branches where his help is needed.” (*ibid.*, p. 100).

order “to raise his spirit and eye to the heavens, which he has been formed to behold”.²⁷ If work was previously the decisive condition of individual freedom, it now suddenly becomes merely the necessary condition of having sufficient time at one’s disposal for spiritual elevation.²⁸ This tendency to suggest that work is not so important after all for the realisation of individual freedom is also evidenced by how Fichte gives no thought to the *quality* of that work. In contrast to many of his contemporaries, including Hegel, the progressive mechanisation of work, like its social organisation and intellectual composition quite generally, leave the author of *The Closed Commercial State* cold.²⁹ If his concern were really to conceive an economic system that gave every citizen the chance to engage in self-activity and a freely determined and chosen form of work, he would have had to place substantially more weight on the structure and content of these activities. It is not sufficient simply to assign every subject some task or other; rather, these occupations have to satisfy certain standards in order to count as free, uncoerced forms of activity. Indeed, given the degree of indifference Fichte exhibits towards such issues, one can easily gain the impression that his priority was less how to secure individual freedom through creative self-determination, and much more how the state can secure full employment and the adequate provision of basic goods.

Yet Fichte has another means up his sleeve for giving economic shape to citizens’ self-activity, albeit in a collective rather than individual form. But this instrument also sees him entangling himself in contradictions; indeed, I have already indicated as much, at least indirectly, in describing his economic model as an idiosyncratic hybrid of a centralised planned economy and a kind of guild socialism. He points in the latter direction whenever he seems to leave it to the professional groups to decide for themselves both the extent and boundaries of their respective spheres of activity and how the division of labour within each sphere should best be organised. If one takes such passages seriously, the estates seem to resemble large producers’ cooperatives, which are free to regulate the operational procedures and distribution of labour within their respective branch of industry as they see fit. But that can hardly be possible if, at the same time, it is the job of the state not merely to set the estates certain benchmarks for their constitutive tasks and the exchange of goods between them, but also, if need be, to supply them with the necessary manpower. Consequently, the freedom left to these occupational groups to determine their own collective self-activity would be much too narrow to talk of something like a guild or cooperative. Nevertheless, these attempts to make room for some form of autonomous, self-determined labour betray the extent to which Fichte struggled with the unwanted consequences of his plan – consequences which conflicted with his own model of *Vernunftrecht*. He was not without good reasons for his conviction that the capitalist labour market can guarantee citizens neither a satisfying form of labour nor a sufficient provision of basic amenities, and therefore cannot even come close to satisfying either of his two conditions on human freedom. But his own proposed economic model is only marginally superior: whilst it does – supposing it functions as expected – provide the prospect of full employment and adequate welfare, it is just as little capable of guaranteeing free, uncoerced self-directed activity. Fichte thus fails in his central aim, of developing an economic system that would give everyone “what is his”. He ultimately fails to sketch the basic outlines

²⁷ Ibid., 110.

²⁸ Zur Rolle von Muße und arbeitsfreier Zeit in Fichtes „Geschlossenem Handelsstaat“ vgl: David James, *Fichte’s Social and Political Philosophy: Property and Virtue*, Cambridge 2011, S. 73; Thimo Heisenberg, “Hegel and Fichte on free time”, in: *European Journal of Philosophy*, 2022.

²⁹ Vgl. dazu Thimo Heisenberg, „Hegel and Fichte on free time“, in: *European Journal of Philosophy*, 2022..

of an economic order that might harmonise the demand for free “self-activity” with the condition of universal welfare.

IV.

As we have already seen, Hegel’s observations on a rational economic order have to take an altogether different methodological approach to Fichte’s. To be sure, he too sees the dangers inherent to the uncontrolled growth of the market and the drive to competition and profit-seeking it would unleash; but he cannot keep these threats at bay by opposing them to an ideal economic model assembled at the transcendental drawing board. Instead, Hegel’s philosophical practice of grasping the given as an embodiment of a continually self-perfecting reason obliged him to characterise at least certain traits of the emerging market-based economic order as *already* rational. Unlike Fichte, Hegel has to do everything he can to tease out the just, freedom-bestowing aspects of the new system of economic activity; he has to be able to discover in the market at least a spark of the reason which he otherwise saw as gradually completing itself in modernity. Hegel’s critique of capitalism, to the extent one can speak of such a thing, does not take the form of opposing the market economy to an alternative project, but of an idealising presentation of those of its properties that potentially agree with the normative requirements of a just, rational society. If we now turn to the chapter on “civil society” in his *Philosophy of Right*, we will see how Hegel’s project encounters difficulties of its own – difficulties other than Fichte’s, to be sure, but ones no less difficult to solve.

In his *Philosophy of Right*, published in 1821, Hegel famously sets out to show that the institutional features of modern society, when appropriately structured and functionally interrelated, can enable each citizen to realise their individual freedom. He proceeds by surveying, one by one, the central institutions of these societies with a view to ascertaining how each might be constituted in such a way as to enable the articulation and realisation of various aspects of human freedom. He begins his presentation with the most primitive form of freedom that he distinguishes, the freedom of the arbitrary will [*Willkür*], which he sees embodied in modern civil law; and from there, he ascends, via “morality”, to the more complex forms of freedom that we might designate as “social”. At issue here are those individual freedoms that cannot be realised by the subject left to their own devices, but only in institutionally governed interaction with others, where the nature and role of this interaction varies with the kind of collective practice at issue.³⁰ Hegel calls these spheres of social freedom “ethical”, since they are maintained through habitually inculcated practices. And the first in the series of these spheres is the family. However important this sphere may be for the individual, Hegel sees the function of the family solely in the mutual satisfaction of natural needs, the provision of care, and the rearing of offspring. Next in Hegel’s division comes the somewhat confusingly named “civil society”, the sphere charged with accommodating the form of social freedom that is supposed to be facilitated by the emerging economic formation based around the institution of the market. And it is at this point in his *Philosophy of Right* that Hegel has to demonstrate that the market economy represents a rational, freedom-enabling subsystem of the modern social order.

³⁰ Vgl. dazu insgesamt: Frederick Neuhauser, *Foundations of Hegel’s Social Theory. Actualizing Freedom*, Cambridge/Mass. 2000, bes. Kap. 4 und 5.

Hegel begins his demonstration by first of all clarifying the kind of individual freedom that can be realised through participating in processes of exchange mediated by the market. The answer is already given in the very first sentence of the section on “civil society”, which states that this sphere is a home for the “concrete person” who, as a “totality of needs”, is their “own end”.³¹ Thus, the freedom that Hegel thinks comes into its own in the market involves a satisfaction of the interests and preferences that make up a person’s character. This already makes clear that his position is diametrically opposed to Fichte’s, not only in terms of methodology, but also when it comes to the concept of freedom that he deploys to determine the relative rationality of an economic order. Whereas the older of the two philosophers had maintained that a rational system of economic action has to guarantee each individual a sufficient opportunity for self-directed activity, the younger now asserts that, under present conditions, such an order must give each the opportunity to satisfy those deeply held interests that characterise him or her as an individual. This thesis, that modern societies must also grant a right to exist to each subject with his or her individual particularities, was one that he had arrived at years earlier when he abandoned his conviction that the exemplary political model was represented by the Greek polis. The polis, he came to think, left the individual insufficient space for self-development.³² Ever since that shift in his thinking, he had been convinced that the dawn of modernity meant that a social order could meet the standard of reason only if its members were granted sufficient opportunity for the satisfaction of their entirely personal interests, for realising their “subjective freedom”.³³ It is therefore by no means surprising that Hegel went on to insist in his *Philosophy of Right* that subjective freedom, in the shape of realising personal goals, must be given a home in modern societies. What is surprising, however, is that he locates this home in the very “ethical” sphere in which economic transactions are concluded according to the measure of supply and demand, and thus in the form of competition. But this is precisely how Hegel begins to justify the rationality of the market economy. He advocates the by no means obvious view that the place where members of a society can best satisfy their truly personal ends in a communicative and consensual fashion is precisely that domain whose dominant features, even in the widespread opinion of Hegel’s contemporaries, are egoism, the desire for self-enrichment and competition.

Hegel develops this astonishing thesis by cautiously building on the economic theory of Adam Smith, though with radical consequences. Hegel had studied Smith’s work on “The Wealth of Nations” during his time in Frankfurt, round about the time when Fichte was composing *The Closed Commercial State*, and it provided him with an essential source as he took his first steps in thinking through the consequences of the then booming field of political economy.³⁴ But it was only once he had become sufficiently clear about the basic shape of his own philosophical system that he was in a position to assign the market mechanisms studied by Smith an appropriate place in his doctrine of the institutional presuppositions of individual freedom. His gambit for solving this problem was to interpret the market not only, as Smith had done, as an instrument for the effective coordination of the economic intentions of individual market actors, but also as fulfilling a pedagogic function.³⁵ As soon as individuals enter the market, Hegel thinks, be it to engage in transactions or labour, they begin to undergo, quite unawares,

³¹ Hegel, *Grundlinien der Philosophie des Rechts*, a.a.O., § 182.

³²

³³ Hegel, *Philosophie des Rechts*, a.a.O., § 185.

³⁴ Lukács, *Der junge Hegel*, Neuwied und Berlin 1967 (Georg Lukács Werke, Bd. 8), S. 225 – 239.

³⁵ Thimo Heisenberg, „Hegel on the value of the market economy”, in: *European Journal of Philosophy*, 2018/Jg.26, S. 1283 – 1296.

a wondrous process of cultural re-education; for they have to learn to de-center and universalise their initially purely egocentric interests so that these might be unified with the interests of other market participants. In continuing his elaboration of how it is in the market that the right of individual particularity comes into play, Hegel therefore emphasizes the countervailing pressure that simultaneously educates individuals to take account of the “universal”: “But this particular person stands essentially in *relation* to other similar particulars, and their relation is such that each asserts itself and gains satisfaction through the others, and thus at the same time through the exclusive *mediation* of the form of *universality*, which is the *second principle*.”³⁶

What it means to say that the “particular person” in the market can assert themselves only “mediately” through the “universal”, is something Hegel goes on to explain in relation to the phenomena of consumption and production. And in these discussions one can clearly see the point of saying that Hegel, in contrast to Smith, assigns the market both a coordinating and an educative function. In the sphere of consumption, both sides, buyer and seller, are forced to transform themselves under the pressures of the market, to purify their respective interests of egocentric components so as to bring about a sufficient correspondence between supply and demand. The modern consumer, a secret hero in Hegel’s account, brings this about by learning to refine his needs from the outset, by a kind of reflexive effort: thanks to the expanding supply of commodities, the consumer finds himself with a range of new needs, which he learns to cultivate in a way that both assigns them a rank order of sorts and makes them accessible and comprehensible to possible sellers.³⁷ And conversely, Hegel continues, the supplier must orient their own activities to the potential demands of the consumer, by craftily anticipating the development of his needs and learning to adapt his product range accordingly. The market thus brings participants in the sphere of consumption to render their particular interests in a more universal, mutually acceptable form, so as to facilitate their more efficient satisfaction. Within this sphere, therefore, subjects come to encounter one another not with pure self-interest, with the egoism Smith called “self-love”³⁸, but with individual desires that have already been formed through consideration of the interests, indeed of the welfare, of others.

Hegel now demonstrates how the same compulsion to unify particular and universal into something “concrete” also obtains in the sphere of production. Here, where the concern is producing goods for a market, individuals must also learn to develop their particular skills and knowhow in a manner that takes account of the general interests of the public. It is pointless to manufacture a product purely according to one’s own individual preferences and point of view, since such a product will not meet with sufficient demand in the marketplace. The worker must therefore, as Hegel puts it, orient his activity not only to “the nature of the material in question”, but even more so to the “arbitrary will of others”.³⁹ According to his description, this becomes ever more essential with the increasing division of labour in modern societies. In forming their skills, the individual worker must at the same time always ask himself whether and how they fit into the rapidly changing network of activities coordinated through the division of labour. The worker seeking a place in the labour market must therefore

³⁶ Hegel, *Philosophie des Rechts*, a.a.O., § 182.

³⁷ Ebd., §§ 190 – 193.

³⁸ Adam Smith, *Untersuchungen über Wesen und Ursachen des Reichtums der Völker* (1776), übersetzt von Streissler, Tübingen 2005, S. 98 (In dieser deutsche Übersetzung heißt es „Eigenliebe“).

³⁹ Hegel, *Philosophie des Rechts*, a.a.O., § 197.

always keep in mind not only current public tastes, but also the current structure of the division of labour.

Drawing together Hegel's remarks on the spheres of consumption and production, it becomes clear that, even if he never uses the term, he sees the "market" primarily as an entity that represents the point of view of the generalized other. Everyone who actively participates in the market must, in Hegel's view, learn to adopt the perspective of their fellow participants; failure to do so means compromising both the satisfaction of one's individual needs and one's ability to perform one's own work. While other economic systems can give institutional shape to only one of two principles - either satisfying the uncontrolled private interests of certain individuals, as in feudalism, or suppressing all individual desires in a coercive state, as in Plato's republic⁴⁰ - "civil society", for Hegel, is able to reconcile both: It allows each member to pursue their own purely personal interests, whilst its educative function simultaneously brings them to serve the general good. Consequently, for Hegel, the participant in the activities of the market is not simply the isolated individual, not the egocentric agent, and not the desiring subject either, but the "concrete person", a composite of the particular and the universal, who can satisfy their purely personal interests only by taking account of the generalized other of the cooperative social order: "In furthering my end, I further the universal, and this in turn furthers my end."⁴¹

Up to this point, Hegel's account of "civil society" or the market gives the impression that if we look closely enough, we can see that reason has already realized itself as far as historically possible within this sphere of economic action. Every subject can enjoy an unprecedented form of subjective freedom through participation in the market-based exchange of goods and services, without any lurking danger of an uncontrolled proliferation of competition and egoism. In the paragraphs that follow, however, this optimistic tone gradually recedes, giving way to a considerably darker picture, and it soon becomes evident that Hegel himself harbored certain doubts about the adequacy of his own account.

Although we have just read that the "universal" always "retains ultimate power"⁴² over the individual market actor, whose pursuit of individual interests must always therefore be oriented to the good of others, just a few pages later "civil society" has become the venue of a "spectacle" of both the greatest "extravagance" and the bitterest "misery".⁴³ And from this turning point onwards, Hegel never tires of emphasizing the continual danger to the well-ordered market system posed whenever isolated individuals give free rein to their egocentric interests and abandon any consideration for the generalised other. The chapter on the "administration of justice", which follows Hegel's depiction of the nature of market activity, needs to be interpreted against the background of this growing scepticism. It represents a first attempt to find legal measures that can ward off the ever-present danger of individual selfishness and greed taking on a life of their own. Suddenly, there is no longer any talk of how economic interaction among market participants generally proceeds in a harmonious and well-ordered fashion. Instead, Hegel continually underscores the extent to which, if purely egocentric interests are not to gain the upper hand, the market needs to be controlled through commercial and legal supervision. Clearly, Hegel sees the administration of justice as the

⁴⁰ Auf Platons Planwirtschaft spielt Hegel mehrfach an: ebd., § 185; § 206.

⁴¹ Ebd., § 184, Zusatz.

⁴² Ebd., § 181, Zusatz.

⁴³ Ebd., § 185.

authority charged with defending the conceptual ideal of the market against psychological and social adversities, thus aiding its realisation within social reality: “In the administration of justice, civil society, in which the Idea has lost itself in particularity [...] returns to its *concept*, to the unity of the universal which has being in itself with subjective particularity.”⁴⁴

Nevertheless, in this central section of the chapter on “civil society” we do still find something like a rational idea of the market; only it now requires the support of the “administration of justice” in order to have an appropriate social realisation. If the supervisory authorities dutifully perform their tasks, Hegel seems to want to say, keeping the private inclination to egoism in check whilst offering sufficient protections to private property, then the market can indeed reconcile the private pursuit of interests with general prosperity. In the last section of the chapter, however, this still reasonably affirmative picture changes dramatically, as Hegel introduces two additional institutional supports for the market system: the “police” and the “corporations”. And at this point, depending on the degree of interpretive charity one brings to Hegel’s text, it is possible to read this new about-face as his finally buckling under the weight of the market’s internal contradictions and abandoning his initial optimism, as a last attempt to rescue the economic program he has outlined thus far, or as his developing a completely new economic model.

The first paragraph of this final section already begins to translate everything that has been said so far about the rational mediating power of the market into the mode of pure potentiality. Now, the individual’s egoism and arbitrary will no longer represent the psychologically contingent, over which the universal, supported by the administration of justice, always retains an “ultimate power”; instead, the universal itself is now the contingent, which has virtually no chance of asserting itself against private egoism and therefore stands in need of an additional, powerful support.⁴⁵ In the course of only a few paragraphs, it seems, a well-ordered market system has transformed into a capitalist market, in which an addiction to personal enrichment and, above all, to economic profit, are the rule. In what is likely the most famous passage in the *Philosophy of Right*, Hegel explains with a mixture of resignation and cynicism that “despite an *excess of wealth*, civil society is *not wealthy enough* – i.e., its own distinct resources are not sufficient – to prevent an excess of poverty and the formation of a rabble.”⁴⁶ – which is to say, almost as Marx would a few decades later, that recurring unemployment and the resulting immiseration belong to the very nature of a market economy. By this stage, these contradictions of the market are no longer conceived as contingent but as endemic, and the two organizational entities that Hegel now devises to keep them in check contain a peculiar fusion of classical political clichés and remarkably prescient elements: In this context, the “police,” a term he borrows from the doctrines of government of the 17th and 18th centuries,⁴⁷ essentially has the socio-political function of advancing public welfare by using appropriate levels of taxation to secure both the infrastructure required for an expanding industrial sector and emergency welfare for the strata of the population condemned to immiseration. By contrast, the “corporations”, a notion with which

⁴⁴ § 229.

⁴⁵ Vgl. zu diesem Umschlagspunkt in Hegels Kapitel über die „bürgerliche Gesellschaft“ auch meinen Aufsatz: Axel Honneth, „Scheinen oder Erscheinen des Sittlichen? Hegels Analyse der Marktwirtschaft“, in: *Deutsche Zeitschrift für Philosophie*, Jg. 70/2022, H. 5., S. 725 – 742, bes. S. 736f..

⁴⁶ Hegel, *Philosophie des Rechts*, a.a.O., § 245 (Hervorhebungen von Hegel).

⁴⁷ Matthias Bohlender, “Metamorphosen des Gemeinwohls. Von der Herrschaft *guter polizey* zur Regierung durch Freiheit und Sicherheit“, in:

Hegel revives the idea of professional corporations familiar from the Middle Ages, have a primarily ethical function: they are to cultivate amongst the active labour force a common consciousness of the social value of its activities, specifically through the formation of occupation-specific groups. The inculcation of this consciousness is to integrate the labour force into the social whole.⁴⁸

However, reading Hegel's descriptions of both institutions, of the police as well as of the corporations, it is hard to shake off the feeling that they have been externally grafted onto the economic model he had outlined previously, rather than being internally unified with it. One indication of this is that Hegel here often speaks of a mere "ought" or "must", something he typically avoids for reasons concerning his critique of Kantian morality. Thus, for example, in discussing the role of the police, he writes, astonishingly, that the "individual must have a right to earn his living in this or that way"⁴⁹, although there has thus far been no mention of any such general right to gainful employment for the sake of securing one's livelihood. Indeed, there *could* be no question of such a thing because, as with Adam Smith, every market participant has thus far been treated purely as a self-reliant individual, left to his own resources. The sudden appearance of this right to work, reminiscent of course of Fichte, comes as something of a surprise; for at the start, the only right that was said to come into effect in "civil society" was the right of the individual to realise their own particular interests.

Likewise, it is rather strange when, in referring to the ethical function of the corporations, Hegel now says that it is *here* that the worker must first learn that his activity serves a universal purpose. From the initial discussion of civil society, it could well seem as though the market itself would bring about such an awareness through its own educational resources. But this odd shift to moralizing language is not the only thing suggesting that Hegel, after realizing that the market is systematically liable to crises, did not quite know how to bring his economic model to rational completion. To be sure, he wants to subject the market to a kind of ethical embedding by complementing it with social organisations that increase respect for the common good and sustain a shared consciousness of collective responsibilities. Yet the organizations he suggests for this purpose point both to the past and to the future, leaving the reader wondering whether what he has in mind is restoration or reform. To begin with the function of Hegel's police: this institution puts one in mind of older governmental practices, such as providing care for the poor and the preservation of ethical order; on the other hand, though, it also puts one in mind of measures typical of the modern welfare state; for example, Hegel indirectly implies that welfare support should be tied to willingness to work.⁵⁰ On the one hand, these bodies, with their function of supporting members who have fallen on hard times, also seem to be deeply rooted in the historical past; they recall not only medieval guilds, but also the domestic economy of the antique "oikos", especially since Hegel designates them as a "second family".⁵¹ On the other hand, though, given their role of

⁴⁸ Sven Ellmers/Steffen Herrmann (Hg.), *Korporation und Sittlichkeit*,

⁴⁹ Hegel, *Philosophie des Rechts*, § 236, Zusatz.

⁵⁰ Ebd., § 242.

⁵¹ Manfred Riedel, „Hegels ‚bürgerliche Gesellschaft‘ und das Problem ihres geschichtlichen Ursprungs“, in: *Archiv für Rechts- und Sozialphilosophie*, 1962, Vol. 48 (1962), S. 539-566, hier: S.563f..

empowering the workforce, they bear certain traits of modern trade unions, even if Hegel does not grant them power of disposal over the means of production.

Viewed as a whole, this concluding chapter on “civil society” therefore seems to present something like a toolbox, as it were, rather than a complete, internally coherent theory that brings together the strands developed in previous sections. Hegel had tried for as long as he could to present the market as one of spirit’s characteristic strokes of genius: by compelling market participants to take up one another’s points of view, it succeeds in integrating the freely expressed interests of isolated individuals into a well-ordered system promoting the common good. But he is eventually forced to realise that the market lacks the educative means to keep private ends in check and contain the addiction to economic profit which threatens to bring down the entire edifice. At which point, he reaches for a multifaceted and, from a historical point of view, somewhat arbitrary cocktail of organisational measures in order to bring retrospective ethical order into an economic system that now threatens to break apart. And as surprising as it may sound, in offering these correctives, he at various points comes close to the economic reflections of his rival, Fichte. I would therefore like to end my lecture with a few short observations on these uncanny points of contact between Hegel and Fichte.

V.

As we have just seen, for all his efforts, Hegel cannot ultimately make good on his method of extracting the ideal structures of a rational system of economic action from the economic conditions of his time. At a certain point in his presentation, namely when he realizes that the market in its unbounded capitalist incarnation inevitably produces mass unemployment and social immiseration, he seems to no longer feel obligated to follow his usual methodological strictures. Instead, from this point on, he switches to a more constructive procedure, which anticipates desirable future developments. This procedure, however, stands in an unmistakable tension with his previous method of exhibiting the rationality immanent in given historical structures. This tacit methodological shift is likely also the reason why Hegel, in the last section of his chapter on “civil society,” occasionally slips – unawares and unannounced – into the language of moral demand and accusation. He knew only too well that social entities such as cooperatives or the systematic state provision of welfare did not exist in his day, not even in rudimentary forms; but because he deemed them necessary for the purpose of ethically embedding the market and therefore maintained that they should or ought to exist, he nevertheless includes them in his account, at least in in outline.

In momentarily liberating himself from the methodological restriction of grasping the potentially rational in the existent social order, Hegel comes halfway toward the procedure deployed by Fichte in his own economic theory. To be sure, he does not quite sketch out an ideal economic model at the proverbial drawing board; rather, he continues to orient himself to historical reality, scanning both the past and the already discernable future for organisational models of institutions that might help facilitate an ethical containment of the market. But the more he abandons his usual methodological constraints, the freer he feels from the obligation to have continual recourse to the historically given, the closer he moves to certain Fichtean premises. To conclude, I would like to take a brief look at two such points of overlap between Fichte’s *Closed Commercial State* and Hegel’s own economic model,

especially because they confront us with problems of moral economy that remain unsolved to this day.

We have already encountered one of these points of convergence: in the final part of his remarks on “civil society”, Hegel suddenly and seemingly out of the blue introduces the right to a form of gainful employment that allows members of a society to secure their livelihood. Nothing he had previously said about the ethical role of the market in modern society had given any indication of such an individual right. Rather, this new economic system was initially supposed to derive its historical legitimacy solely from the fact that, for the first time in history, it gave individuals the chance to publicly articulate their particular interests and satisfy them in economic exchange with other market participants. Consequently, the only right that Hegel seemed willing to grant individuals in their particular capacity as members of “civil society” was the permission to realize their respective particularity. Even when his analysis turned to the specific sector of the division of labour and the labour market, there was no mention of an additional right to gainful employment. Of course, none of this should be surprising, because until that point all Hegel had wanted to count as “rational”, and thus legitimate, in the market economy were those aspects that already possessed the “power of actuality”⁵², as he put it, and thus already enjoyed historical actuality. Now, the idea of a “right to work” had in fact already been brought into play during the French Revolution by Babeuf, whose pamphlets had possibly influenced Fichte's economic outlook. At the time, of course, there was no question of the idea already having gained any kind of institutional traction. And since it still lacked social reality, Hegel was not strictly entitled to count such a right amongst the elements by which the rationality of the newly emergent economic system could be demonstrated. Nevertheless, in the last of his three chapters on “civil society”, he repeatedly thematises this right to an adequate form of work, and indeed in a tone that suggests it would be the most natural thing in the world: “every individual in the system of civil society”, we read in another passage, has “the right to demand a livelihood from society”, which in context, is synonymous with an adequately remunerated job. There can be no questioning that Hegel here exceeds what is permitted by his own methodological strictures. At this point, the text no longer has the character of a reconstructive analysis. Rather, it may better be understood as an attempt to outline the social and moral conditions necessary for someone to take on the role of a member of civil society in the first place. Such a procedure is neither merely reconstructive nor even constructive but, one might say, “explicative”: it is meant to articulate or render intelligible the normative implications of assuming a certain social status - in this case, that of a full-fledged market participant. There is much to suggest that Hegel does in fact operate according to such a methodological scheme in the final stage of his presentation of “civil society”. What he grasps as “rational” in the new economic order is no longer confined to what has already taken historical shape; it now also encompasses everything that would *still* have to unfold within it, given its implicit assignment of statuses and roles. But the crucial question, then, is why exactly Hegel believed that the right to a livelihood-securing occupation should be one of these normative implications of “civil society”. And in the answer that emerges in his subsequent remarks, he presents a historically relativized form of Fichte's transcendental argument, according to which every human being has the right to earn his livelihood through their own activity. In a frequently quoted passage in the final chapter, Hegel says that it would be “contrary to the principle of civil society” if “the livelihood of the needy would be ensured without the mediation of work”. For, he continues, in such a society the

⁵² Hegel, *Philosophie des Rechts*, a.a.O., § 210.

“feeling” of “self-sufficiency and honour among its individual members” is based on earning a living through one’s own labour.⁵³ This thesis contains Hegel’s justification for asserting a right to work – an assertion that he mentions almost causally, as though it could not be more self-evident. Such a right is necessary in societies with market-based economies, otherwise their members who lack independent wealth would also lack the opportunity to engage autonomously in the economic transactions necessary to satisfy their needs. In other words, Hegel thinks that having the status of a market participant requires a guaranteed right to participate in economic exchange by virtue of one’s own efforts and achievements, and so independently of the contingent benevolence of third parties. Fichte’s normative principle thus finds its way into Hegel’s *Philosophy of Right*, though in a historical form, namely as a right that is valid only under the historical conditions of a market society: Whilst Fichte, on account of his transcendental activism, assumed that every human being requires a “circle of efficacy” in order to sustain himself through work, Hegel believes that such a right can only emerge and claim validity once, with the advent of the market, an economic form has been established in which subjects are able to participate solely through their self-activity. But irrespective of their divergent justifications, both philosophers advance the same, enduringly relevant thesis: that a fair economic system presupposes that one can earn one’s own living as a self-reliant individual, independently the benevolence of others – whereby Hegel, in contrast to Fichte, also demands that this self-activity be of a certain quality; for in his view, repetitive, overly mechanical work cannot be a source of self-respect and social status.⁵⁴

And there is a second area where Hegel’s and Fichte’s economic models overlap, despite setting out from diametrically opposed starting points. Both philosophers, the one based on transcendental considerations, the other based on reflections on the history of reason, argue that economic action should be integrated with as much cooperative and communal activity as can be made compatible with their respective economic premises. If we once again understand Hegel’s advocacy for the establishment of corporations in terms of an explicative procedure, then what he means to say is that such professional associations constitute, alongside the right to work, a further precondition of the viability of the new economic system, albeit one that has yet to be institutionally realized. For he was convinced that unless they were integrated into collective corporations, employees would be so defenseless and powerless against the corrosive effects of the market that they would be unable either to take their collective fate into their own hands or gain a sufficient overview of how their own individual activities fitted into the overall division of labor. For Hegel, therefore, corporations are an indispensable element in a market economy; they simultaneously protect workers from private caprice and, in addition, give them an awareness of their collective achievements – conditions which, taken together, guarantee the moral coherence of the new economic system. Given this function, the corporations of the *Philosophy of Right* represent a transitional structure between the old medieval guilds and the trade unions that would emerge only later; like the former, they have the character of self-governing bodies, and like the latter, they serve to represent the interests of their members. Hegel is after entities that unite both functions, without having the right name for them.

⁵³ Ebd., § 245.

⁵⁴ Knapp heißt es bei Hegel, dass mit der wachsenden „Vereinzellung und Beschränktheit der besonderen Arbeit“ die „Unfähigkeit“ der an die „Arbeit gebundenen Klasse“ zunähme, die „weiteren Freiheiten“ und „geistigen Vorteile der bürgerlichen Gesellschaft“ noch zu genießen (Ebd., § 243, Hervorhebungen durch Hegel).

As we have seen, Fichte too flirted with a restitution of the medieval guilds. He too believed that the planned economy he envisaged needed to make room for practices of collective self-government, such as had found expression in these old professional bodies. But the reasons he gave for introducing these communalizing elements into his economic system are once again diametrically opposed to Hegel's. In assuming that his three professional groups would need to be afforded a certain degree of self-government, he relied on epistemic considerations, so to speak. The groups should be allowed to act autonomously wherever the state, for want of personnel and local knowledge, would itself be unable to collect the data necessary for its centralised social management of labor and consumption needs. In this respect, the guild-like corporations fulfil an important, but merely compensatory function in Fichte's scheme, namely of coordinating the number of workers to existing consumption needs whenever the state is unable to make calculations on its own. By contrast, Hegel's reasons for equipping his market economy with communalizing forces are not epistemic but moral; he thought that without collective interest groups to safeguard over their legitimate concerns and cement their social ties, workers would be ground down and demoralized under the corrosive effects of an unbounded market. The corporations therefore have the social and moral function of upholding the dignity of labor, of making the public aware of its importance for the welfare of society as a whole and, when necessary, of providing for the livelihood of its members. Summarising, one could say that Hegel opposes the centrifugal tendencies of the market with the communalizing power of his corporations, while Fichte opposes the centralising tendencies of his state with the diffusive force of local economic communities. Both find themselves compelled to balance out the governing principles of their economic models – planned and market economies respectively – with an institutional counterweight. If only one form of organization comes to dominate in an economic system, acute imbalances are the inevitable result – be it due to cognitive insufficiencies, as Fichte thought, or moral inadequacies, as Hegel maintained.

One should certainly not overestimate the extent to which these limited similarities between the economic programs of these two leading German Idealists might still be of help today. Indeed, we can probably learn more for the present day by diagnosing the reasons for their respective failures than from studying their economic policy prescriptions. But if we want to derive some orientation from Hegel and Fichte's small areas of agreement, there are two insights for moral economy that we might want to consider: First, they are both convinced that an economic system deserves the title of "rational" and "just" only insofar as its members need not be dependent of the good will of third parties and can thus earn a living through their own efforts. And secondly, they both tell us that in accounting for the future of our economic system, reason dictates that we do not insist upon a single principle of economic action, but that we instead need to find a way of combining several - neither a planned nor a market economy alone, nor indeed a skillful combination of the two will succeed in unleashing a rational order of economic action. This, to be sure, is not much; but in an age when philosophy frequently lacks the courage and imagination to even think about the foundations of a just economic order, it is not a little either.

