

THESIS ABSTRACT

INVENTING THE MARKET. SMITH, HEGEL, AND POLITICAL THEORY

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The thesis analyzes the constructions of the market in the thought of Adam Smith and G.W.F. Hegel, and their relevance for contemporary questions in political philosophy. It combines the history of economic thought with systematic analysis: Smith's view of the market as a benevolent 'contrivance of nature' is contrasted with Hegel's view of the market as a 'relic of the state of nature,' and these two constructions are brought to bear on questions about the relation between the individual and society, social justice, and freedom. The conclusion argues for a closer integration of philosophical and economic thought at a 'non-ideal' level.

The introduction explains the motivation to explore Smith's and Hegel's thought as the starting points of two traditions of thinking about the market: the classical liberal tradition; and a sociological, 'communitarian,' tradition. It argues for the need to raise more 'philosophical' questions about the market than those usually raised in economic theorizing, and discusses the methodological approach of the study that both pays attention to the historical context *and* brings their arguments in dialogue with contemporary questions.

The second chapter explores Smith's construction of the market, and argues that it should be read against the background of his deistic metaphysics. Smith intended to create a coherent system, which, however, exhibits tensions because of his complex notion of nature: he sometimes builds on natural mechanisms, and sometimes wants them to be channeled or corrected. This also applies to his view of the market, which he sees as functioning only against an institutional framework of property rights and impartial laws. Then, markets can lead to general 'opulence,' a state in which all members of society flourish.

The third chapter describes Hegel's view of the market as the 'relics of the state of nature.' It describes how Hegel takes up economic theories of his time, and how he understands the market as a specifically modern sphere for 'subjective freedom.' At the same time, this economic system creates problems for the cohesion of society and results in chaos and instability, and, therefore, has to be embedded in the larger framework of *Sittlichkeit*. Hegel's view of the market is, thus, a much more critical one, and it is an open question whether for Hegel the State succeeds in mitigating the problems that the market creates.

These two interpretative chapters are followed by three systematic chapters. The first of these deals with a concern sometimes raised about the market: that it creates unencumbered, 'atomistic' selves. Both Hegel and Smith see human beings as shaped in and through social contexts. They have, however, different ways of conceptualizing the labor market: for Smith, sovereign individuals sell their human capital; for Hegel, the individual's professional life has a deep influence on his or her identity, as they become butchers, brewers, or bakers. These different conceptualizations show that there are not only degrees, but also kinds of embeddedness that must be taken into account when thinking about the relation between the individual and the community.

The next systematic chapter deals with questions of (in)equality and desert; i.e., with questions of social justice. Relating Smith and Hegel to arguments made, for example, by F.A. von Hayek and David Miller, it argues that whereas the Hegelian market cannot be captured in terms of desert, the Smithian approach provides a model for how one can think about labor-market outcomes in terms of desert. This model, however, also shows that this model of the market depends on extremely demanding assumptions, and the less these assumptions hold, the more problematic it is to apply the notion of desert to the market. The discussion then turns to questions of inequality and social exclusion, and argues that there is an important sense in which markets can create, or should create, more equality, in Smith's and Hegel's views, by eliminating discrimination on the basis of race or other personal features. Smith and Hegel differ, however, on the question of whether the market brings more equality or more inequality in the long run. Both agree that non-material dimensions of poverty are as important as material ones. Their discussions show that it is important not only to focus on surrounding institutions, but also to make the market itself an issue in discussions about social justice.

The sixth chapter discusses the market's relation to freedom. It has usually been assumed that Smith belongs to the camp of negative liberty and that Hegel is a prototypical thinker of positive liberty. But it turns out that Smith and Hegel connect negative and positive aspects of liberty in more nuanced ways. For both, markets offer chances as well as risks for freedom understood as personal autonomy. The solutions Smith and Hegel offer to these problems, although different in focus, show that both of them aspire to a richer notion of individual freedom than the mere absence of obstacles. On the relation between negative freedom and the social whole within which it operates, their views differ: whereas for Smith, negative freedom is self-reinforcing and automatically leads to dimensions of freedom traditionally described as 'positive,' for Hegel, the two notions of freedom must supplement each other. Analyzing their accounts shows that questions about the meaning of freedom must be asked with an eye to the contexts of freedom, one of which is the market.

The conclusion draws some more general lessons. Smith's and Hegel's pictures of the market have had a deep influence on our ways of conceptualizing the social world, and, as such, they have also had a lasting impact on political theory. Becoming aware of these pictures *as* pictures helps us to open up new questions and to challenge unconsciously held assumptions. Taking the market seriously matters in particular for 'non-ideal' or 'less ideal' theorizing, which is where many of the most relevant discussions of political theory take place. For this, it is crucial to understand the intellectual heritage that has formed our conception of the economic realm.

A revised version of the thesis is under contract with Oxford University Press.