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The Problem of Modern Poverty:

Significant Congruences Between Hegel's and George's Theoretical Conceptions

By Robert Siemens*

ABSTRACT. This paper discusses the congruence between Hegel's and George's conception of the most pressing problem of modern life: increasing poverty alongside increasing wealth. It also presents Hegel's and George's solutions to the problem—emigration and the land tax, respectively. Secondly, the paper considers the generation of an urban rabble by modern society in terms of its destabilizing consequences for the relationships among the economy, language, and ethics. The conclusion addresses the insurmountable problem for Hegel's system—the effects of unjust land practices, which were repeated after European colonization of America—as diagnosed by Henry George.

I

The Problem of Poverty Amid Plenty

REVIEW OF THE SECONDARY LITERATURE discloses that George Hegel's thought was shaped in full consciousness of "the place of labour, industry, and production in human affairs" (Avineri, 1972: 5). Hegel first confronted the aggregate of problems now known as socioeconomics in the *System der Sittlichkeit* and the *Realphilosophie*. He returned to give the topic systematic exposition in his *Grundlinien der Philosophie des Rechts* (1821) some twenty odd years later.¹ His socioeconomics is formulated as a specific and deliberate response to the political economy developed by Adam Smith, J. B. Say, and David Ricardo.² Karl Marx, much more than standing Hegel on his head, as he boasted,³ carried out the study of the genesis of the modern rabble in England, which Hegel recommends as the prime example for such work (1970: § 245).

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Marx, along with his American contemporary, Henry George, addressed the central problem⁴ raised by Hegel's mature text: "the evil that, as the mass (*Menge*) of production is increased, its overabundance (*Überflusz*) is matched by the proportionate increase of want (*Mangel*) on the part of the self-producing consumers, creating a mutually escalating spiral" (1970: § 245). Bourgeois society, "with its supermass (*Übermasz*) of wealth, seems to be not rich enough, that is, not possessing sufficient means for, stemming the supermass of poverty and the generation of rabble" (1970: § 245). Because "the emergence of poverty is in general a consequence of civil society from which on the whole it necessarily results', it remains 'a problem to be solved that has no apparent solution'" [*Philosophie des Rechts: Die Vorlesung von 1819/20: 193*] (Hardimon 1994: 244). And while Hardimon argues that "the question of whether an acceptable solution to the problem of poverty can be found remains for [Hegel] an open one" (1994:245), Avineri finds that Hegel's "failure to find a solution to it within his system seems to justify a gnawing doubt" (109). The same problem surfaces in the *Philosophy of Right*. Avineri credits "Hegel's intellectual integrity for not trying to suggest an easy solution in place of a real one" (1972:109).

The difficulty of the solution stems from the fact that "the emergence of poverty is in general a consequence of civil society from which on the whole it necessarily results' [*Philosophie des Rechts: Die Vorlesung von 1819/20: 193*]" (Hardimon, 1994: 246). Furthermore, "[t]he real evil of poverty . . . is that being poor means alienated" (246). "The poor *cannot* be at home in the social world" because "[t]hey cannot attain reconciliation" (246). This is the case because modern poverty represents, not "a collection of random individuals who, as it happens, cannot be at home in the modern social world [, but] . . . a *whole class* whose . . . alienation [is] generated by the normal workings of civil society" (248). Hegel, Hardimon concurs with Avineri, "recognizes that poverty constitutes a flaw in the modern social world" (258). The urgency of a solution to the problem of modern escalating poverty amid escalating wealth is underlined by Hardimon's assertion that poverty has no redemptive moment (241), and that "the thought that poverty and the creation of a rabble represent necessary features of civil society . . . provide reasons for regarding this social formation as fundamentally flawed" (242).

The remedy for modern poverty is made difficult because it is precisely through the creation of wealth that civil society creates its rabble. Poverty

remains a problem without an apparent solution because, “despite an *excess of wealth*, civil society is *not wealthy enough*—that is, its own distinct resources are not sufficient—to prevent an excess of poverty and the formation of a rabble” (Hegel, 1970: § 245; Hardimon, 1994: 244). Marx outlined the mechanics of this process of the mutual increase of wealth and poverty in splendid empirical detail and with great historical insight in *Das Kapital*. We will ignore Marx’s contribution to focus on his almost completely neglected American contemporary, Henry George. The title of George’s seminal work, *Progress and Poverty*, arrests our attention because it could almost have been lifted from Hegel’s text *verbatim*, had George not read Hegel only after formulating his own socioeconomic theory. Furthermore, it suggests the promise of a solution to Hegel’s—and modern society’s—problem of poverty.

The first signs of promise are the significant congruences between Hegel’s and George’s socioeconomics. The most striking is the attention both thinkers paid to the contradiction that the increase of wealth brings an attendant increase of poverty in modern industrialized bourgeois society.⁵ Hegel’s solution to this problem was colonization.⁶ George’s observation of the phenomenon of poverty in the midst of progress in America—one of Hegel’s suggested destinations for colonists⁷—and his independent formulation of the problem based on his personal experience, illustrates the depth of Hegel’s insight into the problem. It also demonstrates the inadequacy of his solution: if colonization is the solution to the problem of poverty amid progress, it should not appear so quickly as it did in the land of the colonists’ destiny, as observed and documented by Henry George.⁸

For this reason, we must reconsider Hegel’s socioeconomics from a fresh perspective that offers an alternative to both the Scottish⁹ acceptance of an unjust *status quo* and its Marxist opposition. C. Wright Mills reiterates George’s call for taking a new approach, necessitated by the collapse of both Liberalism and Marxism (Mills, 1959: 166). Max Weber’s contribution, however, cannot be neglected either. He drew our attention to the contradiction between “our most ideal needs” (desire) and the “quantitative limits” imposed by the finitude of material existence on our attempt to realize ideal ends. This finitude of the actual means available results in our perception of a “qualitative inadequacy” of the “means” to meet our ends. A form of scarcity is thus created that is social, and not natural—a function of our perception rather than of the nature of things. This desire to realize

ideal ends with finite means, in Hegel's analysis, brought about the "need" for work and cooperation.

Normally, we are unaware of this tension between our perception of our needs and the actual means available for satisfying them. This has brought confusion to the socioeconomic thought of both Liberalism and Marxism. This confusion was given socioeconomic expression with the idea of "an objectively 'valid' value," one in which "an *ethical imperative* was amalgamated with an abstraction drawn from the empirical process of price formation" (Weber 1949: 95). This will to mediate desire and finitude with a conception of an objectively valid value was already incipient in Hegel's doctrine of "objective spirit", in which subjective values—ideally, at least—are objectively quantifiable.¹⁰ Hegel's contribution to our topic entails reformulating the British tradition of political economy to manifest (again, in ideal terms) that quantifiable, empirically existing commodities are the realization of "objective spirit." When utilitarianism replaced idealism in German socioeconomic thought, the result was the amalgamation Weber criticizes as a botched attempt to synthesize quite heterogeneous perspectives of German idealism and British empiricism.

Weber's formulation of the problem of socioeconomics appears to be a response to confusion, caused in the German academic world by Hegel's critique of Adam Smith and others. Hegel, in his *System der Sittlichkeit* and *Rechtsphilosophie*, distanced himself from Adam Smith's theory by articulating the difference between freedom and necessity.¹¹ The political economy, in Hegel's conception, belongs to freedom, which takes the form of realizing desire beyond the bare minimum of necessity. Correspondingly, he draws the distinction between morality and *Sittlichkeit*.¹² Morality governs the realm of necessity, and it is universally immoral to deny a fellow human being the necessities of life. *Sittlichkeit* refers to the morés that regulate the distribution of socially produced surplus goods. The distinction between *Verstand* and *Vernunft*¹³ gives epistemological expression to the ethical distinction between morality and *Sittlichkeit*. Adam Smith and his followers considered the economy from the perspective of necessity. Hegel praises their effort at the level of understanding (*Verstand*) but chastises their lack of reason (*Vernunft*).

Weber asserts that Hegel brought about the "awakening of the historical sense" that confused his conception of freedom with "ethical evolutionism and historical relativism" influenced by the Anglo-American social sciences

of his time. The German synthesis “sought to deprive ethical norms of their formal character and through the incorporation of the totality of cultural values into the ‘ethical’ (*Sittlichen*) sphere tried to give a *substantive content* to ethical norms” (Weber 1949: 52).

The uncertainty about *Verstand* and *Vernunft* brought about the contradiction of attempting to raise “economics to the status of an ‘ethical science’ with empirical foundations” (Weber 1949: 52). Weber criticizes the political economists for confusing the Hegelian and classical economic assumptions to derive “the belief in an ‘ethical’ science of economics, which would derive ideals from its subject matter and produce concrete norms by applying general ethical imperatives” (55). This logical confusion between empirical knowledge (knowledge of what is) and normative knowledge (knowledge of what should be)¹⁴ was the basis for using the constructs of pure economics—which are valuable heuristic models of reality—as the grounds for making practical value judgments (37). As a result, “theoretical and rigorously scientific analysis in economics has been in a state of decay for decades” (44). Henry George had already arrived at this conclusion (Siemens, 1995).

It is, thus, our contention that Henry George’s socioeconomic assumptions are consistent with Hegel’s and—some sixty years later and from the perspective of the colonist—offers a solution not previously considered to the problem of modern society’s structurally created poverty.

This paper has three parts: a discussion of the congruence between Hegel’s and George’s perception of the problem of progress and poverty; an outline of congruence between Hegel’s and George’s socioeconomic assumptions; and a concluding discussion of the need to reconsider George’s solution¹⁵ to the problem of progress and poverty.

II

The Remarkable Congruence Between Hegel and George’s Formulations

WE HAVE REMARKED, in a preliminary fashion, on Hegel’s observation of the tortuous problem of modern industrialized society: the simultaneous emergence of enormous poverty and the production of fantastic wealth. This problem has attained global proportions since George and Hegel addressed it (Mies, 1986). Hegel addresses the more specific problem—that the existence of wealth and poverty is contradictory to his system-

atic conception of society.¹⁶ This contradiction becomes visible, or “practical,” in the creation of a “rabble” (*Pöbel*) class. A rabble is formed, in Hegel’s estimation, when “a great mass [of people] sinks below a specific level of means of subsistence requisite for membership in society” (§ 244). This development is facilitated by the relative concentration of wealth in fewer hands (§ 243).

The creation of a rabble brings about a great social evil manifested by a class of people who “cannot find their subsistence through work, and thus suffer a loss of self-esteem because they consider themselves to have the right to so seek their subsistence” (§ 244). The rabble thus becomes a threat to civil order because its members perceive that they are entitled to the opportunity to earn an honorable living and therefore experience their deprivation as a structured denial of their human rights. This situation, Hegel feels, results in laziness, viciousness, and other vices that spring from feelings of injustice (§ 241, addition).

George considers that such a rabble as described by Hegel began to appear in America only a century and a half after the Pilgrim Fathers (and Mothers) arrived. This is most graphically presented in his *Social Problems*. “[A] century ago,” he observes, “our settlements only fringed the eastern seaboard of a vast continent. But from the Atlantic to the Pacific we already have our human garbage . . . Wherever you go throughout the country the ‘tramp’ is known” (George 1963:116). He graphically describes Hegel’s conception of “rabble”: “Criminals, paupers, prostitutes, women who abandon their children, men who kill themselves in despair of making a living, the existence of great armies of beggars and thieves” (67). George concurs with Hegel’s diagnosis of the consciousness of denial of right as the source of the degradation of the rabble: “The tramp,” driven to beg or steal, “becomes a vagabond and an outcast—a poisonous pariah, avenging on society the wrong that he keenly, but vaguely, feels has been done him by society” (67). George concurs with Hegel that “the social problem of the distribution of wealth” is the source of this undesirable class of individuals” (16). And, on the concentration of wealth as a factor, he notes: “The tramp is the complement of the millionaire” (George, 1883/1963:129).

Considered in the most general terms, the Hegelian concept of the source of the problem of poverty in the midst of plenty, and the resulting

degradation of a mass of rabble threatening to destabilize society, is free will—specifically the will, in pursuit of one’s “right,” to enslave others. The free will, exercised at the level of *Verstand*, expresses itself in an egocentric feeling of right, and from this point of view it appears justifiable to enslave others in order to avoid becoming enslaved oneself. Political economy, when it functions at the level of understanding (*Verstand*), as Weber concurs with Hegel, treats the economy as part of the order of nature rather than considering it as an institution of human freedom. It thereby rationalizes the economy’s denial of justice to the disenfranchised masses as “natural” and “necessary.” George introduces a reasonable aspect to socioeconomics by addressing the social aspect of value, which he distinguished from the empirical value of wealth. Wealth acquires social value when it can be used to purchase labor—that is, when it can be used to enslave others (George 1963: 135).

George then proffers a solution to Hegel’s dilemma by proposing to investigate “the law which associates poverty with progress, and increases want with advancing wealth” (George 1898: 12). Searching for an explanation for industrial depressions, “which, viewed independently of their relations to more general phenomena, seem so inexplicable” (12), he serendipitously came up with an account of that which Hegel found unaccountable as well. Hegel’s and Weber’s failure, as argued from George’s socioeconomic theory, is a failure to consider the “role of material progress in causing industrial depression” (6).¹⁷

George sets out to resolve the paradox that Hegel reached at the end of his system: that “the deepest poverty, the sharpest struggle for existence, and the most of enforced idleness” appear where the conditions of material progress—defined in terms of population density, accumulation of wealth, industry and commerce—are most fully realized. He contrasts the frontier society to civilized society as one in which the absence of wealth is matched by the absence of beggars. Material prosperity, on the other hand, means that “[s]ome get an infinitely better and easier living, but others find it hard to get a living at all. The ‘tramp’ comes with the locomotive,¹⁸ and the almshouses and prisons are as surely the marks of ‘material progress’ as are costly dwellings, rich warehouses, and magnificent churches” (George 1898: 7). He concludes that “in the progress of new settlements to the conditions of older communities it may clearly be seen that material progress does not merely fail

to relieve poverty—it actually produces it” (George, 1898:9). This state of affairs has potentially unsettling consequences for Hegel’s socioeconomic system.

III

Hegel’s Socioeconomics

HEGEL’S SOCIOECONOMICS rests on three interlocking elements: the family, language, and the economy. These are the three fundamental productions of human freedom, and together they form a dialectical totality designated by the term *Sittlichkeit*. Its characteristic expressions take the forms of (1) the child, who as the middle between the parents is “the real reasonableness of nature” (Hegel 1967: 19); (2) the tool, which as the middle between subject and object “is the real reasonableness of work” (20); and (3) language, the “ideal reasonable middle.” Language synthesizes the child and the tool because it is intelligent, but not individual or subjective, and is the tool of reason (21). This totality is given complete expression by civil society, of which economic production is a part.

The paradox of the Hegelian system is that, although the whole is eternally self-present, we can only look one at a time at the relationships it constitutes. So we are forced to risk the danger of taking a distorted, or partial, perspective for the whole. In postmodern terms, the truth of the totality that civil society constitutes is archaic. It is that which is essential and universal to human culture but not shared with any other species. The challenge for cultural historical researchers is to recognize the particular culture they are studying as an expression of the archaic cultural truth of *Sittlichkeit*.

Hegel develops the ideas of the *System der Sittlichkeit* fragment in the *Rechtsphilosophie* by arguing that separation of theory (intelligence) and practice (will) are conceptually and practically impossible. Will is necessarily intelligent and contains theory within itself. The will itself is subjectively determining (Hegel 1970: § 4, addition). The will is that of the individual subject, and its free expression characterizes the individual subject’s capacity for being. Hegel discloses the social parameters of his assumptions by characterizing the will as the will to representation (§ 4, addition). This capacity for representation enables the ego—the free will—to produce a

world of represented objects. It is the basis of language and of humanity. "The animals act according to instinct . . . [they] have no will, because they cannot represent what they want" (§ 4, addition).

The critical difference between Hegel's conception and that of the liberal political economists is that he considers objective human beginning to be situated in the social whole. The socioeconomic paradigm Weber criticized had become fused with "social Darwinism" in the conceptual continuity of society and nature. "The immediate visible manifestation (*Anschauung*) of the idea of absolute social life is an absolute people; its concept (*Begriff*) is the absolute unity of its individualities" (Hegel 1967: 7). The totality of cultural society is invisible to the individual participating in it, for it appears as "natural." "Absolute social life appears as nature" (8).

The individual subject of Hegel's conception recognizes the primacy of the social through its capacity for representation. The capacity for recognition of representation, which is essential to the capacity for representation itself, entails the capacity for recognition of others' representations as well as one's own. The ontological problem with basing socioeconomics on the continuity of society with nature is that doing so assumes a quantum leap from the animal to the human. Hegelian socioeconomics remains within the limits of the human as the only possibility accessible to our human grasp. Thus, if we conceive of our original social humanity as natural, we no longer have reason to step outside of ourselves to locate the origin of our humanity in organic processes of nature.

The relationship of the economy to language is secured by the fact that "possession has its *physical* side and is also a representation for others" (Hegel, 1979: § 58, comment). For the others (supposedly with whom I intend to exchange), only a sign that "represents the capacity for representation" is needed because it is a thing (*ein Dasein*) (§ 58, comment). The possibility of economic exchange is grounded in the reality of linguistic exchanges and assumes the totality of a linguistic community. Labor occurs "when we change what is there in space for our intuition into something else that we envision in our minds" (Harris, n.d.: 26).

The transition from linguistic to economic exchange takes place with "the stipulation of the contract, which is the thing (*Dasein*) of the decision of my will in the sense that I have externalized my matter (*Sache*), which *now* ceases to be mine because I am prepared to recognize it as the possession of another" (Hegel 1970 § 79). This is obvious in the case of lin-

guistic utterances, which can be repeated, interpreted, judged, ignored, praised, rewarded, or punished. The trust of language and the language of trust make possible the “venturesome performance” (*Leistung*) that expresses the common element of freedom in conversation and economic exchange.

The “socio” element in Hegel’s socioeconomic system thus lies in the critical difference between the ethical level of *Verstand* and the *Sittlichkeit* of *Vernunft*. The former consists of legal/legalistic “thou shalt not’s”; the latter is the realm of imaginative capacity, which cannot be legally/legalistically fettered. The imagination becomes social through economic exchange because entering into a contractual relationship makes the ego one with its other (the universal, society) (Hegel 1970: to § 38). To effect an exchange, I must posit something, and I can only do this “on the ground of commonality (*Gemeinsamkeit*)” (38).

Hegel builds on the argument of the *System der Sittlichkeit* that, because the satisfaction of human wants is mediated by language, it is possible to distinguish between work in general and particular labors. This makes possible the division of labor and—ultimately, through machine-invention—the emancipation of intelligence from the drudgery of manual labor altogether. Thus (according to the early, unpublished socioeconomics), with the transition from tool to machine, the social process culminates in satisfaction without exertion.

Because the division of labor is social, the product of labor is not determined by the organic cycle of needs, and its use value is universal—available to the use of others (Hegel 1967:26). Thus, the product of labor, from the point of view of the understanding, is itself the physical sign of the individual subject’s satisfaction of want. From the point of view of reason, the surplus product of labor comes to be viewed as “an abstraction of the needs in general in relation to the subject” (26). This abstraction “expresses the universal/general possibility of its use, not the specific, for it is separated from the subject” (26).

The opposite is true as well. If the product of the individual’s labor is social because it is surplus, it becomes surplus because it is social. “The individual subject is not merely determined as possessing; but its possession has been given the form of universality” in the recognition of the individual subject’s ownership (property rights, *Eigentum*) of its surplus by others (Hegel, 1967:26). The abstraction to universality of the same is right

(*Recht*). “The individual is owner (*Eigentümer*), lawful possessor (*Besitzer*), not absolutely, in and for itself; its personability, or the abstraction of its unity (*Einheit*) and particularity (*Einzelheit*) is just an abstraction and mental picture (*Gedankenbild*)” (26-7). Right and ownership do not exist as a property of individuality “but only in the relative identity of all possessors, insofar as this relative identity has the form of universality” (Hegel, 1923/1967:27). Surplus production rests upon legal ownership, which assumes a linguistic community that shares common mental pictures of mine and yours, right and wrong, legitimate and illegitimate goals. For rightful property ownership to make sense, Hegel appears to be arguing for the necessity of a community of equals who participate in the labor of creating mental pictures of their satisfaction of need on an equal basis. Learning to speak is the labor of the first, or most immediate, phase of need satisfaction of which the human organism is capable.

The greatest difference between the discussions of the *System der Sittlichkeit* and the *Rechtsphilosophie* is a shift in emphasis from consciousness of need to free will. “Through performance, and the stipulation of the contract, my will becomes bound, a common will united with the will of the other in reality” (Hegel 1970: to § 79). Hegel, however, assumes rather than rejects the analysis of the *System der Sittlichkeit* when he observes that this takes place through the sign. In the economy, as in speech, subjectivity is the determining agent of reason, but its action is only reasonable if its relationship to the universal is free from contradiction (§ 138). The contradiction between social progress and the accompanying increase in poverty was so perplexing to Hegel because it is inconsistent with his theoretical assumptions about the congruent relationship between language/speech and social progress/economic reality. This theoretical inconsistency is given practical expression in the rabble’s discontent and vice.

The context in which language and the economy meet is the family. It is the site at which “*Sittlichkeit*” must be planted in the child’s feelings. This is accomplished through teaching the child language in the context of economic communalism.¹⁹ In the context of the family, its members “learn to exercise freedom in the form of feeling, as for example, in friendship and love” (to § 33). Family members learn to become “specific persons but remain in one *Sittlichkeit*” (to § 33). The nuclear family, however, “disintegrates and its members become independent in relation to one another” (to § 33).²⁰ Hegel’s analysis might give rise to the confusion that the disin-

tegration of the nuclear, not the extended, family as an economic unit gave rise to modern civil society and its characteristic structural evils.

Disintegration of the (nuclear) family provides civil society, which mediates “between the family and the state” (Hegel 1970: to § 33), with its members. This is the point at which Hegel’s socioeconomics intersects with that of Smith, Ricardo, and so on. “Everyone in civil society pursues his own interests without consideration for others” (§ 182, addition). This is the assumption Hegel shares with the classical paradigm of the Scottish moral philosophers. But he went on to observe that “without coming into relationship to others he cannot realize his goals; these others are thus means to particular ends” (§ 184, addition). The critical difference is that the neoclassical paradigm grounds the appearance of this benevolent individualism on nature; Hegel grounds it on the intelligent structures created by the free will (Maker, 1987:5–6).

The key to the relationship between language and the economy is “education (*Bildung*),²¹ which in its absolute action is liberation and the work of the higher liberation” (Hegel 1970: §187). Education teaches that need (*Not*) is not omnipotent (191, addition). It creates the abstraction that becomes a quality of the needs and means, and a determination of the mutual relationship of the individuals to one another. This universal as recognition is the moment in which it transforms its particularization and abstraction into *concrete, social* needs, means, and ways of their satisfaction” (§ 192). The result is that “the human being in its consumption primarily relates to *human* productions (§ 196).

Education means not only teaching to recognize humanly produced commodities as means of satisfaction, but educating “the understanding (*des Verstandes*) altogether, including language” (Hegel 1970: § 197). This means that we recognize the commonly produced means of satisfaction as the property of other “persons” in the context of our education to the possibility of personhood. Personhood is, in Hegel’s understanding, the liberty of participating in the exchanges of civil society through which personhood is recognized.

The consequences of this conception for socioeconomics is that “subjective self-interest is transformed into a contribution to the satisfaction of the needs of all others. This is the mediation of the particular through the universal” (Hegel 1970: § 199). Language gives the individual a means of taking from the common stock (its letters, words, and syntax) to meet his

private needs without diminishing the common stock but rather by enhancing it. Language also creates the opportunity for the individual subject to engage in economic activity by providing the tools for objectivizing, concretizing, and achieving the satisfaction of his abstractly represented needs.

Hegel carried the parallel between language and economy even further: to the extent that everyone acquires for himself, produces and enjoys, he thereby produces and acquires for the enjoyment of the rest. This necessity of the every-sided consumption (*Verschlingung*) of universal dependence, is, further, the *common, permanent wealth* which everyone has the possibility of participating in, through his education and skill, in order to be assured of his subsistence. At the same time, this common wealth is maintained and increased through his mediation" (§ 199). "Particular wealth is the *possibility of participation* in the common wealth" (§ 199).

In light of these considerations, the problem of poverty in the midst of material progress and plenty becomes even more perplexing. According to Hegel's conception, progress should bring universal prosperity. Hegel considered theory an aspect of reality, and reality has not borne out his theory, so is the problem with the theory or the reality? In anticipation of our next section on George's solution to Hegel's problem, it would appear that we should look for the solution to the problem of poverty and progress in the ways and means that private interests have appropriated the *common, permanent wealth*. For it seems only logical that if extreme wealth and extreme poverty exist side by side, that which is common and permanent has been made to appear private and transitory. This is an abuse of language and the economy and is destructive to the family—as George has pointed out (1898:509).

IV

George's Solution to Hegel's Problem

THE SECOND PIVOTAL CONGRUENCE between Hegel and George is their shared attention to the problem of the social nature of wealth. Marx boasts of having discovered man's social nature, when in fact he was plagiarizing Hegel. Hegel insists on the necessity of considering humanity's nature *sui generis* social, as Durkheim put it, for freedom to have a greater meaning than blind choice in a random universe. Human freedom, for Hegel, must

articulate a difference between unconscious acquiescence to the laws of nature (*Wilkür*), which he designates as the laws of *Verstand*, and the rule of *Sittlichkeit*. This gives us the freedom to express our will in coherent speech, the right to covenant marriages, and the liberty to make and keep economic contracts.

George shares Hegel's conception of the social nature of humanity²² as *Vernünftig*, as opposed to *Verständig*, which is that aspect of our nature that we share with the animals. This conception of society is based on the freedom to participate in reason rather than on the freedom to follow blind instincts. George then attempts to explain why, given humanity's social nature, the coexistence of massive wealth and equally massive poverty exists. Furthermore, he predicts that the escalating level of coexisting wealth and poverty will bring about the destruction of the society in which it occurs.²³ It begins by destroying free speech,²⁴ continues by destroying freedom of the economy to function,²⁵ and concludes in the cessation of freely contracted marriages.

We begin by reiterating two critical assumptions. First, economic relationships are based on freedom, not necessity, and are thus creations of the human will. Creations of the human will, unlike the order of nature, are susceptible to destruction by the human will. Second, because the human will is embodied in concrete subjectivities, the collision of perceived rights is inevitable, and injustice is occasioned by the assertion of individual rights. These two possibilities make the institution of unjust property relations a very real possibility. Hegel's concept of freedom is based on the biblical myth of original sin. Freedom of the will, in order to become actual, must entail the possibility of transgression.²⁶ The three spheres of transgression corresponding to the foundational institutions of civil society are transgression of language, as when we speak nonsense or untruth; transgression of the family, as occurs most blatantly in adultery and failure to provide child support; and transgression of the economy, as in the breaking of just contracts and the enforcing of unjust contracts. And, as the family, language, and the economy, are three interlocking foundational elements of *Sittlichkeit* as a whole—on which civil society, and the modern rational state, rest—violation of the rules of one results in a destabilizing ripple through the other two that is destructive of the whole.

To illuminate the congruence between Hegel's and George's socioeconomics, we must focus on George's explanation of why the progress that

brought modern levels of poverty to Europe appeared so quickly in the relatively underpopulated New World. George not only concurs with Hegel on the social nature of wealth, he proffers a concrete explanation of the appropriation process of the common social wealth. The most logical place—"Land . . . the site (*Sitz*) of the *Sittlichkeit* resting on nature" (Hegel 1970: § 256)—was overlooked because the Hegal interpreters tacitly assume the modern alienation of land.

This becomes evident from Avineri's²⁷ discussion. "Hegel's account of the agricultural class [estate] in the *Philosophy of Right* appears to differ "from his earlier discussion of the subject" in the inclusion of "the landed aristocracy" (Avineri 1972: 156). Avineri can only consider this difference as compromise with the Prussian Restoration because the estates as described by Hegel are entirely modern: "there is nothing restrictive about them, and their principle of organization is functional and rational, based on social mobility, not on heredity or ascription" (108). Because the Hegel scholars assume the alienation of land to which George objects, they fail to consider Hegel's inclusion of the old landed aristocracy with the peasantry in the agricultural estate as an attempt to deter modern poverty.

This is understandable. The land of George's experience, the United States of America in the nineteenth century, was made into an alienable commodity with its European appropriation, as it was in England, the paradigmatic country of the study of the appearance of simultaneous wealth and poverty. The process that took tortuous centuries to complete in England appeared in the new nation as an accomplished fact when the technological means had been achieved. Whether it is reasonable is another question. Even in Europe, George argues, the problem is not overpopulation. He cites Ireland as an example where less than "one-sixth of the soil is under cultivation, and grass grows and beasts feed where once were populous villages" (George 1963: 23). The problem is not "that the land of Europe is all in use, but that it is all appropriated" (24). That element of the common social fund that can be most easily appropriated to private economic use at collective expense is the land, the *Boden* on which the *Sittlichkeit* of the family rests.²⁸ This has been appropriated to private interests.

The problem in America—and the inadequacy of Hegel's proposed solutions (taxation, beggary, colonization) to the problem of poverty and progress—is that the immigration of Europe's landless fostered an entire

culture and social organization. The same political and economic means that were used to enforce the system of private ownership of land in Britain were rapidly employed to enforce a similar pattern of private ownership of land in North America. George argues that investment in American land has become, by his lifetime, the practice of all the great land-owning families of Britain. Recognizing the value of land from the experience of England, foreign capitalists invested their capital gains in American land. George thus argues that British landowners and capitalists were deliberately proletarianizing the American population in order to extort rent from them (George 1963: 111-2, 26, 27).

George departs from Hegel's conception not only in his characterization of American colonization but in his estimation of the "corporations [that] rule the country, and are going to rule it" (George 1963:60). Hegel considered the corporation the "second family" to the modern individual in civil society. It replaced the family and the soil, as the *Boden* of his *Sittlichkeit*. The experience described in America by George is not one of the corporations providing a ground (*Boden*) for immigrants and citizens but of their removing the very ground from under the feet of the masses. We can gain a clear understanding of our social problems only by recognizing that the creation of monopolies gives extortionate advantages to some over others—advantages that are sanctioned by law and by public opinion. As a result, some get enormously rich while others remain miserably poor (George 1963: 56-57). Monopolization of land is the source of all other forms of monopoly.

We see, in conclusion, that the "inadequacy" of Hegel's socioeconomics for understanding the modern world system in which the United States holds a position of unchallenged hegemony rests on the divergence of the American situation from his conceptual model. Land, first of all, is alienable,²⁹ and the corporations, secondly, do not have familial relations with the individuals who work for them (or live on the land they own); rather, these relations are predatory.³⁰ The threat to *Sittlichkeit* that Hegel intimated as a possible result of the exercise of the free will that under the present social conditions "the natural rights of men . . . are ignored and denied," has become a reality (George 1963: 88).

The threat envisioned by Hegel and George has escalated to the possibility of the imminent destruction of the "cultural ecology"³¹ of our civilization. The destruction of the cultural ecology, the natural environment of

Sittlichkeit—which is constituted from the integrity of the family, the economy, and the language of the people who embody it—inevitably entails the destruction of the civil society it nurtured. The destruction of the cultural, as of the natural, ecology derives from a lack of respect for the land and a lack of understanding of its meaning in human relations. This lack of understanding, expressed in economics by treating land as a commodity made by human hands, must be rectified in theory and in practice.

George's solution of the "single tax" on the social value of productively used land must be creatively reconsidered in a global context. The immediate problem facing us is understanding that socioeconomics involves not only the diadic relationship between economics ("arithmetic") and ethics, but also comprehending the totality of the social institutions that comprises the modern world. That is, we need to expand our socioeconomic frame of reference to the relationship between the earth³² and the human race as a whole. George's solution no longer appears to be a panacea because it cannot be viewed in isolation; it must be considered a step in the direction of realizing a foundation for global social justice. His solution provides a concise and measurable starting point for empirical research. This research is necessary to test and validate—or disprove—the theoretical validity of George's answer to the insoluble problem of structural poverty embedded in the neoclassical paradigm.

Endnotes

1. "*The System der Sittlichkeit*, composed around 1802–3, was published in its entirety for the first time by Lasson in 1913" (Avineri 1972: 87). "The two versions of lectures known as *Realphilosophie I* and *II*, delivered by Hegel at Jena University in 1803–4 and 1805–6 respectively, were published by Hoffmeister for the first time in the early 1930s" (87).

2. Hegel credits "Smith, Say, and Ricardo with having discovered the simple principle of the matter, and its effective and regulating *Verstand*, which in the infinite multiplicity of particularities, emerges" (1970: § 189). He hastens to qualify his compliment by adding that, "on the other hand, this is the field in which the *Verstand* of moral goals and moral considerations discloses its unsatisfactoriness and moral vexatiousness" (§ 189).

3. Hegel's incorporation of "the results of political economy into a philosophical system—[is] an attempt almost identical in its systematic structure with Marx's program forty years later. How many of Marx's later conclusions are already to be found, explicitly or implicitly, in Hegel's earlier texts would require a separate discussion" (Avineri 1972: 94).

4. "The important question, how is poverty to be remedied, is particularly animating and torturing for modern society" (Hegel 1970; § 244, addition).

5. That Hegel recognized that the level of poverty in a modern civil society appears “to be in direct proportion to the amount of wealth created” has been remarked by several recent commentators (Maker 1987: 202), as has the fact that Hegel recognized “poverty in general” as “a structural phenomenon in society, the result of the operation of civil society when it is in a state of ‘unimpeded activity,’ and not the result of some personal failing on the part of the poor. Hegel clearly regarded the study of the structural causes of poverty in society to be of prime importance in social theory” (123). Maker considers Hegel’s conception of the problem is that structurally produced poverty is the result, not of “a lack of wealth but [of] a less-than-adequate distribution of it” (28).

6. Hegel suggests what appears, in retrospect, a somewhat platitudinous solution to the problem: “colonization” (1970; § 248). “Colonization did not, however, solve the problem of poverty in England—arguably the ‘best case’ of the measure” (Hardimon, 1994:244).

7. The other was Russia (Hegel 1970: § 248), in which case the great man’s shortsightedness is even more blatant as he was fully aware that serfdom existed there, and that German emigrants carving out fiefdoms would not solve the problem of poverty amid progress in that country. (For an analysis of the Russian Mennonite experience, see Loewen, in Redekop et al. 1994.) He needed only to think the implications of his own logical system through one further step to recognize the contradiction in his solution to the problem of poverty in the midst of plenty, a matter that has subsequently become a global issue.

8. The American myth of the “Wild West”—a myth that refuses to die and has recently been resurrected by movies like “Unforgiven” and “Wyatt Earp”—is a mystification of the violence that is wrought by the European “rabble” once its pent-up feelings of injustice are unleashed. Rather than come to terms with the socioeconomic factors that determined the situation, the “Western” merely glorifies the rabble lifestyle.

9. See footnote #2 for a discussion of Hegel’s conception of the “Scottish” school of political economy.

10. Hegel said of “value” that the “qualitative here gives the *Quantum* for the quantity, and it is as such equally preserved as destroyed” (Hegel 1970: § 63, addition).

11. “Hegel’s philosophical system can be understood . . . as a sweeping response to the challenge of modernity. It is an answer to the question of how free people are to make themselves at home in and realize their humanness in a rational world of their own making” (Maker 1987: 3).

12. Avineri notes Hegel’s distinction between “individual *Moralität* and social *Sittlichkeit*” (1972: 32). With it “Hegel introduces a distinction that ultimately transcends Kant’s categorical imperative and leads to its *Aufhebung* into the wider Hegelian system. This is the distinction between *Moralität* (i.e., individual, subjective morality), and *Sittlichkeit*, the wider totality of ethical life” (137).

13. “What characterizes *Wissenschaft* . . . is the unity of content and form, and it is this unity which distinguishes reason (*Vernunft*) from mere understanding (*Verstand*), which stops at the dichotomy between content and form and cannot overcome it” (Avineri 1972: 122–23). “What social contract theories call a state is . . . but civil society, based . . . on

needs and a lower kind of knowledge—‘understanding.’ This lower kind of knowledge, *Verstand*, is juxtaposed against the higher level of reason, *Vernunft*” (143).

14. That Weber’s sympathies are clearly with the Hegelian assumptions and distinctions is obvious from his location of the blame for the confusion: “the view that immutably invariant natural laws,—later, by the view that an unambiguous evolutionary principle—governed economic life and that accordingly, *what was normatively right* was identical—in the former case—with the immutably *existent*—and in the latter—with the inevitably *emergent*” (Weber 1949: 51–52). This mischievous view clearly places economic activity under the rubric of *Verstand*, the order of nature that exists in itself, but not for itself.

15. George’s solution is the “single tax” on the social value of land that increased population density naturally brings with it. Scholastic economists have not refuted George’s “panacea,” as it has been labeled, on theoretical grounds; they have, instead, made normative objections based on differing ethical standards (Andelson, 1979:298). Furthermore, Davenport concedes “that the economists have never seriously attacked the theoretical validity of the single tax program” (Andelson 1979: 298). Given the controversy surrounding George’s proposed solution, and the fact that it has not received the scientific attention that would make enlightened judgment of its validity possible, we have left it out of consideration. For the purposes of this paper, and for the present state of socioeconomics, it is enough to point out that George’s solution addresses an unresolved and largely unrecognized obstacle to the advancement of socioeconomics. We can only address the solution once we are aware of and understand the problem.

16. If modern society is to be a home, “no rabble shall come into being because a civil society is responsible for nurturing the individual” (Hegel 1970: § 240, addition).

17. “[L]and speculation can be a cause of depressions . . . Logically, because increasing speculation increasingly withdraws one of the vital factors (land) from the productive process . . . Empirically . . . increasing land speculation has, in fact, preceded every depression in the United States” (Andelson 1979: 180). “[T]he causal effect of land speculation is . . . transparently clear. The events which culminated in the Wall Street slump in 1929 were triggered by the great Florida real estate speculation in the mid-twenties” (201). Speculation on land depressed the economy by reducing personal spending power by making mortgages more costly, reducing the amount that can be spent on commodities” (202).

18. The correlation between the tramp and the locomotive is not coincidental: “The speculators expected to make their biggest and quickest gain from capitalisation of the land acquired by these companies. In the United States, the railway companies received federal and state grants totalling about 380 million acres, nearly 20 percent of the whole country!” (Andelson 1979: 201).

19. “For the sake of the absolute natural unity of the man, the woman, and the child, in which the antithesis of personhood (*Persönlichkeit*) and subject stops, the surplus is not possession of one; . . . All contract for ownership, obligations and so on, fall out of consideration; . . . but the surplus, work, and ownership are absolutely communal” (Hegel 1967: 36). “The difference is superficially the lordship. The man is lord and provider; not owner (*Eigentümer*) in opposition to the other members of the family. As provider

he only has the appearance of free disposition. Labor is, likewise, distributed to each member according to its nature, but its product communally; each produces precisely through this division a surplus, but not as its possession (*Eigentum*). The transition is no exchange, but immediately, in and for itself, communal" (36).

20. Hegel ignores the tendency of civil society in North America at any rate, to erode the extended family on which its institutions rest. Hegel assumed that the freedom and individuality of civil society could exist without eroding its foundations. Recent works, such as *Habits of the Heart* (Bellah et al. 1986), suggest that Hegel's optimism might have been misplaced.

21. Harris, discussing the *System der Sittlichkeit*, makes the observation that *Bildung* (cultural formation) "is the most absolute of all human needs, the absolute precondition of our capacity to satisfy even the primitive organic drives of hunger and thirst" (Harris, n.d.: 34).

22. "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" (George 1963: 3). George makes the Hegelian distinction between *Vernunft* ("intelligence") and *Verstand* ("intellect"). "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" (9). "It must stretch out beyond self-interest, whether it be the self-interest of the few or of the many." "It must seek justice. For at the bottom of every social problem we will find a social wrong" (10). See Siemens, 1995, for a more detailed discussion of George's social conception of economic problems.

23. "[S]trong 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" (George 1963: 6).

24. "It is that part of society that has the best reason to be satisfied with things as they are that is heard in the press, in the church, and in the school, . . . that forms the conventional opinion" (George 1963: 64).

25. "Relative over-production may proceed from causes which increase, or from causes which diminish, production. But increased production in any branch of industry tends to increase production in all; to stimulate trade and augment the general prosperity" (George 1963: 121). "Diminished production in any branch of industry . . . tends to decrease production in all; to depress trade and to lessen the general prosperity; and depression thus produced tends to perpetuate itself through larger circles, as in one branch of industry after another the check to production reduces the power to demand the products of other branches of industry" (121). Depressions "are symptoms, not of the excess of production, but of the restriction and strangulation of production" (121).

26. Of course, the possibility of transgression only sets the stage for reconciliation. "The basic pattern is . . . one of unity, division, and reunification. This pattern is exemplified by the Christian teaching (which provides the religious background of Hegel's conception of reconciliation) that Christ reconciles man to God" (Hardimon 1994: 85).

27. Commentators since Avineri, for example Maker et al., Forbes, and Hardimon, have shed no further light on this question.

28. “[T]he earth is solid ground and floor, necessary principle of family life” (Hegel 1970; § 247).

29. Adam Smith posits an “original state of things, in which the laborer enjoyed the whole produce of his labor, [but which] could not last beyond the first introduction of the appropriation of land, and the accumulation of stock”. That is the whole problem of progress and poverty, as analyzed by Hegel, Marx, and George became structurally embedded in political economy by Adam Smith allowing the private appropriation of land theoretically because it was happening practically, and to England’s national benefit. See Adam Smith, *Wealth of Nations*, New York; Random House, 1937, p 65.

30. Avineri, 1972, pp 163–166, discusses Hegel’s conception of corporations as mediating institutions between the family sphere and civil society, and to which all individuals belong.

31. J. W. Mohr coined the phrase in “Facts, Figures, Perceptions and Myths—Ways of Understanding and Describing Crime” in R. A. Silverman and J. S. Teevan, Jr. 1975. *Crime in Canadian Society*, Toronto, Butterworth.

32. Interestingly, just as Hegel considers the soil the ground of family life’s principle; the sea is the animating natural element of industry (Hegel 1970: § 247), perhaps a clue for extending George’s analysis to international relations.

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