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Source: *The American Journal of Economics and Sociology*, Vol. 54, No. 1 (Jan., 1995), pp. 107-127

Published by: American Journal of Economics and Sociology, Inc.

Stable URL: <https://www.jstor.org/stable/3487414>

Accessed: 15-02-2022 21:45 UTC

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Henry George:

An Unrecognized Contributor to American Social Theory

By ROBERT PETER SIEMENS*

ABSTRACT. It is contended in Part I that *Henry George* should be recognized as an original American *social theorist*. He was a pioneering postmodern contributor to *social theory* who criticized the linear idea of progress and anticipated Durkheim's concept of the "collective consciousness." He recognized the fateful consequences of the separation of *political economy* into "economics" and "sociology." These include the loss of moral considerations from *political economy*, and the rise of a sociology that culminates in the proliferation of meaningless abstractions because it is premised on amoral economic assumptions. His theory of speculative *land* value as the cause of *civilizations'* decline is recapitulated and shown in a larger context. The congruence between George's and *Weber's* concerns and conceptions is detailed. Part II (in the April 1995 issue) concludes by tracing the tragic consequences for modern American social theory, from *Spencer to Parsons*, that result from confusing the value of commodities with the value of land, of private *wealth* with *social value*.

I

"Reconstructionist" Postmodernity

DECONSTRUCTIONIST POSTMODERNISM'S CRITIQUE of modern social theory contends that the formalism and discursiveness of modernity's methods force it to create totalitarian structures that degrade the subject.¹ These are the institutions of bourgeois civil society: religious secularism, individualism, the market economy, and the nuclear family. From a postmodern point of view, these institutions are the "media" which organize the content of the institutions of traditional society: Patriarchal family and religion, traditional authority structures, and natural economy (McLuhan, 1964:8). The modern media are "totalitarian" in an epistemological, if not formally political sense, because of how they organize their material, or content. That is, they organize it into a totality. Modern sociological praxis, by not recognizing the form-giving qualities of its institutions considered as media, accepted the external totalitarian structures as of the subject. Consequently, "modern" sociological praxis lost sight of the subject for, and of, which it is accountable.²

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American Journal of Economics and Sociology, Vol. 54, No. 1 (January, 1995).

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Post-modernism appears as a protest against this suppression of subjective expression. C. Wright Mills articulates this protest against the totalitarianism that the modernization of patriarchal, or traditional, institutions has become. His work is a strikingly reasoned response on behalf of the idiosyncratic, the chthonic, the feminine, the exclusion³ of all of which “modernism” appears to need to achieve as “taken for granted,” to initiate its project. That is, modernism can only go to work after silencing all dissenting voices and removing all anomalous presences. Ethnomethodology deserves some credit for formulating the insight that society requires that conventional rules of conduct are taken for granted as “natural” for everyday life to be possible. Weber only hinted that this must be so in his analysis of law and society.

Modern social theory has thus become a “closed canon.” Closure of the canon, originally a Platonic-Christian concept, has come to stand not only for the exclusion of heterodox voices, but also, in postmodern terms, for the silencing of the subject. Consequently, not only the subjectivities expressed by heterodoxy, but also the open canon to which they were heterodox, has suffered diminishment. Modernity forgets that it has not achieved the orderly incorporation of the subject into its tidy system, but has obliterated a relationship by eliminating the subject. Post-modernism as I understand the concept, cannot abandon the canon for the subjective heterodoxy; but must reopen the canon to bring it back into relation to its “heresies.”

The modern Anglo-American sociological tradition has produced such a “closed” canon. It has, by its closure, authorized an interpretation of its history that gives selected authors the status of founding fathers, and makes selective interpretation of their *corpa* the unquestioned basis for further work, thereby making sociology a “cumulative” science. But the subject becomes lost in the clutter of the accumulated things we know about the subject, making it more subservient to instrumental reason. The consensus on the closure of the Weberian canon, for example, is celebrated by the ritual apologies for writing “another book on Weber” that preface recent efforts to reopen the Weberian canon.

Henry George has been relegated to the anomalous status of an idiosyncratic subject by the modern sociological canon. He has, judging by modern (*i.e.*, present-day) introductory texts, been eliminated from the canon of founding fathers. Judging by the canonical history of the discipline, we will, likewise, find no mention of Henry George in the canonical history of sociology.

American sociology’s neglect of Henry George betokens much more than ignorance of a colorful historical figure. It betokens the problem that American sociology has not finished assimilating its European founding fathers. This “indigestion” of American sociology is most acutely felt in its difficulty assimilating

Weber's Protestant ethic thesis. The difficulty of Weber's thesis, we shall contend for the purpose of this paper, hinges on problems in the modern conception of "progress." Weber and George are both postmodern⁴ because they recognized the problems in the "modern" conception of "progress."⁵

Modernity's conception of progress as "the result of fixed laws . . . which impel men forward" became problematic for George because it did not explain the persistence, and increase, of poverty that accompanied the progress of modern material prosperity (1898A:482). Furthermore, George argued, the modern conception of progress is predicated on a notion of original natural human equality. The modern notion of progress fails to explain why European civilization progressed as it did, and others stood still. This concern with the modern definition of progress was also central to Weber's "Protestant Ethic" thesis. Finally, George argues that the modern theory of progress cannot account for why civilizations progress to a point and then decline (1898A:482). The observed facts are inconsistent with the modern definition of progress as "the result of general and continuous causes," the fruit of "a long race education, which has become permanently fixed in mental organization;" and which "tends to go on . . . to a higher and higher civilization (1898A:481). "The truth of the matter is that the "anomalies" have been the general rule of history" (George, 1898B: 484). All previous civilizations, achieving a level of material culture approximately equal to that of Europe of the fifteenth or sixteenth centuries, have not only failed to achieve "modernization," but have gone into positive decline (George, 1898A:483, 484).

Having arrived on the scene some hundred odd years before the concept of challenging modernity's assumptions had been named, George opposed modernity's grid by substituting a cyclical conception for modernity's linear conception. He did this by resuscitating the ancient idea "that there is a national or race life, as there is an individual life—that every social aggregate has, as it were, a certain amount of energy, the expenditure of which necessitates decay" (George, 1898A:484). George asks us to consider the truth of the "analogy which likens the life power of a nation to that of an individual, . . . that the obstacles which finally bring progress to a halt are by the course of progress; that what has destroyed all previous civilizations has been the conditions produced by the growth of civilization itself" (George, 1898A:484).

The modern theory of progress, and its underlying philosophical assumptions, have neglected a most important truth. It is the truth for which any "valid theory" of progress must account (George, 1898A:484). The postmodern challenge to modernity's totalitarianism (*i.e.*, its tendency to obliterate anomaly, or difference, to create a totality) is to give expression to "the law which thus operates to evolve with progress the force which stops progress" (George, 1898A:515).

George, thus, calls for social theory to recognize the existence of an “anti-grid” or “deconstruction” of modernity’s totalization that is taking place, a visible manifestation of the obliteration (*i.e.*, an organization of the disorganization) we moderns call “progress.” He finds such an “anti-grid” in “[t]he advance of inequality [which] necessarily brings improvement to a halt, and as it still persists or provokes unavailing reactions, draws even upon the mental power necessary for maintenance, and retrogression begins” (George, 1898A:520).

The visible “anti-grid” George has found responsible for the deconstruction of progress is “the ‘internal resistance’ or ‘counter force’” of resistance by the oppressed to the inequality in civilized society. “That resistance must be comprehended if the cycle of civilization is to be explained. It is the resistance, the conflict that rises because of the growth of inequality among the members of civilized society” (Geiger, 1933:531). Racial riots that affected the course of justice in the case of Rodney King provide the anti-grid, for example, to the police bureaucracy. Drug war-lords in the Bolivian jungles and junkies lying in New York and Washington alleys form the anti-grid to modern society’s war on crime. Modern society’s structures rest on chaos and anti-structures which it must repress to maintain its facade.

Our next question is, “How did George come to his astonishingly postmodern conclusions? His postmodernism was, in a sense forced upon him, for he made his observations and arrived at his conclusions on the basis of his experience. He witnessed the social and industrial transformations that the closing of the frontier brought to California. He especially noted that every stage of land monopolization through which Europe had evolved was imposed on the American continent in his lifetime. Thus, his historical situatedness created the conditions that he could see the similarities between the life cycle of civilizations and that of individuals in the “vivid present” of his lived experience (Geiger, 1933:224).

The key to understanding this law of chaos, according to which all civilizations follow a course that climaxes, decays, and collapses, can be found in the concentration of wealth in a few private hands. This process is so insidious in its effects, George believes, because it transforms socially created value into privately owned wealth (Geiger, 1933:535). This alchemy, whereby value, which is originally social in nature, becomes wealth, is the privatization of land. George believes he has discovered a universal law because land has been privatized “under the economic systems of all civilizations” (1933: 535). Modernity’s failure to recognize this essential relationship between civilization and the forces of its destruction makes it susceptible to the tragic circle of continual self-annihilation that has been the downfall of all pre-modern civilizations (Geiger, 1933:535).

Because “land . . . has been privately owned in all our civilizations” (1933:534), George, convinced that the rise and fall of civilization is a function of rent (1933:536), specifically correlates “the fall of civilization with the private ownership of land” (Geiger, 1933:533). Several important consequences flow from George’s perception. First of all, his “‘economic interpretation of history’—the correlation of the rise and fall of civilization itself with an economic process” (Geiger, 1933:561) must be recognized as a significant development independent of Marx’s similar conclusion. Secondly, it represents an American voice anomalous to the Parsonian consensus on the modern American interpretation of its European predecessors. George’s is an American voice that, however anomalous at home, is consonant with an alternative interpretation of the European Fathers.

II

The Congruence between George and Weber’s Theses

IF WE CLAIMED Henry George for postmodernism because he asked us to reconsider the modern understanding of progress, we are forced to concede a post-modern agenda to Max Weber as well. In spite of the consensus of modern sociology, that Max Weber formulated a thesis, Weber himself organized his subject-matter, “modern bourgeois capitalism with its rational organization of free labor” (1958:23) as the central problem of “a universal history of culture” (1958:24). “(I)n terms of cultural history, the problem is that of the origin of the Western Bourgeois class and its peculiarities” (1958:23). Like George, Weber challenges the modern assumption that modernity is the goal of history. His interest is to “question . . . the specific and peculiar rationalism of Western culture” (1958:26).

Furthermore, like George, Weber concedes the “fundamental importance of the economic factor” in the development of cultural history. And, like George, he is fully aware of the grid that modernity imposes on society. So, like George, he creates an “anti-grid” out of “the opposite correlation” that “the development of economic rationalism is . . . determined by the ability and disposition of men to adopt certain types of practical rational conduct” (1958:26). Interpreting Parsons’ translation, “Other grids besides the modern one have been imposed on men of other times and places.” These “other grids” include “the influence of certain religious ideas on the development of an economic spirit, or the ethos of an economic system.” Weber challenges sociological acceptance of the modern grid, and its self-destructive effect, when he asks us to consider the religious grid “the side of the [sociological] problem [of modernity] which is generally most difficult to grasp” (1958:27).

Weber defines the ethos as “that form of ethical conduct upon which premiums are placed that matter. Such premiums operate through the form and the condition of the respective goods of salvation. And such conduct constitutes ‘one’s’ specific ‘ethos’ in the sociological sense of the word” (Weber, 1946, 1958:321). Weber is, in other words, defining spiritual values, which, when so defined, can be factored into economic equation, and thus, be “taken into account,” not only metaphorically, but literally. Economics achieved, with Alfred Marshall, the status of an exact science because it measures subjective “values” in dollars and cents.

Weber, like George is interested in the relationship between “the economic man” (1958:174) and his characteristic religious ethos, which is secularism. This secularism that characterizes modernity has historically discernible, culture-specific, origins: “That great historic process in the development of religions, the elimination of magic from with the old Hebrew prophets and, in conjunction with Hellenistic scientific thought, had repudiated all magical means to salvation as superstition and sin, came here (*i.e.*, in modern secularism) to its logical conclusion” (1958:105). This conclusion made technical utilization of scientific knowledge the authority for social morality, and the technological organization of social life, reality (Weber, 1958:24-5).

This secularization of the Puritan ethic has brought about a new relationship between economic activity and its moral guardians. The secularization process has proceeded through a series of developments deriving their impetus from religious sources. For example, the modern labor force was created by depriving “(t)he moral conduct of the average man . . . of its planless and unsystematic character and subject[ing it] to a consistent method for conduct as a whole” (1958:117). The other side of the coin is the privatization of land that transformed medieval peasants into modern proletarians in need of such discipline as Puritanism provided.⁶

Weber considers Puritanism the second last stage of a long process of secularization. This religious ethos culminated in Puritanism creating a human subject that is dependent on society for its individuality. The final stage of this secularization process, characterized as modernity, eliminates God from the cosmological equation, or deifies society. The meaning of morality becomes problematic for Weber in this context, because the individual competes in and contributes to a structure so abstract that there is no longer any personal element to the competition/contribution. Furthermore, the rules that govern successful interaction in this way of life are not those of personal and family life that can be learned as a child and controlled by religion, but those of science. The concept of morality finally becomes meaningless, or a luxury for those who can afford the sacrifices its cultivation demands.

The entire concept of an economic ethos, in Weber's sense of religious beliefs influencing economic activity, becomes implausible because it has been obliterated by modernity. The basis of the economic "ethos" has become meaningless because the dynamics of the market "determine the lives of all the individuals who are born into this mechanism . . . with irresistible force" (Weber, 1958: 181). Competition for survival and the conditions of the labor, money and commodity markets are decisive; "matter-of-fact considerations that are simply non-ethical determine individual behaviour and interpose impersonal forces between the persons involved" (Weber, 1978:1186). "(U)nder capitalism all patriarchal relationships are divested of their genuine character and become impersonal" (Weber, 1978:1188).

Under the auspices of modernity ethics becomes subjective and economic activity, impersonal. This makes it possible for the financial transaction to escape from ethical, personal, control and become a powerful tool of exploitation. Suffering is no longer the result of visible abuse of power in personal relationships, as it is in traditional societies, but the consequence of structural inequalities that are accepted as part of the "natural order" discovered by science, and nobody can be called to account. The subjective discipline that the Puritans accepted voluntarily, and which set them apart, has become the ethos of the ruling class in North America. Its religious motivation has disappeared, but the way of life that it has produced continues to exist from sheer inertia (Weber, 1958:181).

Implicit in Weber's analysis is the irony that the Puritan disenchantment of the world obliterated the traditional assumptions held by the Hebrew prophets, the basis on which they repudiated "magic" and "superstition." The Puritan routinization of the Hebrew prophets' "charisma" substituted a natural science conception of "magic" and "superstition" for the original social conception under the auspices of Evangelicalism. Evangelicalism (*i.e.*, "modern" spirituality) has substituted the rules of natural scientific thought for defining "magic" and "superstition." The Hebrew Prophets, who apparently initiated the project of modernity by eliminating "magic" and "superstition" from everyday life, judged magic and superstition according to the rules of social justice. That is, a practice was considered "magical" or "superstitious" if its practice involved social injustice. The difference between present-day modernism and modernity's origin is that a substitution has been effected. "Modern" rules that obliterate the evidence of social injustice have perverted the traditional rules that are modernity's origin. This, of course, is necessary for social value to be transformed into private wealth.

Perhaps Weber could not look past modernity in part because of his historical situatedness. The difference between Western Europe and North America as providing points of view is that Western European economies were dominated

by a series of empires beginning with the emergence of Venice from ethical traditionalism, followed by Calvinist Holland which liberated the profit motive from its traditional religious restraints, only to be superseded by Puritan England where pursuit of the profit motive was transformed into a positive religious duty, which reached its secular telos in Baptist USA where the capitalist ethos found unencumbered expression in backwoods New England.

Backwoods New England had become cosmopolitan by Henry George's time as the line of the frontier (which Weber visited in Oklahoma, but on which George lived from the time that he moved to California) pushed steadily West, pressed by the economic strictures of the modern capitalism Weber described in his thesis. Weber, in conclusion, although essentially an analyst of modernity, pointed the way to the necessity for an "other" to modernity. And, although his experience is of modernity, his response to it is a call for that "other" that will avert the living death which modernity become totalitarian is. George's experience, however, is post-modern. He lived where Weber only visited! The process of secularization that is presented as taking the course of centuries in Weber's analysis was compressed into the experience of George's lifetime. Thus, though George uses "modern" expression, his impulse is to recover the understanding of "progress" that was implied in the Hebrew prophets' recognition of the social nature of the "magic" and "superstition," *i.e.*, the omnipresence of injustice and oppression that needs to be eliminated from economic life that is postmodern.

III

Weber's Failure

KURT WOLFF takes Weber to task for his alleged failure to take Spengler's concern with the decline of the West seriously. This charge then becomes the theme of an argument against the canonized interpretation of Weber's *corpus* as part of the encumbrance of a tradition that has led the West to dig its own grave (Wolff, 1991:45). Wolff critiques Weber's European interpreters, Scheler and Schutz, for failing to apprehend the West's self-destructive path and lays the blame at Weber's, the founding father's, feet. We suggest that not Weber, but his interpreters, constitute the tradition that needs to be corrected before we can surrender to such an interpretation of Weber, despite its promise of a sustainable future (Wolff, 1976).

In fact, Weber, George, and Spengler all share a common perspective: They all seriously considered the West's place in world history as a whole. Furthermore, all three share a similarly pessimistic vision in which the Anglo-American

dominated West is compared to decadent Rome of antiquity, and for which all predict a similar decline.

To understand the failure of the tradition Weber engendered to apprehend the crucial issue of Weber's, and our time, we must reexamine the basic thesis of Weber's evaluation of the West. This is the thesis that the Protestant sects rationalized economic life to the point that ethical considerations enforced by ecclesiastical authorities are no longer needed to ensure the smooth functioning of the economy.

While acknowledging Weber's abhorrence in anticipation of this "new order," Wolff does not recognize Weber's scenario as a depiction of the decline of the West. Weber's celebrated thesis comes into focus as sharing Spengler's concern by considering the separation of ethical from economic spheres of conduct as the main source of Weber's apprehension for the future. Weber's concern, so focused, is George's similar concern, by him couched in a vocabulary that resonates with Spengler's concern more clearly than do Weber's writings. George's concern with the separation of ethics and economics was that it made possible the confusion of land with capital goods, ultimately making monopolization of land (the force of civilizations' decline) possible and inevitable. Evangelicalism (secularized Puritanism) provides the superstitious and magical legitimation of this confusion by accepting the Hellenistic definition of these terms.

We recognize George's "modernism" as Hebrew, and relational, rather than Hellenistic and subject-object oriented, from the fact that his concern with poverty was based on an ethical interest in the relationship between "poverty and the processes of economic life," in the "realization that human life, with all its ideals and hopes, all its 'values' is conditioned by [its] social setting" (Geiger, 1933:516). Kurt Wolff attributes this discovery to Mannheim. George anticipated Mannheim's concern as depicted by Wolff (1991). Not only George, but Giambattista Vico as well, is conventionally credited with this insight (Gellner, 1985: 10). Weber's defense of the need for ethical regulation of modern economic life is a *de facto* recognition of the Viconian principle that civil society is a human creation and therefore a human responsibility. Technological authority removed this human creation from human responsibility. This resulted in Weber's professed dread of a way of life filled with technical means but lacking moral ends on behalf of which to exert the available means.

George shares Weber's distinctions and Viconian assumptions, but avoids self-impalement on the Weberian dilemma by introducing a mediating third term into his discussion: Society, "the Greater Leviathan," as he characterized it. And, if economics is concerned with the production and distribution of wealth, the goal of sociology, George asserts, is to translate concern with poverty amid plenty "from terms of political economy into terms of ethics" (1898A:333). He

considered economics a branch of ethics because economic operations have moral consequences. The destructive consequences of poverty stem from its distorting influence on the subject's moral perspective, leading it to antisocial action.

Social injustice, the root of poverty and cause of social decline,⁷ is a problem that was traditionally dealt with by spiritual (ecclesiastical in the West) authority. In the face of modern secularization, "philosophy must be supplemented by the social sciences; moral problems must be translated into the vocabulary of social problems" (Geiger, 1933:550-551). Thus, we arrive at the consideration for which we argue that George should be given "founding father" status. He formulated the fundamental "law of society [as] each for all, as well as all for each" (George, 1898A:435). No one is self-sufficient, but all our actions, good and evil, affect others.

The inequality that flows from private property in land violates this fundamental "law of society," which is universal, grounded in justice, and as immutable a law of nature as any of the laws of physics. George's conception of "natural law" parts company from that of his modern contemporaries in that he refuses to reduce the moral expression of this natural social law which "relates to spirit, to thought, and will" (1898B:437) to its economic expression. The evidence for this law, George believes, lies in the consequences of ignoring it, as the experience of all past civilizations attests. The "social fact" that institutionalized and structured inequality and injustice bring about tangible social evils is empirically verifiable. The economic and moral laws are linked together through the social law that makes wealth subservient to morality. Social injustice brings economic consequences that are detrimental to the economic interests of their perpetrators themselves.

This natural social law finds economic expression in the fact that "association or integration . . . give[s] rise to a collective power which is distinguishable from the sum of individual powers" (George, 1898:515). Exchange is the source of this "enormous increase of productive power" (George, 1898B:400). This fact, that "the whole is greater than the sum of its parts," is expressed by the law of exchange. Value is created by co-operation, and exchange is one form of cooperation. Consequently, economic considerations must embrace all aspects of human life, not merely the material satisfactions of abstract consuming individual units.⁸

This fact of ethical bearing on economic considerations easily becomes obscured, George argues, in considering the nature or production of wealth because no consideration of the ethical ideal of right or justice is required (1898B:452). "The idea of ought or duty becomes primary" only when "we turn from a consideration of the laws of the production . . . to a consideration of the laws of

the distribution of wealth” (1898B:452). Relating George to Weber, we can see how the Spenglerian or cultural and historical dimension of Weber’s concern came to be obscured by his preoccupation with the capitalist mode of production, rather than it would have been had he emphasized the distribution of wealth in capitalist society.

Spengler’s postmodern (*i.e.*, in the literal sense of a concern with modernity’s demise) emerges when we recognize, as did George, that the enormous technological improvement of modern civilization “is not an improvement of human nature; it is an improvement of society—it is due to a wider, fuller union of individual efforts in the accomplishment of common ends” (1898B:20). The Spenglerian “Angst” comes to make sense as a failure of the moral will when we consider the “improvement of society” in teleological terms. Does the history of civilization contain the germ of its decay from its very conception? Is the separation of economics and ethics, the isolation of means from ends, the mechanism by which the rational capitalist civilization of Western European modernity will be brought into decline?

Using this thumb nail sketch of George’s social philosophy as a backdrop (to mix metaphors!), we see several critical Weberian themes emerge. Sources of despair for Weber, such as the loss of moral authority in social life, the tyranny of economic forces set free from the constraints of social ends, however, pose no quandary for George. Holding the moral, social and economic laws in mutual interdependence, George formulates the law of freedom as the ground of the laws of human, social and economic life. “[I]t is only in independent action that the full powers of the man may be utilized. The subordination of one human will to another human will . . . must always where intelligence is needed, involve loss of productive power” (1898B:393). George uses the examples of “slavery and . . . governments (as is the tendency of all government) unduly . . . limit[ing] the freedom of the individual” (George, 1898B:393).

The postmodern interpretation of the Weberian tradition must take Henry George into consideration. It must recognize the tragic consequences of separating ethics and economics. The postmodern sociological imagination initiates its play with the recognition that our technological mastery of our material environment requires a corresponding mastery of our intellectual and moral environments as well. “Greater social intelligence and a higher standard of social morals” become imperative to ensure that technological capability is used to meet social ends. The tragedy of Somalia graphically illustrates how severe the problem George apprehended a century ago has become.⁹ Furthermore, justice and equality are the preconditions for a healthy moral environment as well as for an educated populace. Educating the subject

to injustice and inequality it is helpless to alleviate, only breeds cynicism and despair (George, 1963:192).

George's "holistic" approach to the social sciences was, on the whole, dismissed by the gatekeepers of his day, those who conferred "founding father" status on those they considered worthy. The next section of this paper concerns itself with the sociology of knowledge question of how such a fundamental insight, consonant with the findings of the European founding fathers, can have come to be dismissed so completely. For, as George pointed out, this dismissal of the right of ethical claims over the economy denies "the 'self-evident' truth . . . of the Declaration [of Independence]."

The right to life, liberty, and the pursuit of happiness "are denied when the equal right to land—on which and by which men alone can live—is denied. Equality of political rights will not compensate for the denial of the equal right to the bounty of nature. Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages" (George, 1898A:545).

IV

The Miscarriage of Political Economy

GEORGE CONSIDERED the unjust distribution of wealth in modern society to be the result of "the miscarriage of political economy, . . . [and which he] traced to the adoption of an erroneous standpoint" (George, 1898A: 162). This miscarriage of political economy" lay in the failure of the so-called science (*i.e.*, of scholastic political economy) to define its subject-matter or object-noun" (1898B:181). Failure to define its subject-matter, wealth, has resulted in the confusion of wealth and value, of power and production, of ethics and science. With the result, as we saw, of ethics being banished from economic considerations. Thus, an ethically deficient economics has become authoritative for ethical decision-making by governments and businesses alike.¹⁰

This failure to clarify its key term has resulted in political economy making a series of critical errors in its development. The first of these is a confusion of the terms "natural" and "minimum" on the part of "both Smith and Ricardo [who] use the term 'natural wages' to express the minimum upon which laborers can live; whereas, unless injustice is natural, all that the laborer produces should rather be held as his natural wage" (George, 1898A:163).

Among the most serious consequences of this confusion is that the law of diminishing returns was only applied to agricultural production. Consequently, economic teaching produced " 'the law of diminishing productiveness in agriculture.' But the law is not peculiar to agriculture" (George, 1898B:358). The

production of wealth requires space in no matter what form or mode it takes place. An increasing concentration of labor-power in a limited space only utilizes the available cooperative power up to a point, at which overcrowding begins and the productive power of all present is diminished with every further increase of labor-power. By generalizing the so-called "law of diminishing returns in agriculture" to prove that it is merely an application of "the spatial law of material existence," George considers himself to have proved that the physical, economic and moral universes are all susceptible to one law (George, 1898B:359, 360).

George's theory of natural law is significant for our Spenglerian concern because George's conception of the law of decline is not based on an analogy with the life cycles of biological nature. It is, nonetheless, equally directly empirically verifiable in the economic consequences of the relations of human social nature. The question remains, then, why has the Spenglerian concern not been addressed, tested empirically, and either verified or disproved?¹¹ Wolff censures Weber for failing to address this question, and by implication, all who followed him. Is its failure to be taken seriously really the result of undetected errors in the formulation of the founding fathers of political economy? Errors that have become part of the "family disciplines" of all the social sciences?

The historical evidence supports George's thesis that modern economics incorporates political economy's flawed origins. The incorporation of the founding fathers' errors is characterized by the transition from political economy to "economics," first recognized in the *Encyclopedia Britannica* in 1886.¹² The fatal elimination of ethics from economics is achieved by its practitioners constantly increasing the importance of statistics in economic discussion. The moral considerations that were part and parcel of political economy's original considerations, have been dismissed from economic consideration because they cannot be expressed by the rules of arithmetic. Political economy, as modern economics, has been reduced to the science of calculating commercial transactions, without regard for their larger human implications.

This elimination of ethical from economic considerations made the confusion of wealth and value, production and power, possible. Furthermore, as a result of this confusion, "the writers on political economy have treated exchange as a part of distribution" (George, 1898B:400) when "it properly belongs to production. It is by exchange and through exchange that man obtains and is able to exert the power of cooperation which with the advance of civilization so enormously increases his ability to produce wealth" (George, 1898B:400-401).

The confusions George attributes to Smith and Ricardo thus, when we consider the economy in relation to the totality of human reality, actually stifle altogether what C. Wright Mills has called the "sociological imagination." Classical political economy's errors have prevented social theory from coming to self-consciousness

in American society. By treating the value created by exchange as a part of distribution, the social nature of exchange-value became obscured. The value of sociology failed to be realized as a result; and social theory arrived at its present state of general disrepute from without and self-doubt from within.

v

The History of Sociology's Failure

TO UNDERSTAND SOCIAL theory's present-day failure we must return to the discipline's modern origins. Although we do not want to commit the "genetic fallacy" of implying that the "fate" of modern sociology was written Oedipus-like into its birth, we do concur with Henry George and Sigmund Freud that the unconscious motives of our genetic origins (whether cultural or biological) must be brought to the surface as a precondition to progress toward the freedom that is our goal. A "postmodern" social theory must proceed in consciousness of the unconscious motives that directed modernity to its characteristic expression.

Our focus is the "fate" of the modern relationship between ethics and the economy. We have seen that a separation of these two spheres of life has led to uncertainty as its best expression, and to totalitarianism and genocide as its worst (Wolff, 1991).¹³ This unhappy state of affairs has taken place, to extend George's argument, because unconscious forces were repressed by modernism (defined as external-orientation). For, "despite . . . insistence upon the 'scientific character' of [political economy], the classic writer were . . . rationalizing their own ethical predilections, or rather those of their backgrounds" (Geiger:1933:80).¹⁴

The reason the classical writers produced a flawed theory, in other words, is because they refused to engage the role of their own moral assumptions in the development of their theory. Consequently, moral ideals and economic values were allowed to go their separate ways. Transposing Freud's insights to the political-economic level, we encounter Marx's sociology of knowledge dictum that economic interests determine moral values. And we see, when we examine the historical records, that economic interests have created the ideal of "interest-free" sociology. George traces the source of this "repression" of legitimate demands of the moral instincts to the "constant tendency" on the part of the canonized treatises on political economy to assume "that landowners, through their ownership of land, contribute to production" (1898B:410).

The first significant sociological expression of this fateful separation of economics and social science from ethics is that of Herbert Spencer, who repudiated and withdrew his published views when Henry George claimed him as an au-

thority figure to gain legitimacy in the academic world. Spencer extricated himself from the Weberian dilemma by distinguishing “between the ‘purely ethical view of the matter’ and the ‘political-economical view’ and stat[ing] that they apparently did not harmonize” (Geiger:1933:296).

We recognize Weber’s concern with the relationship between personal ethics and morally neutral economic life. The former are ideal, the latter pragmatic. “‘Social Statics . . . was intended to be a system of political ethics—absolute political ethics, or that which ought to be, as distinguished from relative political ethics (Geiger, 1933: 296).’” Furthermore, Spencer shared Weber’s dilemma between the irreconcilability of these two spheres (*i.e.*, the ethical and the scientific as expressed in economic laws): “‘I cannot see my way toward are conciliation of the ethical requirements with the politico-economic requirements (Geiger, 1933:297).’”

The implicit tragedy of Spencer’s system of absolute political ethics, which was to be a model for reforming existing institutions (Geiger, 1933:301), is that when George suggested putting Spencer’s ideal into practice (Geiger, 1933: 302), Spencer not only changed his mind, but “fail[ed] to justify his completely reversed opinion on the land question with sufficiently cogent arguments” (Geiger:1933:309). Spencer, in other words, one of the founding fathers of sociology, consciously and deliberately participated in the separation of economics and ethics that became so perplexing to Max Weber.

This separation of ethics and economics, with which Weber was so immensely preoccupied, is characteristic of modernity because it betokens modernity’s partition from feudalism, most specifically in reference to land ownership. For, as anthropologists demonstrate, the only ownership of land among primitive (*i.e.*, pre-modern) peoples was semicomunal (Geiger,1933:305). Classical political economy retained vestiges of its “pre-modern” origin by retaining the “classic distinction between land and capital” (Geiger, 1933:305). The modern perspective, in which ethics and economics, ideals and reality, personal and corporate life have gone their separate ways, approaches the problem of the relationship between land and capital “from the angle of function, an approach which . . . tend[s] to remove such a distinction [as] between land and capital” (Geiger, 1933:101).

This separation, however, introduces the confusion that the new conception of “function” blurs the distinction between wealth and land by permitting both to “function” as capital. “‘The individualization of ownership . . . eventually affects the ownership of land. Bought and sold by measure and for money, land is assimilated in this respect to the personal property produced by labor; and thus becomes, in this general apprehension, confounded with it’” (Geiger, 1933:291).

Another critical juncture in the miscarriage of political economy, as George characterizes the fate of ethics in the modern world, is the quarrel between George and Alfred Marshall, whose *Principles of Economics* was probably the most influential work of the classical political economists' first generation successors. Marshall, because he believed that "The diminishing productiveness of the free soil has a greater influence in lowering wages than the payment of rent fees (Andelson, 1979:64)," represents the errors of the founding fathers in its second-generation guise.

The fate of ethics in the modern economy was sealed when "Marshall, whose influence impacted with great force upon the appointed guardians of the 'new' science of economics (Andelson, 1979:69)," declared rent from land an economic surplus, on the basis of the similarity of land to "some of the other agents of production [which] cannot be produced quickly, so that in the short run their stock is practically fixed" (Andelson, 1979:65-66). Even though George was vehemently dismissed by the established academic economic community, "the disagreement between [George and Marshall] . . . raises questions concerning the scope and methods of economics that are still alive to controversy" (Andelson, 1979:69). Not only has George not been given credit that is his due. His theoretical reasoning that the minimum wage was determined by what an individual could earn by his own effort on rent-free land "anticipated the marginalist revolution in economic theory which is commonly associated with neo-classical economists like Alfred Marshall" (Andelson, 1979:76).

The problem that remains with Marshall's system is that it rests upon a compromise between the short and the long run, as Spencer's ethic compromised between its absolute and relative expressions:—"(I)n the 'short-run'—to use Marshall's phrase—alternative reproducibility is no more present in capital than in land" (Geiger, 1933:109). A short run similarity is used as a heuristic device to gloss a troublesome discrepancy between economic logic and economic practice, as well as to obliterate the ethical problem of the unequal distribution of common goods (*i.e.*, land and benefits from cooperation).

Marshall's influence, and his influential perpetuation of the fathers' errors has had ramifications beyond economics. Talcott Parsons complains that "[T]he expansion of economics into an encyclopedic social science by Marshall and his followers was a form of 'economic imperialism,' which had the effect of 'suppressing the rights of neighboring sciences to an independent existence in the society of the sciences'" (Parsons, 1934,522). (Quoted in Levine, 1985:119).

A further testament to Marshall's significance to Anglo-American sociology is that "a major tradition of work in the social sciences . . . achieved its prevailing contemporary form with the elaboration of marginal-utility economics as codified

by Marshall. Accepting the validity of Marshallian economics was the starting point of Parsons' earliest work.

Parsons believed that Marshall's correction of the previously prevailing conception of *homo economicus* was sound. He affirmed Marshall's attention to the normative and ideal components of action in addition to the utilitarian propensities previously considered exclusively by Anglo-Saxon economists" (Levine, 1985:130).

The alienation of ethics is carried over from economic to social theory by "Parsons . . . [who] had been trained as an economist, and [whose] first publications appeared in journals of economics—and for whose achievements he always maintained the highest respect" (Levine, 1985:120). Consequently, he "yielded to economics the right to set the terms for organizing the whole universe of knowable social phenomena" (Levine:120).

That we have, largely unconsciously, like the founding fathers of political economy, accepted the modern ethic that sanctifies the separation of personal and economic conduct is apparent from our orthodox reading of Parsons. We have forgotten the shadow of the parental authority of economic founding fathers' errors; have we eliminated them, or merely absorbed and forgotten them?

Weber, like Parsons, articulated his theory under the domination of the separation of personal ethics and professional science. "During the first years of this century Weber still viewed himself as an economic historian, showing little sympathy for the efforts of sociologists (Levine:95). Weber, however, did not accept the rejection of ethics from economics, and attempt to work around the claims of economic definitions of reality, as did Parsons. He recognized the "irrational" character that any personal ethos the individual might choose to practice necessarily has in a "disenchanted" world. An ethos only has a rationality in a community in which it is comprehended, respected and reciprocated. Rather than acquiescing to the moral authority of the economic order, Weber took the pose of the devil's advocate by arguing that by reducing the individual's personal cosmos to irrationality the economic order confesses its own irrationality.¹⁵

The closed canon of the modern economic order, by obliterating ethical and social concerns as anomalous to its project, has embarked on a course of self-annihilation. Self-annihilation that is literal, and not metaphorical, because the health of the economy rests on a healthy relationship to the anomalous human subjects whose continued cooperation constitutes the ground of its existence.

Notes

1. Kierkegaard lampoons modern "science," which relegates "that unfortunate wretch, the personal (subjectivity) . . . like a naughty schoolboy, to occupy with shame a place in the corner" (1851/1941:64)."

2. C. Wright Mills argues: "We are at the ending of what is called The Modern Age. Just as Antiquity was followed by several centuries of Oriental ascendancy which Westerners provincially call The Dark Ages, so now The Modern Age is being succeeded by a post-modern period. Perhaps we may call it: The Fourth Epoch" (Mills, 1963:236). "The atrocities of The Fourth Epoch are committed by men as 'functions' of a rational social machinery—men possessed by an abstracted view that hides from them the humanity of their victims and as well as their own humanity." "[T]he highly rational moral insensibility of the Fourth Epoch" are "merely businesslike; they are not emotional at all; they are efficient, rational, technically clean-cut. They are inhuman acts because they are impersonal" (Mills, 1963:238). "The *post-modern* climax of all three developments—in economics, in politics, and in violence—is now occurring most dramatically in the USA and in the USSR" (Mills, 1963:244).

3. The "New Age Movement" is a popular cultural post-modern response to modernity's suppression of these aspects of human experience. Weber, and George, needless to say, represent a more responsible attitude to the postmodern situation.

4. [A]fter modernity, or perhaps at some point during modernity, something new came into being. This something has often been termed 'post-modernity' (e.g. Lyotard, 1984); but because the features of aesthetic modernism also describe its broad parameters, I have called it 'modernism' (Lash, 1987:368). Lash depicts "a surprising convergence between the notion of the modern advanced in contemporary social thought—in Bell, Foucault and Habermas—and in Weber's classical sociological formulations . . . inaugurated in the late nineteenth and early twentieth century" contrasted to the *modernity* [author's italics] of the Renaissance and Enlightenment (Lash, 1987:376).

Henry George's work qualifies for consideration as "modernist," or postmodern, because it was published in the late nineteenth century, and it shares significantly in the congruence with Weber's classical sociological formulations Lash has discovered. And, unlike Bell, and Habermas, George did not have the advantage of Weber's *corpus*, which makes the congruence between George and Weber even more noteworthy than that between Weber, Bell, and Foucault.

Furthermore, the culmination of the trajectory of the congruence in Habermas appears as a lapse back into the Enlightenment modernity from which "modernism/postmodernism" is distancing itself. Habermas has been indicted as a defender of the "liberal enlightenment reason" that has been subjected to "foucauldean and postmodern attacks" (Anderson, 1993:263). Lash, in the end, retreats back to the position from which he began by distancing himself.

5. Weber distinguishes between "progress" as a teleological concept, as in biological evolution's conception of a species adaptation to an ecological niche, and "progress" as in the increasing refinement of technical means to the realization of aesthetic ends (1949:26–38). We can conclude, from this discussion, that Weber's position on the modern notion of progress, even though he did not go on to develop an alternative theory of progress, is consistent with George's.

6. Karl Polanyi's *The Great Transformation* discusses the process of transforming the medieval peasants into modern proletarians by systematic privatization of public land very clearly and in considerable detail.

7. "For at the bottom of every social problem we will find a social wrong" (9). The reason for this, George argues, is that "in man . . . the intelligence which increases all through nature's rising scale passes at one bound into an intelligence so superior, that the difference seems of kind rather than degree" (2). Thus, "With the beginnings of society arises the need for social intelligence—for that consensus of individual intelligence which forms a public opinion, a public conscience, a public will, and is manifested in law, institutions and administration" (3).

That George considers the problems facing modernity requiring a socio-logic for their solution is evident from his observation that: "The intelligence required for the solving of social problems

is not a thing of the mere intellect.” “it must be animated with religious sentiment and warm with sympathy for human suffering.” “It must stretch out beyond self-interest, whether it be the self-interest of the few or of the many” (9). “[A] higher civilization is struggling to be born—. . . the needs and the aspirations of men have outgrown conditions and institutions that before sufficed.” “Natural science strides forward, but political science lags.” “With all our progress in the arts which produce wealth, we have made no progress in securing its equitable distribution” (8).

Continuing failure to recognize and exercise our sociological reason, has the result that “strong as it may seem, our civilization is evolving destructive forces. Not desert and forest, but city slums and country roadsides are nursing the barbarians who may be to the new what Hun and Vandal were to the old” (6).

8. Weber criticizes the “extreme free traders,” who conceived of economic theory “as an adequate picture of ‘natural’ reality . . . and . . . proceeded to set it up as a moral imperative . . . whereas it is only a convenient ideal-type to be used in empirical analysis (1949:44).

9. The famine in Somalia, as famines elsewhere in the modern world system, was the problem not of production, but of the distribution of food. “With all our progress in the arts which produce wealth, we have made no progress in securing its equitable distribution” (George, 1963:8). Weber contributes the observation that assuming the political unity of the world economic system—as is theoretically allowable—would require that “criticism should then be directed against the whole principle as such of market provision by means of such indicators as are given by the optimal returns, expressive in money, to the economic units participating in exchange. An organization of the provision of goods which is not based on the competitive market will have no occasion to take account of the constellation of interests as found in the competitive market. It will not, therefore, be required to withdraw consumable goods from consumption once they have been produced” (1949:37).

When capitalism, like the Coke commercial insinuates, really takes on responsibility for feeding, clothing, housing, and educating the world, instead of exploiting the need that is its possibility, Utopia will be realized.

10. Weber points out that “our science [of ‘social-economic’ phenomena]” was created for “the attainment of value-judgements concerning measures of State economic policy (1949:51),” and its goal is “the education of judgement about practical social problems” with the goal of affecting legislation (1949:50).

11. Paul Feyerabend, a philosopher of science, offers a suggestion in another context that is applicable to understanding the rejection of cyclical theories in history as well: “Aristotelian dynamics was a general theory of change, comprising locomotion, qualitative change, generation and corruption, . . . Galileo’s dynamics and its successors deal with *locomotion* only, and here again just with the locomotion of *matter*. Other kinds of motion are pushed aside with the promissory note that locomotion will eventually be capable of explaining al motion” (1978:99–100). It is easy to see how cyclical theories of history or society would fall out of favour with a positivistic social science modelling itself after the natural sciences.

12. Richard Whatly suggested changing the name of political economy to “catalactics,” meaning “the science of exchanges” in 1831 (377).

13. (19) Lash & Whimster have discussed the separation of value spheres as a characteristic of modernity: “Concepts of values and ideals in the sphere of morality or art are sealed off from societal rationality, a field predominated by instrumental rationality” (, 1987:9). Their attitude toward this situation is diametrically antithetical to George’s and Weber’s: “the mature person should recognize the separation of the value-spheres as a condition of the modern world that

has to be lived with" (Lash & Whimster, 1987:25). George and Weber both considered this situation in dire need of changing, lest it bring about the destruction of Western civilization.

The critical difference between this paper's and Lash & Whimster's analysis is that between rejection and acceptance of modernity: "modernist differentiation of the spheres [of life], worlds and dimensions of utterance and discourse" in which "unbound subjectivity . . . the necessary condition of rational critique and of substantive rationality" exists (Lash, 1987:368). Modern, not modernist, differentiation of the spheres of life has led to totalitarianism and moral irresponsibility. Lash & Whimster's effort must be judged, in the final analysis, as a defense of a "modern" interpretation of Weber that does not stand up in the light of critical comparison of George and Weber.

14. "Economics was originally . . . integrated into the great scheme of the natural law and rationalistic *Weltanschauung* of the eighteenth century. The nature of that *Weltanschauung* with its optimistic faith in the theoretical and practical rationalizability of reality had an important consequence insofar as it *obstructed* [Weber's italics] the discovery of the *problematic* [Weber's italics] character of that standpoint [the 'at least ostensibly unambiguous and stable practical valuative standpoint: namely, the increase of the 'wealth' of the population.'] which had been assumed a self-evident. As the rational analysis of society arose in close connection with the modern development of natural science, so it remained related to it in its whole method of approach" (Weber, 1949:85).

15. Lash & Whimster, for example, by taking Weber's irony literally, disclose their own cultural nihilism.

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Mr. Harshberger notes that since the 1988 Supreme Court decision in *Riley v. National Federation of Blind* the state governments cannot prescribe limits on spending by charities on fundraising since it "often involves education, awareness programs, and similar activities, making it difficult to separate the educational costs from the fundraising costs . . . [and] would infringe upon the ability of charities to engage in free speech." He added that while "Massachusetts does have a law . . . which requires that professional solicitors disclose their professional fundraising status and which prohibits deception in charitable in charitable fundraising . . . the burden is still often . . . on donors to inquire . . . what percentage of their donations will go to the charity."

Although this report is for only one state, the matter has vast national significance since it was reported that charitable organizations in 1992 received \$124.31 billions of dollars, 81.9% from individuals, 6.7% from foundations, 4.8% from corporations, and 6.6% from bequests.

Besides some useful cautions and information sources, some information that many will find surprising is given. Many people erroneously assume that the [labelled] cannisters, boxes and vending machines are placed [in local stores and restaurants] by the charities themselves, and that the money received belongs to the charities. On the contrary, these containers are generally manufactured by a for-profit enterprise unconnected with a charity, and sold to individuals who place and maintain them. Most of the money is kept by the person who owns the container, with the charity receiving only a small monthly amount, typically between fifty cents and two dollars per container.

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