

## A GREEK TRAGEDY? A HEGELIAN PERSPECTIVE ON GREECE'S SOVEREIGN DEBT CRISIS

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**ABSTRACT:** Focusing on Greece, this essay aims to contribute to a philosophical understanding of Europe's current financial crisis and, more generally, of the aporetic implications of the modern determination of freedom as such. On the one hand, I draw on Hegel's *Philosophy of Right* in order to argue that modernity entails a potential conflict between a market economy and a state that is supposed to further the interests of the society as a whole. On the other hand, I draw on Sophocles' *Oedipus the King* as well as on Hegel's account of tragedy in the *Phenomenology of Spirit* to reinterpret the conflict between the spheres of civil society and the state as a tragic conflict. Modernity threatens to undermine itself from within, I maintain, because the simultaneous development of capitalism and democracy makes it very hard to prevent the sphere of particular interests from encroaching upon the sphere of politics.

**KEYWORDS:** Greece; Debt Crisis; Hegel; Philosophy of Right

For some years now, the world is being flooded with a financial crisis the successive waves of which seem ever more difficult to contain. At the heart of this crisis is the necessity – within a capitalist economy – of constant economic growth and the view that this growth is best realized by letting the market operate as freely as possible. By unleashing this freedom, however, recent and current governments have allowed investors to generate profits in ways that contributed ever less to actual economic growth, let alone to the flourishing of the society as a whole. Today we see politicians desperately trying to ward off the attacks of creditors on national budgets and, with regard to the financial world as a whole, fighting what Hegel once called a “wild beast”

requiring “strict dominance and taming”.<sup>1</sup> At this point it is difficult to tell what will be the long-term impact of the current crises on Europe, the US, and the world as a whole. Yet it seems to me that this crisis calls for reflection not just on its causes, but also – in the case of philosophy – on the logic at work in the events that led up to the situation in which we find ourselves today.

In the hope to contribute to such a reflection, the present essay focuses on the current crisis of Greece, which I take to expose features that no less characterize the situation of other European countries, Europe, and the US. Looking at Greece, we are faced with a truth that concerns all of us and is extremely hard to bear. Accounts of the recent history of Greece – starting with its entering the euro zone in 2001 – are likely to refer to the tragic blindness of the individuals and institutions involved as well as to the tragic character of the events that threaten to result in the bankruptcy of the state and perhaps even in the end of the euro. The lot of Greece can also be called tragic because of the many citizens that are faced with unemployment, the closure of their shops, huge debts, and an increasing insecurity as to their own future, that of their children, and of the society as a whole.

Yet this essay is not concerned with these concrete forms of human suffering. It rather aims to understand the current financial crisis from a vantage point that differs from both liberal political theory and Marxism, not in the least by shedding the optimism inherent in these positions. An alternative way of reflecting on the dynamic of historical events – one that has repeatedly been employed in modern philosophy – originated in Greek culture itself. Responding to the crisis caused by its modernization during the fifth century, classical Greek culture produced tragedies that aimed to grasp the nature of the conflict that was undermining the society from within. Hegel, drawing on the insights articulated in Greek tragedy, can be said to have transformed its core elements into a conceptual tool that informs not just his account of Greek culture in the *Phenomenology of Spirit*, but his philosophy as a whole. In what follows I will draw on a modified version of Hegel’s conception of tragedy in order to reflect on Greece’s financial crisis – and hence on the aporetic implications of the modern determination of freedom as such.

Apart from his account of tragedy, Hegel’s philosophy is also relevant to the present essay because he was one of the first intellectuals to address the enormous challenges that a market economy poses to states that are supposed to further the interests of the society as a whole. For this reason I will also discuss the section of his

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<sup>1</sup> G.W.F. Hegel, *Jenaer Systementwürfe I: Das System der Spekulativen Philosophie*, edited by K. Düsing and H. Kimmeler (Hamburg: Felix Meiner Verlag 1986), 230, partly translated by H.S. Harris and T.M. Knox as ‘Hegel’s First Philosophy of Spirit’ in *System of Ethical Life (1802/3) and First Philosophy of Spirit* (Albany: SUNY Press 1979), 249, translation modified.

*Philosophy of Right* that deals with the potential conflict between the complementary spheres of economics and politics. As I see it, this analysis is only one step away from an interpretation of that conflict as a tragic conflict. This is precisely the step that I hope to take in what follows. However, this step requires a few preparatory moves. Let me set the scene by briefly recalling the story exposed in Sophocles' *Oedipus the King*.

#### 1. OEDIPUS THE KING

Oedipus' tormented life is defined by a twice-repeated oracle. According to the first oracle of Phoebus he was doomed to kill his father and marry his mother – hence his expulsion from Thebes as a newborn baby. Having been adopted by the king and queen of Corinth, he at some point begins to doubt about his lineage. In order to discover the truth he consults the priests of Phoebus. Instead of telling him who his real parents are, the oracle tells him that he is doomed to kill his father and marry his mother. Fleeing his foster parents in order to prevent that from happening, he unknowingly meets his real father on the road and kills him. Upon arriving in Thebes some time later, he frees the city from the Sphinx that had terrorized the city by devouring those who failed to solve its riddle. Thebes rewards Oedipus by making him king and letting him marry the recently widowed queen Jocaste – which means the fulfillment of the second part of the oracle. Many years later, the unpunished murder and incest committed by Oedipus infect the city with a pollution that plunges it into a crisis much deeper than the first, a crisis that a priest describes to Oedipus as follows:

King, you yourself  
 have seen our city reeling like a wreck  
 already: it can scarcely lift its prow out of the depths, out of the bloody surf.  
 A blight is on the fruitful plants of the earth,  
 A blight is on the cattle in the fields,  
 A blight is on our women that no children  
 are born to them; a God that carries fire,  
 a deadly pestilence, is on our town,  
 strikes us and spares not, and the house of Cadmus  
 is emptied of its people while black Death  
 grows rich in groaning and in lamentation.<sup>2</sup>

According to a third oracle from Phoebus, Thebes can only be saved by driving out “a pollution grown ingrained within the land, . . . not cherish it till it is past cure”,<sup>3</sup> which

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<sup>2</sup> Sophocles, ‘Oedipus the King’, in: D. Grene and R. Lattimore, *The Complete Greek Tragedies*, Vol. II, (Chicago: University of Chicago Press 1959), v. 22-30.

means more concretely that the murderer of Laios must be found and expelled from the city. The actual play then shows us how Oedipus tries to discover the cause of the pollution and finally realizes that all traces lead to himself. No one is to blame for Thebes' second crisis except the man whose first act consisted in liberating the city from an archaic form of terror (the Sphinx) and hence allowed Thebes to prosper for many years.

Now it seems to me that at least three elements of the play point to insights that do not just concern the story of Oedipus life, or Greek culture, but human life as such. Firstly, Sophocles' play deals with a pollution that is caused from within rather than from without: although Oedipus appears to be a stranger to Thebes, it turns out that he is the son of the former king and queen. Secondly, if we assume that oracles cannot be overruled, it was unavoidable that Thebes be plagued by the pollution caused by Oedipus' deeds. Moreover, the play makes it clear that the second crisis of Thebes results from the very same cause as its earlier flourishing, that is, from the arrival of Oedipus. Thus, that which initially saved Thebes is at the same time that which threatens to destroy it. This is also true of Oedipus himself. Out of pity, a shepherd saved his life as a baby, thereby making possible the disastrous fulfilment of the oracle. As the seer Teiresias tells him: "It is this very luck that has destroyed you".<sup>4</sup> Thirdly, the play illustrates how human beings tend to ignore or deny the self-undermining dynamic exemplified by the fate of Thebes. They can hardly bear to see the truth or, if they do, prefer not to speak their mind for fear of repercussions. The only person who recognizes the murderer in the new king of Thebes is the servant of Laios, who survived the murdering of his master and became a shepherd again – the same shepherd that originally saved Oedipus when he was a baby. Yet he remains silent and initially refuses to speak even when cross-examined by Oedipus.<sup>5</sup> Oedipus, for his part, repeatedly refuses to take seriously any information that might endanger his own position. Not just in Greek culture, there is an inherent tendency to silence critics or messengers of bad news.

Oedipus finally realizes the true meaning of the events that mark his life and that of Thebes. He realizes that he himself has caused not just the prosperity of Thebes, but also the contagious plague that threatens to destroy it. With regard to the current sovereign debt crisis in Greece, a plague that is no less contagious, commentators have begun to voice a similar insight in books, newspapers, and other media. Yet the response of more conservative commentators and politicians is more similar to the stage

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<sup>3</sup> *Ibid.*, v. 96-97.

<sup>4</sup> *Ibid.*, v. 442.

<sup>5</sup> *Ibid.*, v. 759, 1146.

of denial that Oedipus went through. In their view, the crisis is caused by a number of contingent elements. If one or more of these elements had not been in place, Greece and Europe would not have been in trouble. They might be right. Yet in order to approach the current crisis from a philosophical point of view, one has to assume that the recent history of Greece, Europe, and the modern world at large testifies to a certain necessity or to a certain logic. On the other hand, any account of this history remains empty unless it draws on given material. That is why the next section considers a few facts about contemporary Greece.

## 2. GREECE

Much of what I discuss in this section is derived from Jason Manopoulos' illuminative *Greece's Odious Debt: The Looting of the Hellenic Republic by the Euro, the Political Elite and the Investment Community*, published in 2011.<sup>6</sup> Between 1453 and 1821 Greece was occupied by the Ottoman Empire. During this time, people were obliged to pay high taxes to the Ottoman rulers and tried hard to avoid doing so.<sup>7</sup> After its independence Greece became a monarchy, but behind the screens Great Britain and the US came to exert a huge influence on national politics. While the political system was formally democratic, it was actually bound up with a pre-modern, clan-based system of relations based on extending and receiving favors – the clientelism that marks Greek politics until today and is the cause of high levels of corruption and political and economical stagnation. After the second world war Greece tried to defeat the Communists, who were supported by large parts of the population. This resulted in four years of civil war and, between 1967 and 1974, in a period of military dictatorship. Despite efforts to eradicate it, Communism remained a popular movement, and to this day Communist trade unions have retained more power in Greece than elsewhere.

Given the fact that Greece has been ruled by foreign powers or dictators for such a long time, it is quite understandable that many citizens are not inclined to identify with their nation state and do not feel obliged to obey its laws or further its ends. Elected politicians, for their part, know that they can only survive as long as they extend favors

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6 J. Manopoulos, *Greece's Odious Debt: The Looting of the Hellenic Republic by the Euro, the Political Elite and the Investment Community* (London and New York: Anthem Press 2011). Similar accounts are offered by M. Lynn in *Bust: Greece, the Euro and the Sovereign Debt Crisis* (Hoboken, New Jersey: John Wiley & Sons Ltd 2011) and by M. Mitsopoulos and T. Pelagidis in *Understanding the Crisis in Greece: From Boom to Bust* (Basingstoke: Palgrave Macmillan 2012). While Lynn's detailed reconstruction approaches the events resulting in Greece's current crisis from the perspective of Europe as a whole, Mitsopoulos and Pelagidis focus on the internal weaknesses of Greece's economic and political systems. See also 'Eine Bombenidee', *Der Spiegel* 39, 26-9-2011, <http://www.spiegel.de/spiegel/print/d-80652382.html>.

7 Manopoulos, *Greece's Odious Debt*, 64.

to particular groups of voters, whether the rich or people from their own region or village. Evidently, this clientelism produces even more skepticism among the citizens as to the impartiality of their politicians or the rationality of its institutions, a vicious circle that is hard to breach. Purporting that its public deficit was much lower than it actually was, Greece entered into the euro zone in 2001. Other elements that spoke against the entry of Greece were its high level of corruption and its disproportionately large military budget. Because of its ongoing conflict with Turkey, Greece spent and continues to spend huge sums on German weapons as well as on French frigates and military aircraft.<sup>8</sup> For these and other reasons, a number of critical economists advised against including Greece in the euro zone or even against introducing the euro at that point in time at all. Yet most politicians, like Oedipus, ignored these warnings. They wanted to include Greece in order to create a common market as large as possible, so as to allow German, French, and other European companies to sell weapons, frigates and coffee machines to the Greeks and, on the other hand, to allow their national and commercial banks to lend them the money they needed to buy these and other products. As Manopoulos puts it,

Brussels knew about the misleading figures. It was in the EU's short-term interest to let the pattern of borrowing and spending continue. This involved German and French banks lending to the Greek government, . . . European banks lending to construction firms and mortgage lenders, and the international bonds market lending to peripheral governments.<sup>9</sup>

For reasons already mentioned, much of the funds that came available after 2001 and of the money lent by European banks went down the drain. Its membership of the EU, Manopoulos writes,

enabled Greece, as a poorer country, to avail itself of generous EU development funds, and later cheap borrowing through membership of the single currency. From the 1980s onwards, . . . buying social peace . . . began in earnest. This continued and morphed into a positive orgy of borrowing and spending after the entry into the euro of 2001. If all the largesse had been spent on welfare, education and infrastructure, the effects might not have been so damaging. Unfortunately, a disproportionately high amount . . . has gone on military hardware, administrative waste, corruption and sham jobs dished out to party supporters. The public sector only grew in inefficiency, bureaucracy and overstaffing and the government effectively became subordinate to the parties rather than to the nation. The

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8 Ibid., 71-75.

9 Ibid., 154, cf. 72.

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populist path was followed almost entirely by all governments from 1981 onwards.<sup>10</sup>

If we abstract from issues such as misleading financial data, a disproportional military budget, cheap credit and a recession caused by an earlier wave of the financial crisis, what we see is a government and a set of institutions too weak to raise above the sphere of particular interests. Under such conditions, citizens, politicians and investors are likely to perceive the state as a means to further their own interests rather than as an institution devoted to the long-term flourishing of the society as a whole. Politicians will tend to try to win votes by creating more public sector jobs, increasing pensions, opposing tax reforms, etc. At the same time, they are likely to preclude reforms of economic regulations intended to let the private sector flourish, because that would reduce their direct influence on potential voters. Since many citizens, in their turn, personally profit from the status quo, efforts to decrease the deficit or implement reforms are not widely supported by the public either.<sup>11</sup> What was and is lacking, in short, is a clear-cut distinction between the sphere of politics and the sphere of civil society. Manopoulos refers to this as follows:

The codependence of short-termist investors and short-termist governments is a seriously destabilising relationship. When we see them erupt with rage at each other, we see something akin to self-loathing.<sup>12</sup>

If we take a bit more distance, what we might also see is an utterly disturbing entanglement of the spheres of civil society and the state. In this respect, the Greek situation mirrors that of the US and, to a lesser extent, European countries as well as Europe as a whole. According to Hegel, a modern state can only be rational if it does not let the sphere of civil society encroach upon itself, but uses the economic activity carried out within this sphere as a means to further the interests of the society as a whole. Yet what is rational may well be very difficult to achieve in actual modern societies, as Hegel would be the first to admit.

### 3. HEGEL'S PHILOSOPHY OF RIGHT

The idea of the modern state that Hegel exposes in the *Philosophy of Right* is based on the insight that the human being as such is free and that states should be organized in

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<sup>10</sup> Ibid., 78-79.

<sup>11</sup> See Mitsopoulos and Pelagidis, *Understanding the Crisis in Greece*, 6-23.

<sup>12</sup> Manopoulos, *Greece's Odious Debt*, 177.

accordance with this principle.<sup>13</sup> This principle entails, on the one hand, the overcoming of feudalism and, on the other hand, the unavoidable rise of an economic sphere based on the principles of a free market. The *Philosophy of Right* responds to both of these developments. Within feudalist systems, the nobility possessed not just domains, but also the peasants and serfs who worked for them. Similarly, a feudal king could conceive of his country and its inhabitants as his private property. Seen in this light, it makes perfect sense to maintain, as Hegel does, that a modern state can only be rational if the government does not represent particular interests opposed to other particular interests, but acts on the basis of universal laws and principles:

The state, conceived as the actuality of the substantial will, an actuality which it possesses when its particular consciousness of itself has been raised to universality, is the rational in and for itself. This substantial unity is an absolute and unmoved end in itself, and in it, *freedom obtains its highest right*, just as this ultimate end possesses the highest right in relation to the individuals, whose highest duty it is to be members of the state.<sup>14</sup>

Passages such as these have often been considered to illustrate Hegel's alleged totalitarianism.<sup>15</sup> Yet they might as well be regarded as a critique of the power formerly granted to monarchs and the nobility, for the freedom that Hegel attributes to the state consists in its capacity to abstract completely from particular interests.<sup>16</sup> Citizens, for

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<sup>13</sup> G.W.F. Hegel, *Grundlinien der Philosophie des Rechts*, edited by E. Moldenhauer and K.M. Michel (Frankfurt am Main: Suhrkamp 1986), translated by H.B. Nisbet as *Elements of the Philosophy of Right*, (Cambridge: Cambridge University Press, 1991), § 273, add. (hereafter abbreviated as PR).

<sup>14</sup> PR, § 258, cf. § 260.

<sup>15</sup> See K.R. Popper, *The Open Society and its Enemies*, Vol. II: *The High Tide of Prophecy: Hegel, Marx and the Aftermath*, 5th ed. 1966 (London: Routledge & Kegan Paul), 27-80. Interestingly, Marx's early critique of Hegel is almost indistinguishable from a critique based on a liberal position: "The idea is made into a subject and the actual relationship of family and civil society to the state is conceived to be its inner imaginary activity. Family and civil society are the presuppositions of the state; they are what is really active; but in speculative philosophy it is reversed. But if the idea is made subject, then the actual subjects – civil society, family . . . , etc., become unreal." K. Marx, 'Critique of Hegel's Philosophy of Right' (1843), in: *Early Political Writings*, translated by J. O'Malley (Cambridge: Cambridge University Press 1994), 2. Hegel, he writes a few pages later, "starts from the state and makes man into the subjectified state; democracy starts with man and makes the state an objectified man. Just as it is not religion that creates man but man who creates religion, so it is not the constitution that creates the people but the people which creates the constitution." (Ibid., 9). Marx' position seems to differ from liberal political theory only by assuming that human beings are capable of acting regardless of their immediate self-interest. In my view, Marx was much more naive than Hegel as to the capacity of a modern society to flourish without a market economy and a strong state. I will argue, however, that Hegel, for his part, was too optimistic as to the capacity of modern societies to preserve the hierarchical relation between state and market, a relation that he rightly considered to be a necessary condition for such flourishing.

<sup>16</sup> "The particular functions and activities of the state belong to it as its own essential moments, and the individuals who perform and implement them are associated with them . . . only by virtue of their universal

their part, should have access to the law and, while pursuing their particular ends, should comply with the law, pay their taxes, and defend their country in times of war.<sup>17</sup>

Thus, for Hegel the idea of a modern state entails on the other hand that *citizens* – rather than the *king* – should be free to pursue their proper ends. Yet he assigns this principle not to the sphere of politics, but to the sphere of civil society. Hegel’s analysis of civil society is an attempt to account for the necessity of a modern market economy in purely philosophical terms. Contrary to the family and the state, the sphere of civil society is characterized by the opposition between self-interested citizens and institutions that allow them to transcend these interests in limited ways.<sup>18</sup> In line with Adam Smith, Hegel stresses that modern forms of production and trade bring about a complex network on which individuals depend for their own means of subsistence. By producing, selling and buying goods, they unknowingly produce

a system of all-encompassing dependence, so that the subsistence, welfare, and rights of the individual . . . are interwoven with, and grounded on, the subsistence, welfare, and rights of all, and have actuality and security only in this context.<sup>19</sup>

More than in Hegel’s days, today this is true not only of the relation between individuals or companies, but also of the relation between states throughout the world.

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and objective qualities. . . . For this reason, the functions and the powers of the state cannot be private property.” (PR, § 277). Contrary to some recent commentators, I do not think that the mode of freedom that Hegel attributes to the state itself can be interpreted as a form of ‘social freedom’ achieved by the citizens of a nation state. This line of thought has been introduced by F. Neuhauser, *Foundations of Hegel’s Social Theory: Actualizing Freedom* (Cambridge: Harvard University Press 2000). Honneth’s and Pippin’s accounts of Hegel’s political philosophy likewise take their bearings from the notion of individual freedom and the intersubjective conditions that have to be met to realize the latter. This entails, in my view, that they cannot bring into focus Hegel’s systematic understanding of the potential conflict between the various spheres of modern societies, in particular that between the economic and the political spheres. See A. Honneth, *The Pathologies of Individual Freedom: Hegel’s Social Thought*, translated by L. Löb (Princeton and Oxford: Princeton University Press, 2010) and R. Pippin, *Hegel’s Practical Philosophy: Rational Agency as Ethical Life* (Cambridge: Cambridge University Press 2008).

<sup>17</sup> “The essence of the modern state consists in uniting the universal with the full freedom of particularity and the well-being of the individuals. It requires, that is, that the interests of the family and civil society converge toward the state, but equally that the universality of the end cannot advance without the form of knowing and willing that belongs to particularity. . . . Only when both moments attain force and preserve this force can the state be regarded as articulate and truly organized.” (PR, § 260 add.)

<sup>18</sup> “Divided in this way, the idea gives a distinct existence to its moments – to particularity it gives the right to develop and let itself go in all directions, and to universality the right to prove itself both as the ground and necessary form of particularity, and as the power behind it and its ultimate end.” (PR, § 184, translation modified). In what follows I will question Hegel’s assumption that the moment of universality is necessarily capable of establishing itself as the power and ultimate end of the moment of particularity, but retain his view that the two complementary sides necessarily become opposed to one another.

<sup>19</sup> PR, § 183.

Yet it would be mistaken to present Hegel's account of civil society as a straightforward defense of a market economy, for he does not share the optimism inherent in accounts such as Smith's. According to Hegel, a capitalist economy left to its own devices produces misery and ethical corruption rather than welfare and stability, as emerges from the following passages:

In these opposites and their entanglement, civil society affords a spectacle of extravagance and misery as well as of the physical and ethical corruption common to both.<sup>20</sup>

The tendency of the social condition towards an indeterminate multiplication and specification of needs, means, and pleasures – that is, luxury - . . . involves an equally infinite increase in dependence and want.<sup>21</sup>

It thus emerges that civil society, despite an excess of wealth, is not wealthy enough, that is, its own distinct resources are not sufficient to control the excess of poverty and the formation of a rabble.<sup>22</sup>

I take Hegel to be arguing here that a modern society cannot flourish without a market economy, but that the latter *at the same time* threatens to destroy the stability of the society as a whole. Therefore the *Philosophy of Right* maintains that modern societies must possess strong institutions if they are to rein in the forces unleashed by the conception of freedom on which this economy is based.

Even though corporations were being abolished in Prussia and elsewhere at the time that he wrote his *Philosophy of Right*, Hegel believed that they ought to continue to play a crucial role in the modern world. According to the system with which he was familiar, corporations promoted the interests of those who shared the same profession, regulated the price of goods and services, decided how many were allowed to enter the profession, and looked after those of its members and their families who were unable to provide for themselves.<sup>23</sup> At the same time they offered members a way of identifying with a more general aim than their immediate self-interest.<sup>24</sup> Seen from a subjective

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<sup>20</sup> PR, § 185, cf. §§ 241-245.

<sup>21</sup> PR, § 195.

<sup>22</sup> PR, § 245. See S. Avineri, *Hegel's Theory of the Modern State* (Cambridge: Cambridge University Press 1972), 147-154; T. E. Wartenberg, 'Poverty and Class Structure in Hegel's Theory of Civil Society', in *Philosophy and Social Criticism* 8, 1981, 169-182.

<sup>23</sup> PR, § 252. The system of corporations as Hegel knew it developed out of the medieval system of guilds. Obviously, it has very little in common with today's multinational corporations. See G. Heiman, 'The Sources and Significance of Hegel's Corporate Doctrine', in: Z.A. Pelczinski, (ed.), *Hegel's Political Philosophy: Problems and Perspectives* (Cambridge: Cambridge University Press 1971), 111-135.

<sup>24</sup> PR, §§ 253-255.

standpoint, a market economy threatens to reduce individuals to atomistic entities that act exclusively in order to further their particular interests:

If the individual is not a member of a legally recognized corporation . . . his isolation reduces him to the selfish aspect of his trade, and his livelihood and satisfaction lack stability. He will accordingly try to gain recognition through the external manifestations of success in his trade, and these are without limit because it is impossible for him to live in a way appropriate to his estate if his estate does not exist.<sup>25</sup>

Yet this is not the only perspective on the corporation that Hegel adopts. In line with the *Philosophy of Right* as a whole, he also considers the role of the corporations from an objective point of view, which means, in this case, that he considers the state itself to require corporations in order to preserve its rational character and that of the society as a whole.<sup>26</sup> According to Hegel, corporations are vital because they provide the state with the means to prevent the market from gaining the upper hand, something that would reduce citizens to their roles of producers and consumers. In his view, only a state that achieves this aim can be called truly free.

However, Hegel was well aware that the corporations such as they existed in his time had increasingly identified with the particular interests of their members. That is why he argues that the state should ultimately prevent the corporations from positing themselves as ends in themselves:

The task of treating these particular rights [of the corporations] as rights that are in the interest of the state and the legal sphere, and that of subordinating these rights to the universal interest of the state, need to be performed by delegates of the executive power, that is, by executive civil servants and higher consultative bodies . . . that converge in the supreme positions of those who fall directly under the monarch.<sup>27</sup>

According to Hegel, a state can only establish itself as rational if it possesses the means to control the disruptive dynamic proper to civil society, something that under modern conditions threatens to become more and more difficult. In other words, the condition of a market economy – which Hegel endorses – requires not only that the state produce strong civic institutions, but also that it possesses the political force to control these institutions themselves.

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<sup>25</sup> PR, § 253, cf. § 255, add.

<sup>26</sup> “These institutions together form the constitution – that is, developed and actualized rationality – in the realm of particularity, and they are therefore the firm foundation of the state and of the trust and disposition of the individuals towards it. They are the pillars on which public freedom rests, for it is within them that particular freedom is realized and rational.” (PR, § 265, cf. § 262).

<sup>27</sup> PR, § 289, translation modified, cf. § 289, rem.

Evidently, this view of the state cannot be articulated from the perspective of liberal political theory. Contrary to the tradition initiated by Hobbes and Locke, Hegel does not primarily conceive of the state as a means to further the particular ends of individual citizens, even though the latter may have very good reasons to treat the state in this way. Accordingly, he does not think that philosophy should adopt the freedom of the individual as its ultimate principle, because this freedom tends to be defined in terms that are appropriate only with regard to the sphere of civil society, namely, as the freedom to pursue one's particular interests as long as they do not conflict with those of others:

If the state is confused with civil society and its determination is equated with the security and protection of property and personal freedom, the interest of individuals as such becomes the ultimate end for which they are united; it also follows from this that membership of the state is an optional matter. – But the relationship of the state to the individual is of a quite different kind. . . . [T]he destiny of individuals is to lead a universal life; their further particular satisfaction, activity, and mode of conduct have this substantial and universally valid basis as their point of departure and result.<sup>28</sup>

As I see it, Hegel's reason to attribute a certain kind of freedom to the state as such is a critical response to the threat posed by the kind of freedom constitutive of a market economy. He may well have been naive in thinking that a modernized system of corporations could have thwarted the destabilizing effects of a market economy. Yet it seems to me that the *Philosophy of Right* offers an insight into the tension inherent in the modern world that has not lost its pertinence.

#### 4. THE TRAGIC ENTANGLEMENT OF CIVIL SOCIETY AND THE STATE

I take Hegel to argue that within modern societies the relation between state and civil society necessarily turns into a conflict, because the state must prevent the force unleashed by the principle of self-interest from encroaching upon the civic and political institutions intended to further the interests of the society as a whole. Given his remarks on the corrupting effects of a market economy as well as his view that corporations do not necessarily comply with the purpose of the state, Hegel appears to have realized that actual states may not be able to achieve this aim. Clearly, the *Philosophy of Right* does not interpret the conflict between civil society and the state as a *tragic* conflict.<sup>29</sup> Yet it seems to me that Hegel's remarks on this subject might well be reinterpreted in light of the conception of tragic conflicts that he elaborates in the *Phenomenology of Spirit*.

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<sup>28</sup> PR, § 258, rem.

<sup>29</sup> The argument that follows draws on my *On Hegel: The Sway of the Negative* (Palgrave Macmillan 2010).

In the chapter of this work devoted to ethical life Hegel maintains that tragic conflicts emerge whenever a hero mistakes one side of the whole for the whole itself. This view is also brought out by the one passage in which he refers to *Oedipus the King*:

Reality therefore hides the other side, the side that is foreign to knowing, and does not expose itself to consciousness as it is in and for itself – it does not expose to the son the father in the man who offends him and whom he kills, and neither the mother in the queen that he takes as his wife.<sup>30</sup>

Oedipus' fate is tragic because he could not see that the father he was fleeing and the man whom he murdered were but two different guises of the same person, as was the case with the mother he was fleeing and the woman he married. In other words, he did not realize that the law he knowingly followed

is in the essence tied to its opposite; the essence is the unity of both; but the deed has only carried out one law in contrast to the other.<sup>31</sup>

With regard to Sophocles's *Antigone* Hegel likewise argues that the tragic conflict between Antigone and Creon unfolded because they both identified with ethical paradigms that were but one-sided determinations of the good as such. Such contrary determinations necessarily clash, for each side will attempt to establish itself as the ultimate principle of itself and its opposite. This clash is tragic, on Hegel's account, if neither side is necessarily able to reduce its counterpart to a subordinate moment:

The victory of one power and its character, and the defeat of the other side, would thus be only the part and the incomplete work, a work that advances relentlessly toward the equilibrium of both. Only in the subjugation of both sides alike is absolute right accomplished and has the ethical substance manifested itself as the negative power that absorbs both sides.<sup>32</sup>

Clearly, heroes such as Antigone, Creon and Oedipus could only achieve insight into the unity underlying their one-sided conceptions of the good – if at all – after their tragic downfall. Because they did not realize the one-sidedness of their own conception of the real or the good, their attempt to act in accordance with this conception necessarily becomes opposed to its opposite and results into their downfall. It is this self-undermining dynamic that, in my view, informs the *Antigone*, *Oedipus the King* and many other classical tragedies. Whereas it often comes about through the interaction between

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<sup>30</sup> G.W.F. Hegel, *Phänomenologie des Geistes*, edited by H.-F. Wessels and H. Clairmont (Hamburg: Felix Meiner Verlag 1988), 309, translated by A.V. Miller as *Phenomenology of Spirit* (Oxford: Oxford University Press 1977), 283 (hereafter abbreviated as Phen).

<sup>31</sup> Phen 309/283, translation modified, cf. 482/446.

<sup>32</sup> Phen 311/285, translation modified.

two protagonists, this is not necessarily so. Neither is this dynamic dependent on the question as to whether a tragic plot culminates in some kind of reconciliation.

Insofar as Hegel refers to actual tragedies, he is extremely vague as to the way in which the contrary moments of a certain principle can be reconciled. For the present purpose we can disregard the fact that his speculative method presupposes a certain optimism as to the outcome of conflicts. What I propose to take over from Hegel is his view that tragic conflicts unfold whenever contrary determinations of a single principle seek to posit themselves as the whole principle, but neither is necessarily strong enough to reduce its counterpart to a subordinate moment of itself.

If we now return to Hegel's *Philosophy of Right*, it might be argued that in modern societies the sphere of civil society and the sphere of the state are based on contrary determinations of the principle of freedom. Whereas civil society – and a market economy – relies on freedom conceived in terms of self-interest, the state conceives of freedom as the capacity of both the government and those who are being governed to act on the basis of rational principles and laws. Since self-interest is always a particular interest, these contrary determinations can be said to exemplify the logical relation between particularity and universality. Attempting to posit themselves as the whole, both sides necessarily become opposed to one another. Yet if these determinations are entangled to such an extent that neither is necessarily strong enough to subject its counterpart to its proper end, then there is no guarantee whatsoever that the sphere of the state will have the force to posit itself as the ultimate principle of the society as a whole and reduce its other – the market – to a moment of its proper self-actualization. The market might as well succeed in reducing the state to a means through which it can achieve its proper end. In other words, the determination of freedom that allowed societies to vanquish feudalism – that is, freedom conceived as individual self-interest – is at the same time the determination of freedom that threatens to corrupt the determination of freedom represented by the state.

Seen in this way, the recent history of Greece is not tragic because of the suffering caused by its sovereign debt crisis, but rather because of the incapacity of its successive governments to disentangle the sphere of the state from the sphere of civil society and posit the former as the ultimate principle of both. On this account, this failure is not accidental, but testifies to the tragic nature of the conflict that necessarily unfolds between the contrary determinations of freedom constitutive of modern societies. This can be made more concrete by considering that modernity entails not just capitalism, but also democracy.

## 6. THE TRAGEDY OF MODERNITY

While drawing attention to its corrupting effects, Hegel believed that the modern determination of freedom necessarily entailed a market economy. As we have seen, the *Philosophy of Right* does not respond to this insight by claiming that modern states are *necessarily* strong enough to contain the disruptive force of a market economy. Hegel merely argues that a strong state is a *necessary condition* to achieve this end. Yet on the whole his analysis suggests a certain optimism as to the capacity of states actually to control the sphere of particular interests. Hegel could hold on to this view, it seems to me, because he believed that a modern state could – and should – take the form of a constitutional monarchy.<sup>33</sup> In his view, only a monarch can actually stand above the parties and represent the interests of the society as a whole. Apparently assuming that modernity could achieve a synthesis of modern freedom and the rational core of premodern monarchies, Hegel did not consider the modern determination of freedom – that is to say, individual freedom – to entail democracy in the same way as it entailed a market economy. If we give up this assumption, as I think we must, then the relation between civil society and the state becomes more symmetrical – and hence more complicated – than the *Philosophy of Right* takes it to be.

Seen from a contemporary point of view, it is clear that the modern determination of freedom necessarily entails the development of democratic forms of government.<sup>34</sup> Citizens who are successful in trading and gain economical power will at some point in time want to participate in politics as well. As a result, the sphere of politics itself has become a sphere within which struggles between particular interests are played out. Even when politicians aim to act on behalf of what they consider to be the common good, their fate largely depends on their capacity to satisfy the community of voters.<sup>35</sup> There seems to be no essential difference between gaining as many votes as possible and making as much profit as possible. Thus, the sphere of politics has come to reduplicate the struggle between the contrary determinations of freedom that Hegel

<sup>33</sup> PR, § 273, § 279. Hegel's conception of the state does include a limited form of political representation of the so-called estates, a representation based on the election of deputies (cf. PR, §§ 308-309, §§ 311-314). See on this K. Westphal, 'The Basic Context and Structure of Hegel's Philosophy of Right', in: F. Beiser (ed.), *The Cambridge Companion to Hegel* (Cambridge: Cambridge University Press 1993), 260-262.

<sup>34</sup> This is not to say that the development of capitalism and democracy have actually always gone hand in hand or must necessarily do so. But even though their emergence can be thwarted by all kind of factors, it seems to me that both capitalism and democracy are consequences of the determination of freedom constitutive of modernity as such.

<sup>35</sup> Evidently, democracy has in many cases been a most effective way of limiting the power of a small elite and, hence, of furthering the common good. Yet insofar as democracies are likely to put pressure on politicians to act in view of the short-time interests of voters and interest groups, democracy can as well be a way of thwarting the common good.

assigned to the sphere of civil society on the one hand and to the state on the other hand. Unlike Hegel, accordingly, we can no longer oppose the principle of self-interest that characterizes civil society to the principle of universal interest purportedly represented by the government. If modernity entails democracy, and if democracy tends to lack the force to limit the liberal determination of freedom to the sphere of civil society, then it might become increasingly difficult for modern societies to undo the entanglement of the spheres of politics and economy and, hence, to prevent the sphere of particular interests from destabilizing the society as a whole.

As said, Hegel realized early on that the market economy such as it developed in his days at once allowed modern societies to flourish and threatened to undermine the mode of freedom represented by the state. The current crisis – reflected pre-eminently by the case of Greece – illustrates to which extent this threat has become a reality. The sphere of politics is weakened from within by ideological conflicts that are largely animated by the necessity to win elections. It is weakened as well by its increasing dependence on huge amounts of credit to stimulate the economy, prevent the financial system from collapsing, finance welfare programs that are becoming less and less sustainable and comply with a variety of short-term interests of voters and interest groups. The anonymous thing called ‘the markets’, in its turn, has gained power due to deregulation, the increased size of financial institutions, the globalization, increasing self-dependency and virtualization of the financial system, the capacity of this system to act immediately and the already mentioned debt accumulation by national, regional and local governments. As a result, the markets increasingly dictate national and international decision-making processes as well as the policies of intermediary, non-democratic institutions such as IMF, EFSF and ECB. The precarious condition in which Greece, Spain and other countries find themselves today shows that the markets have come to exert the kind of power that used to be embodied by political institutions alone. The mode of freedom represented by the market – self-interest – thus threatens to posit itself as the unique principle of the society rather than as one of its necessary moments.

I have tried to understand this development in a philosophical manner by, first, drawing on Hegel’s conception of the potential conflict between the spheres of civil society and the state and, second, by reinterpreting this conflict as a tragic conflict. This approach makes it possible to view the current events in light of a struggle between two complementary determinations of freedom of which one tends to gain the upper hand, even though this tendency is not necessary in the sense that the current state of affairs could have been predicted. The dynamic at stake does not preclude the possibility that particular political bodies at particular points in time succeed in controlling the

markets, whether by imposing strict regulations on financial transactions, balancing their budgets or in other ways. Yet even governments that achieve, at least to a certain extent, what all governments according to Hegel ought to achieve continue to be challenged by a force that seems ever harder to tame.

If we step back even further from the current crisis, then the tragic conflict between two contrary determinations of freedom might be traced to the utterly precarious condition of modernity as such. The modern conception of individual freedom undoubtedly saved us from premodern forms of political tyranny and gave rise to unprecedented economic, moral, cultural and intellectual prosperity. Think of Oedipus who freed the Thebans from the Sphinx. Yet what if the simultaneous unfolding of the determinations that this modern conception of freedom entails – capitalism and democracy – is at once the source of the political, economic, and financial crises that we witness today? The destabilizing effects produced by the globalizing financial and economic systems call for ever stronger political institutions. Yet given the simultaneous development of democracy, the force of these political institutions tends to be weakened by internal struggles – both at a national and at an international level. In Greece and elsewhere, politicians fight one another, trying to satisfy the short-term interests of their voters, parties or countries rather than to save the community. Even the development of the modern principle of freedom might reach a point at which its destructive effects begin to prevail. If this is true, then democracy as we know it may be less and less capable of containing the dynamic driven by particular interests and hence of preventing the very distinction between civil society and politics from collapsing.<sup>36</sup> Modern societies that owe their life to the principle of individual freedom may well be threatened from within by the implications of this very principle. Think of the pollution that Oedipus turned out to have caused.

One concrete example of this self-undermining dynamic is the effect of the euro. The single currency that allowed Greece and Europe to boom economically now threatens to destroy the very stability and wealth it was meant to produce. “It is this very luck that has destroyed you”, the Greeks – and not only the Greeks – may have to tell themselves. Similarly, whereas democracy saved contemporary Greece from

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<sup>36</sup> In a certain way, this brings us back to the premodern lack of a clear-cut distinction between state and civil society or between public and particular interests, except for the fact that much of the power has moved from the political sphere to financial institutions and corporations. Because within modern democracies the sphere of politics has become increasingly affected by the principle of particular interests, the essential conflict between the political and the economic sphere threatens to become invisible. This conflict reemerges, however, whenever politicians attempt to speak and act in the name of all, an attempt that was preeminently symbolized by Obama’s speeches during his election campaign and the first phase of his presidency. It also reemerges in the dispersed and often inarticulate voices of people who all over the world are denouncing the incapacity of politics – whether democratic or not – to represent their interests.

political tyranny, it at the same time made Greek politics vulnerable to high levels of clientelism, corruption and public debt. At an empirical level, we can certainly blame particular circumstances, governments, politicians, advisors, voters, and investors for the current crisis. Yet seen from a philosophical point of view their actions reflect a dynamic that runs deeper. Oedipus cannot be blamed for killing his father and marrying his mother, in other words, for mistaking one side of the whole for the whole itself. Similarly, modernity cannot be blamed for having unleashed the principle of individual freedom, or, put more concretely, for having allowed capitalism and democracy to develop simultaneously and become ever more interdependent. Whereas Greece and the euro might be saved, there seems to be no escape from a world dominated by the struggle between particular interests, and this despite the many individuals and organizations that selflessly devote themselves to higher ends. All traces ultimately lead to a crucial element of modernity as such.

Is there no way out? Alternatives such as classical communism or China's non-democratic embrace of capitalism seem to be out of the question because the ideal of democracy is too deeply ingrained in the modern world to be abandoned, even when actual democratic processes often seems to come down to fights driven by the short-term interests of voters, financiers and lobbyists. Yet at the same time we see how European countries are letting themselves increasingly be governed by financial institutions erected to protect them against the spreading pollution of abysmal debts, which means that democracy as we know it, whether we like it or not, is already turning into something that shares features with China's bureaucracy as well as with Hegel's outline of a constitutional monarchy no less firmly entrenched in a bureaucratic administration.<sup>37</sup> It is not up to philosophy to present solutions to the crisis to which the development of the modern determination of freedom seems to have led. All it can do is to try to reinterpret the meaning of modernity without negating its utter precariousness – just as Oedipus reinterpreted the meaning of his life just before leaving Thebes as a blind and destitute man.

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<sup>37</sup> Cf. PR, §§ 287-289.