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## Hegel's Concept of Corporation as the Mediation between Free Market and State

**Abstract** The experiences of the communist countries in Eastern Europe have made clear that the centralized planned economy (without a free market) does not function. From Hegel's perspective, it can be said that this experience is not just coincidental: the abolition of the free market includes the abolition of the institutional framework that enables insight into the formation of particular interests. Without this insight, it becomes impossible to determine the content of the general good. Therefore, Hegel's alternative, self-conscious planning of the economic process while the free market is preserved, seems to be unavoidable. However, it remains highly problematic whether or how this connection between planning and free market can be understood. In this article I investigate whether Hegel's concept of the corporation can help in finding an answer to this problem.

**Keywords:** Corporation, System of Needs, wage labor, rationalization, Hegel, Marx

543

### Introduction

Marx's criticism of the capitalist society can be understood as a criticism that is rooted in Kant's categorical imperative. At the capitalist market the workers are reduced to a thing, i.e. they are one-sidedly transformed into a means and, therefore, they are not recognized as moral subjects.<sup>1</sup> This criticism can be immediately translated into a criticism of Hegel's *System of Needs*.<sup>2</sup> Also in the *System of Needs* the workers (wage laborers) are reduced to things at the end: their labor is becoming more and more mechanical and can, in last resort, be replaced by machines.<sup>3</sup>

It is surprising that this kind of criticism can be exercised over the *System of Needs*, if one realizes oneself that the *System of Needs* is not a positive, scientific model of the free market, but rather a moment in a normative project

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1 "Der praktische Imperativ wird also folgender sein: *Handle so, dass du die Menschheit, sowohl in deiner Person als in der Person eines jeden anderen, jederzeit zugleich als Zweck, niemals bloss als Mittel brauchst.*" (Kant 1965: 52)

2 Hegel, *PhR*, §189 ff.

3 "Further, the abstraction of one man's production from another's makes work more and more mechanical, until finally man is able to step aside and install machines in his place." Hegel, *PhR*, § 198.

in which Hegel develops the self-realization of the free will.<sup>4</sup> In this development the *System of Needs* not only stands for a legal institution that has to do justice to the freedom and equality of the legal persons, but it also stands for an ethical institution that enables them to realize themselves as moral subjects. The *System of Needs* is a system in which, on the one hand, the individuals are related to one-another as persons (it is a free market in which the persons enter into exchange relations), but, on the other hand, they are mediated by exchange relations, which serve their subjective welfare. Because, in the *System of Needs*, the mechanism of the market makes that the particular welfare is served in accordance with the general welfare, Hegel thinks that the individuals at the market realize themselves not only as persons, but also as moral subjects: their particular actions immediately correspond to the particular actions of all, and, thus, serve the general welfare.<sup>5</sup>

544

For Marx the violation of the categorical imperative brought about by capitalism is not only unacceptable (because it literally leads to the death of individuals), but it is at the same time connected to a development that brings about the conditions to overcome this violation. Also for Marx the competition at the market results in the mechanizing of labor.<sup>6</sup> Labor becomes a purely physical exercise of power,<sup>7</sup> i.e. it becomes work at a production line in which the labor's quality is no longer determined by the workers, but rather by the machines at which they are working. Labor has become one-sidedly corporeal. The mental aspect of labor is left to intellectual labor, i.e. to the scientist and technicians who have designed the production apparatus.<sup>8</sup> This means, however, that the power of nature is basically broken: in modern

4 The institutions of ethical life express freedom. "Thus ethical life is the concept of freedom developed into the existing world and the nature of self-consciousness." Hegel, *PhR*, § 142.

5 Systematically the System of Needs is the synthesis between the second moment of *abstract Right (Contract)* and the second moment of *Morality (Intention and Welfare)*. (See: Cobben 2015: 90-94) The mechanism of the System of Needs (i.e. the mechanism of the free market) makes that the particular welfare can only be observed in a general form. Hegel elaborates under which institutional conditions this mechanism can result in the self-conscious realization of the general welfare.

6 "Die Gewohnheit einer einseitigen Funktion verwandelt ihn in ihr naturgemäss sicher wirkendes Organ, während der Zusammenhang des Gesamtmechanismus ihn zwingt mit der Regelmässigkeit eines Machinenteils zu wirken." (Marx 1969 (*Das Kapital I*): 370)

7 "Alle Arbeit ist einerseits Verausgabung menschlicher Arbeitskraft im physiologischen Sinn, und in dieser Eigenschaft gleicher menschlicher oder abstrakt menschlicher Arbeit bildet sie den Warenwert." (Marx 1969 (*Kapital I*): 61)

8 "Die geistigen Potenzen der Produktion erweitern ihre Masstab auf der einen Seite, weil sie auf vielen Seiten verschwinden. Was die Arbeiter verlieren, konzentriert sich ihnen gegenüber im Kapital. Es ist ein Product der manufakturmässigen Teilung der Arbeit, ihnen die geistigen Potenzen des materiellen Produktionsprozesses als fremdes Eigentum und sie beherrschende Macht gegenüberzustellen". (Marx 1969 (*Kapital I*): 382)

science the working of nature has mentally been appropriated. The modern production apparatus is nothing else than this mental appropriation objectified in machines. However, as long as intellectual and manual labor oppose one-another at the capitalist free market, the broken power of nature cannot be utilized. The power of nature continues at the market, because the external causality of the laws of nature returns in the form of the laws of the free market. Only if mind and body are re-united by abolishing the free market, a production system is possible in which the workers realize their own freedom, namely in a communist society in which production is self-consciously organized in service of the good life. Only if this is the case, products' use value has priority instead of their exchange value.<sup>9</sup>

Also in the *System of Needs* the competition relations of the market result in the expulsion of labor. The mechanization creates a surplus of wage labor, i.e. of unskilled workers, exercising mechanical labor. Basically the market is not able to integrate this surplus.<sup>10</sup> The only solution to prevent their starvation, according to Hegel, is colonization, building a new society elsewhere in the world.<sup>11</sup> But like Marx, Hegel thinks that the mechanization of labor leads to a turning point that offers the possibility to overcome the violation of the categorical imperative. Like Marx, Hegel thinks that this violation can be overcome by suspending the free market. In Hegel, however, this does not mean the revolutionary transition into a communist society, but rather the transition into a self-consciously organized mode of production, that still includes the free market as one of its constituting moments. The institutionalized free market is not only the necessary condition for the rationalization of the production process, but remains a necessary condition if this rationalization has resulted in a system of corporations in which the production is self-consciously organized. Rationalization is an ongoing process that can never be ended, not even by a class-struggle that is pushed to extremes, viz. the struggle between wage labor (mechanical, manual labor) and capital (that is served by the intellectual laborers), as Marx thinks,

545

In Hegel's view, the mechanization and automation of labor rather express that natural reality has lost its status as an external power. The technological knowledge underlying the process of automation is developed on the basis

9 "Die Gestalt des gesellschaftlichen Lebensprozesses streift nur ihren mystischen Nebelschleier ab, sobald sie als Produkt frei vergesellschafteter Menschen unter bewusster planmässiger Kontrolle steht." (Marx 1969 (*Kapital I*): 94)

10 "It hence becomes apparent that despite an access of wealth civil society is not rich enough." (Hegel *PhR*, § 245).

11 "This far-flung connecting link affords the means for the colonizing activity—sporadic or systematic—to which the nature of civil society is driven and by which it supplies to a part of its population a return to life on the family basis in a new land and so supplies itself with a new demand and field for the industry." (Hegel *PhR*, § 248)

of modern science. In modern science, the natural reality is understood as the appearance of the laws of nature that can be known by testing hypotheses in an experimental setting. In that sense, nature has an essence that can be known. Therefore, also the essence of the thing at the market (the commodity) is not understood as abstract labor (as in Marx's view), but rather as the pure law form, or (what is the same for Hegel) the pure notion, freedom conceptualized as pure self-relation.<sup>12</sup> Therefore, automation of labor not only results in the violation of the moral law (in so far as the civil society is not rich enough for all)<sup>13</sup>, but it is also the condition that makes it possible that the moral law can be realized at all. Only if the natural content of particular actions can be understood as expression of our insight into nature, it is possible to satisfy the demand of the moral law: to reconcile particular action with the general freedom.

546

The possibility of moral action can only be realized under the condition of institutions in which the points of departure of the free market (the striving after particular welfare by the free and equal persons) are overcome. After all, action in accordance with general freedom is not in service of the particular welfare, but rather in service of the general welfare. This means that civil society has to be embedded in the institutions of the state, the institutional level at which the general welfare is self-consciously realized. From this it does not follow (as in Marx's conception) that the free market is replaced by a planned economy that is directed at state level, but rather that the free market is mediated by institutions that make the free market function in harmony with the general good (the institutions of the 'Verstandesstaat')<sup>14</sup>. In this framework of institutions the corporations are central. The corporations are production communities which together, on the one hand, take care of the production of goods that enable the realization of good life, but, on the other hand, function in the context of the free market. They not only produce for the market, but also recruit their members from the free market.<sup>15</sup>

The experiences of the communist countries in Eastern Europe have made clear that the centralized plan economy (without free market) does not function. From Hegel's perspective, it can be understood that this experience is

12 As Kant, also Hegel introduces a Copernican turn to understand the laws of nature. He transforms, however, the transcendental subject into the pure self-consciousness, in some sense his version of the Cartesian cogito.

13 See note 10.

14 Hegel *PhR* § 183: "the state as Understanding envisages it."

15 Thomas Klikauer is right when he explicates the tension in this determination of the corporation: "However, Hegel's corporations are also part of a market economy and hence follow a different route. While they follow *Sittlichkeit*, i.e. mutual benefit and mutual and equal recognition, they also follow competition and therefore exist in tensions." (Klikauer 2017: 223).

not just coincidental: the abolition of the free market includes the abolition of the institutional framework that enables insight into the formation of particular interests. Without this insight, it becomes impossible to determine the content of the general good. Therefore, Hegel's alternative, self-conscious planning of the economic process while the free market is preserved, seems to be unavoidable. However, it remains highly problematic whether or how this connection between planning and free market can be understood. Is this contribution, I will especially investigate whether Hegel's concept of corporation can help in finding an answer to this problem.<sup>16</sup>

### The *System of Needs* as the presupposition of the corporation

As, in Marx's view, the formation (*Bildung*) of the production system in capitalist society is the presupposition of the communist society, so Hegel thinks that the formation in the *System of Needs* is the presupposition of the corporation. The fundamental difference between both approaches is, however, that Marx maintains that in the communist society the free market of the capitalist society is abolished, while Hegel admits that the *System of Needs* continues to exist in the Rechtsstaat as a moment that has its own distinguished shape distinct from the corporation. While Marx with the abolition of the free market aims to overcome a development in which some become superfluous, Hegel can only hold the observation that civil society is not rich enough for all. It is true that Hegel thought that this problem can be solved if those who have become superfluous found a new society (emigration), but the finitude of earth makes this solution an illusion.<sup>17</sup>

547

Since, in Hegel's view, the *System of Needs*, is an essential moment in the formation of freedom, its abolition is not an option for him. Therefore, we have to look for alternatives for emigration. How can the formation of the *System of Needs* be preserved and, at the same time, the process in which workers become superfluous be avoided? At the end of the day, in the Rechtsstaat

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16 Klaus Vieweg clarifies that the concepts of modern ethical life are not static, but must rather be re-actualized: "Ähnliches gilt auch für die Korporationen. Damit wird Hegels Konzeption moderner Sittlichkeit stets zu bereichern, zu konkretisieren, zu aktualisieren sein, dennoch behalten die Grundkonstituentien des Sittlichen ihre volle Gültigkeit." (Vieweg 2017: 32).

17 Also in Hegel's time there were no uninhabited countries. Emigration to America, for example, was at the costs of the Indians. The 'solution' that Hegel presents, has its analogon in the family. As the family develops into the community of families, so the civil society develops into a (world-) community of civil societies (the mature civil society is driven to "colonizing activity" (Hegel *PhR*, § 248). Also at the level of the family the finitude of the earth limits an endless expansion. The question has to be raised of how birth-control can be arranged in a Rechtsstaat.

that stands for the realization of freedom for all, no-one should become superfluous.

The abolition of labor could be prevented by measures that compensate the working of the free market. For those who cannot find a labor position projects of employment could be organized. Hegel, however, rejects this kind of solutions, because they would result in a fundamental disturbance of the mechanism of the market. While the market cannot absorb the supply of unskilled labor, the projects of employment create a surplus supply of goods and services that result from the employment of unskilled labor. This means that the initial problem is only strengthened: the project would only diminish the demand of unskilled labor.<sup>18</sup>

548

At its basis, there is nothing against Hegel's reasoning. If abolition of labor is caused by automation, then it is irrational to compensate this by organizing employment for workers whose labor could be exercised by machines. It is precisely the rationality of the working of the market, the ongoing pressure to innovate, that is undermined by this kind of measurements. I think, however, that Hegel has to be fundamentally criticized in another way. The very problem is not how to employ unskilled labor (wage labor), but rather that the *System of Needs* generates wage labor throughout. How can the *System of Needs*, as a moment in the self-realization of free individuals, afford to allow a form of labor in which free individuals are reduced to their corporeal functions? Should not wage labor (labor that can be measured in units of time) be rejected at all as labor that is appropriate for intellectual beings because it condemns them to purely mechanical activity? Does wage labor not reduce laborers to a thing throughout, even if they are able to find employment at the market? However, if wage labor can no longer form part of a community in which freedom is realized, a new problem arises immediately. Especially wage labor is, according to Hegel, the result of the rationalization of labor. The pressure caused by the competition at the market leads to the theoretical and practical education of labor.<sup>19</sup> This makes that labor appears as a process in which the underlying general rules are more and more explicitly expressed. Labor becomes more and more general and less complicated. Precisely this becomes clear in wage labor that can, as mechanical labor, switch between the distinct branches. Insight into nature not only underlies the mechanizing of labor, but is also the condition under which the production process can be self-consciously organized at the level of the corporation.

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18 Hegel *PhR* § 245: "As an alternative, they [the needy, pc] might be given subsistence indirectly through being given work, i.e. the opportunity to work. In this event the volume of production would be increased, but the evil consists precisely in an excess of production and in the lack of a proportionate number of consumers who are themselves also producers."

19 Hegel *PhR*, § 197.

To investigate whether the process of rationalizing is thinkable without wage labor, it is important to specify a bit closer how Hegel understands this process. The kernel of rationalization is the process of education that results in insight into nature. This process of education, according to Hegel, is performed in the process of production under the influence of the pressure to innovate that is induced by the competition at the market. Competition enforces qualitatively new supply or supply that is more efficiently produced and, thus, can be sold for lower prices. The innovation of the supply is enabled by a process of ongoing labor division. At the field of the production this specialization results in more knowledge of the nature that is worked on and newly discovered manners to use nature.<sup>20</sup> Moreover, it results in more insight into the processes of nature and in the development of new technological knowledge.<sup>21</sup> New technologies not only contribute to labor processes that are more and more efficient, but they even enable their automation: nature can be organized in a way that its working serves our satisfaction of needs. In the field of consumption the specialization results in a differentiation of the needs. Needs that primarily appear as needs that are traditionally given, develop themselves and are transformed into needs that are based on insight into their nature. This means that the process of education leads to insight into the external nature on the one hand and to insight into the internal nature on the other. Precisely these insights create the possibility to freely relate to nature.

549

The above mentioned description of the process of rationalization does not seem to differ from a Marxist analysis. The views of Marx and Hegel oppose one-another, however, because Marx thinks that the benefits of the process of rationalization one-sidedly fall to the class of capitalists. According to Marx in capitalism the highest stage of labor division has been reached, namely the division between intellectual- and manual labor.<sup>22</sup> The developed insight into the process of rationalization falls to the intellectual labor (the intellectuals, the scientists and the skilled labor). The labor of the manual workers (wage labor exercising purely mechanical labor) is robbed from all spiritual dimensions and is, therefore, nothing else than stupid labor force. Precisely because a surplus of this kind of labor is generated at the market,

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20 "die mannigfachen Gebrauchweisen der Dinge zu entdecken ist geschichtliche Tat." Marx 1969 (*Kapital I*): 49/50.

21 Vgl. "Since in social needs, as the conjunction of immediate or natural needs with mental needs arising from ideas, it is needs of the latter type which because of their universality make themselves preponderant, this social moment has in it the aspect of liberation." (Hegel *PhR*, § 194).

22 "Die Teilung der Arbeit wird erst wirklich Teilung von dem Augenblicke an, wo eine Teilung der materiellen und geistigen Arbeit eintritt." (Marx 1969 (*Deutsche Ideologie*): 31)

the wage laborers can only accept the most minimal wage (wage that only guarantees a minimum existence).

In Hegel's view, on the contrary, the subject of the process of rationalization rather seems to be wage labor. He states that the process of education is shaped in the theoretical and practical education of labor.<sup>23</sup> As a result of this education, labor becomes more and more abstract and ultimately can be automatized.<sup>24</sup> In this way the rationalization of labor is a process of education in which the laborer emancipate himself more and more from tradition and can ultimately freely relate to the traditional context of labor.<sup>25</sup> Just in this process the freedom and equality of the legal persons is realized. At the level of the *Administration of Justice* (Rechtspflege)<sup>26</sup>, the persons can participate in a legal community that enables them to realize their freedom self-consciously.<sup>27</sup> The corporations belong to the institutions in which this realization of freedom is actually shaped. The education offered the individuals the opportunity to acquire insight into their subjective particularity. Insofar as they participate in the corporations justice is done to this subjective particularity.<sup>28</sup> The corporation is a labor community in which labor has the form of free self-realization.

550

However, it remains difficult to comprise how Hegel understands the education in the *System of Needs* as the presupposition of the self-realization of labor in the corporations. If the process of education concerns the labor that develops itself into mechanical wage labor, it is not clear how this process leads to insight into nature. Those who are bearers of this insight become superfluous and disappear from the labor process. Therefore, Marx's option seems to be more adequate. The subject of the process of education is not wage labor, but rather capital. Automation of the labor process is attended

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23 Hegel *PhR*, § 197.

24 Hegel *PhR*, § 198.

25 The function of the theoretical and practical education in the *System of Needs*, can be compared with the Realm of Education in Hegel's *Phänomenologie des Geistes*. The Education in this realm precedes the freedom and equality of the citizens of the French Revolution. The Education is a process of rationalization that results in a free relation to tradition.

26 Hegel *PhR*, § 209 ff.

27 The citizens of the French Revolution do not succeed in this transition (the French Revolution is followed by Terror), because they all have their subjective version of the general freedom. In the *Philosophy of Right*, however, civil society presupposes the domain of the state in which a subjective will is objectified who wants the general will as such. The *Administration of Justice* and the *Corporations* are institutions in which the state power expresses itself. Therefore, they can contribute to the realization of a community in which the general freedom is objectified.

28 Hegel *PhR*, § 251 "a member of civil society is in virtue of his own particular skill a member of a corporation."



by a better understanding of the rules underlying the process of labor. The bearers of this understanding must, however, belong to the intellectual laborers and not to the manual laborers who are expelled from the labor process. Since the intellectual workers will participate in the corporations, the developed insights will be maintained.<sup>29</sup>

However, also this option does not solve the problem. Those who have access to the corporations are supposed to have developed insight into their subjective particularity. Therefore, they must have emancipated themselves from traditional relations. But it is precisely this emancipation process that was understood as the education of labor that as wage labor is expelled from the production process. This would mean that those who ultimately are admitted to the corporations have been working as wage laborers, are expelled from the process of production, have next educated themselves in order to acquire insight into their subjective particularity and, finally, have successfully applied for a position in the corporation. It remains generally unclear how the *System of Needs* can maintain its existence next to the system of corporations. This problem can neither be solved if the corporations are understood as institutions that produce their conditions of existence. Under that condition the process of education would be an integrating part of the corporation.<sup>30</sup> But how can this be understood if the corporation members cannot be fired? Until now, the process of education was understood as a result of the innovation pressure of the market, the pressure to produce more and more efficiently. Expulsion of labor (that is unthinkable without the possibility to discharge) belongs to this efficiency.

551

If the *System of Needs* coexists with the system of corporations, does this imply that Hegel conceptualizes two kinds of companies, namely companies that are part of the *System of Needs* and companies that are part of the system of corporations? Since they would both produce for the market, this would involve absurd consequences. Companies of the *System of Needs* would compete with corporations. This would make the transition into a system of corporations undone: it would no longer be possible to maintain the self-conscious organization of production.

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29 “The Corporation member is to be distinguished from a day labourer or from a man who is prepared to undertake casual employment on a single occasion. The former who is, or will become, master of his craft, is a member of the association not for casual gain on single occasions but for the whole range, the universality, of his personal lifehood.” (Hegel *PhR*, § 252)

30 Hegel remarks that the corporation has “to provide the education requisite to fit others to become members.” (Hegel *PhR*, § 252). The mechanization of labor is not discussed at the level of the corporation.

## How to overcome the *System of Needs*?

The *System of Needs* and the system of corporations cannot co-exist as institutions that both participate to the Rechtsstaat as one of its moments.<sup>31</sup> On the one hand, the education of the System of Needs resulting in the formation of wage labor and expulsion of superfluous workers does not correspond to the points of departure of the Rechtsstaat and, on the other hand, a system of corporations in which there is no room for an ongoing process of education (as the institutional domain in which the ongoing transformation is performed from the finite individual into the individual that has realized its freedom) does no justice to subjective freedom. I think that this problem can only be solved if the institutional distinction between the System of Needs and the system of corporations is overcome. The process of education that Hegel situates in the System of Needs has to be understood as a moment of the system of corporations. I will systematically discuss which are the consequences of this conjunction and which problems occur.

552

1. Persons who become a member of a corporation basically cannot be fired. Their access to the corporation makes them a member of the 'second family'<sup>32</sup> that takes care of all tasks that we in our time entrust to the welfare-state, for example continue a person's wage in case of illness, care for widows and orphans.<sup>33</sup> This means that the meaning of power force as a commodity is highly reduced. It is true that the members of the corporation are recruited by mediation of the market, but they can no longer be reduced to things by excluding them from the labor community because their labor has become superfluous. This has to solve the problem of that the "civil society is not rich enough for all".

If, however, the recruitment of members for the corporation is mediated by the market, it seems still possible that people become superfluous. For the supply of jobs can be too narrow, or the supply may not match with the subjective qualities of the applicants. This problem can principally be solved by attributing to the corporations another mission-statement than the companies of the System of Needs. Their mission is not only to produce as efficiently as possible the goods and

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31 Timo Jütten's thesis makes sense: "Meine These ist, dass die Versöhnung von individuellem Eigeninteresse und gesellschaftlicher Solidariät deswegen problematisch ist, weil es uns schwerfällt die *Sphärentrennung* zu leben, die philosophische Gesellschaftstheoretiker von Hegel bis Habermas und Honneth beschreiben." (Jütten 2017: 159)

32 Hegel *PhR*, § 252.

33 "Within the Corporation the help which poverty receives loses its accidental character and the humiliation wrongfully associated with it." (Hegel *PhR*, § 253)

services that can contribute to the realization of the good life<sup>34</sup>, but also the preservation of employment.<sup>35</sup> This mission implies that the preservation or creation of employment (even if this is not per se necessary for the production process) eventually has to be recompensed. This can be compared to subventions and tax facilities that nowadays are adjudged to jobs that are created for handicapped people.<sup>36</sup>

2. Employee are recruited by mediation of the labor market. The primary function of this market is to allocate the employees as efficient as possible. The labor community in which they exercise their labor must enable them as good as possible to realize their subjective talents. Since the employees basically can claim a lifelong participation in the labor communities, the labor market is no longer a market that can determine the level of payment. Somebody who once has a permanent job, has no need to compete with others. Therefore, other mechanisms are needed to determine the level of the salaries. In the actual labor market, by the way, It is already the case, that there are many mechanisms that determine the level of the wages. Independent from the market, for example, a minimum wage can be determined. In case of tenured labor contracts or job protection the influence of the market is also reduced. Collective labor contracts that are entered by mediation of the trade unions suspend the mechanism of the market. This is also the case for salary scales that have to do with seniority and not with productivity.

553

Apart from that, a relation between the level of payment and the mechanism of the market could indirectly be continued. The profit made by the labor community could benefit all workers dependent from certain distribution keys.<sup>37</sup>

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34 In that sense, also the corporation new style are “under the surveillance of the public authority” (Hegel *PhR*, § 252). We will discuss, however, that this surveillance cannot be direct control.

35 Hannes Kuch advocates an “Änderung der Spielregeln und Ausgangsbedingungen des Markte” (p. 200), especially “garantierte Gleichstellung zwischen Kapital und Arbeit in der Unternehmungsführung.” (Kuch 2017: 199)

36 Honneth states: “The structure of a capitalist labor market could only develop under the highly demanding ethical preconditions that all classes are able to entertain the expectation both of receiving a wage that secures their livelihood and having work that is worthy of recognition.” (Honneth 2010: 232/3). He calls these normative principles a “counterfactual basis for the validity of the capitalist organization of work.” (Honneth 2010: 233) Of course, the normative framework in Hegel is not “counter-factual”, but is rather a presupposition of the *System der Bedürfnisse*, and must regulate the system.

37 This is in accordance with Hegel’s determination of the corporation: “In accordance with this definition of its functions, a Corporation has the right, under the surveillance of the public authority, (a) to look after its own interests within its own sphere” (Hegel *PhR*, § 252)

3. If the institutional distinction between the System of Needs and the system of corporations is eliminated, it is no longer possible that the subjective education in the labor process precedes the access to the corporations. In that case it is problematic that the central criterion disappears to judge whether somebody can be admitted into the corporation, namely the insight into his subjective talents. This means that this insight has to be developed otherwise. But how is this possible when the insight is principally connected with education in the labor process?

At this point we can appeal to Marx. If he states that capitalism is a necessary stage in the transition into the communist society because it is its historical task to develop the productive forces, then he basically states that the insight into the working of nature when it is developed under capitalist conditions can be applied under the circumstances of the communist society. If the insight of modern science and modern technology once are acquired, then the institutional framework in which this insight has been performed, apparently must not per se be reproduced.

554

Analogously it can be maintained that the production of the system of corporations is based on insights that are developed in a preceding form of society (in which the System of Needs still existed). In the system of corporations these insights are applied and more developed, but their 'reality' is guaranteed at institutional level and is valid as a social attainment. Starting from these insights individuals can be educated in special institutions (schools, universities). This education can offer them insight into their subjective talents. Taken certificates can furnish proof of these subjective talents. In this way subjective talents can play a role in the acquisition of laborers for the corporations.

4. What strikes in Hegel's conception of the corporation is the participation for life. The education of the members is not thematized, because it was located in the System of Needs. This seems to result in a rigid economy without any flow. Moreover, it does not seem to reconcile with the adage of actual economy that lifelong occupations are rather an exception than a rule. The idea is that somebody who has the same position for more than five years is a loser.<sup>38</sup>

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38 Klaus Vieweg remarks: "Zugleich drängt dies [die Behinderung langfristige korporative Bindungen aller Betreffenden am gleichen Ort, pc] aber auch zur neuen kreativen Formen des Korporativen, etwa durch Internet-Connections oder -Foren, soziale Netzwerke im *world wide web*, Twitter, Blogs, Facebook, Alumni-Verbindungen, Fan-Conventions, berufsständische Messen, Kongresse etc." (Vieweg 2017: 39/40) I think that all these new forms of cooperation can be integrated in the new-style corporations.

Insofar as the corporations produce for the market they are under the pressure of innovation. Therefore, the education of laborers must be a concern of the corporations. But in distinction from Hegel's conception this education is not preceded by education at the level of the System of Needs (we discussed that this education is situated in special schooling institutions) and will not lead to expulsion of labor (because the laborers basically participate in the labor community for life). However, this seems to provoke the problem of that innovation of the labor process results in automation, or, more generally, in the fact that some tasks become superfluous. Is not the consequence of this development that the labor community is threatened to be saddled with employees who are basically superfluous?

If the preservation of jobs belongs to the mission-statement of the corporations can, from that point of view, nobody become superfluous. Therefore, the problem raised by innovation is rather that meaningful new occupations have to be found for laborers whose previous tasks have become superfluous. These other tasks can, in the first place, be created by means of education. For innovation does not only mean that tasks disappear, but it also means the introduction of new technologies in the labor process. It belongs to the responsibility of the corporation to provide an *éducation permanente* for its employees that enables them to develop their skills in accordance with the new technological findings.<sup>39</sup> Education, however, cannot be the only manner to solve the problem. Maybe there is a lack of jobs also for those who had extra schooling. Or, maybe some do not have enough talent to be considered for extra schooling. This can be solved by creating new (more simple) tasks that are necessary for the immediate production process, but can contribute to an improvement of the working climate in the labor community (like activities in the canteen, care for the esthetic in the workspace, organization of recreational activities). The corporation can also unfold new initiatives that result in new labor communities in which there is room for employees who no longer have appropriate tasks in the original labor community. Moreover, the corporation can mediate in the transition into other labor communities.

The lifelong guarantee of employment excludes voluntary dismissal. But of course this cannot mean that the employees are forced to stay in one corporation during their whole life or that they are not entitled to resign voluntarily and accept employment in another corporation.

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39 This dimension of education partly is already discussed by Hegel at the level of the System of Needs: "By this division, the work of the individual becomes less complex, and consequently his skill at his section of the job increases, like his output." (Hegel *PhR*, § 198)

In this context, a possible problem could be that the best employees leave the corporation to accept employment in another corporation for better payment. This would result in an unacceptable a-symmetry. On the one hand, the corporation would be obliged to bear the burden to employ people, but, on the other hand, the employees would decide themselves whether or not they stay true to their corporation or try to achieve more benefit in another corporation.

This problem, however, has to be put in perspective. Participation in a labor community is not only about salary, but also about the subjective self-realization that can take place in the labor community. Moreover, we already discussed that the level of salary is not one-sidedly determined by the market. This means that the improvement of payment that can be achieved if somebody switches to another corporation will remain limited. That does not take away that there can be all kinds of other reasons that someone can realize himself better in another corporation. Maybe the comparison can be made with someone who has a position as football international. A football international belongs to his club and has been enabled by his club to develop his talents. If a football international really has outstanding capacities, at some point a bigger club will present itself. Subjectively the international could be interested because this club offers him better opportunities for the future development of his talents (or the environment of a new club could seem so attractive and adventurous that it would in itself a convincing reason). The transfer of a talented international would mean a loss for his original club. Most of the time this kind of losses are compensated by a transfer sum. This transfer sum can be considered a compensation for the costs that are made for the schooling of the talented international. I admit, by the way, that in the system of corporations the huge differences in salary as we know them from the world of football will not exist because the salary levels correspond to legal boundaries.

556

5. Hegel understands the corporation as a system of cooperation communities that together take care of the goods and services that are needed for the realization of the good life. The analysis of the corporations as a coherent system is problematic for several reasons. Firstly, the question can be raised of from which entity this system precisely borrows its unity. In modern society, the good life is not a traditionally given order, but receives a content that is involved in an ongoing development under influence of the innovation at the level of civil society. This especially means that new branches can arise in the production apparatus. (The ICT-sector, for example, was completely unknown in Hegel's time.) Moreover, the actual production process

not only serves the national market (corresponding to a concept of the good life that is determined at national level), but also the world market. This seems to contradict a coherent system of corporations. The dynamics of the market rather seems to ask for risky new initiatives that exceed the prevailing frameworks (compare the rise of companies like Microsoft and Apple).

Next, the dynamics of the modern production process also seems to contradict the system of cooperation communities with respect to the lifelong participation of its members. If the modern production process presupposes the ongoing education, can it then be realistic to assume that its employees belong to the same corporation for life?

Both problems can be made more manageable if it is brought into account that what Hegel calls 'corporation' does not have meaning so much at the level of distinct companies, but rather at the level of production branches. For example, a distinction could be made between the corporation for health care, the corporation for the financial sector, the corporation for food and stimulant industry, the corporation for transport, the corporation for information and communication etc. At this level of abstraction it remains meaningful to speak about a coherent system of corporation and can, at the same time, be avoided that this functions as a strait-jacket. Dependent on the development of these dynamics possibly new corporations can be added.

Thanks to this more abstract determination of corporation (branch versus labor community) a more realistic meaning can be given to the lifelong membership of the corporation. It is true that each individual participates in a certain labor community, but the responsibility of the labor community to guarantee somebody a lifelong job is shared by the corporation to which the labor community belongs.

6. The corporations not only must take care that all individuals can participate in a labor community that does justice to their subjective particularity, but must also guarantee the production of the goods and services that enable the realization of the specific content of the good life at the level of the state. This implies that what is produced cannot one-sidedly left to the free market. According to Hegel, it can only be achieved by the immediate influence of the state on the corporation. The board members of the corporation have to be appointed by the government.<sup>40</sup>

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40 "The maintenance of the state's universal interest, and of legality, in this sphere of particular rights, and the work of bringing these rights back to the universal, require to be superintended by holders of the executive power." (Hegel *PhR*, § 289).

On the other hand, Hegel thinks that this may not result in rigidity (as we have witnessed in the really existing socialism). To prevent rigidity he introduces a legislative power (the lower house<sup>41</sup>) that consists of representatives of the corporations. If necessary they can in common consideration contribute to new legislation that enables the integration of new developments in the conception of the good life.

Hegel rightly pays attention to the reciprocal relation between the corporation and the legislative power. But the immediate interweaving of the political and economic domain that Hegel expresses hardly leaves any room for the functioning of an independent free market. Therefore, the relation between both must be less immediate than Hegel proposes. On the one hand, the legislative power that determines the legal framework in which the corporations function must not consist of representatives of the corporations. It is not only important that the legal framework creates the possibility to integrate innovations in the prevailing production system, but it must also be able to take a stance to the production system in itself. The legislative power must consist of representatives of political parties that struggle about the conception of the good life in the parliamentary debate. Starting from the conception of the good life that is determined at political level the legal framework in which the production process has to operate can continuously be adjusted.

Hegel, however, has sharply observed that the adaptations of the legal framework need an ongoing input from the developments in the production process. Legislation must have support from the employees of the corporations. Innovative legislation presupposes broad knowledge of the development that already took place at the level of the corporations. Therefore, an institutional framework is needed in which the corporation can continuously deliberate with the legislator, in order to attune legislation to the developments in the production process.<sup>42</sup>

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41 Hegel *PhR*, § 313.

42 In The Netherlands, for example, this function is exercised by the SER (Social Economic Council).



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Paul Koben

Hegelov pojam korporacije kao medijacije između slobodnog tržišta i države

Apstrakt

Iskustva komunističkih zemalja u istočnoj Evropi učinila su jasnim da centralno planirana ekonomija (bez slobodnog tržišta) ne funkcioniše. Iz Hegelove perspektive se može razumeti da ovo iskustvo nije puka slučajnost: ukidanje slobodnog tržišta podrazumeva ukidanje institucionalnog okvira koji omogućava uvid u formiranje pojedinačnih interesa. Bez ovog uvida postaje nemoguće utvrditi sadržaj opšteg dobra. Stoga, Hegelova alternativa samosvesnog planiranja ekonomskog procesa uz očuvanje slobodnog tržišta deluje neizbežno. Međutim, ostaje vrlo problematično da li i kako se ova veza između planiranja i slobodnog tržišta može razumeti. U ovom prilogu ću posebno istraživati da li Hegelov pojam korporacije može da pomogne u pronalaženju rešenja ovog problema.

**Cljučne reči:** korporacija, sistem potreba, radna snaga, racionalizacija, Hegel, Marks

