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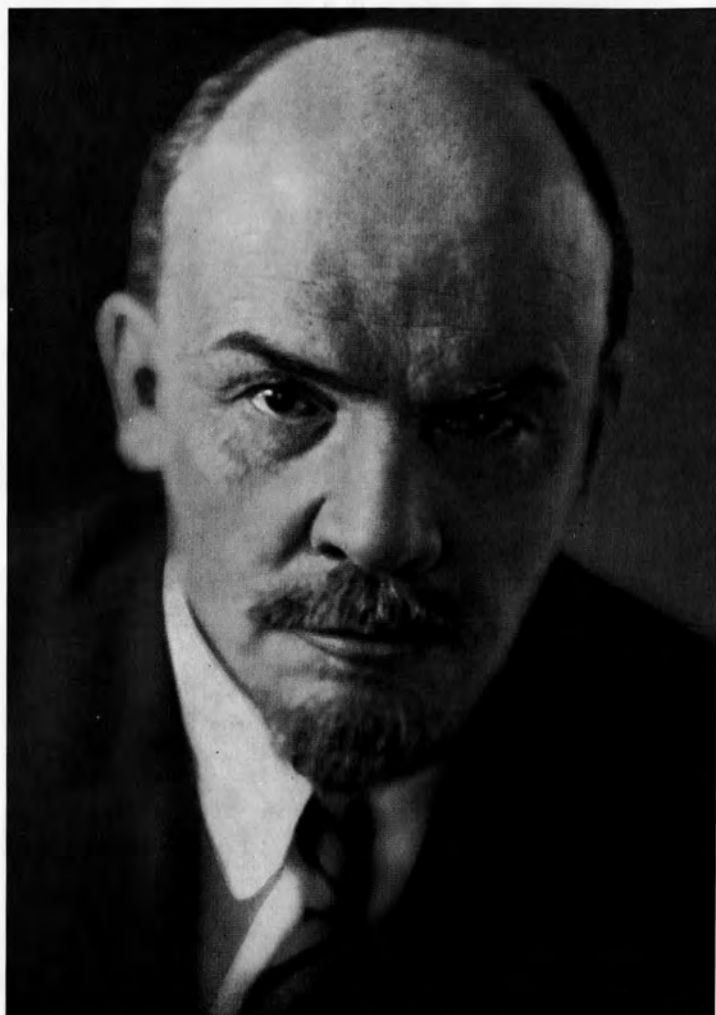
Lenin

**A CHARACTERISATION
OF ECONOMIC
ROMANTICISM**



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V. I. Lenin

Workers of All Countries, Unite!

V. I. Lenin

**A Characterisation of Economic
Romanticism**

(Sismondi and Our Native Sismondists')



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The Swiss economist Sismondi (J.-C.-L. Simonde de Sismondi), who wrote at the beginning of the present century, is of particular interest in considering a solution of the general economic problems which are now coming to the forefront with particular force in Russia. If we add to this that Sismondi occupies a special place in the history of political economy, in that he stands apart from the main trends, being an ardent advocate of small-scale production and an opponent of the supporters and ideologists of large-scale enterprise (just like the present-day Russian Narodniks), the reader will understand our desire to outline the main features of Sismondi's doctrine and its relation to other trends—both contemporary and subsequent—in economic science. A study of Sismondi is today all the more interesting because last year (1896) an article in *Russkoye Bogatstvo* also expounded his doctrine (B. Ephrucy: "The Social and Economic Views of Simonde de Sismondi." *Russkoye Bogatstvo*, 1896, Nos. 7 and 8).*

The contributor to *Russkoye Bogatstvo* states at the very outset that no writer has been "so wrongly appraised" as Sismondi, who, he alleges, has been "unjustly" represented, now as a reactionary, then as a utopian. The very opposite is true. Precisely *this* appraisal of Sismondi is quite correct. The article in *Russkoye Bogatstvo*, while it gives an accurate and detailed account of Sismondi's views,

* Ephrucy died in 1897. An obituary was published in *Russkoye Bogatstvo*, March 1897.

provides a completely incorrect picture of his theory,* idealises the very points of it in which he comes closest to the Narodniks, and ignores and misrepresents his attitude to subsequent trends in economic science. Hence, our exposition and analysis of Sismondi's doctrine will at the same time be a criticism of Ephruci's article.

* It is quite true that Sismondi was not a socialist, as Ephruci states at the beginning of his article, repeating what was said by Lippert (see *Handwörterbuch der Staatswissenschaften*, V. Band, Artikel "Sismondi" von Lippert, Seite 678) (*Dictionary of Political Science*, Vol. V, article by Lippert entitled "Sismondi", p. 678.—*Ed.*).

Chapter I

The Economic Theories of Romanticism

The distinguishing feature of Sismondi's theory is his doctrine of revenue, of the relation of revenue to production and to the population. The title of Sismondi's chief work is: *Nouveaux principes d'économie politique ou de la richesse dans ses rapports avec la population* (Seconde édition. Paris, 1827, 2 vol. The first edition was published in 1819)—*New Principles of Political Economy, or Wealth in Relation to Population*. This subject is almost identical with the problem known in Russian Narodnik literature as the "problem of the home market for capitalism." Sismondi asserted that as a result of the development of large-scale enterprise and wage-labour in industry and agriculture, production inevitably outruns consumption and is faced with the insoluble task of finding consumers; that it cannot find consumers within the country because it converts the bulk of the population into day labourers, plain workers, and creates unemployment, while the search for a foreign market becomes increasingly difficult owing to the entry of new capitalist countries into the world arena. The reader will see that these are the very same problems that occupy the minds of the Narodnik economists headed by Messrs. V. V. and N.—on. Let us, then, take a closer look at the various points of Sismondi's argument and at its scientific significance.

I
**Does the Home Market Shrink
Because of the Ruination of the Small Producers?**

Unlike the classical economists, who in their arguments had in mind the already established capitalist system and took the existence of the working class as a matter of course and self-evident, Sismondi particularly emphasises the ruination of the small producer—the process which led to the formation of the working class. That Sismondi deserves credit for pointing to this contradiction in the capitalist system is beyond dispute; but the point is that as an economist he failed to *understand* this phenomenon and covered up his inability to make a consistent analysis of it with “pious wishes.” In Sismondi’s opinion, the ruination of the small producer proves that the home market shrinks.

“If the manufacturer sells at a cheaper price,” says Sismondi in the chapter on “How Does the Seller Enlarge His Market?” (ch. III, livre IV, t. I, p. 342 et suiv.),* “he will sell more, because the others will sell less. Hence, the manufacturer always strives to save something on labour, or on raw materials, so as to be able to sell at a lower price than his fellow manufacturers. As the materials themselves are products of past labour, his saving, in the long run, always amounts to the expenditure of a smaller quantity of labour in the production of the same product.” “True, the individual manufacturer tries to expand production and not to reduce the number of his workers. Let us assume that he succeeds, that he wins customers away from his competitors by reducing the price of his commodity. What will be the ‘national result’ of this?... The other manufacturers will introduce the same methods of production as he employs. Then some of them will, of course, have to discharge some of their workers to the extent that the new machine increases the productive power of labour. If consumption remains at the same level, and if the same amount of labour is performed by one-tenth of the former number of hands, then the income of this section of the working class will be curtailed by nine-tenths, and all forms of its

* All subsequent quotations, unless otherwise stated, are taken from the above-mentioned edition of *Nouveaux Principes*.

consumption will be reduced to the same extent... The result of the invention—if the nation has no foreign trade, and if consumption remains at the same level—will consequently be a loss for all, a decline in the national revenue, which will lead to a decline in general consumption in the following year” (I, 344). “Nor can it be otherwise: labour itself is an important part of the revenue” (Sismondi has wages in mind), “and therefore the demand for labour cannot be reduced without making the nation poorer. Hence, the expected gain from the invention of new methods of production is nearly always obtained from foreign trade” (I, 345).

The reader will see that in these words he already has before him all that so-familiar “theory” of “the shrinkage of the home market” as a consequence of the development of capitalism, and of the consequent need for a foreign market. Sismondi very frequently reverts to this idea, linking it with his theory of crises and his population “theory”; it is as much the key point of his doctrine as it is of the doctrine of the Russian Narodniks.

Sismondi did not, of course, forget that under the new relationships, ruination and unemployment are accompanied by an increase in “commercial wealth,” that the point at issue was the development of large-scale production, of capitalism. This he understood perfectly well and, in fact, asserted that it was the growth of capitalism that caused the home market to shrink: “Just as it is not a matter of indifference from the standpoint of the citizens’ welfare whether the sufficiency and consumption of all tend to be equal, or whether a small minority has a superabundance of all things, while the masses are reduced to bare necessities, so these two forms of the distribution of revenue are not a matter of indifference from the viewpoint of the development of *commercial wealth* (richesse commerciale).” Equality in consumption must always lead to the expansion of the producers’ market, and inequality, *to the shrinking of the market*” (de le [le marché] resserrer toujours davantage) (I, 357).

Thus, Sismondi asserts that the home market shrinks owing to the inequality of distribution inherent in capi-

* Italics here and elsewhere are ours, unless otherwise stated.

talism, that the market must be created by equal distribution. But how can this take place when there is *commercial wealth*, to which Sismondi imperceptibly passed (and he could not do otherwise, for if he had done he could not have argued about the *market*)? This is something he does not investigate. How does he prove *that it is possible* to preserve equality among the producers if commercial wealth exists, *i.e.*, competition between the individual producers? He does not prove it at all. He simply decrees that that is what *must occur*. Instead of further analysing the contradiction he rightly pointed to, he begins to talk about the undesirability of contradictions in general. "It is possible that when small-scale agriculture is superseded by large-scale and more capital is invested in the land a larger amount of wealth is distributed among the entire mass of agriculturists than previously" . . . (*i.e.*, "it is possible" that the home market, the dimension of which is determined after all by the absolute quantity of *commercial wealth*, has expanded—expanded along with the development of capitalism?) . . . "But for the nation, the consumption of one family of rich farmers plus that of fifty families of poor day labourers is not equal to the consumption of fifty families of peasants, not one of which is rich but, on the other hand, not one of which lacks (a moderate) a decent degree of prosperity" (*une honnête aisance*) (I, 358). In other words: perhaps the development of capitalist farming does create a home market for capitalism. Sismondi was a far too knowledgeable and conscientious economist to deny this fact; but—but here the author drops his investigation, and for the "nation" of commercial wealth directly substitutes a "nation" of peasants. Evading the unpleasant fact that refutes his petty-bourgeois point of view, he even forgets what he himself had said a little earlier, namely, that the "peasants" became "farmers" thanks to the development of commercial wealth. "The first farmers," he said, "were simple labourers. . . . They did not cease to be peasants. . . . They hardly ever employed day labourers to work with them, they employed only servants (*des domestiques*), always chosen from among their equals, whom they treated as equals, ate with them at the same table . . . *constituted one class of peasants*" (I, 221). So then, it all amounts to this, that these patriarchal muzhiks, with their patriarchal

servants, are much more to the author's liking, and he simply turns his back on the changes which the growth of "commercial wealth" brought about in these patriarchal relationships.

But Sismondi does not in the least intend to admit this. He continues to think that he is investigating the laws of commercial wealth and, forgetting the reservations he has made, bluntly asserts:

"Thus, as a result of wealth being concentrated in the hands of a small number of proprietors, *the home market shrinks increasingly* (!), and industry is increasingly compelled to look for foreign markets, where great revolutions (*des grandes révolutions*) await it" (I, 361). "Thus, the home market cannot expand except through national prosperity" (I, 362). Sismondi has in mind the prosperity of the people, for he had only just admitted the possibility of "national" prosperity under capitalist farming.

As the reader sees, our Narodnik economists say the same thing word for word.

Sismondi reverts to this question again at the end of his work, in Book VII *On the Population*, chapter VII: "On the Population Which Has Become Superfluous Owing to the Invention of Machines."

"The introduction of large-scale farming in the countryside has in Great Britain led to the disappearance of the class of peasant farmers (*fermiers paysans*), who worked themselves and nevertheless enjoyed a moderate prosperity; the population declined considerably, but its consumption declined more than its numbers. The day labourers who do all the field work, receiving only bare necessities, do not by any means give the same encouragement to urban industry as the rich peasants gave previously" (II, 327). "Similar changes also took place among the urban population. . . . The small tradesmen, the small manufacturers disappear, and one big entrepreneur replaces hundreds of them who, taken all together, were perhaps not as rich as he. Nevertheless, taken together they were bigger consumers than he. The luxury he indulges in encourages industry far less than the moderate prosperity of the hundred households he has superseded" (*ibid.*).

The question is: what does Sismondi's theory that the home market shrinks with the development of capitalism

amount to? To the fact that its author, who had hardly attempted to look at the matter squarely, avoided analysing the conditions that belong to capitalism ("commercial wealth" plus large-scale enterprise in industry and agriculture, for Sismondi does not know the word "capitalism." Identity of concepts makes this use of the term quite correct, and in future we shall simply say: "capitalism"), and replaced an analysis by his own petty-bourgeois point of view and his own petty-bourgeois utopia. The development of commercial wealth and, consequently, of competition, he says, should leave intact the average, uniform peasantry, with its "moderate prosperity" and its patriarchal relations with its farm servants.

It goes without saying that this innocent desire remained the exclusive possession of Sismondi and the other romantics among the "intelligentsia"; and that day after day it came into increasing conflict with the reality that was developing the contradictions of which Sismondi was not yet able to gauge the depth.

It goes without saying that theoretical political economy, which in its further development* joined that of the classical economists, established precisely what Sismondi wanted to deny—that the development of capitalism in general, and of capitalist farming in particular, does not restrict the home market, but *creates* it. The development of capitalism proceeds simultaneously with the development of commodity economy, and to the extent that domestic production gives way to production for sale, while the handicraftsman is superseded by the factory, a market is created *for capital*. The "day labourers" who are pushed out of agriculture by the conversion of the "peasants" into "farmers" provide labour-power for capital, and the farmers are purchasers of the products of industry, not only of articles of consumption (which were formerly produced by the peasants at home, or by village artisans), but also of instruments of production, which could not remain of the old type after small farming had been superseded by large-scale farming.**

* This refers to Marxism. (Author's footnote to the 1908 edition.—*Ed.*)

** Thus, simultaneously the elements of both variable capital (the "free" worker) and constant capital are formed; the means of production from which the small producer is freed pertain to the latter.

The last point is worth emphasising, for it is the one that Sismondi particularly ignored when, in the passage we have quoted, he talked about "consumption" by peasants and farmers as if only *personal* consumption (the consumption of bread, clothing, etc.) existed and as if the purchase of machines, implements, etc., the erection of buildings, warehouses, factories, etc., were not also consumption, except that it is of a different kind, i.e., *productive consumption*, consumption by capital and not by people. And again we must note that it is precisely this mistake, which, as we shall soon see, Sismondi borrowed from Adam Smith, that our Narodnik economists took over in toto.*

II

Sismondi's Views on National Revenue and Capital

The arguments adduced by Sismondi to prove that capitalism is impossible and that it cannot develop are not confined to this. He also drew the same conclusions from his revenue theory. It must be said that Sismondi took over in its entirety Adam Smith's labour theory of value and three forms of revenue: rent, profit and wages. Here and there he even attempts to group together the first two forms of revenue and contrast them to the third: thus, he sometimes combines them and opposes them to wages (I, 104-05); sometimes he even uses the term *mieux-value* (surplus-value) to describe them (I, 103). We must not, however, exaggerate the importance of this terminology as, we think, Ephrussi does when he says that "Sismondi's theory stands close to the theory of surplus-value" (*Russkoye Bogatstvo*, No. 8, p. 41). Properly speaking, Sismondi did not advance a single step beyond Adam Smith, who also said that rent and profit are "deductions from the produce of labour," the share of the value which the worker adds to

* Ephrussi says nothing at all concerning this part of Sismondi's doctrine—the shrinking of the home market as a result of the development of capitalism. We shall see again and again that he left out what is most typical of Sismondi's *viewpoint* and of the attitude of Narodism towards his doctrine.

the product (see *An Inquiry into the Nature and Causes of the Wealth of Nations*, Russian translation by Bibikov, Vol. I, chap. VIII: "Of the Wages of Labour," and chap. VI: "Of the Component Parts of the Price of Commodities"). Nor did Sismondi go further than this. But he tried to link up this division of the newly-created product into surplus-value and wages with the theory of the social revenue, the home market and the realisation of the product in capitalist society. These attempts are extremely important for an appraisal of Sismondi's scientific significance, and for an understanding of the connection between his doctrine and that of the Russian Narodniks. It is therefore worth while analysing them in greater detail.

In everywhere pushing into the forefront the question of revenue, of its relation to production, to consumption and to the population, Sismondi was also naturally obliged to analyse the theoretical basis of the concept "revenue." And so at the very beginning of his work we find three chapters devoted to the question of revenue (I. II, ch. IV-VI). Chapter IV, entitled "How Revenue Originates from Capital," deals with the difference between capital and revenue. Sismondi begins straight away to deal with this subject in relation to the whole of society. "Inasmuch as each works for all," he says, "what is produced by all must be consumed by all. . . . The difference between capital and revenue is material for society" (I, 83). But Sismondi has a feeling that this "material" difference is not as simple *for society* as it is for the individual entrepreneur. "We are approaching," he makes the reservation, "the most abstract and most difficult problem of political economy. The nature of capital and that of revenue are constantly interwoven in our minds: we see that *what is revenue for one becomes capital for another*, and the same object, in passing from hand to hand, successively acquires different names" (I, 84), i.e., is called "capital" at one moment and "revenue" at another. "But to confuse them," asserts Sismondi, "is ruinous" (*leur confusion est ruineuse*, p. 477). "The task of distinguishing between the capital and revenue of society is as important as it is difficult" (I, 84).

The reader has probably noticed wherein lies the difficulty which Sismondi speaks of: if the revenue of the individual entrepreneur is his profit, which he spends on var-

ious kinds of articles of consumption,* and if the revenue of the individual worker is his wages, can these two forms of revenue be added together to form the "revenue of society"? What, then, about those capitalists and workers who produce machines, for example? Their product exists in a form that cannot be consumed (i.e., consumed personally). It cannot be added to articles of consumption. These products are meant to serve as capital. Hence, while being the *revenue* of their producers (that is, that part which is the source of profit and wages) they become the *capital* of their purchasers. How can we straighten out this confusion, which prevents us from defining the concept of social revenue?

As we have seen, Sismondi merely approached the question and at once shrank from it, limiting himself to stating the "difficulty." He says plainly that "usually, three kinds of revenue are recognised: rent, profit and wages" (I, 85), and then goes on to expound Adam Smith's doctrine concerning each. The question of the difference between the capital and the revenue of society remained unanswered. The exposition now proceeds without any strict division between social revenue and individual revenue. But Sismondi reverts once again to the question he abandoned. He says that, as there are different kinds of revenue, so there are "different kinds of wealth" (I, 93), namely, *fixed capital*—machines, implements, etc., *circulating capital*—which, unlike the former, is consumed quickly and changes its form (seed, raw materials, wages) and, lastly, *revenue from capital*, which is consumed without being reproduced. Here it is not important to us that Sismondi repeats all the mistakes Adam Smith made in the theory of fixed and circulating capital, that he confuses these categories, which belong to the process of circulation, with the categories which spring from the process of production (constant and variable capital). What interests us is Sismondi's theory of revenue. And on this question, he draws the following conclusion from the division of wealth into three kinds that has just been made.

"It is important to note that these three kinds of wealth

* To be more exact: that *part* of profit which is not used for accumulation.

go similarly into consumption; for everything that has been produced is of value to man only insofar as it serves his needs, and these needs are satisfied only by consumption. But fixed capital serves this purpose indirectly (d'une manière indirecte); it is consumed slowly, helping man to reproduce what serves for his consumption" (I, 94-95), whereas circulating capital (Sismondi already identifies it with variable capital) is converted into the "*worker's consumption fund*" (I, 95). It follows, therefore, that, as distinct from individual consumption, there are two kinds of *social consumption*. These two kinds differ very greatly. What matters, of course, is not that fixed capital is consumed slowly, but that it is consumed without forming *revenue* (a consumption fund) for any class of society, that it is not used personally, but productively. But Sismondi fails to see this, and realising that he has again strayed from the path* in quest of the difference between social capital and revenue, he helplessly exclaims: "This movement of wealth is so abstract, it requires such considerable attention to grasp it fully (pour le bien saisir), that we deem it useful to take the simplest example" (I, 95). And indeed, he does take the "simplest" example: a single farmer (un fermier solitaire) harvested a hundred sacks of wheat; part of the wheat he consumed himself, part went for sowing, and part was consumed by the workers he hired. Next year he harvested two hundred sacks. Who is to consume them? The farmer's family cannot grow so quickly. Using this extremely ill-chosen example to show the difference between fixed capital (seed), circulating capital (wages) and the farmer's consumption fund, Sismondi says:

"We have seen three kinds of wealth in an individual family; let us now examine each kind in relation to the whole nation and see how the national revenue can result from this distribution" (I, 97). But all he says after this is that in society, too, it is necessary to reproduce the same three kinds of wealth: fixed capital (and Sismondi empha-

* Sismondi had only just separated *capital* from *revenue*. The first goes to production, the second to consumption. But we are talking about society, and society also "consumes" fixed capital. The distinction drawn falls to the ground, and the social-economic process which transforms "capital for one" into "revenue for another" remains unexplained.

sises that a certain amount of labour has to be expended on it, but he does not explain how fixed capital will exchange for the articles of consumption required by both the capitalists and the workers engaged in this production); then come raw materials (Sismondi isolates these especially); then the workers' maintenance and the capitalists' profit. This is all we get from chapter IV. Obviously, the question of the national revenue remained open, and Sismondi failed to analyse, not only distribution, but even the *concept* of revenue. He immediately forgets the theoretically extremely important reference to the need to reproduce also the fixed capital of society; and in his next chapter, in speaking of the "distribution of the national revenue among the different classes of citizens" (ch. V), he goes straight on to speak of three kinds of revenue and, combining rent and profit, he says that the national revenue consists of two parts: profit from wealth (i.e., rent and profit in the proper sense) and the workers' means of subsistence (I, 104-05). He says, moreover, that:

"Similarly, the annual product, or the result of all the work done by the nation during the year, consists of two parts: one is . . . the profit that comes from wealth; the other is the capacity to work (la puissance de travailler) which is assumed to equal the part of wealth for which it is exchanged, or the means of subsistence of those who work. . . . Thus, the national revenue and the annual product balance each other and represent equal magnitudes. The entire annual product is consumed in the course of the year, but partly by the workers, who, giving their labour in exchange, turn the product into capital and reproduce it, and partly by the capitalists, who, giving their revenue in exchange, destroy it" (I, 105).

Thus, Sismondi simply thrusts aside the question of distinguishing between national capital and revenue, which he himself so definitely considered to be extremely important and difficult, and forgets entirely what he had said a few pages previously! And then he does not see that by thrusting this question aside, he reduced the problem to utter absurdity: how can the annual product be totally consumed by the workers and capitalists in the shape of revenue, if production needs capital, or, to be more exact, means and instruments of production? They have

to be produced, and they are produced every year (as Sismondi himself has only just admitted). And now all these instruments of production, raw materials, etc., are suddenly discarded and the "difficult" problem of the difference between capital and revenue is settled by the absolutely incongruous assertion that the annual product equals the national revenue.

This theory, that the entire product of capitalist society consists of two parts—the workers' part (wages, or variable capital, to use modern terminology) and the capitalists' part (surplus-value), is not peculiar to Sismondi. It does not belong to him. He borrowed it in its entirety from Adam Smith, and even took a step backward from it. The whole of subsequent political economy (Ricardo, Mill, Proudhon and Rodbertus) repeated this mistake, which was disclosed only by the author of *Capital*, in Part III of Volume II. We shall expound the principles underlying his views later on. At present let us observe that this mistake is repeated by our Narodnik economists. It is of special interest to compare them with Sismondi, because they draw from this fallacious theory *the very same conclusions that Sismondi himself drew**: the conclusion that surplus-value cannot be realised in capitalist society; that social wealth cannot be expanded; that the foreign market must be resorted to *because* surplus-value cannot be realised within the country; and lastly, that crises occur because the product, it is alleged, cannot be realised through consumption by the workers and the capitalists.

III

Sismondi's Conclusions from the Fallacious Theory of Two Parts of the Annual Product in Capitalist Society

To give the reader an idea of Sismondi's doctrine as a whole, we shall first state the most important conclusions which he draws from this theory, and then deal with the manner in which his chief error is rectified in Marx's *Capital*.

* And which were prudently avoided by the other economists who repeated Adam Smith's mistake.

First of all, Sismondi draws from Adam Smith's fallacious theory the conclusion that production must correspond to consumption, that production is determined by revenue. He goes on reiterating this "truth" (which proves his complete inability to understand the nature of capitalist production) throughout the whole of his next chapter, chapter VI: "The Mutual Determination of Production by Consumption, and Expenditure by Revenue." Sismondi directly applies the ethics of the frugal peasant to capitalist society, and sincerely believes that in this way he has corrected Adam Smith's doctrine. At the very beginning of his work, when speaking about Adam Smith in the introductory part (Book I, *History of Science*), he says that he "supplements" Smith with the proposition that "consumption is the sole aim of accumulation" (I, 51). "Consumption," he says, "determines reproduction" (I, 119-20), "the national expenditure must regulate the national revenue" (I, 113), and the whole of the work is replete with similar assertions. Two more characteristic features of Sismondi's doctrine are directly connected with this: firstly, disbelief in the development of capitalism, failure to understand that it causes an ever-increasing growth of the productive forces and denial that such growth is possible—in exactly the same way as the Russian romanticists "teach" that capitalism leads to a waste of labour, and so forth.

"Those who urge unlimited production are mistaken," says Sismondi (I, 121). Excess of production over revenue causes over-production (I, 106). An increase in wealth is beneficial only "when it is gradual, when it is proportionate to itself, when none of its parts develops with excessive rapidity" (I, 409). The good Sismondi thinks that "disproportionate" development is not development (as our Narodniks also do); that this disproportion is not a law of the present system of social economy, and of its development, but a "mistake" of the legislator, etc.; that in this the European governments are artificially imitating England, a country that has taken the wrong path.* Sis-

* See, for example, II, 456-57, and many other passages. Later we shall quote specimens of them, and the reader will see that even in their mode of expression our romanticists, like Mr. N. —on, differ in no way from Sismondi.

mondi wholly denies the proposition which the classical economists advanced, and which Marx's theory wholly accepted, namely, that capitalism develops the productive forces. In fact, he goes to the length of regarding all accumulation as being possible only "little by little," and is quite unable to explain the process of accumulation. This is the second highly characteristic feature of his views. The way he argues about accumulation is extremely amusing:

"In the long run, the total product of a given year always exchanges only for the total product of the preceding year" (I, 121). Here accumulation is wholly denied: it follows that the growth of social wealth is impossible under capitalism. The Russian reader will not be very much surprised by this assertion, because he has heard the same thing from Mr. V. V. and from Mr. N. —on. But Sismondi was, after all, a disciple of Adam Smith. He has a feeling that he is saying something utterly incongruous, and he wants to correct himself:

"If production grows gradually," he continues, "then annual exchange causes only a slight loss (*une petite perte*) each year, while at the same time improving the conditions for the future (*en même temps qu'elle bonifie la condition future*). If this loss is slight and well distributed, everybody will bear it without complaint... If, however, the discrepancy between the new production and the preceding one is great, capital perishes (*sont entamés*), suffering is caused, and the nation retrogresses instead of progressing" (I, 121). It would be difficult to formulate the fundamental thesis of romanticism and of the petty-bourgeois view of capitalism more vividly and more plainly than is done in the above tirade. The more rapid the process of accumulation, *i.e.*, the excess of production over consumption, the better, taught the classical economists, who, though they were not clear about the process of the social production of capital, and though they were unable to free themselves from Adam Smith's mistaken view that the social product consists of two parts, nevertheless advanced the perfectly correct idea that production creates a market for itself and itself determines consumption. And we know also that Marx's theory, which recognised that the more rapid the growth of wealth, the fuller the development of the productive forces of labour and its socialisation,

and *the better the position of the worker*, or as much better as it can be under the present system of social economy, took over this view of accumulation from the classical economists. The romanticists assert the very opposite, and base all their hopes on the feeble development of capitalism; they call for its *retardation*.

Further, the failure to understand that production creates a market for itself leads to the doctrine that surplus-value cannot be realised. "From reproduction comes revenue, but *production in itself is not yet revenue*: it acquires this name" (*ce nom!* Thus the difference between production, *i.e.*, the product, and revenue lies only in the word!) "and functions as such (*elle n'opère comme telle*) only after it is realised, after each article produced finds a consumer who has the need or the desire for it" (*qui en avait le besoin ou le désir*) (I, 121). Thus, the identification of revenue with "production" (*i.e.*, with all that is produced) leads to the identification of realisation with *personal* consumption. Sismondi has already forgotten that the realisation of such products as, for example, iron, coal, machines, etc., the realisation of means of production in general, takes place in a different way, although he had been very close to this idea earlier. The identification of realisation with *personal* consumption naturally leads to the doctrine that it is *surplus-value* that the capitalists cannot realise, because, of the two parts of the social product, wages are realised through workers' consumption. And indeed, Sismondi reached this conclusion (subsequently amplified in greater detail by Proudhon and constantly repeated by our Narodniks). In controversy with MacCulloch, Sismondi makes the allegation that the latter (in expounding Ricardo's views) does not explain the realisation of profit. MacCulloch had said that, with the division of social labour, one branch of production provides a market for another: the producers of bread realise their commodities in the product of the producers of clothing and vice versa.* "The author," says Sismondi, "presupposes labour without

* See supplement to *Nouveaux Principes*, 2nd ed., Vol. II: "Eclaircissements relatifs à la balance des consommations avec les productions" ("Explanations Relative to the Balance of Consumption and Production."—*Ed.*), where Sismondi translates and disputes the essay by Ricardo's disciple (MacCulloch) published in the *Edinburgh*

profit (un travail sans bénéfice), reproduction which only replaces the *workers' consumption*" (II, 384, Sismondi's italics) . . . "he leaves nothing for the master . . . we are investigating what becomes of the excess of the workers' production over their consumption" (ibid.). Thus, we find that this first romanticist already makes the very definite statement that the capitalists cannot realise *surplus-value*. From this proposition Sismondi draws the further conclusion—again the very same as that drawn by the Narodniks—that *the very conditions of realisation* make it necessary for capitalism to have a foreign market. "As labour itself is an important component of revenue, the demand for labour cannot be reduced without making the nation poorer. Hence, the expected gain from the invention of new methods of production nearly always relates to *foreign trade*" (I, 345). "The nation which is the first to make some discovery is able, for a considerable time, to expand its market in proportion to the number of hands that are released by each new invention. It employs them forthwith to produce that larger quantity of products which its invention enables it to produce more cheaply. But at last the time will come when the whole civilised world forms a single market, and it will no longer be possible to acquire new purchasers in any new nation. Demand in the world market will then be a constant (*précise*) quantity, for which the different industrial nations will compete against each other. If one nation supplies a larger quantity of products, it will do so to the detriment of another. The total sales cannot be increased except by an increase in general prosperity, or by the transfer of commodities, formerly the exclusive possession of the rich, to the sphere of consumption by the poor" (II, 316). The reader will see that Sismondi presents the very doctrine that our romanticists have learned so well, namely, that the foreign market provides *the way out of the difficulty* of realising the product in general, and surplus-value in particular.

Lastly, this same doctrine that national revenue and national production are identical led to Sismondi's theory

Review entitled "An Inquiry into the Question as to Whether the Power to Consume Always Grows in Society Simultaneously with the Power to Produce."²

of crises. After what has been said above, we need scarcely quote from the numerous passages in Sismondi's work which deal with this subject. His theory that production must conform to revenue naturally led to the view that crises are the result of the disturbance of this balance, the result of an excess of production over consumption. It is evident from the passage just quoted that it is this discrepancy between production and consumption that Sismondi regarded as the main cause of crises; and in the forefront he placed the underconsumption of the masses of the people, the workers. This explains why Sismondi's theory of crises (which Rodbertus also adopted) is known in economic science as an example of the theories which ascribe crises to underconsumption (*Unterkonsumption*).

IV

Wherein Lies the Error of Adam Smith's and Sismondi's Theories of National Revenue!

What is the fundamental error that led Sismondi to all these conclusions?

Sismondi took over his theory of national revenue and of its division into two parts (the workers' and the capitalists') bodily from Adam Smith. Far from adding anything to Adam Smith's theses, he even took a step backward and omitted Adam Smith's attempt (albeit unsuccessful) to substantiate this proposition theoretically. Sismondi appears not to notice how this theory contradicts that of production in general. Indeed, according to the theory which deduces value from labour, the value of a product consists of three components: the part which replaces the raw materials and instruments of labour (constant capital), the part which replaces wages, or the maintenance of the workers (variable capital), and "surplus-value" (Sismondi calls it *mieux-value*). Such is the analysis of the individual product in terms of value made by Adam Smith and repeated by Sismondi. The question is: how can the *social* product, which is the sum-total of *individual* products, consist only of the two latter parts? What has become of the first part—constant capital? As we have seen, Sismondi merely beat about the bush on this question, but Adam

Smith gave an answer to it. He asserted that this part exists independently only in the individual product. If, however, we take the aggregate social product, this part, in its turn, resolves itself into wages and surplus-value—of precisely those capitalists who produce this constant capital.

But in giving this answer Adam Smith did not explain why, when resolving the value of constant capital, say of machines, he again leaves out the constant capital, i.e., in our example, the iron out of which the machines are made, or the instruments used up in the process, etc.? If the value of each product includes the part which replaces constant capital (and all economists agree that it does) then the exclusion of that part from any sphere of social production whatever is quite arbitrary. As the author of *Capital* pointed out, “when Adam Smith says that the instruments of labour resolve themselves into wages and profit, he forgets to add: *and into that constant capital* which is used up in their production. Adam Smith simply sends us from Pontius to Pilate,³ from one line of production to another, from another to a third,”⁴ failing to notice that this shifting about does not alter the problem in the least. Smith’s answer (accepted by all the subsequent political economists prior to Marx) is simply an evasion of the problem, avoidance of the difficulty. And there is indeed a difficulty here. It lies in that the concepts of capital and revenue cannot be directly transferred from the individual product to the social product. The economists admit this when they say that from the social point of view what is “capital for one becomes revenue for another” (see Sismondi, as quoted above). This phrase, however, *formulates* the difficulty but does not solve it.*

The solution is that when examining this question from the social point of view, we must no longer speak of products in general, irrespective of their material forms. Indeed, we are discussing the social revenue, i.e., the product which becomes available for consumption. But surely not all products can be consumed through *personal consumption*: machines, coal, iron, and similar articles are not

* We give here only the *gist* of the new theory which provides this solution, leaving ourselves free to present it in greater detail elsewhere. See *Das Kapital*, II. Band, III. Abschnitt.⁵ (For a more detailed exposition, see *The Development of Capitalism*, chap. I.)⁶

consumed personally, but productively. From the individual entrepreneur’s point of view this distinction was superfluous: when we said that the workers would consume variable capital, we assumed that on the market they would acquire articles of consumption with the money the capitalist had paid them, the money which he, the capitalist, had received for the machines made by the workers. Here the exchange of machines for bread does not interest us. But from the social point of view, this exchange cannot be *assumed*: we cannot say that the entire capitalist class which produces machines, iron, etc., sells these things, and in this way realises them. The whole question is *how* realisation takes place—that is, the replacement of all parts of the social product. Hence, the point of departure in discussing social capital and revenue—or, what is the same thing, the realisation of the product in capitalist society—must be the distinction between two entirely different types of social product: *means of production* and *articles of consumption*. The former can be consumed only productively, the latter only personally. The former can serve *only* as capital, the latter must become revenue, i.e., must be destroyed in consumption by the workers and capitalists. The former go entirely to the capitalists, the latter are shared between the workers and the capitalists.

Once this difference is understood and we rectify the error made by Adam Smith, who left its constant part (i.e., the part which replaces constant capital) out of the social product, the question of the realisation of the product in capitalist society becomes clear. Obviously, we cannot speak of wages being realised through consumption by the workers, and surplus-value through consumption by the capitalists, and *nothing more*.* The workers can con-

* That is just how our Narodnik economists Messrs. V. V. and N. —on reason. Above we deliberately dealt in great detail with Sismondi’s wandering around the question of productive and personal consumption, of articles of consumption and means of production (Adam Smith came even closer to distinguishing between them than Sismondi did). We wanted to show the reader that the *classical* representatives of this fallacious theory *felt* that it was unsatisfactory, saw the contradiction in it, and made attempts to extricate themselves. But our “original” theoreticians not only see nothing and feel nothing, but know nothing about either the theory or the history of the question they prate about so zealously.

sume wages and capitalists surplus-value only when the product consists of articles of consumption, i.e., only in one department of social production. They cannot "consume" the product which consists of means of production: this *must be exchanged for articles of consumption*. But for which part (in terms of value) of the articles of consumption can they exchange their product? Obviously, only for the *constant part* (constant capital), since the other two parts constitute the consumption fund of the workers and capitalists who produce articles of consumption. By realising the surplus-value and wages in the industries which produce means of production, this exchange thereby realises the constant capital in the industries which produce articles of consumption. Indeed, for the capitalist who manufactures, say, sugar, that part of the product which is to replace constant capital (i.e., raw materials, auxiliary materials, machines, premises, etc.) exists in the shape of *sugar*. To realise this part, he must receive corresponding *means of production* in return for it. The realisation of this part will therefore consist in exchanging the *article of consumption* for products which serve as *means of production*. Now the realisation of only one part of the social product, namely, the constant capital in the department which manufactures means of production, remains unexplained. This is partially realised by part of the product going back again into production in its natural form (for example, part of the coal produced by a mining firm is used to produce more coal; the grain obtained by farmers is used for seed, and so forth); and partly it is realised by exchange between individual capitalists in the same department: for example, coal is needed for the production of iron, and iron is needed for the production of coal. The capitalists who produce these two products realise by mutual exchange that part of their respective products which replaces their constant capital.

This analysis (which, we repeat, we have summarised in the most condensed form for the reason given above) solved the difficulty which all the economists felt when they formulated it in the phrase: "capital for one becomes revenue for another." This analysis revealed the utter fallacy of reducing social production solely to personal consumption.

We can now proceed to examine the conclusions drawn by Sismondi (and the other romanticists) from his fallacious theory. But first let us quote the opinion of Sismondi expressed by the author of the above analysis, after a most detailed and comprehensive examination of Adam Smith's theory, to which Sismondi added absolutely nothing, merely leaving out Adam Smith's attempt to justify his contradiction:

"Sismondi, who occupies himself particularly with the relation of capital to revenue, and in actual fact makes the peculiar formulation of this relation the *differentia specifica* of his *Nouveaux Principes*, did not say *one scientific word*" (author's italics), "did not contribute one iota to the clarification of the problem" (*Das Kapital*, II, S. 385, 1-te Auflage).⁷

V

Accumulation in Capitalist Society

The first erroneous conclusion from the fallacious theory relates to accumulation. Sismondi did not in the least understand capitalist accumulation, and in his heated controversy on this subject with Ricardo truth was really on the side of the latter. Ricardo asserted that production creates a market for itself, whereas Sismondi denied this, and based his theory of crises on this denial. True, Ricardo was also unable to correct the above-mentioned fundamental mistake of Adam Smith, and, therefore, was unable to solve the problem of the relation between social capital and revenue and of the realisation of the product (nor did Ricardo set himself these problems); but he instinctively characterised the quintessence of the bourgeois mode of production by noting the absolutely indisputable fact that accumulation is the excess of production over revenue. From the viewpoint of the modern analysis that is how matters stand. Production does indeed create a market for itself: production needs means of production, and they constitute a special department of social production, which occupies a certain section of the workers, and produces a special product, realised partly within this

same department and partly by exchange with the other department, which produces articles of consumption. Accumulation is indeed the excess of production over revenue (articles of consumption). To expand production (to "accumulate" in the categorical meaning of the term) it is first of all necessary to produce means of production,* and for this it is consequently necessary to expand that department of social production which manufactures means of production, it is necessary to draw into it workers who immediately present a demand for articles of consumption, too. Hence, "consumption" develops after "accumulation," or after "production"; strange though it may seem, it cannot be otherwise in capitalist society. Hence, the rates of development of these two departments of capitalist production do not have to be proportionate, on the contrary, they must inevitably be disproportionate. It is well known that the law of development of capital is that constant capital grows faster than variable capital, that is to say, an ever larger share of newly-formed capital is turned into that department of the social economy which produces means of production. Hence, this department necessarily grows faster than the department which manufactures articles of consumption, i.e., what takes place is exactly that which Sismondi declared to be "impossible," "dangerous," etc. Hence, products for personal consumption occupy an ever-diminishing place in the total mass of capitalist output. And this fully corresponds to the historical "mission" of capitalism and to its specific social structure: the former is to develop the productive forces of society (production for production); the latter precludes their utilisation by the mass of the population.

We can now fully appraise Sismondi's view of accumulation. His assertion that rapid accumulation leads to disaster is absolutely wrong and is solely the result of his failure to understand accumulation, as are his repeated statements and demands that production must not outstrip

* We would remind the reader how Sismondi approached this; he distinctly singled out these means of production for an individual family and tried to do the same for society, too. Properly speaking, it was Smith who "approached", and not Sismondi, who only related what Smith had said.

consumption, because consumption determines production. Actually, the very opposite is the case, and Sismondi simply turns his back on reality in its specific, historically determined form and substitutes petty-bourgeois moralising for an analysis. Particularly amusing are Sismondi's attempts to clothe this moralising in a "scientific" formula. "Messrs. Say and Ricardo," he says in his preface to the second edition of *Nouveaux Principes*, "came to believe . . . that consumption had no other limits than those of production, whereas actually it is limited by revenue. . . . They should have warned producers that they must count only on consumers who have a revenue" (I, XIII).* Nowadays, such naïveté only raises a smile. But are not the writings of our contemporary romanticists, like Messrs. V. V. and N. —on, replete with the same sort of thing? "Let the banking entrepreneurs ponder well" . . . over whether they will find a market for their commodities (II, 101-02). "When it is assumed that the aim of society is to increase wealth, the aim is always sacrificed for the means" (II, 140). "If, instead of expecting an impetus from the demand created by labour" (i.e., an impetus to production from the workers' demand for products), "we expect it to come from preceding production, we shall be doing almost the same thing as we would do to a clock if, instead of turning back the wheel that carries the chain (la roue qui porte la chaînette), we turn back another wheel—we would thereby break the whole machine and stop it" (II, 454). Sismondi says that. Let us now hear what Mr. Nikolai —on has to say. "We have overlooked the factors due to which this development" (i.e., the development of capitalism) "is taking place; we have also forgotten the aim of all production . . . an extremely fatal blunder. . ." (N. —on, *Sketches on Our Post-Reform Social Economy*, 298). Both these authors talk about capitalism, about capitalist countries; both reveal their complete inability to understand the essence of capi-

* As we know, on this question (as to whether production creates a market for itself) the modern theory fully agrees with the classical economists, who answered this question in the affirmative, in opposition to romanticism, which answered it in the negative. "The real barrier of capitalist production is capital itself" (*Das Kapital*, III, I, 231).⁸

talist accumulation. But would one believe that the latter is writing seventy years after the former?

An example which Sismondi quotes in chapter VIII: "The Results of the Struggle to Cheapen Production" (Book IV, *On Commercial Wealth*) vividly demonstrates how failure to understand capitalist accumulation is linked up with the error of reducing all production to the production of articles of consumption.

Let us assume, says Sismondi, that the owner of a manufactory has a circulating capital of 100,000 francs, which brings him 15,000, of which 6,000 represent interest on capital and are paid to the capitalist, and 9,000 constitute the profit obtained by the manufacturer as the entrepreneur. Let us assume that he employs the labour of 100 workers, whose wages total 30,000 francs. Further, let there be an increase in capital, an expansion of production ("accumulation"). Instead of 100,000 francs the capital will be=200,000 francs invested in fixed capital and 200,000 francs in circulating capital, making a total of 400,000 francs; profit and interest=32,000+16,000 francs, for the rate of interest has dropped from 6% to 4%. The number of workers employed has doubled, but wages have dropped from 300 francs to 200 francs, hence making a total of 40,000 francs. Thus, production has grown fourfold.* And Sismondi counts up the results: "revenue," or "consumption," in the first case amounted to 45,000 francs (30,000 wages+6,000 interest+9,000 profit); it is now 88,000 francs (40,000 wages+16,000 interest+32,000 profit). "Production has increased fourfold," says Sismondi, "but consumption has not even doubled. *The consumption of the workers who made the machines should not be counted. It is covered by the 200,000 francs which have been used for*

this purpose; it is already included in the accounts of another manufactory, where the facts will be the same" (I, 405-06).

Sismondi's calculation shows a diminution of revenue with an increase in production. The fact is indisputable. But Sismondi does not notice that the example he gives defeats his own theory of the realisation of the product in capitalist society. Curious is his observation that the consumption of the workers who made machines "should not be counted." Why not? Because, firstly, it is *covered* by the 200,000 francs. Thus, capital is transferred to the department which manufactures *means of production*—this Sismondi does not notice. Hence, the "home market," which "shrinks," as Sismondi says, does not consist solely of articles of consumption, but also of *means of production*. These means of production constitute a special product which is *not* "realised" by *personal consumption*; and the more rapidly accumulation proceeds, the more intense, consequently, is the development of that department of capitalist production which manufactures products not for personal but for productive consumption. Secondly, answers Sismondi, it is the workers of the other manufactory, where the facts will be the same (où les mêmes faits pourront se représenter). As you see, Sismondi repeats Adam Smith in sending the reader "from Pontius to Pilate." But this "other manufactory" also consumes *constant capital*, and its production also provides a market for that department of capitalist production which manufactures means of production! However much we shift the question from one capitalist to another, and then to a third—this department does not disappear, and the "home market" does not reduce itself just to articles of consumption. Therefore, when Sismondi says that "this calculation refutes ... one of the axioms that has been most insisted upon in political economy, namely, the freer competition, the more profitable the development of industry" (I, 407), he does not notice that "this calculation" also refutes what he himself says. It is an undisputed fact that by displacing workers the introduction of machines worsens their conditions; and it is indisputably to Sismondi's credit that he was one of the first to point to this. But this does not in the least prevent

* "The first result of competition," says Sismondi, "is a reduction in wages and at the same time an increase in the number of workers" (I, 403). We shall not dwell here on Sismondi's wrong calculation: he calculates, for example, that profit will be 8 per cent on fixed capital and 8% on circulating capital, that the number of workers rises in proportion to the increase of circulating capital (which he cannot properly distinguish from variable capital), and that fixed capital goes entirely into the price of the product. In the present case all this is unimportant, because the conclusion arrived at is correct: a diminution in the share of variable capital in the total capital, as a necessary result of accumulation.

his theory of accumulation and of the home market from being absolutely incorrect. His own calculation clearly indicates the very phenomenon which Sismondi not only denied but even turned into an argument against capitalism, when he said that accumulation and production must correspond to consumption, otherwise a crisis will ensue. His calculation shows, precisely, that accumulation and production *outstrip* consumption, and that it cannot be otherwise, for accumulation takes place mainly through means of production which do not enter into "consumption." What seemed to Sismondi to be simply an error, a contradiction in Ricardo's doctrine—that accumulation is excess of production over revenue—actually corresponds in full to reality and expresses the contradiction inherent in capitalism. This excess is *necessary* for all accumulation, which opens a new market *for means of production without correspondingly expanding the market for articles of consumption, and even contracting this market.** Furthermore, in rejecting the theory of the advantages of free competition, Sismondi does not notice that, together with groundless optimism, he throws overboard the undoubted truth that free competition *develops the productive forces of society*, as is again evident from his own calculation. (Properly speaking, this is only another way of expressing the same fact that a special department of industry is created which manufactures means of production, and that this department develops with particular rapidity.) This development of the productive forces of society without a corresponding development of consumption is, of course, a contradiction, but the sort of contradiction that exists in reality, that springs from the very nature of capitalism, and that cannot be brushed aside by means of sentimental phrases.

But this is just how the romanticists try to brush it aside. And to give the reader no grounds for suspecting us of levelling unsupported charges against contemporary economists in connection with the mistakes of such an

* From the above analysis it automatically follows that such a case is also possible, depending upon the proportion in which the new capital is divided up into a constant and a variable part, and the extent to which the diminution of the relative share of the variable capital affects the old industries.

"obsolete" author as Sismondi, let us quote a little sample of the writings of that "modern" author Mr. N. —on. On page 242 of his *Sketches* he discusses the development of capitalism in the Russian flour-milling industry. Referring to the appearance of large steam flour-mills with improved implements of production (since the seventies about 100 million rubles have been spent on reconstructing the flour-mills) and with a more than twofold increase in the productivity of labour, the author describes this phenomenon as follows: "the flour-milling industry has not developed, it has merely become concentrated in large enterprises"; he then applies this description to *all* industries (p. 243) and draws the conclusion that "in all cases without exception, a mass of workers are displaced and find no employment" (243), and that "capitalist production has developed at the expense of the people's consumption" (241). We ask the reader: does this argument differ in any way from Sismondi's argument just quoted? This "modern" author registers two facts, those very facts which, as we have seen, were used by Sismondi, and brushes both these facts aside with exactly the same sentimental phrase. Firstly, the example he gives shows that capitalism develops through the means of production. This means that capitalism develops the productive forces of society. Secondly, his example shows that this development proceeds along the specific road of contradictions that is typical of capitalism: there is a development of production (an expenditure of 100 million rubles constitutes a home market for products realised by non-personal consumption) without a corresponding development of consumption (the people's food deteriorates), i.e., what we have is production for the sake of production. And Mr. N. —on thinks that this contradiction will vanish from life if he, with old Sismondi's naïveté, presents it merely as a contradiction in doctrine, merely as "a fatal blunder": "we have forgotten the aim of production"!! What can be more characteristic than the phrase: "has not developed, it has *merely* become concentrated"? Evidently, Mr. N. —on knows of a capitalism in which development *could proceed otherwise* than by *concentration*. What a pity he has not introduced us to this "original" capitalism, which was unknown to all the political economists who preceded him!

The Foreign Market as the "Way Out
of the Difficulty" of Realising Surplus-Value

Sismondi's next error, which springs from his fallacious theory of social revenue and the product in capitalist society, is his doctrine that the product in general, and surplus-value in particular, cannot possibly be realised, and that consequently it is necessary to find a foreign market. As regards the realisation of the product in general, the foregoing analysis shows that the "impossibility" is due entirely to the mistaken exclusion of constant capital and means of production. Once this error is corrected, the "impossibility" vanishes. The same, however, must be said in particular about surplus-value: this analysis explains how it too is realised. There are no reasonable grounds whatever for separating surplus-value from the total product so far as its realisation is concerned. Sismondi's (and our Narodniks') assertion to the contrary is simply a misunderstanding of the fundamental laws of realisation in general, an inability to divide the product into three (and not two) parts in terms of value, and into two kinds in terms of material form (means of production and articles of consumption). The proposition that the capitalists cannot consume surplus-value is merely a vulgarised repetition of Adam Smith's perplexity regarding realisation in general. Only *part* of the surplus-value consists of articles of consumption; the other part consists of means of production (for example, the surplus-value of the ironmaster). The "consumption" of *this latter* surplus-value is effected by *applying it to production*; the capitalists, however, who manufacture products in the shape of means of production do not consume surplus-value, but *constant capital* obtained by exchange with other capitalists. Hence, the Narodniks too, in arguing that surplus-value cannot be realised, ought logically to admit that constant *capital* also cannot be realised—and in this way they would safely go back to Adam. . . . It goes without saying that such a return to the "father of political economy" would be a gigantic step forward for writers who present us with old errors in the guise of truths they have "arrived at by themselves." . . .

But what about the foreign market? Do we deny that capitalism needs a foreign market? Of course not. But the question of a foreign market has *absolutely nothing to do with the question of realisation*, and the attempt to link them into one whole merely expresses the romantic wish to "retard" capitalism, and the romantic inability to think logically. The theory which has explained the question of realisation has proved this up to the hilt. The romanticist says: the capitalists cannot consume surplus-value and therefore must dispose of it abroad. The question is: do the capitalists supply foreigners with products gratis, or do they throw them into the sea? They sell them—hence, they receive an equivalent; they export certain kinds of products—hence, they import other kinds. If we speak of the realisation of the social product, we thereby exclude the circulation of money and assume only the exchange of products for products, since the problem of realisation consists in analysing the *replacement* of all parts of the social product in terms of value and in terms of material form. Hence, to commence the argument about realisation and to end it by saying that they "will market the product for money" is as ridiculous as answering the question about realising constant capital in the shape of articles of consumption by saying: "they will sell." This is simply a gross logical blunder: people wander away from the question of the realisation of the aggregate social product to the viewpoint of the individual entrepreneur, who has no other interest than that of "selling to the foreigner." To link foreign trade, exports, with the question of realisation means evading the issue, merely *shifting* it to a wider field, *but doing nothing towards clearing it up*.^{*} The problem of realisation will not be made one iota clearer if, instead of the market of one country, we take the market of a certain group of countries. When the Narodniks assert that the

^{*} This is so clear that even Sismondi was conscious of the need to disregard foreign trade in analysing realisation. "To trace these calculations more exactly," he says on the point about production corresponding to consumption, "and to simplify the question, we have hitherto completely excluded foreign trade; we have presupposed an isolated nation; human society itself is such an isolated nation, and whatever relates to a nation without foreign trade is equally true of the human race" (I, 115).

foreign market is “the way out of the difficulty”* which capitalism raises for itself in the realisation of the product, they merely use this phrase to cover up the sad fact that for them “the foreign market” is “the way out of the difficulty” into which they fall owing to their failure to understand theory. . . . Not only that. The theory which links the foreign market with the problem of the realisation of the aggregate social product not only reveals a failure to understand this realisation, but, in addition, reveals an *extremely superficial understanding of the contradictions inherent in this realisation*. “The workers will consume wages, but the capitalists cannot consume surplus-value.” Ponder over this “theory” from the point of view of the foreign market. How do we know that “the workers will consume wages”? What grounds have we for thinking that the products intended by the entire capitalist class of a given country for consumption by all the workers of that country will really *equal their wages in value* and will replace them, that there will be no need for a foreign market for *these* products? There are absolutely no grounds for thinking so, and actually it is not so at all. Not only the products (or part of the products) which replace surplus-value, but also those which replace variable capital; not only products which replace variable capital, but also those which replace constant capital (forgotten by our “economists” who also forget their kinship . . . with Adam); not only products that serve as articles of consumption but also those that serve as means of production—all these products are realised in the same way, in the midst of “difficulties,” in the midst of continuous fluctuations, which become increasingly violent as capitalism grows, in the midst of fierce competition, which *compels* every entrepreneur to strive to expand production unlimitedly, to go beyond the bounds of the given country, to set out in quest of new markets in countries not yet drawn into the sphere of capitalist commodity circulation. This brings us to the question of why a capitalist country needs a foreign market. Certainly not because the product cannot be realised at all under the capitalist system. That is nonsense. A foreign market is

* N. —on, p. 205.

needed because it is *inherent* in capitalist production to strive for *unlimited* expansion—unlike all the old modes of production, which were limited to the village community, to the patriarchal estate, to the tribe, to a territorial area, or state. Under all the old economic systems production was every time resumed in the same form and on the same scale as previously; under the capitalist system, however, this resumption in the same form becomes *impossible*, and *unlimited* expansion, perpetual progress, becomes the law of production.*

Thus, different conceptions of realisation (more exactly, the understanding of it, on the one hand, and complete misunderstanding of it by the romanticists, on the other) lead to two diametrically opposite views on the significance of the foreign market. For some (the romanticists), the foreign market is an indication of the “difficulty” which capitalism *places in the way of* social development. For others, on the contrary, the foreign market shows how capitalism *removes* the difficulties of social development provided by history in the shape of various barriers—communal, tribal, territorial and national.**

As you see, the difference is only one of the “point of view.”. . . Yes, “only”! The difference between the romanticist judges of capitalism and the others is, in general, “only” one of the “point of view,”—“only” that some judge from the rear, and the others from the front, some from the viewpoint of a system which capitalism is destroying, the others from the viewpoint of a system which capitalism is creating.***

The romanticists’ wrong understanding of the foreign market usually goes hand in hand with references to the “specific features” of the international position of capitalism in the given country, to the impossibility of finding markets, etc.; the object of all these arguments is to “dis-

* Cf. Sieber, *David Ricardo, etc.*, St. Petersburg, 1885, p. 466, footnote.

** Cf. later: *Rede über die Frage des Freihandels* (Karl Marx, *On Free Trade*.³—Ed.).

*** I am speaking here only of the appraisal of capitalism and not of an understanding of it. In the latter respect the romanticists, as we have seen, stand no higher than the classical economists.

suade" the capitalists from seeking foreign markets. Incidentally, we are not being exact in saying "references," for the romanticist gives us no actual analysis of the country's foreign trade, of its progress in the sphere of new markets, its colonisation, etc. He has no interest whatever in studying the actual process and in explaining it; all he wants is a *moral condemnation of this process*. So that the reader can convince himself of the complete identity between this moralising of contemporary Russian romanticists and that of the French romanticist, we shall quote some specimens of the latter's arguments. We have already seen how Sismondi warned the capitalists that they would find no market. But this is not all he asserted. He also claimed that "the world market is already sufficiently supplied" (II, 328) and argued that it was impossible to proceed along the capitalist path, that it was necessary to choose another path. . . . He assured the British employers that capitalism would not be able to give jobs to all the agricultural labourers displaced by capitalist farming (I, 255-56). "Will those to whom the agriculturists are sacrificed derive any benefit from it? Are not the agriculturists the nearest and most reliable consumers of English manufactures? The cessation of their consumption would strike industry a blow more fatal than the closing of one of the biggest foreign markets" (I, 256). He assured English farmers that they would not be able to withstand the competition of the poor Polish peasant, whose grain costs him almost nothing (II, 257) and that they were menaced by the even more frightful competition of Russian grain from the Black Sea ports. He exclaimed: "The Americans are following the new principle: to produce without calculating the market (*produire sans calculer le marché*), and to produce as much as possible," and here is "the characteristic feature of United States' trade, from one end of the country to the other—an excess of goods of every kind over what is needed for consumption . . . constant bankruptcies are the result of this excess of commercial capital which cannot be exchanged for revenue" (I, 455-56). Good Sismondi! What would he say about present-day America—about the America that has developed so enormously, thanks to the very "home market" which, according to the romanticists' theory, should have "shrunk"!

VII

Crisis

Sismondi's third mistaken conclusion, drawn from the wrong theory which he borrowed from Adam Smith, is the theory of crises. Sismondi's view that accumulation (the growth of production in general) is determined by consumption, and his incorrect explanation of the realisation of the aggregate social product (which he reduces to the workers' share and the capitalists' share of revenue) naturally and inevitably led to the doctrine that crises are to be explained by the discrepancy between production and consumption. Sismondi fully agreed with this theory. It was also adopted by Rodbertus, who formulated it somewhat differently: he explained crises by saying that with the growth of production the workers' share of the product diminishes, and wrongly divided the aggregate social product, as Adam Smith did, into wages and "rent" (according to his terminology "rent" is surplus-value, i.e., profit and ground-rent together). The scientific analysis of accumulation in capitalist society* and of the realisation of the product undermined the whole basis of this theory, and also indicated that it is precisely in the periods which precede crises that the workers' consumption rises, that underconsumption (to which crises are allegedly due) existed under the most diverse economic systems, whereas crises are the distinguishing feature of only one system—the capitalist system. This theory explains crises by another contradiction, namely, the contradiction between the social character of production (socialised by capitalism) and the private, individual mode of appropriation. The profound difference between these theories would seem to be self-evident, but we must deal with it in greater detail because it is the Russian followers of Sismondi who try to *obliterate* this difference and to confuse the issue. The two theories of which we are speaking

* The mistaken conception of "accumulation of individual capital" held by Adam Smith and the economists who came after him is connected with the theory that the total product in capitalist economy consists of two parts. It was they who taught that the accumulated part of profit is spent entirely on wages, whereas actually it is spent on: 1) constant capital and 2) wages. Sismondi repeated this mistake of the classical economists as well.

give totally different explanations of crises. The first theory explains crises by the contradiction between production and consumption by the working class; the second explains them by the contradiction between the social character of production and the private character of appropriation. Consequently, the former sees the root of the phenomenon *outside of* production (hence, for example, Sismondi's general attacks on the classical economists for ignoring consumption and occupying themselves only with production); the latter sees it precisely in the conditions of production. To put it more briefly, the former explains crises by underconsumption (Unterkonsumption), the latter by the anarchy of production. Thus, while both theories explain crises by a *contradiction* in the economic system itself, they differ entirely on the nature of the contradiction. But the question is: does the second theory deny the fact of a contradiction between production and consumption, does it deny the fact of underconsumption? *Of course not.* It fully recognises this fact, but puts it in its proper, subordinate, place as a fact that only relates to one department of the whole of capitalist production. It teaches us that this fact cannot explain crises, which are called forth by another and more profound contradiction that is fundamental in the present economic system, namely, the contradiction between the social character of production and the private character of appropriation. What, then, should be said of those who, while they adhere essentially to the first theory, cover this up with references to the point that the representatives of the second theory note the existence of a contradiction between production and consumption? Obviously, these people have not *pondered over* the essence of the difference between the two theories, and do not properly understand the second theory. Among these people is, for example, Mr. N. —on (not to speak of Mr. V. V.). That they are followers of Sismondi has already been indicated in our literature by Mr. Tugan-Baranovsky (*Industrial Crises*, p. 477, with the strange reservation relative to Mr. N. —on: "evidently"). But in talking about "the shrinking of the home market" and "the decline in the people's consuming capacity" (the central points of his views), Mr. N. —on, nevertheless, refers to the representatives of the second theory who *note* the fact of the contra-

diction between production and consumption, the fact of underconsumption. It goes without saying that such references merely reveal the ability, characteristic in general of this author, to cite inappropriate quotations and nothing more. For example, all readers who are familiar with his *Sketches* will, of course, remember his "citation" of the passage where it says that "the labourers as buyers of commodities are important for the market. But as sellers of their own commodity—labour-power—capitalist society tends to keep them down to the minimum price" (*Sketches*, p. 178), and they will also remember that Mr. N. —on wanted to deduce from this both "the shrinkage of the home market" (*ibid.*, p. 203 et al.) and crises (p. 298 et al.). But while quoting this passage (which, as we have explained, proves nothing), our author, moreover, *leaves out the end* of the footnote from which his quotation was taken. This quotation was from a *note inserted in the manuscript* of Part II of Volume II of *Capital*. It was inserted "for future amplification" and the publisher of the manuscript put it in as a footnote. *After the words quoted above, the note goes on to say: "However, this pertains to the next part,"** i.e., to the third part. What is this third part? It is precisely the part which contains a criticism of Adam Smith's theory of two parts of the aggregate social product (together with the above-quoted opinion about Sismondi), and an analysis of "the reproduction and circulation of the aggregate social capital," i.e., of the realisation of the product. Thus, in confirmation of his views, which are a repetition of Sismondi's, our author quotes a note that pertains "to the part" which refutes Sismondi: "to the part" in which it is shown that the capitalists *can* realise surplus-value, and that to introduce foreign trade in an analysis of realisation is absurd. . . .

Another attempt to obliterate the difference between the two theories and to defend the old romanticist nonsense by referring to modern theories is contained in Ephrucky's article. Citing Sismondi's theory of crises, Ephrucky shows that it is wrong (*Russkoye Bogatstvo*, No. 7, p. 162); but he does so in an extremely hazy and contradictory way. On the one hand, he repeats the arguments of the opposite

* *Das Kapital*, II. Band, S. 304.¹⁰ Russ. trans., p. 232. Our italics.

theory and says that national demand is not limited to articles of direct consumption. On the other hand, he asserts that Sismondi's explanation of crises "points to only one of the many circumstances which hinder the distribution of the national product in conformity with the demand of the population and with its purchasing power." Thus, the reader is invited to think that the explanation of crises is to be found in "distribution," and that Sismondi's mistake was only that he did not give a full list of the causes which hinder this distribution! But this is not the main thing. . . . "Sismondi," says Ephruci, "did not confine himself to the above-mentioned explanation. Already in the first edition of *Nouveaux Principes* we find a highly enlightening chapter entitled 'De la connaissance du marché.*' In this chapter Sismondi reveals to us the main causes that disturb the balance between production and consumption" (note this!) "with a clarity that we find among only a few economists" (ibid.). And quoting the passages which say that the manufacturer cannot know the market, Ephruci says: "Engels says almost the same thing" (p. 163), and follows this up with a quotation saying that the manufacturer cannot know the demand. Then, quoting some more passages about "other obstacles to the establishment of a balance between production and consumption" (p. 164), Ephruci assures us that "these give us the very explanation of crises which is becoming increasingly predominant"! Nay, more: Ephruci is of the opinion that "on the question of the causes of crises in the national economy, we have every right to regard Sismondi as the founder of the views which were subsequently developed more consistently and more clearly" (p. 168).

But by all this Ephruci betrays a complete failure to understand the issue! What are crises? Overproduction, the production of commodities which cannot be realised, for which there is no demand. If there is no demand for commodities, it shows that when the manufacturer produced them he did not know the demand. The question now arises: is this indication of the condition which makes crises possible an explanation of the crises? Did Ephruci really not understand the difference between stating the

* "About Knowledge of the Market."—Ed.

possibility of a phenomenon and explaining its inevitability? Sismondi says: crises are possible, because the manufacturer does not know the demand; they are inevitable, because under capitalist production there can be no balance between production and consumption (i.e., the product cannot be realised). Engels says: crises are possible, because the manufacturer does not know the demand; they are inevitable, but certainly not because the product cannot be realised at all. For it is not true: the product can be realised. Crises are inevitable because the collective character of production comes into conflict with the individual character of appropriation. And yet we find an economist who assures us that Engels says "almost the same thing"; that Sismondi gives the "very same explanation of crises"! "I am therefore surprised," writes Ephruci, "that Mr. Tugan-Baranovsky . . . lost sight of this most important and valuable point in Sismondi's doctrine" (p. 168). But Mr. Tugan-Baranovsky did not lose sight of anything.* On the contrary, he pointed very exactly to the fundamental contradiction to which the new theory reduces matters (p. 455 et al.), and explained the significance of Sismondi, who at an earlier stage indicated the contradiction which reveals itself in crises, but was unable to give it a correct explanation (p. 457—Sismondi, before Engels, pointed to the fact that crises spring from the contemporary organisation of the economy; p. 491—Sismondi expounded the conditions which make crises possible, but "not every possibility becomes a fact"). Ephruci, however, completely misunderstood this, and after lumping everything together he is "surprised" that what he gets is confusion! "True," says the economist of *Russkoye Bogatstvo*, "we do not find Sismondi using the terms which have now received universal right of citizenship, such as 'anarchy of production,' 'unplanned production' (Planlosigkeit); but the substance behind these terms is noted by him quite clearly" (p. 168). With what ease the modern romanticist restores the roman-

* In *The Development of Capitalism* (pp. 16 and 19) (see Lenin's *Collected Works*, Vol. 3, *The Development of Capitalism in Russia*, chap. I, section VI.—Ed.) I have already noted Mr. Tugan-Baranovsky's inexactitudes and errors which subsequently led him to go right over to the camp of the bourgeois economists. (Author's footnote to the 1908 edition.—Ed.)

ticist of former days! The problem is reduced to one of a difference in terms! Actually, the problem boils down to the fact that Ephruci does not understand the meaning of the terms he repeats. "Anarchy of production," "unplanned production"—what do these expressions tell us? They tell us about the contradiction between the social character of production and the individual character of appropriation. And we ask every one who is familiar with the economic literature we are examining: did Sismondi, or Rodbertus, recognise this contradiction? Did they deduce crises from this contradiction? No, they did not, and could not do so, because *neither of them had any understanding of this contradiction*. The very idea that the criticism of capitalism cannot be based on phrases about universal prosperity,* or about the fallacy of "circulation left to itself,"** but must be based on the character of the evolution of production relations, was absolutely alien to them.

We fully understand why our Russian romanticists exert every effort to obliterate the difference between the two theories of crises mentioned. It is because fundamentally different attitudes towards capitalism are most directly and most closely linked with the theories mentioned. Indeed, if we explain crises by the impossibility of realising products, by the contradiction between production and consumption, we are thereby led to deny reality, the soundness of the path along which capitalism is proceeding; we proclaim this path to be a "false one," and go out in quest of "different paths." In deducing crises from this contradiction we are bound to think that the further it develops *the more difficult* will be the way out of the contradiction. And we have seen how Sismondi, with the utmost naïveté, expressed exactly this opinion when he said that if capital

* Cf. Sismondi, loc. cit., I, 8.

** Rodbertus. Incidentally, let us mention that Bernstein, who, in general, is restoring the prejudices of bourgeois political economy, has introduced confusion into this problem too by asserting that Marx's theory of crises does not differ very much from the theory of Rodbertus (*Die Voraussetzungen, etc.* Stuttg. 1899, S. 67) (E. Bernstein, *The Premises of Socialism and the Tasks of Social-Democracy*. Stuttgart, 1899, p. 67.—*Ed.*), and that Marx contradicts himself by recognising the ultimate cause of crises to be the limited consumption of the masses. (Author's footnote to the 1908 edition.—*Ed.*)

accumulated slowly it was tolerable; but if it accumulated rapidly, it would become unbearable.—On the other hand, if we explain crises by the contradiction between the social character of production and the individual character of appropriation, we thereby recognise that the capitalist road is real and progressive and reject the search for "different paths" as nonsensical romanticism. We thereby recognise that the further this contradiction develops *the easier* will be the way out of it, and that it is the development of this system which provides the way out.

As the reader sees, here, too, we meet with a difference in "points of view."...

It is quite natural that our romanticists should seek theoretical confirmation of their views. It is quite natural that their search should lead them to the old rubbish which Western Europe has discarded long, long ago. It is quite natural that, feeling this to be so, they should try to renovate this rubbish, some times by actually embellishing the romanticists of Western Europe, and at others by smuggling in romanticism under the flag of inappropriate and garbled citations. But they are profoundly mistaken if they think that this sort of smuggling will remain unexposed.

With this we bring to a close our exposition of Sismondi's *basic* theoretical doctrine, and of the chief theoretical conclusions he drew from it; but we must make a slight addition, again relating to Ephruci. In his other article about Sismondi (a continuation of the first), he says: "Still more interesting (than the theory on revenue from capital) are Sismondi's views on the different kinds of revenue" (*Russkoye Bogatstvo*, No. 8, p. 42). Sismondi, he says, like Rodbertus, divides the national revenue into two parts: "one goes to the owners of the land and instruments of production, the other goes to the representatives of labour" (*ibid.*). Then follow passages in which Sismondi speaks of such a division, not only of the national revenue, but of the aggregate product: "The annual output, or the result of all the work done by the nation during the year, also consists of two parts," and so forth (*Nouveaux Principes*, I, 105, quoted in *Russkoye Bogatstvo*, No. 8, p. 43). "The passages we have quoted," concludes our economist, "clearly show that Sismondi fully assimilated (!) the very

same classification of the national revenue which plays such an important role in the works of the modern economists, namely, the division of the national revenue into revenue from labour and non-labour revenue—*arbeitsloses Einkommen*. Although, generally speaking, Sismondi's views on the subject of revenue are not always clear and definite, we nevertheless discern in them a consciousness of the difference that exists between private revenue and national revenue" (p. 43).

The passage quoted, say we in answer to this, clearly shows that Ephruci has fully assimilated the wisdom of the German textbooks, but in spite of that (and, perhaps, just because of it), he has completely overlooked the theoretical difficulty of the question of national revenue as distinct from individual revenue. Ephruci expresses himself very carelessly. We have seen that in the first part of his article he applied the term "modern economists" to the theoreticians of one definite school. The reader would be right in thinking that he is referring to them this time too. Actually, however, the author has something entirely different in mind. It is now the German Katheder-Socialists⁴¹ who figure as the modern economists. The author's defence of Sismondi consists in closely identifying his theory with theirs. What is the theory of these "modern" authorities that Ephruci quotes? That the national revenue is divided into two parts.

But this is the theory of Adam Smith and not of the "modern economists"! In dividing revenue into wages, profit and rent (Book I, chap. VI of *The Wealth of Nations*; Book II, chap. II), Adam Smith opposed the two latter to the former precisely as non-labour revenue; he called them both deductions from the produce of labour (Book I, chap. VIII) and challenged the opinion that profit is also wages for a special kind of labour (Book I, chap. VI). Sismondi, Rodbertus and the "modern" authors of German textbooks simply repeat Smith's doctrine. The only difference between them is that Adam Smith was aware that he was not quite successful in his efforts to separate the national revenue from the national product; he was aware that by excluding constant capital (to use the modern term) from the national product after having included it in the individual product, he was slipping into a contradiction. The "modern"

economists, however, in repeating Adam Smith's mistake, have merely clothed his doctrine in a more pompous phrase ("classification of the national revenue") and lost the awareness of the contradiction which brought Adam Smith to a halt. These methods may be scholarly, but they are not in the least scientific.

VIII

Capitalist Rent and Capitalist Overpopulation

We continue our survey of Sismondi's theoretical views. All his chief views, those which distinguish him from all other economists, we have already examined. The others either do not play such an important role in his general theory, or are deduced from the preceding ones.

Let us note that Sismondi, like Rodbertus, did not agree with Ricardo's theory of rent. While not advancing a theory of his own, he tried to shake Ricardo's theory with arguments that were, to say the least, feeble. In this he acts as the pure ideologist of the small peasant; it is not so much a refutation of Ricardo as a complete rejection of the application of the categories of commodity economy and of capitalism to agriculture. In both respects his point of view is extremely characteristic of the romanticists. Chapter XIII of Book III* deals with "Mr. Ricardo's ground-rent theory." Stating at once that Ricardo's doctrine completely contradicts his own theory, Sismondi advances

* His very system of exposition is characteristic: Book III treats of "territorial wealth" (*richesse territoriale*), of wealth in the shape of land, i.e., of agriculture. The next book, Book IV, treats of "commercial wealth" (*de la richesse commerciale*), of industry and commerce. As though the produce of the land, and land itself, have not also become commodities under the rule of capitalism! For this reason, there is no harmony between these two books. Industry is dealt with only in its capitalist form as it existed in Sismondi's time. Agriculture, however, is described in the form of a motley enumeration of all sorts of systems of exploiting the land: patriarchal, slave, half-crop, *corvée*, quit-rent, capitalist farming and emphyteutic (the granting of land on a perpetual hereditary lease). The result is utter confusion: the author gives us neither a history of agriculture, for all these "systems" are unconnected, nor an analysis of agriculture under capitalist economy, although the latter is the real subject of his work, and though he speaks of industry only in its capitalist form.

the following objections: the general level of profit (on which Ricardo's theory is based) is never established, there is no free movement of capital in agriculture. In agriculture we must discern the intrinsic value of the product (la valeur intrinsèque), which does not depend upon market fluctuations and provides the owner with a "net product" (produit net), the "labour of nature" (I, 306). "The labour of nature is a power, the source of the net product of the land regarded intrinsically" (intrinsèquement) (I, 310). "We regarded rent (le fermage), or more correctly, the net product, as originating directly from the land for the owner's benefit; it takes no share either from the farmer or the consumer" (I, 312). And this repetition of the old physiocratic prejudices concludes with the moral: "In general, in political economy, one should guard against (se défier) absolute assumptions, as well as against abstractions" (I, 312)! There is really nothing to examine in such a "theory," since Ricardo's brief remark about the "labour of nature" is more than enough.* It is simply a refusal to analyse and a gigantic step back compared with Ricardo. Here, too, the romanticism of Sismondi is quite clearly revealed, for he hastens to condemn the process, but is afraid to touch it with an analysis. Note that he does not deny the fact of agriculture developing on capitalist lines in England, of the peasants there being displaced by capitalist farmers and day labourers, and of things developing in the same direction on the Continent. He simply turns his back on these facts (which he was in duty bound to examine since he was discussing capitalist economy) and prefers talking sentimentally of the advantages of the patriarchal system of exploiting the land. Our Narodniks behave in exactly the same way: none of them have attempted to deny the fact that commodity economy is penetrat-

* Ricardo, *Works*, Sieber's (Russian) translation, p. 35: "Does nature do nothing for man in manufactures? Are the powers of wind and water, which move our machinery, and assist navigation, nothing? The pressure of the atmosphere and the elasticity of steam, which enable us to work the most stupendous engines—are they not the gifts of nature? To say nothing of the effects of the matter of heat in softening and melting metals, of the decomposition of the atmosphere in the process of dyeing and fermentation. There is not a manufacture which can be mentioned, in which nature does not give her assistance to man, and give it, too, generously and gratuitously."

ing into agriculture, that it must produce a radical change in the social character of agriculture; but at the same time none of them, in discussing the capitalist economy, raise the question of the growth of commercial farming, preferring to make shift with moralising about "people's production." Since we are confining ourselves for the moment to an analysis of Sismondi's theoretical economy, we shall postpone a more detailed examination of this "patriarchal exploitation" to a later occasion.

Another theoretical point around which Sismondi's exposition revolves is the doctrine of population. Let us note Sismondi's attitude towards the Malthusian theory, and towards the surplus population created by capitalism.

Ephrucus assures us that Sismondi agrees with Malthus only on the point that the population can multiply with exceeding rapidity, and be the cause of terrible suffering. "Beyond this they are poles apart. Sismondi puts the whole population problem on a socio-historical basis" (*Russkoye Bogatstvo*, No. 7, p. 148). In this formula, too, Ephrucus completely obscures Sismondi's characteristic (namely, petty-bourgeois) point of view and his romanticism.

What does this mean—"to put the population problem on a socio-historical basis"? It means studying the law of population of each historical system of economy separately, and studying its connection and interrelation with the given system. Which system did Sismondi study? The capitalist system. Thus, the contributor to *Russkoye Bogatstvo* assumes that Sismondi studied the capitalist law of population. There is a grain of truth in this assertion but only a grain. And as Ephrucus did not think of trying to discover what was lacking in Sismondi's argument about population, and as Ephrucus asserts that "here Sismondi is the predecessor of the most outstanding modern economists"* (p. 148), the result is exactly the same sort of embellishment of the petty-bourgeois romanticist as we saw in respect of the questions of crises and of national revenue. Wherein lies the similarity between Sismondi's doctrine and the new

* Incidentally, we make the reservation that we cannot know for certain whom Ephrucus has in mind when he speaks of "the most outstanding modern economist," the representative of a certain school which is absolutely alien to romanticism, or the author of the bulkiest *Handbuch*.

theory on these problems? In that Sismondi indicated the contradictions inherent in capitalist accumulation. This similarity Ephrussi noted. Wherein lies the difference between Sismondi's doctrine and the new theory? Firstly, in that it did not advance the scientific analysis of these contradictions one iota, and in some respects even took a step back compared with the classical economists; and secondly, in that he covered up his own inability to make an analysis (partly his unwillingness to do so) with petty-bourgeois moralising about the need for balancing national revenue with expenditure, production with consumption, and so forth. This difference Ephrussi *did not note* on a single one of the points mentioned, and thereby totally misrepresented Sismondi's real significance and his relation to the modern theory. We see exactly the same thing on the present problem. Here, too, the similarity between Sismondi's view and the modern theory is limited to *an indication of the contradiction*. And here, too, the difference lies in the absence of a scientific analysis and in the substitution of petty-bourgeois moralising for the analysis. Let us explain this.

The development of capitalist machine industry since the end of the last century led to the formation of a surplus population, and political economy was confronted with the task of explaining this phenomenon. Malthus, as we know, tried to explain it by attributing it to natural-historical causes; he denied absolutely that it sprang from a certain, historically determined system of social economy and simply shut his eyes to the contradictions revealed by this fact. Sismondi indicated these contradictions and the displacement of the population by machines. This is indisputably to his credit, for in the period in which he wrote this was new. But let us see what his attitude towards this fact was.

In Book VII (*On the Population*), chapter VII speaks particularly "on the population which has become superfluous owing to the invention of machines." Sismondi states that "machines displace men" (p. 315, II, VII), and at once asks whether the invention of machines is a boon or a bane to a nation. It goes without saying that the "answer" to this question for all countries and all times whatever, and not for a capitalist country, is a most meaningless piece of banality: it is a boon when "consumers'

demand exceeds the population's means of production" (les moyens de produire de la population) (II, 317), and a bane "when production is quite sufficient for consumption." In other words: Sismondi notes the contradiction, but this merely serves as a pretext for arguing about some abstract society in which there are no longer any contradictions, and to which the ethics of the thrifty peasant can be applied! Sismondi makes no attempt to analyse this contradiction, to examine how it arises, what it leads to, etc., in the existing capitalist society. On the contrary, he uses this contradiction merely as material for his moral indignation against such a contradiction. Beyond this the chapter tells us absolutely nothing about this theoretical problem, and contains nothing but regrets, complaints and innocent wishes. The displaced workers were consumers . . . the home market shrinks . . . as regards the foreign market, the world is already sufficiently supplied . . . if the peasants were moderately prosperous, this would be a better guarantee of a market . . . there is no more amazing and terrible example than England, which is being followed by the Continental countries—such is the moralising we get from Sismondi, instead of an analysis of the phenomenon! His attitude towards the subject is exactly the same as that of our Narodniks. The Narodniks also confine themselves to stating the fact of a surplus population, and use it merely as a reason to voice lamentations about and complaints against capitalism (cf. N. —on, V. V., and others). Sismondi makes no attempt even to analyse the relation between this surplus population and the requirements of capitalist production, neither do our Narodniks ever set themselves such a problem.

The scientific analysis of this contradiction revealed the absolute falsity of this method. The analysis showed that surplus population, being undoubtedly a contradiction (along with surplus production and surplus consumption) and being an inevitable result of capitalist accumulation, is at the same time *an indispensable component part* of the capitalist machine.* The further large-scale industry

* As far as we know, this point of view about the surplus population was first expressed by Engels in *Die Lage der arbeitenden Klasse in England* (1845) (*The Condition of the Working Class in*

develops the greater is the fluctuation in the demand for workers, depending upon whether there is a crisis or a boom in national production as a whole, or in any one branch of it. This fluctuation is a law of capitalist production, which *could not exist* if there were no surplus population (i.e., a population exceeding capitalism's *average* demand for workers) ready at any given moment to provide hands for any industry, or any factory. The analysis showed that a surplus population is formed in all industries into which capitalism penetrates—and in agriculture as well as in industry—and that the surplus population exists in different forms. There are three chief forms*: 1) *Floating overpopulation*. To this category belong the unemployed workers in industry. As industry develops their numbers inevitably grow. 2) *Latent overpopulation*. To this category belong the rural population who lose their farms with the development of capitalism and are unable to find non-agricultural employment. This population is always ready to provide hands for any factory. 3) *Stagnant overpopulation*. It has "extremely irregular"¹⁴ employment, under conditions below the average level. To this category belong, mainly, people who work at home for manufacturers and stores, including both rural and urban inhabitants. The sum-total of all these strata of the population constitutes the *relative surplus population*, or *reserve army*. The latter term distinctly shows

England.—Ed.) After describing the ordinary industrial cycle of English industry the author says:

"From this it is clear that English manufacture must have, at all times save the brief periods of highest prosperity, an unemployed reserve army of workers, in order to be able to produce the masses of goods required by the market in the liveliest months. This reserve army is larger or smaller, according as the state of the market occasions the employment of a larger or smaller proportion of its members. And if at the moment of highest activity of the market the agricultural districts . . . and the branches least affected by the general prosperity temporarily supply to manufacture a number of workers, these are a mere minority, and these too belong to the reserve army, with the single difference that the prosperity of the moment was required to reveal their connection with it."¹²

It is important to note in the last words that the part of the *agricultural* population which turns temporarily to industry is regarded as belonging to the reserve army. This is precisely what the modern theory has called the *latent* form of the surplus population (see Marx's *Capital*).¹³

* Cf. Sieber's *David Ricardo, etc.*, pp. 552-53. St. Petersburg, 1885.

what population is referred to. They are the workers needed by capitalism for the *potential* expansion of enterprises, but who can never be regularly employed.

Thus, on this problem, too, theory arrived at a conclusion diametrically opposed to that of the romanticists. For the latter, the surplus population signifies that capitalism is impossible, or a "mistake." Actually, the opposite is the case: the surplus population, being a necessary concomitant of surplus production, is an indispensable attribute to the capitalist economy, *which could neither exist nor develop without it*. Here too Ephrussi totally misrepresented the issue by saying nothing about this thesis of the modern theory.

A mere comparison of these two points of view is sufficient to enable one to judge which of them our Narodniks adhere to. The chapter from Sismondi's work dealt with above could with every right figure in Mr. N. —on's *Sketches on Our Post-Reform Social Economy*.

While noting the formation of a surplus population in post-Reform Russia, the Narodniks have never raised the issue of capitalism's need of a reserve army of workers. Could the railways have been built if a permanent surplus population had not been formed? It is surely known that the demand for this type of labour fluctuates greatly from year to year. Could industry have developed without this condition? (In boom periods it needs large numbers of building workers to erect new factories, premises, warehouses, etc., and all kinds of auxiliary day labour, which constitutes the greater part of the so-called outside non-agricultural employments.) Could the capitalist farming of our outlying regions, which demands hundreds of thousands and millions of day labourers, have been created without this condition? And as we know, the demand for this kind of labour fluctuates enormously. Could the entrepreneur lumber merchants have hewn down the forests to meet the needs of the factories with such phenomenal rapidity if a surplus population had not been formed? (Lumbering like other types of hired labour in which rural people engage is among the occupations with the lowest wages and the worst conditions.) Could the system, so widespread in the so-called handicraft industries, under which merchants, mill owners and stores give out work to be done at home

in both town and country, have developed without this condition? In all these branches of labour (which have developed mainly since the Reform) the fluctuation in the demand for hired labour is extremely great. Yet the degree of fluctuation in this demand determines the dimensions of the surplus population *needed* by capitalism. The Narodnik economists have nowhere shown that they are familiar with this law. We do not, of course, intend to make an examination of the substance of these problems here.* This does not enter into our task. The subject of our article is West-European romanticism and its relation to Russian Narodism. In this case, too, this relation is the same as in all the preceding cases: on the subject of surplus population, the Narodniks adhere entirely to the viewpoint of romanticism, which is diametrically opposite to that of the modern theory. Capitalism gives no employment to displaced workers, they say. This means that capitalism is impossible, a "mistake," etc. But it does not "mean" that at all. Contradiction does not mean impossibility (Widerspruch is not the same as Widersinn). Capitalist accumulation, i.e., real production for the sake of production, is also a contradiction. But this does not prevent it from existing and from being the law of a definite system of economy. The same must be said of all the other contradictions of capitalism. The Narodnik argument we have quoted merely "means" that the Russian intelligentsia have become deeply imbued with the vice of using empty phrases to get over all these contradictions.

Thus, Sismondi contributed absolutely nothing to the *theoretical analysis* of overpopulation. But how did he regard it? His view is a queer combination of petty-bourgeois sentiment and Malthusianism. "The great vice of the present social organisation," says Sismondi, "is that a poor man can never know what demand for labour he can count upon" (II, 261), and Sismondi sighs for the times when "the village shoemaker" and the small peasant knew the exact amount of their revenues. "The more a poor man is bereft of all property, the more is he in danger of falling into

* That is why we do not deal here with the very original circumstance that Narodnik economists, as grounds for *not counting* all these very numerous workers, advanced the fact that they are not registered.

error concerning his revenue and of contributing to the formation of a population (*contribuer à accroître une population...*) which, being out of proportion to the demand for labour, will not find means of subsistence" (II, 263-64). You see: this ideologist of the petty bourgeoisie is not satisfied with wanting to retard the whole of social development for the sake of preserving the patriarchal relationships of a semi-barbarous population. He is ready to prescribe any device you please for crippling human nature, as long as it helps to preserve the petty bourgeoisie. Here are several more excerpts, which leave no doubt about this last point:

The weekly payment of wages at the factory to the semi-pauperised worker has accustomed the latter to look no further into the future than the next Saturday: "this has blunted his moral qualities and sense of sympathy" (II, 266), which, as we shall see in a moment, consist of "connubial prudence"!... "The more his family becomes a burden upon society the more it will grow; and the nation will suffer (*gémira*) from the burden of a population which is out of proportion (*disproportionnée*) to its means of subsistence" (II, 267). Preserve small property at all costs—such is Sismondi's slogan—even at the cost of reducing the standard of living and of distorting human nature! And Sismondi, who, with the air of a statesman, has told us when an increase in the population is "desirable," devotes a special chapter to attacking religion for having failed to condemn "imprudent" marriages. Once his ideal—the petty bourgeois—is affected, Sismondi becomes more Malthusian than Malthus himself. "Children who are born only for poverty are also born only for vice," says Sismondi, admonishing religion. "Ignorance in matters concerning the social system has induced them" (the representatives of religion) "to strike chastity from the list of virtues that are proper to marriage, and has been one of the constantly operating causes which destroy the naturally established balance between the population and its means of subsistence" (II, 294). "Religious morality should teach people that having produced a family, it is their duty to live no less chastely with their wives than celibates with women who do not belong to them" (II, 298). And Sismondi, who, in general, lays claim to the title not only of a theoretician in

political economy, but also to that of wise administrator, immediately proceeds to calculate that "producing a family" requires "in general, and on the average, three births," and he advises the government "not to deceive the people with the hope of an independent status which will permit them to raise a family when that illusory institution (cet établissement illusoire) leaves them at the mercy of suffering, poverty and death" (II, 299). "When the social organisation did not separate the labouring class from the class which owned some property, public opinion alone was enough to avert the scourge (le fléau) of poverty. For the agriculturist to sell the heritage of his fathers and for the artisan to squander his small capital has always been regarded as something shameful. . . . But under the system at present prevailing in Europe . . . people who are condemned never to possess any property can feel no shame whatever at being reduced to pauperism" (II, 306-07). It would be difficult to express more vividly the stupidity and hard-heartedness of the small proprietor! Here Sismondi changes from the theoretician into the practical counsellor, who preaches the morals which, we know, are practised with such success by the French peasant. This is not only Malthus, but Malthus deliberately cut to the measure of the petty bourgeois. Reading these chapters of Sismondi's, one cannot help recalling the passionately angry invective of Proudhon, who argued that Malthusianism was the preaching of the connubial practice of . . . a certain unnatural vice.*

IX

Machines in Capitalist Society

Related to the problem of surplus population is that of the significance of *machines* in general.

Ephrucky dilates upon Sismondi's "brilliant observations" concerning machines, and asserts that "to regard him as an opponent of technical improvements is unjust" (No. 7,

* See supplement to the Russian translation of Malthus' *Essay on Population* (Bibikov's translation, St. Petersburg, 1868). Excerpt from Proudhon's essay *On Justice*.

p. 155), that "Sismondi was not an enemy of machines and inventions" (p. 156). "Sismondi repeatedly stressed the idea that machines and inventions are not in themselves harmful to the working class, but become so only because of the conditions of the existing system of economy, under which an increase in the productivity of labour leads neither to an increase in working-class consumption nor to a reduction of working hours" (p. 155).

All these observations are quite correct. But again, *this* appraisal of Sismondi is a wonderfully vivid revelation of how the Narodnik absolutely failed to understand the romanticist, to understand the *point of view* on capitalism specific to romanticism, and the radical difference between this point of view and that of scientific theory. The Narodnik could not understand this, because Narodism itself has not gone beyond romanticism. But while Sismondi's observations concerning the contradictory nature of the capitalist employment of machines marked a great step forward in the 1820s, it is quite unpardonable today to confine oneself to such a primitive criticism and not to see its narrow petty-bourgeois character.

In *this respect* (i.e., in respect of the difference between Sismondi's doctrine and the modern theory)* Ephrucky keeps firmly to his own ground. He cannot even present the problem. He says that Sismondi saw the contradiction, and rests content with that; as if history had not shown the most diverse ways and means of criticising the contradictions of capitalism. In saying that Sismondi did not regard machines as being harmful in themselves, but harmful in their operation under the present social system, Ephrucky does not even see what a primitive, superficially sentimental point of view he expresses in this one argument alone. Sismondi did indeed inquire: are machines harmful, or not? And he "answered" the question with the maxim: machines are useful only when production is commensurate with consumption (cf. quotations in *Russkoye Bogatstvo*, No. 7, p. 156). After all that has been said above, there is no need for us to prove here that such an "answer" is

* We have already repeatedly seen that Ephrucky tried *everywhere* to draw this comparison between Sismondi and the modern theory.

nothing more nor less than substituting a petty-bourgeois utopia for a scientific analysis of capitalism. Sismondi cannot be blamed for not having made such an analysis. Historical services are not judged by the contributions historical personalities *did not make* in respect of modern requirements, but by *the new contributions they did make* as compared with their predecessors. Here, however, we are judging neither Sismondi nor his primitive, sentimental point of view, but the economist of *Russkoye Bogatstvo*, who to this day does not understand the difference between this point of view and the modern one. He does not understand* that to bring out this difference he should not have asked whether Sismondi was an enemy of machines or not, but whether Sismondi understood the significance of machines under the capitalist system, whether he understood the role played by machines as *a factor of progress under this system*. Had the economist of *Russkoye Bogatstvo* done that, he might have noted that Sismondi, owing to his *petty-bourgeois, utopian* point of view, *could not even raise* such questions, and that what distinguishes the new theory is that it does raise and answer them. In that case Ephruci might have understood that by substituting the question of the conditions under which machines can, in general, be "profitable" and "useful" for that of the historical role played by machines in existing capitalist society, Sismondi naturally arrived at the theory that capitalism and the capitalist employment of machines were "dangerous" and urged the necessity of "retarding," "moderating" and "regulating" the growth of capitalism, and, as a consequence, he became a *reactionary*. The fact that Sismondi's doctrine fails to understand the historical role of machines as a factor of progress is one of the reasons for the modern theory regarding it as *reactionary*.

We shall not here, of course, expound the modern theory (i.e., Marx's theory) of machine production. We refer the reader to, say, the above-mentioned study by N. Sieber, chapter X: "Machines and Large-Scale Industry," and particularly chapter XI: "An Examination of the Theory of

* The words "the difference between this point of view and the modern one. He does not understand" were missing in the 1898 and 1908 editions.—*Ed.*

Machine Production."** We shall merely give the gist of it in briefest outline. It boils down to two points: first, to a historical analysis, which established the place machine production occupies as one of the stages in the development of capitalism, and the relation of machine industry to the preceding stages (capitalist simple co-operation and capitalist manufacture); secondly, to an analysis of the part played by machines under capitalist economy, and in particular, to an analysis of the changes which machine industry effects in all the conditions of life of the population. On the first point, the theory established that machine industry is only one stage (namely, the highest) of capitalist production, and showed how it arose out of manufacture. On the second point, the theory established that machine industry marks gigantic progress in capitalist society not only because it increases the productive forces enormously and socialises labour throughout society,** but also because it destroys the manufactory division of labour, compels the workers to go from occupations of one kind to others, completes the destruction of backward patriarchal relationships, particularly in the rural districts,** and gives a most powerful impetus to the progress of society, both for the reasons stated and as a consequence of the concentration of the industrial population. This progress, like the progress capitalism makes in every other field, is accompanied by the "progress" of contradictions, i.e., by their intensification and expansion.

Perhaps the reader will ask: what interest is there in examining Sismondi's views on such a universally known question and in such a brief reference to the modern theo-

* "To tell the truth," says Sieber at the beginning of this chapter, "the theory of machines and of large-scale industry outlined here, represents such an inexhaustible source of new thinking and original research, that if anybody took it into his head to weigh up the relative merits of this theory in full he would have to write almost a whole book on this subject alone" (p. 473).

** Comparing "associated labour" in the village community and in capitalist society that has machine industry, Sieber quite rightly observes: "There is approximately the same difference between the 'component' of a village community and the 'component' of society with machine production as there is, for example, between *the unit 10* and *the unit 100*" (p. 495).

*** Sieber, op. cit., p. 467.

ry, with which everybody is "familiar," and with which everybody "agrees"?

Well, to see what this "agreement" looks like we shall take Mr. N. —on, the most prominent Narodnik economist, who claims that he strictly applies the modern theory. In his *Sketches*, it will be remembered, Mr. N. —on sets himself as one of his special tasks the study of the capitalisation of the Russian textile industry, the characteristic feature of which is precisely that it employs machines on the biggest scale.

The question is: what is Mr. N. —on's point of view on this subject: the point of view of Sismondi (whose viewpoint, as we have seen, he shares on very many aspects of capitalism), or the point of view of modern theory? Is he, on this important subject, a romanticist or . . . a realist*?

We have seen that the first thing that distinguishes the modern theory is that it is based on a historical analysis of the development of machine industry from capitalist manufacture. Did Mr. N. —on raise the problem of the development of Russian machine industry? No. True, he did say that it was preceded by work in the home for the capitalist, and by the hand-labour "factory"***; but he not only failed to explain the relation of machine industry to the preceding stage, he even failed to "notice" that it was wrong in scientific terminology to apply the term *factory* to the *preceding stage* (production by hand in the home or in the capitalist's workshop), which should undoubtedly be described as *capitalist manufacture*.***

Let the reader not think that this "omission" is unimportant. On the contrary, it is of enormous importance.

* The word "realist" was used here instead of the word *Marxist* exclusively for censorship reasons. For the same reason, instead of referring to *Capital*, we referred to Sieber's book, which summarised Marx's *Capital*. (Author's footnote to the 1908 edition.—*Ed.*)

** P. 108. Quoted from *Statistical Returns for Moscow Gubernia*, Vol. VII, Part III, p. 32 (the statisticians here summarise Korsak's *Forms of Industry*): "Since 1822 the very organisation of industry has undergone a complete change—instead of being independent handicraft producers, the peasants are becoming merely the performers of several operations of large-scale factory production and only receive wages."

*** Sieber quite rightly indicated that the ordinary terminology (factory, works, etc.) is unsuitable for scientific research, and urged the need for drawing a distinction between machine industry and capitalist manufacture: p. 474.

Firstly, Mr. N. —on thereby identifies *capitalism with machine industry*. This is a gross mistake. What constitutes the importance of the scientific theory is that it cleared up the real place of machine industry as *one of the stages of capitalism*. If Mr. N. —on shared the point of view of *this theory*, could he have depicted the growth and victory of *machine industry as "the struggle between two economic forms"*: between some unknown "form based on the peasantry's ownership of instruments of production"* and "capitalism" (pp. 2, 3, 66, 198 et al.), whereas, in fact, we see a *struggle between machine industry and capitalist manufacture*? Mr. N. —on says not a word about this *struggle*; although this replacement of *one form of capitalism by another* took place, on his own showing, precisely in the textile industry, the sphere of his special study (p. 79), Mr. N. —on misrepresented it, calling it the replacement of "people's production" by "capitalism." Is it not evident that at bottom the problem of the *actual* development of machine industry did not interest him in the least, and that the term "people's production" covers up a utopia entirely to the taste of Sismondi? Secondly, if Mr. N. —on had raised the question of the historical development of Russian machine industry, could he have spoken of "implanting capitalism" (pp. 331, 283, 323 et al.), basing his case on facts of governmental support and assistance—facts which have also occurred in Europe? The question is: is he copying Sismondi who also talked in exactly the same way about "implanting," or is he copying the representative of the modern theory who studied the replacement of manufacture by machine industry? Thirdly, if Mr. N. —on had raised the problem of the historical development of the forms of capitalism in Russia (in the textile industry), could he have ignored the existence of capitalist manufacture in the Russian "handicraft industries"***? And if he

* N. —on, p. 322. Does this differ even one iota from Sismondi's idealisation of patriarchal peasant economy?

** We assume that there is no need here to prove this commonly known fact. It is sufficient to recall the Pavlovo metalworkers, the Bogorodsk leather and the Kimry boot and shoe trade, the hat-making district of Molvitino, the Tula accordion and samovar trades, the Krasnoye Selo and Rybnaya Sloboda jewelry trade, the Semyonov spoon trade, the horn trade in "Ustyanshchina", the felt trade in Semyonov Uyezd, Nizhni-Novgorod Gubernia, etc. We are quoting

had *really* followed theory and attempted to apply a scientific analysis to at least a small corner of this production—which is also “people’s production”—what would have become of this picture of Russian social economy, daubed in cheap and inartistic Suzdal style, which depicts a nebulous “people’s production” and an isolated from it “capitalism” which embraces only a “handful” of workers (p. 326 et al.)?

To sum up: On the first point which distinguishes the modern theory of machine industry from the romantic theory, Mr. N. —on *can on no account be regarded as a follower of the former*, for he does not even realise the need to present the question of the rise of machine industry as *a special stage of capitalism*, and is silent about the existence of capitalist manufacture, the stage of capitalism which preceded that of the machines. Instead of an historical analysis, he palms off the utopia of “people’s production.”

The second point relates to the modern theory of the changes brought about in social relations by machine industry. Mr. N. —on did not even attempt to examine this problem. He complained a great deal about capitalism and deplored the appearance of the factory (exactly as Sismondi did), but he did not even attempt to study the change in social conditions brought about by the factory.* To do that it would have been necessary to compare machine industry with *the preceding stages*, which Mr. N. —on does not refer to. Similarly, the viewpoint of the modern theory on machines as a factor of progress in *present-day capitalist society* is also totally alien to him. Here, too, he did not even present the question,** *nor could he do so*, for this question can arise only out of a historical study of the replacement of *one form of capitalism* by another, whereas according to Mr. N. —on “capitalism” tout court*** replaces ... “people’s production.”

from memory; if we made an investigation of handicraft industries, we could prolong this list to infinity.

* We ask the reader not to forget that the scientific meaning of this term is not the same as the ordinary one. Science limits its application exclusively to large-scale machine industry.

** As has been done, for example, by A. Volgin, *The Substantiation of Narodism in the Works of Mr. Vorontsov* (V. V.). St. Petersburg, 1896.

*** Simply.—Ed.

If, on the basis of Mr. N. —on’s “study” of the *capitalisation of the textile industry in Russia*, we were to ask: how does Mr. N. —on regard machines?—we could receive no other reply than that with which we are already familiar from Sismondi’s work. Mr. N. —on admits that machines increase the productivity of labour (not to do so is more than he dare!)—just as Sismondi did. Mr. N. —on says that it is not machines that are harmful, but the capitalist employment of them—just as Sismondi did. Mr. N. —on believes that in introducing machines “we” have lost sight of the fact that production must correspond to “the people’s consuming capacity”—just as Sismondi did.

And that is all. Mr. N. —on does not believe anything more. He will not hear of the problems that have been raised and solved by modern theory, because he did not even attempt to examine either the historical succession of different forms of capitalist production in Russia (using, say, the example of the textile industry that he chose), or the role of machines as a factor of progress under the *present* capitalist system.

Thus, on the question of machines—this supremely important question of theoretical political economy—Mr. N. —on also shares Sismondi’s point of view. Mr. N. —on *argues exactly like a romanticist*, which, of course, does not prevent him from quoting and quoting.

This applies not to the example of the textile industry alone, but to all Mr. N. —on’s arguments. Take, say, the above-mentioned example of the flour-milling industry. Mr. N. —on pointed to the introduction of machines only as an excuse for the sentimental lamentation that this increase in the productivity of labour did not correspond to the “people’s consuming capacity.” As regards the changes in the social system which machine industry introduces in general (and has actually introduced in Russia), he did not even think of analysing them. The question of whether the introduction of these machines is a progressive step in present-day capitalist society is something quite incomprehensible to him.*

* The text contains an outline criticism of Mr. N. —on’s views based on Marx’s theory; this I subsequently completed in *The Development of Capitalism*. (Author’s footnote to the 1908 edition.—Ed.)

What we have said about Mr. N. —on applies *a fortiori** to the other Narodnik economists: on the question of machines, Narodism to this day adheres to the viewpoint of petty-bourgeois romanticism and replaces an economic analysis by sentimental wishes.

X

Protection

The last theoretical problem that interests us in Sismondi's system of views is that of protection. No little space is devoted to this problem in *Nouveaux Principes*, but there it is examined mostly from the practical aspect, in connection with the anti-Corn-Laws movement in Britain. We shall examine this latter problem later on, for it includes other, broader problems. What interests us here at the moment is only Sismondi's *point of view* on protection. What is of interest in this problem is not a new economic concept of Sismondi's, that has not been discussed, but his understanding of the relation between "economics" and the "superstructure." Ephrussi assures the readers of *Russkoye Bogatstvo* that Sismondi was "one of the first and most talented forerunners of the modern historical school," that he was "opposed to the isolation of economic phenomena from all other social factors." "The view is expressed in the works of Sismondi that economic phenomena must not be isolated from other social factors, that they must be studied in connection with facts of a socio-political character" (*Russkoye Bogatstvo*, No. 8, pp. 38-39). Well, we shall see from the example we have taken, how Sismondi understood the connection between economic and socio-political phenomena.

"The prohibition of imports," says Sismondi in the chapter "Of Customs" (l. IV, ch. XI), "is as unwise and as ruinous as the prohibition of exports: it was invented in order to give the nation manufacture, something it did not yet possess; and it cannot be denied that for nascent industry it is on a par with the most powerful encouragement bonus. This manufacture produces, perhaps, scarcely

* All the more.—Ed.

one-hundredth part of a certain kind of goods consumed by the nation: one hundred buyers will have to compete with each other to obtain commodities from the sole vendor, and the ninety-nine to whom he refuses to sell will have to make shift with contraband goods. In that case, the nation's loss will be equal to one hundred, and its gain equal to one. No matter how much the nation may gain from this new manufacture, there can be no doubt that this gain will be too small to justify such great sacrifice. One could always find less wasteful means of stimulating such manufacture to activity" (I, 440-41).

You see how simply Sismondi solves this problem: protection is "unwise" because the "nation" stands to lose by it!

What "nation" does our economist speak of? What economic relations does he connect the given socio-political fact with? He takes no definite relations, he argues *in general*, about a nation as it *should be, according to his conception of what should be*. And as we know, this conception of what should be is based on the exclusion of capitalism and on the reign of small independent production.

But it is utterly absurd to associate a socio-political factor which belongs to a given economic system, and to it alone, with some imaginary system. Protection is a "socio-political factor" of capitalism, but Sismondi does not associate it with capitalism, he associates it with some nation *in general* (or with a nation of small independent producers). He could, perhaps, have associated protection with, say, the Indian village community, and have obtained a still more striking example of its "folly" and "ruination"; but this "folly" would again have been that of his association and not of protection. Sismondi makes a childish calculation to show that protection is profitable to a very few at the expense of the masses. There is no need to do so, for this is already evident from the very concept protection (whether it takes the form of a direct subsidy or the form of eliminating foreign competitors makes no difference). That protection expresses a social contradiction is beyond dispute. But are there no contradictions in the economic life of the system which created protection? On the contrary, it is full of contradictions, and Sismondi himself indicated these contradictions throughout his book.

Instead of *deducing* this contradiction from those of the economic system which he himself indicated, Sismondi *ignores* economic contradictions and reduces his argument to totally meaningless "innocent wishes." Instead of associating this institution which, according to him, benefits a small group, with the position occupied by this group in the country's economy, and with the interests of this group, he associates it with the abstract principle of the "common weal." We see, therefore, that, contrary to Ephrussi's assertion, Sismondi does *isolate* economic phenomena from the rest (by regarding protection apart from the economic system) and has *no conception of the connection* between economic and socio-political facts. The tirade we have quoted contains *all* that he, as a theoretician, could contribute to the problem of protection: all the rest is merely a paraphrase of this. "It is doubtful whether governments fully realise what price they pay for this gain" (the development of manufacture) "and what frightful sacrifices they impose upon the consumers" (I, 442-43). "The governments of Europe wanted to violate nature" (*faire violence à la nature*). Which nature? Is it the nature of capitalism that protection "violates"? "The nation was forced, in a way (*en quelque sorte*), into false activity" (I, 448). "Some governments have gone to the length of paying their merchants in order to enable them to sell more cheaply; the stranger this sacrifice and the more it contradicts the simplest calculation, the more it is ascribed to high politics. . . . The government pays its merchants at the expense of its subjects" (I, 421), and so on and so forth. This is the kind of argument Sismondi treats us to! In other parts of his work, as if drawing the conclusion from these arguments, he calls capitalism "artificial" and "implanted" (I, 379, *opulence factice*), "a hothouse product" (II, 456) and so forth. Starting out by substituting innocent wishes for an analysis of the given contradictions, he reaches the point of positively distorting reality to suit those wishes. According to him capitalist industry, which is so zealously "supported," is feeble, without a basis, and so forth, it does not play a predominant role in the country's economy and, *consequently*, this predominant role is played by small-scale production, and so forth. The undoubted and indisputable fact that protection was created only by a definite economic

system, and by the definite contradictions of that system, that it expresses the real interests of a real class, which plays the *predominant* role in the national economy, is reduced to nothing, even to its opposite, by means of a few sentimental phrases! Here is another specimen (concerning the protection of agriculture—I, 265, chapter on the Corn Laws):

"The English would have us believe that their big farms are the only means of improving agriculture, that is to say, of providing themselves with a greater abundance of agricultural produce at a cheaper price—actually, however, they do the opposite, they produce at a higher price." . . .

This passage, which so strikingly reveals the romanticist way of arguing that the Russian Narodniks have taken over in its entirety, is wonderfully characteristic! The development of capitalist farming and the technical progress connected with it are depicted as a deliberately introduced system: the English (i.e., the English economists) would have us believe that this system is the only means of improving agriculture. Sismondi wants to say that "there could be" other means of improving agriculture besides capitalist farming, i.e., again "there could be" in some abstract society, but not in the real society of a definite historical period, in the "society" based on commodity production of which the English economists speak, and of which Sismondi too should have spoken. "Improvement of agriculture, *that is to say*, providing themselves" (the nation?) "with a greater abundance of produce." Not "that is to say," at all. Improvement of agriculture and improved food for the masses are by no means the same thing; that the two will not coincide, is not only possible, it is inevitable under the economic system which Sismondi so zealously wants to avoid. For example, an increase in potato cultivation may signify an increase in labour productivity in agriculture (introduction of root crops) and an increase in surplus-value, simultaneously with a deterioration of the workers' food. It is another example of the habit of the Narodnik—that is to say, the romanticist—to dismiss the contradictions of real life with phrases.

"Actually," continues Sismondi, "these farmers, who are so rich, so intelligent and so much supported (*secondés*) by all scientific progress, and whose horses are so fine, whose

hedges so solid and whose fields so thoroughly cleared of weeds, cannot compete against the wretched Polish peasant, ignorant, crushed by slavery, who seeks consolation only in drink, and whose agriculture is still in the infant stage of the art. The corn harvested in central Poland, after paying freight for many hundreds of leagues by river, by land and by sea, and after paying import duties amounting to 30 and 40 per cent ad valorem, is still cheaper than the corn of the richest counties of England" (I, 265). "The English economists are amazed at this contrast." They refer to taxes and so forth. But this is not the point. "The system of exploitation itself is bad, it rests on a dangerous foundation. . . . Lately, all writers have presented this system as an object worthy of our admiration, but we, on the contrary, must study it well in order to avoid imitating it" (I, 266).

Really, how infinitely naïve is this romanticist, who presents English capitalism (commercial farming) as a mistaken system of the economists, who imagines that the "amazement" of the economists who shut their eyes to the contradictions of commercial farming is a sufficiently strong argument *against* the farmers! How superficial is his understanding; instead of seeking an explanation of economic processes in the interests of different groups, he looks for it in the errors of economists, authors and governments! Good Sismondi wants to prick the conscience of the English and also of the continental farmers and put them to shame in order to discourage them from "imitating" such "bad" systems!

Do not forget, incidentally, that this was written seventy years ago, that Sismondi was witnessing the first steps of these, as yet, totally new phenomena. *His* naïveté is excusable, for even the classical economists (his contemporaries) no less naïvely regarded these new phenomena as the product of the eternal and natural qualities of human nature. But, we ask, have our Narodniks added even one original word to Sismondi's arguments in their "objections" to capitalism developing in Russia?

Thus, Sismondi's arguments about protection show that the historical point of view was totally alien to him. Indeed, he argues quite abstractly, exactly like the eighteenth-century philosophers and economists, differing from

them only in proclaiming the society of small independent producers and not bourgeois society to be normal and natural. Hence, he understands nothing of the connection between protection and a definite economic system; and he disposes of this contradiction in the socio-political sphere with sentimental phrases about "the false," "the perilous," the mistaken, the unwise, etc., similar to those with which he disposed of the contradictions in economic life. Hence, he draws an extremely superficial picture of the matter and presents the problem of protection and Free Trade as one of the "wrong" or the "right" path (i.e., to use his terminology, the problem of capitalism, or the non-capitalist path).

Modern theory has fully exposed these delusions, by revealing the connection between protection and a definite historical system of social economy, between protection and the interests of the predominant class in that system which enjoy the support of governments. It showed that protection or Free Trade is an issue *between* entrepreneurs (sometimes between the entrepreneurs of different countries, sometimes between different factions of entrepreneurs in a given country).

Comparing these two points of view on protection with the attitude towards it adopted by the Narodnik economists, we find that here too they fully share the romanticist viewpoint and associate protection not with a capitalist country, but with some abstraction, with "consumers" tout court, and proclaim it to be the "mistaken" and "unwise" support of "hothouse" capitalism, and so forth. On the subject, for example, of duty-free imports of agricultural machines, which cause conflict between industrial and agricultural entrepreneurs, the Narodniks, *of course*, stand solidly for the agricultural . . . entrepreneurs. We do not want to say that they are wrong. But it is a question of fact, a question concerning the present historical moment, a question as to which faction of the entrepreneurs expresses the more general interests of the development of capitalism. Even if the Narodniks are right, it is certainly not because the imposition of customs duties signifies "artificial" "support for capitalism," whereas the lifting of such duties signifies support for an "age-old" people's industry, but simply because the development of agricul-

tural capitalism (which needs machines), by accelerating the extinction of medieval relationships in the rural districts and the creation of a home market for industry, signifies a wider, freer and more rapid development of capitalism in general.

We foresee one objection to this classing of the Narodniks with the romanticists on this question. It will probably be said that here it is necessary to make special mention of Mr. N. —on, who, after all, openly says that the problem of Free Trade and protection is a capitalist problem, and says so more than once, and who even “quotes.” . . . Yes, yes, Mr. N. —on even quotes! But if we are shown this passage from his *Sketches* we shall cite *other passages* in which he proclaims that to give support to capitalism is to “implant” it (and this in his “Summary and Conclusions”! pp. 331, 323 and also 283), and states that the encouragement of capitalism is “a fatal blunder” because “we have overlooked,” “we have forgotten,” “our minds have been obscured,” and so forth (p. 298. Compare this with Sismondi!). How can this be reconciled with the assertion that support for capitalism (with export bonuses) is “one of the numerous contradictions with which our economic life teems*”; this one, like all the rest, owes its existence to the form which all production is assuming” (p. 286)? Note: *all production!* We ask any impartial person: what is the point of view of this author, who proclaims support of “*the form which all production is assuming*” to be a “blunder”? Is it the point of view of Sismondi, or of scientific theory? Here, too (as on the subjects we examined above), Mr. N. —on’s “quotations” turn out to be irrelevant, clumsy interpolations, which do not in the least express a real conviction that these “quotations” are applicable to Russian reality. Mr. N. —on’s “quotations” from modern theory are window-dressing and can only mislead the reader. It is an awkwardly worn “realist” costume under which the thoroughbred romanticist hides.**

* In the same way as *Sketches* “teem” with exhortations to “us,” with the exclamations “we,” and similar phrases, which ignore these contradictions.

** We have a suspicion that Mr. N. —on regards these “quotations” as a talisman which protects him from all criticism. It is difficult otherwise to explain the fact that, on hearing from Messrs. Struve and

XI

Sismondi's Place in the History of Political Economy

We are now familiar with all of Sismondi's main propositions relating to economic theory. Summing up, we see that, everywhere, Sismondi remains absolutely true to himself, that his point of view remains unchanged. On the one hand, on all points he differs from the classical economists in that he indicates the contradictions of capitalism. On the other hand, on no point is he able (or willing) to extend the analysis of the classical economists, and therefore confines himself to a sentimental criticism of capitalism from the viewpoint of the petty bourgeois. This substitution of sentimental complaints and lamentations for a scientific analysis results in his conception being extremely superficial. Modern theory accepted his references to the contradictions of capitalism, subjected them to a scientific analysis, and on all points reached conclusions which radically differ from Sismondi's, and for that reason lead to a diametrically opposite point of view concerning capitalism.

In *A Critique of Some of the Propositions of Political Economy*. (*Zur Kritik*,¹⁶ Russ. trans., Moscow, 1896) Sismondi's place in the history of the science is described as follows:

“Sismondi is no longer labouring under Boisguillebert's idea that labour which creates exchange value is adulterated by money; but just as Boisguillebert denounced money, so does Sismondi denounce large industrial capital” (p. 36).

The author wants to say: Just as Boisguillebert superficially regarded barter as a natural system and was up in arms against money, which was to him an “extraneous element” (p. 30, *ibid.*), so Sismondi regarded small-scale production as a natural system and was up in arms against

Tugan-Baranovsky that his doctrine had been compared with Sismondi's, Mr. N. —on, in one of his articles in *Russkoye Bogatstvo* (1894, No. 6, p. 88), “quoted” the opinion of a representative of the modern theory who describes Sismondi as a petty-bourgeois reactionary and utopian.¹⁵ Evidently, he is profoundly convinced that by means of such a “quotation” he “refuted” the comparison made between himself and Sismondi.

big capital, which he regarded as an extraneous element. Boisguillebert did not understand the inseparable and natural connection between money and commodity exchange, did not understand that he was contrasting two forms of "bourgeois labour" as extraneous elements (ibid., pp. 30-31). Sismondi failed to understand the inseparable and natural connection between big capital and small independent production, failed to understand that these are two forms of commodity economy. Boisguillebert "is up in arms against bourgeois labour in one form while, utopian-like, he praises it in another" (ibid.). Sismondi is up in arms against big capital, i.e., against commodity economy in one form, its most developed form, while, utopian-like, he praises the small producer (especially the peasantry), i.e., commodity economy in another form, its rudimentary form.

"In Ricardo," continues the author of the *Critique*, "political economy reached its climax, after recklessly drawing its ultimate conclusions, while Sismondi supplemented it by impersonating its doubts" (p. 36).

Thus, the author of the *Critique* reduces the significance of Sismondi to the fact that he raised the question of the contradictions of capitalism, and thereby set the task of making a further analysis. The author we have quoted regards all the independent views of Sismondi, who also wanted to answer this question, as unscientific and superficial, and as reflecting his reactionary petty-bourgeois point of view (see the above-quoted opinions, and one quoted below in connection with a "quotation" by Ephruci).

Comparing Sismondi's theory with Narodism, we find on nearly all points (except his repudiation of Ricardo's theory of rent and his Malthusian admonitions to the peasants) an astonishing similarity, which sometimes goes as far as identity of terms. The Narodnik economists fully share Sismondi's point of view. We shall be still more convinced of this later, when we pass from theory to Sismondi's views on practical problems.

And lastly, as regards Ephruci, on no point has he given a correct appraisal of Sismondi. Pointing to Sismondi's emphasis on, and condemnation of, the contradictions of capitalism, Ephruci was quite unable to understand either the sharp difference between his theory and the theory of scientific materialism, or that the romanticist and scienti-

fic points of view on capitalism are diametrically opposite. The fellow feeling of the Narodnik for the romanticist, their touching unanimity, prevented the author of the essays in *Russkoye Bogatstvo* from correctly characterising this classical representative of romanticism in economic science.

We have just quoted the opinion on Sismondi that "he impersonated the doubts" of classical political economy.

But Sismondi did not think of confining himself to this role (which gives him an honourable place among the economists). As we have seen, he tried to solve the doubts, but did so very unsuccessfully. Not only that. His accusation against the classical economists and their science was not that they halted before an analysis of the contradictions, but that they employed wrong methods. "The old science does not teach us either to understand or avert" new disasters (I, XV), says Sismondi in the preface to the second edition of his book, and he does not explain this fact by indicating that the analysis made by this science is incomplete and inconsistent but by claiming that it "plunged into abstractions" (I, 55: the new disciples of Adam Smith in England plunged [se sont jetés] into abstractions, forgetting about "man") and was "proceeding along a wrong path" (II, 448). What is the charge levelled by Sismondi against the classical economists which permits him to draw this conclusion?

"The economists, the most celebrated of them, devoted too little attention to consumption and to the market" (I, 124).

This accusation has been repeated innumerable times since Sismondi's day. It has been deemed necessary to separate "consumption" from "production" as a special department of the science; it has been said that production depends upon natural laws, whereas consumption is determined by distribution, which depends upon the will of man, and so on, and so forth. It is common knowledge that our Narodniks hold the same views and put distribution in the forefront.*

* It goes without saying that Ephruci did not miss the opportunity to praise Sismondi for this as well. "The important thing in Sismondi's doctrine," we read in *Russkoye Bogatstvo*, No. 8, p. 56, "is not so much the various special measures which he proposed, as the

What meaning is there to this accusation? It is based solely on an extremely unscientific conception of the very subject of political economy. Its subject is not by any means "the production of material values," as is often claimed (that is the subject of technology), but the social relations between men in production. Only by interpreting "production" in the former sense can one separate "distribution" from it, and when that is done, the "department" of production does not contain the categories of historically determined forms of social economy, but categories that relate to the labour process in general: usually, such empty banalities merely serve later to obscure historical and social conditions. (Take, for example, the concept of capital.) If, however, we consistently regard "production" as social relations in production, then both "distribution" and "consumption" lose all independent significance. Once relations in production have been explained, both the share of the product taken by the different classes and, consequently, "distribution" and "consumption" are *thereby* explained. And vice versa, if production relations remain unexplained (for example, if the process of the production of the aggregate social capital is not understood), all arguments about consumption and distribution turn into banalities, or innocent, romantic wishes. Sismondi was the originator of such arguments. Rodbertus also talked a lot about the "distribution of the national product," and Ephruci's "modern" authorities even formed special "schools," one of the principles of which was to pay special attention to

general spirit which permeates the whole of his system. Contrary to the classical school, he lays special emphasis on the interests of distribution and not on those of production." In spite of his repeated "references" to the "modern" economists, Ephruci did not understand their theory at all, and continued to busy himself with the sentimental nonsense which distinguishes the primitive critique of capitalism. Here, too, our Narodnik wants to save himself by comparing Sismondi with "many prominent representatives of the historical school"; and so you see, "Sismondi went further" (ibid.), and Ephruci is quite content with that! "Went further" than the German professors—what more do you want? Like all the Narodniks, Ephruci tries to lay the main emphasis on the point that Sismondi criticised capitalism. The economist of *Russkoye Bogatstvo* evidently has no idea that capitalism can be criticised in different ways, that it can be criticised from both the sentimental and the scientific point of view.

distribution.* But none of these theoreticians of "distribution" and "consumption" were able to solve even the fundamental problem of the difference between social capital and social revenue; all continued to grope in the contradictions before which Adam Smith had come to a halt.** The problem was solved only by the economist who never singled out distribution, and who protested most vigorously against the "vulgar" arguments about "distribution" (cf. Marx's criticism of the Gotha Programme quoted by P. Struve in his *Critical Remarks*, p. 129, epigraph to chapter IV).¹⁷ Not only that. The very solution of the problem consisted of an analysis of the *reproduction* of social capital. The author did not make a special problem of either consumption or distribution, but both were fully explained after the analysis of *production* had been carried to its conclusion.

"... Scientific analysis of the capitalist mode of production demonstrates ... that the distribution relations essentially coincident with these production relations are their opposite side, so that both share the same historically transitory character." "The wage presupposes wage-labour, and profit—capital. These definite forms of distribution thus presuppose definite social characteristics (Charaktere) of production conditions, and definite social relations of production agents. The specific distribution relations are thus merely the expression of the specific historical production relations."... "Every form of distribution disap-

* Ingram quite rightly likens Sismondi to the "Katheder-Socialists" (p. 212, *A History of Political Economy*, Moscow, 1891) when he naïvely observes: "... We are ready (!!) to admit Sismondi's view of the state as a power ... charged also with the mission of extending the benefits of the social union and of modern progress as widely as possible through all classes of the community" (215). What profundity distinguishes these "views" of Sismondi's we have already seen in the case of protection.

** See, for example, R. Meyer's article "Income" in *Handwörterbuch der Staatswissenschaft* (Russian translation in the collection of articles entitled *Promyshlennost [Industry]*), which reveals the hopeless confusion in the arguments of the "modern" German professors on this subject. It is curious that R. Meyer, who refers directly to Adam Smith and mentions in his bibliography *the very chapters* of Volume II of *Capital* which contain a complete refutation of Smith, makes no mention of this in the text.

pears with the specific form of production from which it is descended and to which it corresponds."

"The view which regards only distribution relations as historical, but not production relations, is, on the one hand, solely the view of the initial, but still handicapped (inconsistent, befangen) criticism of bourgeois economy. On the other hand, it rests on the confusion and identification of the process of social production with the simple labour-process, such as might even be performed by an abnormally isolated human being without any social assistance. To the extent that the labour-process is solely a process between man and Nature, its simple elements remain common to all social forms of development. But each specific historical form of this process further develops its material foundations and social forms" (*Capital*, Vol. III, 2, pp. 415, 419 and 420, German original).¹⁸

Sismondi was no more fortunate in attacks of another sort against the classical economists, attacks which occupy still more space in his *Nouveaux Principes*. "The new disciples of Adam Smith in England plunged into abstractions, forgetting about man..." (I, 55). For Ricardo "wealth is everything and men nothing" (II, 331). "They" (the economists who advocate Free Trade) "often sacrifice men and real interests to an abstract theory" (II, 457), and so forth.

How old these attacks are, and yet how new! I have in mind their renewal by the Narodniks, who have made such a noise over the frank admission that the capitalist development of Russia is her real, actual and inevitable development. Have they not repeated the same thing in different keys when shouting about "apologetics of the money power," about "social-bourgeois character," and so forth?¹⁹ The remark addressed to the sentimental critics of capitalism in general is applicable to them to an *even greater extent* than to Sismondi: Man schreie nicht zu sehr über den Zynismus! Der Zynismus liegt in der Sache, nicht in den Worten, welche die Sache bezeichnen! But do not make an outcry at the cynicism of it. The cynicism is in the facts and not in the words which express the facts.²⁰

"To an even greater extent," we say. This is because the West-European romanticists did not have before them a scientific analysis of the contradictions of capitalism, because they were the first to indicate these contradictions,

because they denounced (in "plaintive words," incidentally) the people *who did not see* these contradictions.

Sismondi violently attacked Ricardo for drawing all the conclusions from his observations and study of bourgeois society with ruthless frankness: he noted frankly both the existence of production for production and the transformation of labour-power into a commodity similar to any other commodity and the fact that the net revenue, that is, the amount of profit, is the only thing of importance to "society."* But Ricardo spoke the absolute truth: *actually everything is exactly as he says*. If this truth seemed to Sismondi to be a "base truth," he should not have sought for the causes of this baseness in Ricardo's theory at all, and should not have directed his attacks at "abstractions"; the exclamations he addressed to Ricardo belong entirely to the sphere of "the deception which exalts us."

Well, what about our modern romanticists? Do they think of denying the reality of the "money power"? Do they think of denying that this power is omnipotent not only among the industrial population, but also among the agricultural population of any "village community" and of any remote village you like? Do they think of denying that there is a necessary connection between this *fact* and commodity economy? They have not even attempted to subject

* Ephruci, for example, repeats with an important air Sismondi's sentimental phrases about an increase in the net revenue of the entrepreneur not being a gain for the national economy, and so forth, and reproaches him merely for having "realised" this "not quite clearly yet" (p. 43, No. 8).

Would you not like to compare with this the results of the scientific analysis of capitalism:

The gross income (Roheinkommen) of society consists of wages+profit+rent. The net income (Reineinkommen) is surplus-value.

"Viewing the income of the whole society, national income consists of wages plus profit plus rent, thus, of the gross income. But even this is an abstraction to the extent that the entire society, on the basis of capitalist production, bases itself on the capitalist standpoint and thereby considers only the income resolved into profit and rent as net income" (II, 2, 375-76).²¹

Thus, the author fully sides with Ricardo and his definition of the "net income" of "society," sides with the very definition which evoked Sismondi's "celebrated objection" (*Russkoye Bogatstvo*, No. 8, p. 44): "What? Wealth is everything and men nothing?" (II, 331). In modern society—yes, certainly.

this to doubt. They simply try not to talk of it. They are afraid of calling things by their real names.

We fully understand their fear: the frank admission of reality would completely cut the ground from under the sentimental (Narodnik) criticism of capitalism. It is not surprising that they so ardently rush into battle before they have had time to clean the rusty weapon of romanticism. It is not surprising that they are unscrupulous in their methods and want to present hostility towards *sentimental* criticism as hostility towards criticism in general. After all, they are fighting for their right to existence.

Sismondi even tried to elevate his sentimental criticism to the plane of a *special method of social science*. We have already seen that he did not reproach Ricardo with bringing his objective analysis to a halt when faced with the contradictions of capitalism (such a reproach would have been justified), but reproached him for the *objectivity* of his analysis. Sismondi said that Ricardo "forgets about man." In his preface to the second edition of *Nouveaux Principes* we find the following tirade:

"I deem it necessary to protest against the customary methods, so often superficial, so often false, of judging a work relating to the social sciences. The problem which they have to solve is incomparably more complex than all the problems of the natural sciences; at the same time it appeals as much to the heart as it does to the mind" (I, XVI). How familiar to the Russian reader is this idea of contrasting the natural sciences to the social sciences, and of the latter appealing to the "heart"!* Sismondi here ex-

* Political economy is not simply a science of calculation (n'est pas une science de calcul) but a moral science.... It achieves its object only when the feelings, needs, and passions of men are taken into consideration" (I, 313). These sentimental phrases which Sismondi and the Russian sociologists of the subjective school who utter exactly the same exclamations regard as new conceptions of social science, actually show that criticism of the bourgeoisie was still in an infantile, primitive state. Does not a scientific analysis of contradictions, while remaining a strictly objective "calculation," provide firm ground for understanding "the feelings, needs and passions," and the passions not of "men" in general—that abstraction to which both the romanticist and the Narodnik ascribe a specifically petty-bourgeois content—but of *the men of definite classes*? The point is, however, that Sismondi could not *theoretically* refute the economists, and therefore confined himself to sentimental phrases. "Utopian dilettantism was forced to

presses the very ideas which were to be "newly discovered" several decades later in the far east of Europe by the "Russian school of sociologists" and figure as a special "subjective method in sociology."... Sismondi, like our native sociologists, of course appeals "to the heart as well as to the mind."* But we have already seen that on all the most important problems, the "heart" of the petty bourgeois triumphed over the "mind" of the economist theoretician.

Postscript**

That the appraisal given here of the sentimental Sismondi in relation to scientifically "objective" Ricardo is correct, is fully confirmed by the opinion Marx expressed in the second volume of *Theories of Surplus-Value*, which appeared in 1905 (*Theorien über den Mehrwert*, II. B., I. Th., S. 304 u. ff. "Bemerkungen über die Geschichte der Entdeckung des sogenannten Ricardoschen Gesetzes").*** Contrasting Malthus as a wretched plagiarist, a paid advocate of the rich and a shameless sycophant, to Ricardo as a man of science, Marx said:

"Ricardo regards the capitalist mode of production as the most advantageous for production in general, as the most advantageous for the creation of wealth, and for his time Ricardo is quite right. He wants *production for the sake of production*, and he is right. To object to this, as Ricardo's sentimental opponents did, by pointing to the fact that production as such is not an end in itself, means to forget that production for the sake of production is nothing more nor less than the development of the productive forces of mankind, i.e., *the development of the wealth of human*

make theoretical concessions to any more or less learned defender of the bourgeois order. In order to allay the consciousness of his own impotence that was rising within him, the utopian consoled himself by reproaching his opponents with objectivity: let us admit that you are more learned than I, but in return I am kinder" (Beltov, p. 43).

* As if the "problems" which arise from the natural sciences do not also appeal to the "heart"!

** This postscript was written for the 1908 edition.—Ed.

*** *Theories of Surplus-Value*, Vol. II, Part I, p. 304, et seq. "Notes on the History of the Discovery of the So-Called Ricardian Law."²²—Ed.

nature as an end in itself. If this end is set up in contrast to the welfare of individuals, as Sismondi did, it is tantamount to asserting that the development of the whole human race must be *retarded* for the sake of ensuring the welfare of individuals, that, consequently, no war, we shall say for example, can be waged, because war causes the death of individuals. Sismondi is right only in opposition to those economists who *obscure* this antagonism, deny it" (S. 309). From his point of view Ricardo has every right to put the proletarians on a par with machines, with commodities in capitalist production. "Es ist dieses stoisch, objektiv, wissenschaftlich," "this is stoicism, this is objective, this is scientific" (S. 313). It goes without saying that this appraisal applies only to a definite period, to the very beginning of the nineteenth century.

Chapter II

The Character of the Romanticists' Criticism of Capitalism

We have already dealt sufficiently with Sismondi's "mind." Let us now take a closer look at his "heart." Let us attempt to collect all the references to his *point of view* (which we have studied till now only as an element touching on theoretical problems), to his *attitude* towards capitalism, to his social sympathies, to his conception of the "socio-political" problems of the period in which he was active.

I

The Sentimental Criticism of Capitalism

The distinguishing feature of the period in which Sismondi wrote was the rapid development of *exchange* (money economy, to use modern terminology), which was manifested with particular sharpness after the remnants of feudalism were destroyed by the French Revolution. Sismondi unambiguously condemned this development and growth of exchange, denounced "fatal competition," called upon the "government to protect the population from the consequences of competition" (ch. VIII, l. VII), and so forth. "Rapid exchanges corrupt the good faith of the people. Constant concern for selling at a profit cannot but lead to attempts to demand too high a price and to cheat, and the harder life becomes for the one who gains his livelihood by constant exchanges, the more he is tempted

to resort to cheating" (I, 169). Such was the naïveté required to attack money economy in the way our Narodniks attack it! "... Commercial wealth is only of secondary importance in the economic system; and land wealth (territoriale) which provides the means of subsistence must increase first. The whole of that numerous class which lives by commerce must be called upon to participate in the fruits of the earth only to the extent that these fruits exist; it" (this class) "must grow only to the extent that this produce grows" (I, 322-23). Has Mr. N. —on, who fills page after page with complaints about the growth of commerce and industry outpacing the development of agriculture, taken even one step beyond this patriarchal romanticist? These complaints of the romanticist and of the Narodnik merely testify to a complete *misunderstanding* of capitalist economy. *Can there be a capitalism under which the development of commerce and industry does not outpace agriculture?* Why, the growth of capitalism is the growth of commodity economy, *that is to say*, of a social division of labour which *separates* from agriculture one branch of the processing of raw materials after another, breaking up the *single* natural economy in which the production, processing and consumption of these raw materials were combined. That is why capitalism *always and everywhere* signifies a *more rapid* development of commerce and industry than of agriculture, a *more rapid* growth of the commercial and industrial population, a *greater* weight and importance of commerce and industry in the social economic system as a whole.* *Nor can it be otherwise.* By repeating such complaints, Mr. N. —on proves again and again that in his economic views he has not gone beyond superficial, sentimental romanticism. "This unwise spirit of enterprise (esprit d'entreprise), this excess of trading of every kind, which causes so many bankruptcies in America, is due, without a doubt, to the increase in the number of banks and to the ease with which illusory credit takes the place of real property" (fortune réelle) (II, 111), and so forth endlessly. Why did Sismondi attack

* As capitalism develops, agriculture, always and everywhere, *lags behind* commerce and industry, it is always subordinate to them and is exploited by them, and it is always *drawn* by them, only later on, onto the path of capitalist *production*.

money economy (and capitalism)? What does he offer in place of it? Small independent production, the natural economy of the peasants in the countryside, artisan production in the towns. Here is what he says of the former in the chapter headed "On Patriarchal Agriculture" (ch. III, 1. III, "De l'exploitation patriarcale"—the patriarchal exploitation of the land. Book III treats of "territorial" or land wealth):

"The first owners of land were themselves tillers, all the field work was done by the labour of their children and their servants. No social organisation* guarantees more happiness and more virtue to the most numerous class of the nation, a larger prosperity (opulence) to all, greater stability to the public order.... In those countries where the farmer is the owner (où le fermier est propriétaire) and where the produce belongs entirely (sans partage) to the people who perform all the work, i.e., in those countries whose agriculture we call patriarchal, we see at every step signs of the tiller's love for the house in which he lives, for the land which he tills.... Work itself is a pleasure to him.... In those happy countries where agriculture is patriarchal, the particular nature of every field is studied, and this knowledge is passed on from father to son.... Large-scale farming, directed by richer men, will perhaps rise above prejudice and routine. But knowledge (l'intelligence, i.e., knowledge of agriculture) will not reach the one who works and will be badly applied.... Patriarchal economy improves the morals and character of that numerous section of the nation which has to do all the work in the fields. Property cultivates habits of order and frugality, constant abundance destroys the taste for glut-

* Note that Sismondi—exactly like our Narodniks—at once transformed the peasants' independent economy into a "social organisation". Obvious juggling. What is it that links together these peasants from different localities? The division of social labour and the commodity economy that superseded feudal ties. We at once see the elevation of one division of the commodity-economy system to utopian heights and the failure to understand the other divisions. Compare this with what Mr. N. —on says on p. 322. "The form of industry based on the ownership of the instruments of production by the peasantry." Mr. N. —on does not even suspect that this ownership of the instruments of production by the peasantry is—historically and logically—the *starting-point* of that same *capitalist* production!

tony (gourmandise) and intemperance. . . . Entering into exchange almost exclusively with nature he" (the tiller) "has less reason than any industrial worker to distrust men and to resort to the weapon of dishonesty against them" (I, 165-70). "The first farmers were simple labourers; they themselves performed the bulk of the agricultural work; they kept the size of their enterprises commensurate with the working capacity of their families. . . . They did not cease to be peasants: they themselves followed the plough (tiennent eux-mêmes les cornes de leur charrue); they themselves tended their cattle, both in the fields and in the barns, they lived in the pure air and got accustomed to constant labour and to modest food, which create sturdy citizens and stalwart soldiers.* They hardly ever employed day labourers to work with them, but only servants (des domestiques), always chosen from among their equals, whom they treated as equals, who ate with them at the same table, drank the same wine and wore the same kind of clothes as they did. Thus, the farmers and their servants constituted one class of peasants, inspired by the same feelings, sharing the same pleasures, subjected to the same influences and bound to their country by the same ties" (I, 221).

Here, then, you have the famous "people's production"! Let it not be said that Sismondi does not understand the need to unite the producers: he says plainly (see below) that "he too" (like Fourier, Owen, Thompson and Muiron) "wants association" (II, 365). Let it not be said that he stands for *property*: on the contrary, he places the weight of emphasis on small economy (cf. II, 355) and not upon small property. It goes without saying that this idealisation of small peasant economy looks different under different historical and social conditions. But there can be no doubt that it is small peasant economy that is glorified by both romanticism and Narodism.

Similarly, Sismondi idealises primitive artisan production and guilds.

"The village shoemaker, who is at once merchant, fac-

* Reader, compare with these honeyed grandmother's tales the statements of the "progressive" publicist of the late nineteenth century whom Mr. Struve cites in his *Critical Remarks*, p. 17.²³

tory owner and worker, will not make a single pair of shoes without an order" (II, 262), whereas capitalist manufacture, not knowing the demand, may suffer bankruptcy. "Undoubtedly, from both the theoretical and the factual standpoint, the institution of guilds (corps de métier) prevented, and was bound to prevent, the formation of a surplus population. It is also beyond doubt that such a population exists at the present time, and that it is the necessary result of the present system" (I, 431). Many more excerpts of a similar nature could be quoted, but we shall postpone our examination of Sismondi's practical recipes until later. Here let us confine ourselves to what we have quoted in order to probe Sismondi's point of view. The arguments we have quoted may be summed up as follows: 1) money economy is condemned for destroying the small producers' security and the close relations among them (in the shape of the nearness of the artisan to his customers, or of the tiller to other tillers, his equals); 2) small production is extolled for ensuring the independence of the producer and eliminating the contradictions of capitalism.

Let us note that both these ideas constitute an essential part of Narodism,* and endeavour to probe their meaning.

The criticism of money economy by the romanticists and the Narodniks amounts to the following: it points to the fruits of that economy—individualism** and antagonism (competition), and also the producer's insecurity and the instability of the social economy.***

First about "individualism." Usually, the contrast is made between the association of the peasants in a given community, or of the artisans (or the handicraftsmen) of a given craft, and capitalism, which destroys the ties that bind them, and puts competition in their place. This

* On this question, too, Mr. N. —on is guilty of such a heap of contradictions that one can choose from them *any number* of propositions in no way connected with each other. But there can be no doubt about his idealisation of peasant economy by the use of the hazy term "people's production". A haze is a particularly suitable atmosphere in which to don all sorts of disguises.

** Cf. N. —on, p. 321, in f. (in fine—at the end.—*Ed.*) and others.

*** *Ibid.*, 335. P. 184: capitalism "robs of stability". And many others.

argument is a repetition of the typical error of romanticism, namely: the conclusion that since capitalism is torn by contradictions it is not a *higher form of social organisation*. Does not capitalism, which destroys the medieval village community, guild, artel and similar ties, substitute others for them? Is not commodity economy already a *tie* between the producers, a tie established by the *market*?* The antagonistic character of *this tie*, which is full of fluctuations and contradictions, gives one no right to deny *its existence*. And we know that it is the development of contradictions that with ever-growing force reveals the strength of this tie, *compels* all the individual elements and classes of society to strive to unite, and to unite no longer within the narrow limits of one village community, or of one district, but to unite all the members of the given class *in a whole nation* and even in different countries. Only a romanticist, with his reactionary point of view, can deny the existence of these ties and their deeper importance, which is based on the common role played in the national economy and not upon territorial, professional, religious and other such interests. If arguments of this kind earned the name of romanticist for Sismondi, who wrote at a time when these new ties engendered by capitalism were still in the embryo, all the more do our Narodniks deserve such an estimation; for *today*, the enormous importance of these ties can only be denied by those who are totally blind.

As regards insecurity and instability, and so forth, that is the same old song we dealt with when discussing the foreign market. Attacks of this kind betray the romanticist who fearfully condemns precisely that which scientific theory values most in capitalism: its inherent striving for development, its irresistible urge onwards, its inability to halt or to reproduce the economic processes in their former,

* "In actual fact, *society, association* are denominations which can be given to every society, to feudal society as well as to bourgeois society, which is association founded on competition. How then can there be writers, who, by the single word *association*, think they can refute competition?" (Marx, *Das Elend der Philosophie*.)²⁴ Sharply criticising the sentimental condemnation of competition, the author plainly stresses its *progressive aspect*, its driving force, which promotes "technical progress and social progress".

rigid dimensions. Only a utopian who concocts fantastic plans for spreading medieval associations (such as the village community) to the whole of society can ignore the fact that it is the "instability" of capitalism that is an enormously progressive factor, one which accelerates social development, draws larger and larger masses of the population into the whirlpool of social life, compels them to ponder over its structure, and to "forge their happiness" with their own hands.

Mr. N. — on's phrases about the "instability" of capitalist economy, about the lack of proportion in the development of exchange, about the disturbance of the balance between industry and agriculture, between production and consumption, about the abnormality of crises, and so forth, testify beyond all doubt to the fact that he still shares the viewpoint of *romanticism* to the full. Hence, the criticism of European romanticism applies *word for word* to his theory too. Here is the proof:

"Let us hear what old Boisguillebert says:

"The price of commodities,' he says, 'must always be *proportionate*; for it is such mutual understanding alone that can enable them to reciprocally give birth to one another. . . . As wealth, then, is nothing but this continual intercourse between man and man, craft and craft, etc., it is a frightful blindness to go looking for the cause of misery elsewhere than in the cessation of such traffic brought about by a disturbance of proportion in prices.'

"Let us listen also to a modern* economist:

"The great law as necessary to be affixed to production, that is, the law of *proportion*, which alone can preserve the continuity of value. . . . The equivalent must be guaranteed. . . . All nations have attempted, at various periods of their history, by instituting numerous commercial regulations and restrictions, to effect, in some degree, the object here explained. . . . But the natural and inherent selfishness of man . . . has urged him to break down all such regulations. Proportionate Production is the realisation of the entire truth of the Science of Social Economy' (W. Atkinson, *Principles of Political Economy*, London, 1840, pp. 170 and 195).

* Written in 1847.

"Fuit Troja!* This true proportion between supply and demand, which is beginning once more to be the object of so many wishes, ceased long ago to exist. It has passed into the stage of senility. It was possible only at a time when the means of production were limited, when the movement of exchange took place within very restricted bounds. With the birth of large-scale industry this true proportion had to (musste) come to an end, and production is inevitably compelled to pass in continuous succession through vicissitudes of prosperity, depression, crisis, stagnation, renewed prosperity, and so on.

"Those who, like Sismondi, wish to return to the true proportion of production, while preserving the present basis of society, are reactionary, since, to be consistent, they must also wish to bring back all the other conditions of industry of former times.

"What kept production in true, or more or less true, proportions? It was demand that dominated supply, that preceded it. Production followed close on the heels of consumption. Large-scale industry, forced by the very instruments at its disposal to produce on an ever-increasing scale, can no longer wait for demand. Production precedes consumption, supply compels demand.

"In existing society, in industry based on individual exchange, anarchy of production, which is the source of so much misery, is at the same time the source of all progress.

"Thus, one or the other: either you want the true proportions of past centuries with present-day means of production, in which case you are both reactionary and utopian.

"Or, you want progress without anarchy: in which case, in order to preserve the productive forces, you must abandon individual exchange" (*Das Elend der Philosophie*, S. 46-48).²⁵

The last words apply to Proudhon, with whom the author is polemising, thus formulating the difference between his own viewpoint and the views both of Sismondi and of Proudhon. Mr. N. —on would not, of course, approximate to either one or the other in *all* his views.** But look into

* Troy is no more!—Ed.

** Although it is a big question as to *why* he would not do so. Is it not only because these authors raised problems on a wider plane, having in mind the existing economic system in general, its place and

the content of the passage given. What is the main thesis of the author we have quoted, his basic idea, which brings him into irreconcilable opposition to his predecessors? Undoubtedly, it is that he places the question of the instability of capitalism (which *all these three* authors admit) on a *historical* plane and regards this instability as a *progressive factor*. In other words: he recognises, firstly, that existing capitalist development, which proceeds through disproportion, crises, etc., is *necessary development*, and says that the very character of the means of production (machines) gives rise to the desire for an unlimited expansion of production and the constant anticipation of demand by supply. Secondly, he recognises *elements of progress* in this development, which are: the development of the productive forces, socialisation of labour within the bounds of the whole of society, increased mobility of the population and the growth of its consciousness, and so forth. These two points exhaust the difference between him and Sismondi and Proudhon, who agree with him in indicating the "instability" of capitalism and the contradictions it engenders, and in their sincere desire to eliminate these contradictions. Their failure to understand that this "instability" is a *necessary* feature of all capitalism and commodity economy in general brought them to *utopia*. Their failure to understand the elements of progress *inherent* in this instability makes their theories *reactionary*.*

And now we invite Messrs. the Narodniks to answer this question: Does Mr. N. —on agree with the views of scientific theory on the two points mentioned? Does he regard instability as a characteristic of the present system, and of present-day development? Does he admit the existence of

significance in the development of the whole of mankind, and did not limit their outlook to *one country*, for which one may supposedly invent a *special theory*?

* This term is employed in its *historico-philosophical* sense, describing only the *error* of the theoreticians who take models for their theories from *obsolete* forms of society. It does not apply at all to the personal qualities of these theoreticians, or to their programmes. Everybody knows that neither Sismondi nor Proudhon were reactionaries in the ordinary sense of the term. We are explaining these elementary truths because, as we shall see below, the Narodnik gentlemen have not grasped them to this day.

elements of progress in this instability? Everybody knows that he does not, that, on the contrary, Mr. N. —on proclaims this “instability” of capitalism to be simply an abnormality, a digression, and so forth, and regards it as decadence, retrogression (cf. above: “*robs of stability*”) and idealises that very economic stagnation (recall the “age-old foundations,” “time-hallowed principles,” and so forth) whose destruction is the historical merit of “unstable” capitalism. It is clear, therefore, that we were quite right in including him among the romanticists and that no “quotations” and “references” on his part will change *this character of his own arguments*.

We shall deal again with this “instability” later (in connection with the hostility of romanticism and Narodism to the diminution of the agricultural population to the advantage of the industrial population); at present let us quote a passage from *A Critique of Some of the Propositions of Political Economy* in which the *sentimental* attacks on money economy are examined.

“These definite social functions” (namely, of the seller and buyer) “are no outgrowths of human nature, but are the products of exchange relations between men who produce their goods in the form of commodities. They are so far from being purely individual relations between buyer and seller that both enter into these relations only to the extent that their individual labour is disregarded and is turned into money as labour of no individual. Therefore, just as it is childish to regard these bourgeois economic roles of buyer and seller as eternal social forms of human individuality, so it is, on the other hand, preposterous to lament over them as the cause of the extinction of individuality.

“How deeply some beautiful souls are wounded by the merely superficial aspect of the antagonism which asserts itself in buying and selling may be seen from the following abstract from M. Isaac Pereire’s *Leçons sur l’industrie et les finances*, Paris, 1832. The fact that the same Isaac in his capacity of inventor and dictator of the ‘Crédit mobilier’* has acquired the reputation of the wolf of the Paris Bourse shows what lurks behind the sentimental criticism

* A bank which grants loans on the security of movable property.—Ed.

of economics. Says Mr. Pereire, at the time an apostle of Saint-Simon: ‘Since individuals are isolated and separated from one another both in their labours and in consumption, exchange takes place between them in the products of their respective industries. From the necessity of exchange arises the necessity of determining the relative value of things. The ideas of value and exchange are thus intimately connected and both express in their actual form individualism and antagonism. . . . The determination of values of products takes place only because there are sales and purchases, or, to put it differently, because there is an antagonism between different members of society. One has to occupy himself with price and value only where there is sale and purchase, that is to say, where every individual is obliged to *struggle* to procure for himself the objects necessary for the maintenance of his existence’” (op. cit., p. 68).²⁶

The question is: wherein lies Pereire’s *sentimentality*? He talks only about the individualism, antagonism and conflict inherent in capitalism, he says the very thing our Narodniks say in different keys, and, moreover, they seem to be speaking the truth, because “individualism, antagonism and conflict” are indeed necessary attributes of exchange, of commodity production. His *sentimentality* lies in that this Saint-Simonist, carried away by his condemnation of the contradictions of capitalism, *fails to discern behind these contradictions* the fact that *exchange* also expresses a special form of *social economy*, that it, consequently, *not only disunites* (it does that only in respect of the medieval associations, which capitalism destroys), *but also unites* men, compelling them to enter into intercourse with each other through the medium of the market.* It was this superficial understanding, caused by their eagerness to “trounce” capitalism (from the utopian point of view) that gave the above-quoted author occasion to call Pereire’s criticism *sentimental*.

But why should we worry about Pereire, the long-forgotten apostle of long-forgotten Saint-Simonism? Would it not be better to take the modern “apostle” of Narodism?

* Substituting unity along the lines of social status and social interests of a whole country, and even of the whole world, for local and social-estate associations.

"Production . . . was robbed of its popular character and assumed an individual, capitalist character" (Mr. N. —on, *Sketches*, pp. 321-22).

You see how this disguised romanticist argues: "people's production became individual production." And as by "people's production" the author wants to imply the village community,²⁷ he points to the decline of the *social* character of production, to the shrinking of the *social* form of production.

But is that so? The "village community" provided (*if it did provide*; but we are ready to make any concession to the author) for organised production only in the one individual community, isolated from all the other communities. The social character of production embraced *only the members of the one village community*.^{*} Capitalism, however, gives production a social character in a whole country. "Individualism" means the destruction of social ties; but these ties are destroyed by the *market*, which replaces them by ties between *masses of individuals* who are not bound together by a village community, a social estate, a given trade, the restricted area of a given industry, etc. The tie created by capitalism manifests itself in the form of contradictions and antagonism, and *therefore*, our romanticist refuses to see this tie (although the village community, too, as a form of organisation of production never existed without the other forms of contradictions and antagonism inherent in the old modes of production). The utopian point of view transforms his criticism of capitalism, as well, into a *sentimental* one.

II

The Petty-Bourgeois Character of Romanticism

The idealisation of small production reveals to us another typical feature of romanticist and Narodnik criticism, namely, its *petty-bourgeois character*. We have seen that

^{*} According to the Zemstvo statistics (Blagoveshchensky's *Combined Returns*), the average size of a *village community*, for 123 uyezds in 22 gubernias, is 53 households, with a population of 323 of both sexes.

the French and the Russian romanticists are unanimous in converting small production into a "social organisation," into a "form of production," and *in contrasting it to capitalism*. We have also seen that this contrasting of one to the other is nothing but the expression of an extremely superficial understanding, that it is the artificial and incorrect singling out of one form of commodity economy (large-scale industrial capital) and condemnation of it, while utopianly idealising *another form of the same* commodity economy (small production). The misfortune of both the European romanticists of the early nineteenth century and of the Russian romanticists of the late nineteenth century is that they invent for themselves a sort of abstract small production existing outside of the social relations of production, and *overlook* the trifling circumstance that this small production actually exists in an environment of *commodity production*—this applies both to the small economy on the European continent in the 1820s and to Russian peasant economy in the 1890s. *Actually*, the small producer, whom the romanticists and the Narodniks place on a pedestal, is therefore a *petty bourgeois* who exists in the same antagonistic relations as every other member of capitalist society, and who also defends his interests by means of a struggle which, on the one hand, is constantly creating a small minority of big bourgeois, and on the other, pushes the majority into the ranks of the proletariat. *Actually*, as everybody sees and knows, there are no small producers who do not stand *between* these two opposite classes, and this middle position necessarily determines the specific character of the petty bourgeoisie, its dual character, its two-facedness, its gravitation towards the minority which has emerged from the struggle successfully, its hostility towards the "failures," i.e., the majority. The more commodity economy develops, the more strongly and sharply do these qualities stand out, and the more evident does it become that the idealisation of small production merely expresses a reactionary, *petty-bourgeois* point of view.

We must make no mistake about the meaning of these terms, which the author of *A Critique of Some of the Propositions of Political Economy* applied specifically to Sismondi. These terms do not at all mean that Sismondi *defends* the backward petty bourgeois. *Nowhere does Sismondi*

defend them: he wants to take the point of view of the labouring classes in general, he expresses his sympathy for all the members of these classes, he is pleased, for example, with factory legislation, he attacks capitalism and exposes its contradictions. In a word, his point of view is exactly the same as that of the modern Narodniks.

The question is: on what grounds, then, is he described as a petty bourgeois? On the grounds that he does not understand the connection between small production (which he idealises) and big capital (which he attacks). On the grounds that he *does not see* that his beloved small producer, the peasant, is in reality becoming a petty bourgeois. We must never forget the following explanation about reducing the theories of various authors to the interests and points of view of different classes:

“Only one must not form the narrow-minded notion that the petty bourgeoisie, on principle, wishes to enforce an egoistic class interest. Rather, it believes that the *special* conditions of its emancipation are the *general* conditions within the frame of which alone modern society can be saved and the class struggle avoided. Just as little must one imagine that the democratic representatives are indeed all shopkeepers or enthusiastic champions of shopkeepers. According to their education and their individual position they may be as far apart as heaven from earth. What makes them representatives of the petty bourgeoisie is the fact that in their minds they do not get beyond the limits which the latter do not get beyond in life, that they are consequently driven, theoretically, to the same problems and solutions to which material interest and social position drive the latter practically. This is, in general, the relationship between the *political and literary representatives* of a class and the class they represent” (Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*, translated into Russian by Bazarov and Stepanov, pp. 179-80).²⁸

Hence, those Narodniks who think that the sole object of referring to petty-bourgeois character is to say something exceptionally venomous, that it is simply a polemical ruse, cut a very comical figure. By this attitude they reveal their misconception of the general views of their opponents, and chiefly their misconception of the basis of *that very* criticism of capitalism with which they all “agree,”

and of the way in which it *differs* from sentimental and petty-bourgeois criticism. The mere fact that they strive so hard to evade the very problem of these latter forms of criticism, of their existence in Western Europe, of their relation to the scientific criticism, clearly shows *why* the Narodniks do not want to understand this difference.*

Let us explain the above with an example. In the bibliographical section of *Russkaya Mysl*²⁹ for 1896, No. 5 (p. 229, et seq.), it is stated that among the intelligentsia “a group has lately appeared and is growing with amazing rapidity” which in principle is unreservedly hostile to Narodism. The reviewer points in the briefest outline to the causes and character of this hostility, and one cannot but note with appreciation that he gives quite correctly the *gist* of the point of view hostile to Narodism.** The reviewer does not share this point of view. He does not understand that the ideas of class interests, etc., should compel us to deny “people’s ideals” (“simply *people’s* but not Narodnik”; *ibid.*, p. 229), which, he says, are the welfare, freedom and consciousness of the peasantry, i.e., of the majority of the population.

“We shall be told, of course, as others have been told,” says the reviewer, “that the ideals of the peasant author” (this is a reference to the wishes expressed by a certain peasant) “are petty-bourgeois and that, therefore, to this day our literature has represented and defended the interests of the petty bourgeoisie. But this is simply a bogey, and who, except those possessing the world outlook and

* For example, Ephruci wrote two articles on the subject of “how Sismondi regarded the growth of capitalism” (*Russkoye Bogatstvo*, No. 7, p. 139), and yet *absolutely failed to understand* exactly how Sismondi did regard it. *Russkoye Bogatstvo’s* contributor *did not notice* Sismondi’s petty-bourgeois point of view. But since Ephruci is undoubtedly familiar with Sismondi; since he (as we shall see later) is familiar with that very representative of the modern theory who characterised Sismondi in that way; since he, too, wishes to “agree” with this representative of the new theory—his failure to understand acquires a quite definite significance. The Narodnik could not see in the romanticist what he does not see in himself.

** It sounds very strange, of course, to praise a man for correctly conveying somebody else’s ideas!! But what would you have? Among the ordinary controversialists of *Russkoye Bogatstvo* and of the old *Novoye Slovo*,³⁰ Messrs. Krivenko and Vorontsov, *such* a method of controversy is indeed a rare exception.

mental habits of a Zamoskvorechye merchant's wife, can be frightened by such a bogey?..."

Strongly spoken! But let us hear what he has to say further:

"... The basic criterion, both of the conditions of human intercourse and of deliberate social measures, is not economic categories, borrowed, moreover, from conditions alien to the country, and formed under different circumstances, but the happiness and welfare, material and spiritual, of the majority of the population. And if a certain mode of life, and certain measures for maintaining and developing this mode of life, lead to this happiness, call them petty-bourgeois, or what you will, it will not alter the situation: they—this mode of life and these measures—will still be essentially progressive, and for that very reason will represent the *highest ideal attainable by society under existing conditions and in its present state*" (ibid., pp. 229-30, author's italics).

Does the reviewer really not see that in the heat of controversy he has jumped over the problem?

Although the accusation that Narodism is petty-bourgeois is described by him with supreme severity as "simply a bogey," he produces no proof of this assertion, except the following incredibly amazing proposition: "The criterion ... is not economic categories, but the happiness of the majority." Why, this is the same as saying: the criterion of the weather is not meteorological observations, but the way the majority feels! What, we ask, are these "economic categories" if not the *scientific formulation* of the population's conditions of economy and life, and moreover, not of the "population" in general, but of *definite* groups of the population, which occupy a definite place under the *present* system of social economy? By opposing the highly abstract idea of "the happiness of the majority" to "economic categories," the reviewer simply strikes out the entire development of social science since the end of the last century and reverts to naïve rationalistic speculation, which ignores the existence and the development of definite social relationships. With one stroke of the pen he wipes out all that the human mind, in its attempt to *understand* social phenomena, has achieved at the price of centuries of searching! And after thus relieving him-

self of all scientific encumbrances, the reviewer *believes the problem is solved*. Indeed, he bluntly concludes: "If a certain mode of life ... leads to this happiness, call it what you will, it will not alter the situation." What do you think of that? But the whole question was: *what* mode of life? The author himself had only just said that those who regarded peasant economy as a special mode of life ("people's production," or whatever you like to call it) were opposed by others who asserted that it is not a special mode of life, but just the ordinary *petty-bourgeois* mode of life, similar to that of every other kind of small production in a country of commodity production and capitalism. If it automatically follows from the former view that "this mode of life" ("people's production") "leads to happiness," then it also automatically follows from the latter view that "this mode of life" (the petty-bourgeois mode) leads to capitalism and to nothing else, leads to the "majority of the population" being forced into the ranks of the proletariat and to the conversion of the minority into a rural (or industrial) bourgeoisie. Is it not obvious that the reviewer fired a shot into the air, and amidst the noise of the shot took as proven exactly what is denied by the second view, which is so unkindly declared to be "simply a bogey"?

Had he wanted to examine the second view seriously, he obviously should have proved one of two things: either that "petty bourgeoisie" is a wrong scientific category, that one can conceive of capitalism and commodity economy *without* a petty bourgeoisie (as indeed the Narodniks actually do, and thereby completely revert to Sismondi's point of view), *or* that this category is *inapplicable* to Russia, i.e., that here we have neither capitalism nor the prevalence of commodity economy, that the small producers do not become commodity producers, that the above-mentioned process of ousting the majority and of strengthening the "independence" of the minority is not taking place among them. Now, however, having seen that he treats the reference to the petty-bourgeois character of Narodism simply as a desire to "offend" the Narodniks, and having read the above-quoted phrase about the "bogey," we involuntarily recall the well-known utterance: "Pray, Kit Kitych!³⁴ Who would offend you? You yourself can offend anybody!"

**The Problem of the Growth
of the Industrial Population at the Expense
of the Agricultural Population**

Let us return to Sismondi. In addition to his idealisation of the petty bourgeoisie, in addition to his romanticist failure to understand how, under the present social system of economy, the "peasantry" is transformed into a petty bourgeoisie, he holds an extremely characteristic view about the diminution of the agricultural population to the advantage of the industrial population. It is common knowledge that this phenomenon—one of the most striking manifestations of a country's capitalist development—is observed in all civilised countries, and also in Russia.*

Sismondi, an outstanding economist of his time, must, of course, have seen this fact. He openly records it, but fails completely to understand the necessary connection between it and the development of capitalism (to put it even more generally: between it and the division of social labour, the growth of commodity economy called forth by this phenomenon). He simply *condemns* it as a defect in the "system."

After pointing to the enormous progress made by English agriculture, Sismondi says:

"While admiring the carefully cultivated fields, we must look at the people who cultivate them; they constitute only half the number to be seen in France on an equal area. Some economists regard this as a gain; in my opinion it is a loss" (I, 239).

We can understand why the ideologists of the bourgeoisie regarded this thing as a gain (we shall soon see that

* The percentage of the urban population in European Russia has been growing in the post-Reform period. Here we must confine ourselves merely to pointing to this most commonly known symptom, although it expresses the phenomenon *far from completely*, in that it does not include important features specific to Russia as compared with Western Europe. This is not the place to examine these specific features (the peasants' lack of freedom of movement, the existence of industrial and factory villages, internal colonisation of the country, and so forth).

such is also the view of the scientific critique of capitalism): in this way they formulated the growth of bourgeois wealth, commerce and industry. While hastening to *condemn* this phenomenon, Sismondi forgets to think about its causes.

"In France and in Italy," he says, "where, it is calculated, four-fifths of the population belong to the agricultural class, four-fifths of the nation will have the national bread to eat, no matter what the price of foreign grain may be" (I, 264). *Fuit Troja!* is what can be said of this. There are now no countries (even the most highly agricultural) which are not entirely dependent upon the *price of grain*, i.e., upon world capitalist production of grain.

"If a nation cannot increase its commercial population except by demanding from each a larger amount of work for the same pay, it must fear an increase in its industrial population" (I, 322). As the reader sees, this is merely kind advice devoid of all sense and meaning, for here the concept "nation" is based on the artificial exclusion of the antagonisms between the classes which constitute this "nation." As always, Sismondi simply *wriggles out* of these antagonisms by means of the well-meaning wish that ... there should be no antagonisms.

"In England, agriculture employs only 770,199 families, commerce and industry employ 959,632, the other estates in society 413,316. It is truly frightful (*effrayante*) that such a large proportion of the population, out of a total of 2,143,147 families, or 10,150,615 persons, exists on commercial wealth. Happily, France is still far from having such an enormous number of workers depending upon luck in a remote market" (I, 434). Here Sismondi even seems to forget that this "happiness" is due entirely to the lag in France's capitalist development.

Depicting the changes in the existing system which are "desirable" from his point of view (we shall discuss these later), Sismondi says that "the result" (of reforms to suit the romantic taste) "would undoubtedly be that more than one country living merely by industry would have to successively close down many workshops, and that the urban population, which had increased excessively, would rapidly decline, whereas the rural population would begin to grow" (II, 367).

This example brings out in particular relief the helplessness of the sentimental criticism of capitalism and the impotent vexation of the petty bourgeois! Sismondi simply *complains** that things are going one way and not another. His grief at the destruction of the Eden of the rural population's patriarchal dullness and downtrodden condition is so great that our economist does not even discern why it takes place. He therefore overlooks the fact that the increase in the industrial population is necessarily and inseparably connected with commodity economy and capitalism. Commodity economy develops to the degree that the social division of labour develops. And the division of labour means precisely that one industry after another, one form of processing the raw product after another, *separates* from agriculture, becomes independent, and consequently gives rise to an industrial population. Therefore, to discuss commodity economy and capitalism and ignore the law of the relative growth of the industrial population, means to have no notion whatever of the *fundamental* characteristics of the *present* system of social economy.

"It is in the nature of capitalist production to continually reduce the agricultural population as compared with the non-agricultural, because in industry (in the strict sense) the increase of constant capital in relation to variable capital goes hand in hand with an absolute increase, though relative decrease,** in variable capital; on the other hand, in agriculture the variable capital required for the exploitation of a certain plot of land decreases absolutely; it can thus only increase to the extent that new land*** is taken into cultivation, but this again requires

* "Ultimately ... this form of Socialism" (namely the trend of petty-bourgeois criticism, of which Sismondi was the head) "ended in a miserable fit of the blues."³²

** From this the reader can judge the wit of Mr. N. —on who, in his *Sketches*, without ceremony transforms the *relative* decrease of variable capital and of the number of workers into an *absolute* one, and from this draws a host of the absurdest conclusions concerning the "shrinking" of the home market, and so forth.

*** It was this condition that we had in mind when we said that the internal colonisation of Russia hindered the manifestation of the law of the greater growth of the industrial population. It is enough to recall the difference between Russia's long-settled central areas, where the industrial population grew not so much in the towns

as a prerequisite a still greater growth of the non-agricultural population" (III, 2, 177).³³

On this point modern theory takes a view diametrically opposite to that of romanticism with its sentimental complaints. When we understand that something is inevitable, we naturally adopt a totally different attitude towards it and are able to appraise its different aspects. The phenomenon we are now discussing is one of the most profound and most general of the contradictions of the capitalist system. The separation of town from country, their oppositeness, and the exploitation of the countryside by the town—these universal concomitants of developing capitalism—are a necessary product of the preponderance of "commercial wealth" (to use Sismondi's term) over "territorial wealth" (agricultural wealth). Therefore, the predominance of the town over the countryside (economically, politically, intellectually, and in all other respects) is a universal and inevitable thing in all countries where there is commodity production and capitalism, including Russia: only sentimental romanticists can bewail this. Scientific theory, on the contrary, points to the *progressive* aspect given to this contradiction by large-scale industrial capital. "Capitalist production, by collecting the population in great centres, and causing an ever-increasing preponderance of town population ... concentrates the historical motive-power of society"³⁴ (die geschichtliche Bewegungskraft der Gesellschaft).* If the predominance of the town is inevitable, only the attraction of the population to the towns can neutralise (and, as history shows, does in fact neutralise) the one-sided character of this predominance. If the town necessarily gains itself a privileged position, leaving the village subordinate, undeveloped, helpless and downtrodden, only the

as in the factory villages and townships, and, say, Novorossiia, which has been settled in the post-Reform period, and where the towns are growing at a pace comparable with that of America. We hope to deal with this problem in greater detail elsewhere.

* Cf. also the particularly striking characterisation of the progressive role played by industrial centres in the intellectual development of the population in *Die Lage der arbeitenden Klasse in England*, 1845.³⁵ That the recognition of this role did not prevent the author of *The Condition of the Working Class in England* from profoundly understanding the contradiction manifested in the separation of town from country, is proved by his polemical book against Dühring.³⁶

influx of the village population into the towns, only this mingling and merging of the agricultural with the non-agricultural population, can lift the rural population out of its helplessness. Therefore, in reply to the reactionary complaints and lamentations of the romanticists, modern theory indicates exactly how this narrowing of the gap between the conditions of life of the agricultural and of the non-agricultural population creates the conditions for eliminating the antithesis between town and country.

The question now is: what is the point of view of our Narodnik economists on this problem? Undoubtedly, that of the sentimental romanticist. Far from understanding that the growth of the industrial population is *necessary* under the present system of social economy, they even *try to close their eyes* to the phenomenon itself, like the bird which hides its head under its wing. As was to be expected, no answer was forthcoming to P. Struve's statement that Mr. N. —on, in his arguments about capitalism, commits a gross error when he asserts that there is an *absolute* diminution of variable capital (*Critical Remarks*, p. 255), and that it is absurd to contrast Russia with the West in respect of the former's smaller percentage of industrial population and at the same time to ignore the *growth* of this percentage as a result of the development of capitalism* (*Sozialpolitisches Centralblatt*,³⁷ 1893, No. 1). While constantly harping upon the specific features of Russia, the Narodnik economists have not even been able to present the problem of the *actual* specific features of the formation of an industrial population in Russia,** to which we briefly referred above. Such is the Narodniks' *theoretical* attitude towards this problem. Actually, however, when the Narodniks, untrammelled by theoretical doubts, discuss the conditions of the peasants in the post-Reform countryside, they admit that the peasants who are ousted from agriculture migrate to the towns and to factory areas, but they confine themselves to

* Let the reader recall that *this is the mistake* made by Sismondi when he said that "happily" eighty per cent of the population of France were agricultural, as if this was a specific feature of some "people's production", and so forth, and not a reflection of lag in capitalist development.

** Cf. Volgin, *The Substantiation of Narodism in the Works of Mr. Vorontsov*, St. Petersburg, 1896, pp. 215-16.

bewailing this state of affairs, just as Sismondi *bewailed* it.* They do not notice at all either the economic or (what is perhaps more important) the moral and educational significance of the profound change that has taken place in the conditions of life of the masses of the population in post-Reform Russia—a process which, for the first time, has disturbed the peasantry's settled life, their position of being tied to their localities, given them mobility, and narrowed the gap between the agricultural and non-agricultural labourers, the rural and the urban workers.** All they have derived from it is an occasion for sentimental-romanticist lamentations.

* In fairness, however, it must be said that Sismondi observes the growth of the industrial population in several countries, and recognises its universal nature and reveals here and there an understanding of the fact that this is not merely some "anomaly", and so forth, but a profound change in the people's conditions of life—a change which admittedly has something good in it. At all events, the following observation of his on the harmfulness of the division of labour reveals views far more profound than those of Mr. Mikhailovsky, for example, who invented a general "formula of progress", instead of analysing the definite forms assumed by the division of labour in different formations of social economy and at different periods of development.

"Although the uniformity of the operations to which all the workers' activities in the factories are reduced must obviously harm their mental development (intelligence), nevertheless, it must be said in fairness that according to the observations of the best judges, the manufactory workers in England are superior in intelligence, education and morals to the agricultural workers" (ouvriers des champs) (I, 397). And Sismondi indicates the cause of this: Vivant sans cesse ensemble, moins épuisés par la fatigue et pouvant se livrer davantage à la conversation, les idées ont circulé plus rapidement entre eux (Living constantly together, they are less fatigued, and having greater opportunities of conversing with each other, ideas have spread more rapidly among them.—*Ed.*). But, he adds in a melancholy tone, aucun attachement à l'ordre établi (they display no attachment to the established order.—*Ed.*).

** The forms assumed by this process are also different in the central parts of European Russia as compared with the border regions. It is mainly *agricultural* workers from the central black-earth gubernias and partly *non-agricultural* workers from the industrial gubernias who migrate to the *border regions*, where they spread their knowledge of "their trades" and "implant" industry among the purely agricultural population. The migrants *from the industrial region* are *non-agricultural* workers, part of whom scatter to all parts of Russia, but most of whom stream into the metropolitan cities and the large industrial

Practical Proposals of Romanticism

We shall now endeavour to sum up Sismondi's point of view on capitalism (a task which, as the reader remembers, Ephrussi, too, set himself) and examine the practical programme of romanticism.

We have seen that Sismondi's merit lay in his being one of the first *to point* to the contradictions of capitalism. But in pointing to them he not only made no attempt to analyse them and explain their origin, development and trend, but even regarded them as unnatural, or mistaken digressions from the normal. He naively protested against these "digressions" with moralising phrases, denunciations, advice to eliminate them, and so forth, as if these contradictions did not express the *real interests* of real groups of the population occupying a definite place in the general system of social economy of the present day. This is the most outstanding feature of romanticism—to regard antagonism of interests (which is deeply rooted in the very system of social economy) as a contradiction or an error of doctrine, system, even of measures, and so forth. Here the narrow outlook of the Kleinbürger,* who stands aloof from developed contradictions and occupies an intermediary, transitional position between the two poles, is combined with a naïve idealism—we are almost ready to say a bureaucratic outlook—which attributes the existence of a social system to the opinions of men (especially of the powers that be) and not vice versa. We shall quote examples of all Sismondi's arguments of this kind.

"In forgetting men for the sake of things, has not England sacrificed the aim to the means?"

"The example of England is all the more striking in that this nation is free, enlightened and well governed, and that all her misfortunes are due solely to her pursuit of a

centres; and this industrial current, if one may so express it, is so strong, that it creates a shortage of *agricultural* workers, who migrate to the *industrial gubernias* (Moscow, Yaroslavl and other gubernias) from the central black-earth gubernias. See S. A. Korolenko, *Hired Labour, etc.*

* Petty bourgeois.—Ed.

wrong economic line" (I. p. IX). In general Sismondi uses England as an example to frighten the Continent with—just like our romanticists, who imagine that they are contributing something new and not the oldest kind of rubbish.

"In drawing my readers' attention to England, I wanted to show . . . the history of our own future, if we continue to act on the principles she has followed" (I, p. XVI).

"... The Continental countries deem it necessary to follow England in her career of manufacture" (II, 330). "There is no more astonishing, no more frightful spectacle than that presented by England" (II, 332).*

"It must not be forgotten that wealth is merely that which represents (*n'est que la représentation*) the pleasures and amenities of life" (here wealth in general is substituted for bourgeois wealth!), "and to create artificial wealth and thereby doom a nation to all that which actually represents poverty and suffering, means taking the name for the thing itself" (*prendre le mot pour la chose*) (I, 379).

"... As long as nations followed only the dictates (commands, indications) of nature and enjoyed the advantages provided by climate, soil, location and the possession of raw materials, they did not place themselves in an *unnatural position* (*une position forcée*), they did not seek *apparent wealth* (*une opulence apparente*) which for the masses becomes real poverty" (I, 411). Bourgeois wealth is only apparent wealth!! "It is dangerous for a nation to close its doors to foreign trade: this compels the nation to engage, in a way (*en quelque sorte*) in *false activity*, which leads to its ruin" (I, 448).**

* To show clearly the relation between *European* and Russian romanticism we shall quote, in footnotes, passages from Mr. N. —on. "We have refused to learn the lessons taught us by the course of economic development of Western Europe. We have been so dazzled by the brilliance of the development of capitalism in England, and we are so astonished by the immeasurably more rapid development of capitalism in the American States," etc. (323). As you see, even Mr. N. —on's expressions are not distinguished for their novelty! He is "astonished" by the same thing that "astonished" Sismondi at the beginning of the century.

** "...The economic path we have pursued for the past thirty years has been a wrong one" (281)... "We have too long identified

"... Wages contain a necessary part which must sustain the life, strength and health of those who receive them... Woe to the government that encroaches upon this part—it sacrifices everything (il sacrifie tout ensemble)—men, and hope of future wealth... This difference enables us to understand how wrong is the policy of those governments which have reduced the wages of the working classes to the limit required to increase the net revenues of factory owners, merchants and property owners" (II, 169).*

"The time has come at last to ask: whither are we going?" (où l'on veut aller) (II, 328).

"Their separation" (the separation of the property-owning class from the working people), "the antagonism of their interests, is the result of the present-day artificial organisation which we have given human society... The natural order of social progress did not by any means tend to separate men from things, or wealth from labour; in the rural districts the property owner could remain a tiller of the soil; in the towns the capitalist could remain an artisan; the separation of the working class from the leisured class was not absolutely indispensable for the existence of society, or for production; we introduced it for the greatest benefit of all; it devolves upon us (il nous appartient) to regulate it so that this benefit may be really achieved" (II, 348).

"Having been put in opposition to each other, the producers" (i.e., the masters and the workers) "were compelled to proceed along a path *diametrically opposed* to the interests of society... In this constant struggle to reduce wages, the public interest, in which, however, all participate, is forgotten by all" (II, 359-60). And this too is preceded by

the interests of capitalism with those of the national economy—an extremely fatal blunder... *The apparent results* of the protection of industry ... *have obscured our vision* to such a degree that we have totally lost sight of the popular-social aspect ... we have lost sight of the price paid for this development, we have forgotten the aim of all production" (298)—except capitalist production!

"Disdain for one's own past ... the implanting of capitalism" ... (283). ... "We ... have resorted to all means to implant capitalism" ... (323)... "We have overlooked" ... (ibid.).

* "... We have not hindered the development of the capitalist forms of production in spite of the fact that they are based upon the expropriation of the peasantry" (323).

mention of the paths bequeathed by history: "At the beginning of social life *every man possesses capital*, through which he applies his labour, and nearly all artisans live on a revenue consisting equally of profit and wages" (II, 359).*

Enough, it seems... We can be certain that a reader who is familiar neither with Sismondi nor with Mr. N. —on will find it difficult to say which of the points of view of the two romanticists, the one in the footnote or the one in the text, is the more primitive and naïve.

Sismondi's practical proposals, to which he devoted so much space in his *Nouveaux Principes*, fully conform to this.

The difference between us and Adam Smith, says Sismondi in the very first book of his work, is that "we nearly always call for that very governmental interference which Adam Smith rejected" (I, 52). "The state does not rectify distribution" (I, 80)... "The legislator could ensure the poor man some guarantees against universal competition" (I, 81). "Production must be commensurate with social revenue, and those who encourage unlimited production without taking the trouble to ascertain what this revenue is, are pushing the nation to ruin, though they think they are opening to it the road to wealth (le chemin des richesses)" (I, 82). "When the progress of wealth is gradual (gradué), when it is proportionate to itself, when none of its parts develops with excessive rapidity, it disseminates universal prosperity... Perhaps it is the duty of governments to restrain (ralentir!!) this movement in order to regulate it" (I, 409-10).

Of the enormous historical importance of the development of the productive forces of society, which takes place precisely through these contradictions and disproportions, Sismondi has not the faintest idea!

* "Instead of adhering firmly to our age-old traditions; instead of developing the principle of a close tie between the means of production and the direct producer ... instead of increasing the productivity of its (*the peasantry's*) labour by concentrating the means of production in its hands ... instead of that, we have taken the *absolutely opposite path*" (322-23). "We have mistaken the development of capitalism for the development of the whole of people's production ... we *have overlooked* the fact that the development of one ... can only proceed at the expense of the other" (323). Our italics.

"If the government exercises a regulating and moderating influence upon the pursuit of wealth, it can be infinitely beneficial" (I, 413). "Some of the measures to regulate trade which are nowadays condemned by public opinion, although meriting condemnation as a stimulus to industry, may, perhaps, be justified as a curb" (I, 415).

These arguments of Sismondi's already reveal his astonishing lack of historical sense: he has not the faintest idea that liberation from medieval regulation constituted the entire historical significance of the period contemporary to him. He does not realise that his arguments bring grist to the mill of the defenders of the ancien régime, who at that time were still so strong even in France, not to speak of the other countries of the West-European continent where they ruled.*

Thus, the starting-point of Sismondi's practical proposals is—tutelage, restraint, regulation.

This point of view follows quite naturally and inevitably from the whole of Sismondi's range of ideas. He lived at the very time when large-scale machine industry was taking its first steps on the European continent, when there began that sharp and abrupt change of all social relations under the influence of machines (note, under the influence of machine industry, and not of "capitalism" in general),** a change which is known in economic science as the *industrial revolution**** Here is how it is described by one of the first economists able fully to appreciate the profundity of the revolution which created modern

* Ephrussi discerned "civic courage" in these regrets and longings of Sismondi (No. 7, p. 139). So the expression of sentimental longings calls for civic courage! Open any high-school textbook on history and you will read that in the first quarter of the nineteenth century the West-European countries were organised on lines which the science of constitutional law designates by the term: *Polizeistaat* (police state.—*Ed.*). You will read that the historical task not only of that quarter, but also of the subsequent quarter of the century, was to combat it. You will understand then that Sismondi's point of view smacks of the dull-wittedness of the small French peasant of the Restoration period; that Sismondi exemplifies the combination of petty-bourgeois sentimental romanticism with phenomenal civic immaturity.

** Capitalism in England dates not from the end of the eighteenth century but from a far earlier period.

*** These words are in English in the original.—*Ed.*

European societies in place of the patriarchal semi-medieval societies:

"Such, in brief, is the history of English industrial development in the past sixty years" (this was written in 1844), "a history which has no counterpart in the annals of humanity. Sixty, eighty years ago, England was a country like every other, with small towns, few and simple industries, and a thin but *proportionally* large agricultural population. Today it is a country like *no* other, with a capital of two and a half million inhabitants; with vast manufacturing cities; with an industry that supplies the world, and produces almost everything by means of the most complex machinery; with an industrious, intelligent, dense population, of which two-thirds are employed in trade and commerce, and composed of classes wholly different; forming, in fact, with other customs and other needs, a different nation from the England of those days. The industrial revolution is of the same importance for England as the political revolution for France, and the philosophical revolution for Germany; and the difference between England in 1760 and in 1844 is at least as great as that between France, under the ancien régime and during the revolution of July."**

This was the complete "break-up" of all the old, deep-rooted relationships, whose economic basis had been small production. Naturally, with his reactionary, petty-bourgeois point of view, Sismondi could not understand the significance of this "break-up." Naturally, he first of all, and most of all, wished, urged, pleaded, demanded that this "break-up should be stopped."***

But how should this "break-up be stopped"? First of all, of course, by supporting the people's ... that is to say, "patriarchal production," the peasantry and small farming in general. Sismondi devotes a whole chapter (t. II, l. VII, ch. VIII) to the subject of "how the government should protect the population from the consequences of competition."

* Engels, *Die Lage der arbeitenden Klasse in England*.³⁸

** We make so bold as to hope that Mr. N. —on will not resent our borrowing this expression from him (p. 345), as we think it extremely apt and characteristic.

"In relation to the agricultural population, the government's general task is to ensure those who work (*à ceux qui travaillent*) a part of the property, or to support (favoriser) what we have called patriarchal agriculture in preference to all other kinds" (II, 340).

"A Statute of Elizabeth, which was disregarded, prohibited the building of *cottages** in England unless each was allotted a four-acre plot of land. Had this law been obeyed, no day labourer could have married without receiving a *cottage*,* and no *cottager** would have been reduced to extreme poverty. This would have been a step forward (*c'est quelque chose*), but it would not have been enough; under the English climate, the peasant population would have lived in want on four acres per family. Today, most of the English cottagers have only one and a half to two acres of land, for which they pay a fairly high rent. . . . The law should compel . . . the landlord, when he distributes his field among many *cottagers*,* to give each one enough land to live on" (II, 342-43).**

The reader will see that the proposals of romanticism are absolutely *identical* with the proposals and programme

* These words are in English in the original.—*Ed.*

** "Adhere to our age-old traditions;" (is it not patriotism?) "... develop our inherited principle of close connection between the means of production and the direct producers" . . . (Mr. N. —on, 322). "We have turned from the path we have followed for many centuries; we have begun to eliminate production based on the close connection between the direct producer and the means of production, on the close connection between agriculture and manufacturing industry, and have based our economic policy on the principle of developing capitalist production, which is based on the alienation of the means of production from the direct producers, with all its accompanying disasters, from which Western Europe is now suffering" (281). Let the reader compare this with the above-quoted view of the "West Europeans" themselves on these "disasters from which Western Europe is suffering", and so forth. "The principle . . . of allotting land to the peasants or . . . providing the producers with implements of labour" (p. 2) . . . "the age-old foundations of the people's life" (75). . . . "Hence, we have in these figures" (i.e., figures showing "the minimum amount of land needed under present economic conditions to ensure the material security of the rural population") "one of the elements for the solution of the economic problem, but only *one* of the elements" (65). As you see the West-European romanticists were no less fond than the Russian of seeking in "age-old traditions" "sanctions" for people's production.

of the Narodniks: they too ignore *actual* economic development, and in the epoch of large-scale machine industry, fierce competition and conflict of interests they fatuously presume the preservation of conditions which reproduce the patriarchal conditions of the hoary past.

V

The Reactionary Character of Romanticism

It goes without saying that Sismondi could not but realise *how* actual development was proceeding. Therefore, in demanding "encouragement for small farming" (II, 355), he plainly said that it was necessary "to direct agriculture along a road diametrically opposite to that which it is following in England today" (II, 354-55).*

"Happily, England possesses means for doing a great deal for her rural poor by dividing among them her vast common lands (*ses immenses communaux*). . . . If her common lands were divided up into free allotments (*en propriétés franches*) of twenty to thirty acres they" (the English) "would see the revival of that proud and independent class of countrymen, the *yeomanry*,** whose almost complete extinction they now deplore" (II, 357-58).

The "plans" of romanticism are depicted as very easily realisable—precisely because they ignore real interests, and this is the essence of romanticism. "Such a proposal" (to allot small plots of land to day labourers and to impose the duty of guardianship over the latter upon the landowners) "will probably rouse the indignation of the big landowners, who alone enjoy legislative power today in England; nevertheless, it is a just one. . . . The big landowners alone need the services of day labourers; they created them—let them, therefore, maintain them" (II, 357).

One is not surprised to read such naïve things written at the beginning of the century: the "theory" or romanticism conforms to the primitive state of capitalism in general, which conditioned such a primitive point of view. At that

* Cf. Mr. V. V.'s Narodnik programme "to drag history along another line". Cf. Volgin, loc. cit., p. 181.

** The word is in English in the original.—*Ed.*

time there was still conformity between the actual development of capitalism—the theoretical conception of it—and the attitude towards capitalism, and Sismondi, at all events, appears as a writer who is consistent and true to himself.

“We have already shown,” says Sismondi, “the protection that this class” (i.e., the class of artisans) “once found in the establishment of guilds and corporations (*des jurandes et des maîtrises*).... We are not proposing that their strange and restrictive organisation should be restored.... But the legislator should set himself the aim of increasing the reward for industrial labour, of extricating those engaged in industry from the precarious (*précaire*) position in which they are living and, finally, of making it easier for them to acquire what they call a *status** (*un état*).... Today, the workers are born and die workers, whereas formerly, the status of worker was merely the preliminary stage, the first rung to a higher status. It is this ability to advance (*cette faculté progressive*) that it is important to restore. Employers must be given an incentive to promote their workers to a higher status; to arrange it so that a man who hires himself to work in a manufactory shall actually start by working simply for wages, but that he should always have the hope, provided his conduct is good, of sharing in the profits of the enterprise” (II, 344-45).

It would be difficult to express the viewpoint of the petty bourgeois more strikingly! The guilds are Sismondi’s ideal, and the reservation he makes about the undesirability of restoring them obviously means only that the principle, the idea of the guilds should be taken (exactly as the Narodniks want to take the principle, the idea of the village community, and not the contemporary fiscal association called the village community) and that its monstrous medieval features should be discarded. The absurdity of Sismondi’s plan is not his wholesale defence of the guilds, nor his wanting to restore them in their entirety—he did not set out to do that. The absurdity lies in his making his model an *association* which arose out of the local artisans’ narrow, primitive need for organisation, and wanting to apply this yardstick, this model, to capitalist society, whose organising, socialis-

* Author’s italics.

ing element is large-scale machine industry, which breaks down medieval barriers and obliterates differences of place, origin and trade. Appreciating the need for association, for organisation in general, in one form or another, the romanticist takes as a model the association which satisfied the narrow need for organisation in patriarchal, immobile society, and wants to apply it to a totally transformed society, a society with a mobile population, and with labour socialised within the bounds not of a village community, or a corporation, but of a whole country, and even beyond the bounds of a single country.*

It is this mistake that quite justly earns for the romanticist the designation of *reactionary*, although this term is not used to indicate a desire simply to restore medieval institutions, but the attempt to measure the new society with the old patriarchal yardstick, the desire to find a model in the old order and traditions, which are totally unsuited to the changed economic conditions.

Ephrucus understood nothing of this circumstance. He understood the characterisation of Sismondi’s theory as reactionary in the crude, vulgar sense. Ephrucus was abashed.... What do you mean? he argued, how can Sismondi be called a reactionary when he plainly says that he does not want to restore the guilds? And Ephrucus decided

* An exactly similar mistake is made by the Narodniks in relation to another association (*the village community*), which satisfied the narrow need of association of local peasants linked to each other by the joint ownership of land, pastures, etc. (but chiefly by the joint rule of the landlords and bureaucrats), but which does not in any way satisfy the needs of the commodity economy and capitalism that breaks down all local, social-estate and other such barriers and introduces a profound economic antagonism of interests *within* the village community. The need for association, for organisation, has not diminished in capitalist society; on the contrary, it has grown immeasurably. But it is utterly absurd to use the old yardstick for the purpose of satisfying this need of the new society. This new society is already demanding, firstly, that the association shall not be according to locality, social estate, or other such category; secondly, that its starting-point shall be the difference in status and interests that has been created by capitalism and by the differentiation of the peasantry. Local, social-estate association, on the other hand, which links together peasants who differ sharply from each other in economic status and interests, now, because of its *compulsory nature*, becomes *harmful* for the peasants themselves and for social development as a whole.

that it was unfair to "accuse" Sismondi of being "retrogressive," that, on the contrary, Sismondi's attitude "to the guild organisation was correct" and that he "fully appreciated its historical importance" (No. 7, p. 147), as has been proved, he says, by the historical researches of such and such professors into the good sides of the guild organisation.

Quasi-scientific writers often possess an amazing ability not to see the wood for the trees! Sismondi's point of view on the guilds is characteristic and important precisely because he links his practical proposals with them.* *That is why* his theory is described as *reactionary*. But Ephruci begins to talk without rhyme or reason about modern historical works on the guilds!

The result of these inappropriate and quasi-scientific arguments was that Ephruci by-passed the very substance of the question, namely: is it or is it not fair to describe Sismondi's theory as reactionary? He overlooked the very thing that is most important—Sismondi's *point of view*. "I have been accused," says Sismondi, "of being an enemy of social progress in political economy, a partisan of barbarous and coercive institutions. No, I do not want what has already been, but I want something better than the present. I cannot judge the present otherwise than by comparing it with the past, but I am far from wishing to restore the old ruins when I refer to them in order to demonstrate the eternal needs of society" (II, 433). The *wishes* of the romanticists are very good (as are those of the Narodniks). Their recognition of the contradictions of capitalism places them above the blind optimists who deny the existence of these contradictions. And it is not because he wanted to return to the Middle Ages that he was regarded as a reactionary, but because, in his practical proposals, he "compared the present with the past" and not with the future; because he "demonstrated the eternal needs of society"***

* See above, at least the title of the chapter from which we quoted the arguments about the guilds (quoted also by Ephruci: p. 147).

** The fact that he *demonstrated* the existence of these needs places him, we repeat, far above the narrow-minded bourgeois economists.

by referring to "ruins" and not *by referring* to the trends of modern development. It was this petty-bourgeois viewpoint of Sismondi's which sharply distinguishes him from the other authors, who also demonstrated, in his time and after, the "eternal needs of society," that Ephruci failed to understand.

This mistake of Ephruci's was due to the very same narrow interpretation of the terms "petty-bourgeois" doctrine and "reactionary" doctrine referred to above in connection with the first of these terms. They by no means imply the selfish greed of the small shopkeeper, or a desire to halt social development, to turn back: they simply indicate the given author's *mistaken* point of view, his limited understanding and narrow outlook, which prompt the choice of means (for the achievement of very good aims) that cannot be effective in practice, and that can satisfy only the small producer or be of service to the defenders of the past. Sismondi, for example, is not at all a fanatical advocate of small *proprietorship*. He understands the need for organisation and for association no less than our contemporary Narodniks do. He expresses the wish that "half the profits" of industrial enterprises should be "distributed among the associated workers" (II, 346). He openly advocates a "system of association" under which all the "achievements of production benefit the one engaged in it" (II, 438). In speaking of the relation between his doctrine and the doctrines, then well known, of Owen, Fourier, Thompson and Muiron, Sismondi says: "I, like they, want to see association instead of mutual opposition among those who produce a given article in common. But I do not think that the means which they proposed for the achievement of this object could ever lead to it" (II, 365).

The difference between Sismondi and these authors is precisely one of *viewpoint*. It is quite natural, therefore, that Ephruci, who does not understand this viewpoint, should completely misinterpret Sismondi's attitude to these authors.

"That Sismondi exercised too little influence upon his contemporaries," we read in *Russkoye Bogatstvo*, No. 8, p. 57, "that the social reforms he proposed were not put into effect, is due mainly to the fact that he was a long way ahead of his time. He wrote at a time when the bourgeoisie

was enjoying its honeymoon. . . . Naturally, under these circumstances, the voice of a man who was demanding social reforms could not but remain a voice crying in the wilderness. But we know that posterity has not treated him much better. This, perhaps, is due to Sismondi's having been, as we have already said above, an author who wrote in a transitional period; although he wanted big changes, he could not completely discard the past. Moderate people therefore thought he was too radical, whereas in the opinion of the representatives of more extreme trends, he was too moderate."

Firstly, to say that Sismondi was "ahead of his time" with the reforms he proposed indicates a complete misunderstanding of the very substance of the doctrine of Sismondi, who himself stated that he compared the present with the past. One must indeed be infinitely short-sighted (or infinitely partial to romanticism) to overlook the general spirit and general significance of Sismondi's theory only because Sismondi favoured factory legislation,* and so forth.

Secondly, Ephrussi thus assumes that the difference between Sismondi and the other authors is only in the *degree of radicalness* of the reforms they proposed: they went further, but he did not entirely discard the past.

That is not the point. The difference between Sismondi and these authors is a much deeper one—it is not that some went further and others were timid,** but that they regarded the *very character* of reforms from two *diametrically opposite* points of view. Sismondi demonstrated the "eternal needs of society." So, too, did these authors. Sismondi was

* But even on this subject Sismondi was not "ahead" of his day, for he merely approved of what was already being practised in England, but was unable to understand the connection that existed between these changes and large-scale machine industry and the progressive historical work it was doing.

** We do not wish to say that there is no difference in this respect between the authors referred to, but it *does not explain the point* and misrepresents the relation between Sismondi and the other authors: it is made to appear that they held the same point of view and differed only in the radicalness and consistency of the conclusions they drew. But the point is not that Sismondi "did not go" *so far*, but that he "went" *back*, whereas the other authors referred to "went" *forward*.

a utopian, he based his proposals on an abstract idea and not on real interests. So were these authors; they also based their plans on an abstract idea. But it was the *character* of their respective plans that differed entirely, because they regarded modern economic development, which presented the question of "eternal needs," from *diametrically opposite* angles. The authors referred to anticipated the future; with the foresight of genius they divined the trend that would be taken by the "break-up" which the machine industry of that period was effecting before their eyes. They looked in the direction in which development was in fact proceeding; they, indeed, *were ahead* of that development. Sismondi, however, *turned his back* on this development; his utopia did not anticipate the future, but restored the past; he did not look forward, he looked backward, and dreamed of "stopping the break-up," that very "break-up" *from which* the authors mentioned deduced their utopias.* That is why Sismondi's utopia is regarded—and quite rightly—as reactionary. The grounds for this characterisation, we repeat once again, *are merely* that Sismondi did not understand the progressive significance of that "break-up" of the old semi-medieval, patriarchal social relations in the West-European countries which at the end of last century large-scale machine industry began to effect.

This specific viewpoint of Sismondi's can be discerned even in his arguments about "association" in general. "I want," he says, "the ownership of the manufactories (la propriété des manufactures) to be shared among a large number of medium capitalists, and not concentrated in the hands of one man who owns many millions. . ." (II, 365). The viewpoint of the petty bourgeois is still more strikingly reflected in the following utterance: "Not the poor class, but the day-labourer class should be abolished; it should be brought back to the propertied class" (II, 308). To be "*brought back*" to the propertied class—these words express the sum and substance of Sismondi's doctrine!

* "Robert Owen," says Marx, "the father of Co-operative Factories and Stores, but who . . . in no way shared the illusions of his followers with regard to the bearing (Tragweite) of these isolated elements of transformation, not only practically made the factory system the sole foundation of his experiments, but also declared that system to be theoretically the starting-point of the 'social revolution'."³⁹

It goes without saying that Sismondi himself must have felt that his fine wishes were impracticable, he must have been conscious that they were incompatible with the contemporary conflict of interests. "The task of reuniting the interests of those who associate in the same process of production (*qui concourent à la même production*) . . . is undoubtedly a difficult one, but I do not think this difficulty is as great as is supposed" (II, 450).* The consciousness of this incompatibility of his desires and aspirations and the actual conditions and their development naturally stimulates the desire to prove that it is "not yet too late . . . to go back," and so forth. The romanticist tries to base himself upon the *undeveloped state* of the contradictions of the existing system, upon the *backwardness* of the country. "The nations have won a system of freedom into which we have entered" (this refers to the fall of feudalism); "but at the time they destroyed the yoke that they had borne for so long, the labourers (*les hommes de peine*) were not bereft of all property. In the rural districts they possessed land for a half share in the crops, were *chinh* peasants (*censitaires*), and tenant farmers (*ils se trouvèrent associés à la propriété du sol*). In the towns, as members of corporations and trade guilds (*métiers*) which they formed for mutual protection, they were independent tradesmen (*ils se trouvèrent associés à la propriété de leur industrie*). Only in our days, only in the most recent times (*c'est dans ce moment même*) is the progress of wealth and competition breaking up all these associations. But this break-up (*révolution*) is not yet half accomplished" (II, 437).

"True, only one nation is in this unnatural position today; only in one nation do we see this permanent contrast between apparent wealth (*richesse apparente*) and the frightful poverty of a tenth of the population, which is forced to live on public charity. But this nation, so worthy of emulation in other respects, so dazzling even in its errors, has, by its example, tempted all the statesmen of the Continent. And if these reflections cannot now benefit her, I shall at least, I think, render a service to mankind and to my fellow

* "The task which Russian society has to fulfil is becoming more and more complicated every day. Capitalism is extending its conquests day after day. . ." (*ibid.*).

countrymen by pointing to the danger of the path she is following, and by showing from her own experience that to base political economy on the principle of unrestricted competition means to sacrifice the interests of mankind to the simultaneous operation of all personal passions" (II, 368).* That is how Sismondi concludes his *Nouveaux Principes*.

The general significance of Sismondi and of his theory was distinctly formulated by Marx in the following comment, which first outlines the conditions of West-European economic life that gave rise to such a theory (and did so exactly at the time when capitalism was only just beginning to create large-scale machine industry there), and then gives an appraisal of it.**

"The medieval burgesses and the small peasant proprietors were the precursors of the modern bourgeoisie. In those countries which are but little developed, industrially and commercially, these two classes still vegetate side by side with the rising bourgeoisie.

"In countries where modern civilisation has become fully developed, a new class of petty bourgeois has been formed, fluctuating between proletariat and bourgeoisie and ever renewing itself as a supplementary part of bourgeois society. The individual members of this class, however, are being constantly hurled down into the proletariat by the action of competition, and, as modern industry develops, they even see the moment approaching when they will completely disappear as an independent section of modern society, to be replaced, in manufactures, agriculture and commerce, by overlookers, bailiffs and shopmen.

"In countries like France, where the peasants constitute far more than half of the population, it was natural that writers who sided with the proletariat against the bourgeoisie should use, in their criticism of the bourgeois regime, the standard of the peasant and petty bourgeois, and from the standpoint of these intermediate classes should take up

* "Russian society has to fulfil a great task, one that is extremely difficult but not impossible—to develop the productive forces of the population in such a form as to benefit not an insignificant minority, but the entire people" (N.—on, 343).

** Cf. quotations in *Russkoye Bogatstvo*, No. 8, p. 57, and also Mr. N.—on's article in *Russkoye Bogatstvo*, No. 6, p. 94.

the cudgels for the working class. Thus arose petty-bourgeois Socialism. Sismondi was the head of this school, not only in France but also in England.

"This doctrine dissected with great acuteness the contradictions in the conditions of modern production. It laid bare the hypocritical apologies of economists. It proved, incontrovertibly, the disastrous effects of machinery and division of labour; the concentration of capital and land in a few hands; overproduction and crises; it pointed out the inevitable ruin of the petty bourgeois and peasant, the misery of the proletariat, the anarchy in production, the crying inequalities in the distribution of wealth, the industrial war of extermination between nations, the dissolution of old moral bonds, of the old family relations, of the old nationalities.*

"In its positive aims, however, this form of Socialism aspires either to restoring the old means of production and of exchange, and with them the old property relations, and the old society, or to cramping the modern means of production and of exchange, within the framework of the old property relations that have been, and were bound to be, exploded by those means. In either case, it is both reactionary and utopian.

"Its last words are: corporate guilds for manufacture; patriarchal relations in agriculture."**40

We tried to prove that this description is correct as we examined each separate item of Sismondi's doctrine. Here let us merely note the curious trick employed by Ephruci to crown all the blunders he made in his exposition, criticism and appraisal of romanticism. The reader will remember that at the very beginning of his article (in *Russkoye Bogatstvo*, No. 7), Ephruci stated that it was "unfair"

* Ephruci quotes this passage in No. 8 of *Russkoye Bogatstvo*, p. 57 (from the beginning of this paragraph).

** Cf. *Russkoye Bogatstvo*, 1894, No. 6, p. 88, article referred to. In the translation of this passage Mr. N. —on is guilty of two mistranslations and of one omission. Instead of "petty-bourgeois" and "petty-peasant" he translates "narrow-burgher" and "narrow-peasant". Instead of "cudgels for the workers" he translates "cudgels for the people", although in the original we have the word Arbeiter. (In the English translation of 1888, authorised by Engels, it is "working class".—Ed.) He omitted the words: "were bound to be exploded" (gesprengt werden mussten).

and "incorrect" to include Sismondi among the reactionaries and utopians (loc. cit., p. 138). To prove this thesis Ephruci firstly contrived to say nothing at all about the main thing—the connection between Sismondi's *point of view* and the position and interests of a special class in capitalist society, the small producers; secondly, in examining the various tenets of Sismondi's theory Ephruci in part presented his attitude to modern theory in a totally wrong light, as we have shown above, and in part, simply ignored the modern theory and defended Sismondi with references to German scholars who "went no further" than Sismondi; thirdly and lastly, Ephruci was pleased to sum up his appraisal of Sismondi in the following way: "Our (!) opinion of the importance of Simonde de Sismondi," he says, "we can (!!) sum up in the following words" of a German economist (*Russkoye Bogatstvo*, No. 8, p. 57), and then follows the passage indicated above, i.e., *only a part* of the characterisation given by that economist; but the part which explains the connection between Sismondi's theory and a special class in modern society, and the part where the final conclusion is drawn that Sismondi is reactionary and utopian, are omitted! More than that. Ephruci did not confine himself to taking a *fragment* of the comment, which gives no idea of the comment as a *whole*, and thereby presenting this economist's attitude towards Sismondi in a totally wrong light; he tried, further, to embellish Sismondi, while pretending that he was merely conveying the opinion of that economist.

"Let us add to this," says Ephruci, "that in some of his theoretical views, Sismondi is the predecessor of the most outstanding modern economists*: let us recall his views on revenue from capital and on crises, his classification of national revenue, and so forth" (ibid.). Thus, instead of *supplementing* this German economist's reference to Sismondi's merits with the same economist's reference to Sismondi's petty-bourgeois point of view, and to the reactionary character of his utopia, Ephruci *supplements* the list of Sismondi's *merits with precisely those parts of his theory* (such as his "classification of the national revenue") *which*,

* Such as Adolph Wagner?—K. T.

in the opinion of this same economist, contain *not a single scientific word*.

We may be told: Ephruci may not in the least share the opinion that the explanation of economic doctrines must be sought in economic reality; he may be profoundly convinced that A. Wagner's theory of the "classification of the national revenue" is the "most outstanding" theory. We are quite willing to believe this. But what right had he to flirt with the theory which the Narodnik gentlemen are so fond of saying they "agree" with, when in fact he completely misunderstood that theory's attitude to Sismondi, and did everything possible (and even impossible) to present this attitude in a totally wrong light?

We would not have devoted so much space to this question had it concerned only Ephruci—an author whose name we meet in Narodnik literature perhaps for the first time. It is not Ephruci's personality, nor even his views, that are important for us, but *the Narodniks' attitude in general towards the theory of the famous German economist which, they claim, they agree with*. Ephruci is by no means an exception. On the contrary, his is quite a typical case, and to prove this we have throughout drawn a parallel between Sismondi's viewpoint and theory and Mr. N.—on's viewpoint and theory.* The similarity proved to be complete: the theoretical views, the viewpoint regarding capitalism, and the character of the practical conclusions and proposals of both authors proved to be *identical*. And as Mr. N.—on's views may be described as the last word in Narodism, we have a right to conclude that *the economic theory of the Narodniks is but a Russian variety of European romanticism*.

It goes without saying that Russia's specific historic and economic features, on the one hand, and her incomparably greater backwardness, on the other, lend Narodism particularly marked distinctive features. But these distinctions are no more than those between varieties within the same species and, therefore, do not disprove the *similarity* between Narodism and petty-bourgeois romanticism.

* Mr. V. V., another Narodnik economist, is quite in accord with Mr. N.—on on the extremely important questions referred to above, and differs from him only in that his point of view is even more primitive.

Perhaps the most outstanding and striking distinction is the effort the Narodnik economists make to disguise their romanticism by stating that they "agree" with modern theory and by *referring* to it as often as possible, although this theory sharply disapproves of romanticism and has grown up in the course of a fierce struggle against petty-bourgeois doctrines of every variety.

The analysis of Sismondi's theory is of special interest precisely because it provides an opportunity to examine the *general methods* used in wearing this disguise.

We have seen that *both* romanticism and the modern theory *indicate the same* contradictions existing in contemporary social economy. The Narodniks take advantage of this when they *point* to the fact that modern theory recognises the contradictions which manifest themselves in crises, in the quest for a foreign market, in the growth of production simultaneously with a decline in consumption, in protective tariffs, in the harmful effects of machine industry, and so on, and so forth. And the Narodniks are quite right: modern theory does indeed *recognise all these* contradictions, which romanticism also recognised. But the question is: has a single Narodnik ever asked wherein lies the difference between the scientific analysis of these contradictions, which reduces them to the different interests that spring from the present system of economy, and the utilisation of these references to contradictions merely in order to utter good wishes? No, we do not find a single Narodnik who has examined this question of the difference between the modern theory and romanticism. The Narodniks likewise utilise their references to contradictions merely in order to utter good wishes.

The next question is: has a single Narodnik ever asked wherein lies the difference between the sentimental criticism of capitalism and the scientific, dialectical criticism of it? Not one of them has raised this question of the second major difference between modern theory and romanticism. Not one of them has considered it necessary to use the present development of social and economic relations as the criterion of his theories (yet it is the application of this criterion that constitutes the chief distinguishing feature of scientific criticism).

And the last question is: has a single Narodnik ever asked wherein lies the difference between the viewpoint of romanticism, which idealises small production and bewails the "break-up" of its foundations by "capitalism," and the viewpoint of the modern theory, which takes large-scale capitalist machine production as its point of departure and proclaims this "break-up of foundations" to be progressive? (We employ this generally accepted Narodnik term. It vividly describes the process of change in social relations resulting from the influence of large-scale machine industry which *everywhere*, and not only in Russia, has taken place with an abruptness and sharpness that have astonished public opinion.) Again no. Not a single Narodnik has asked himself this question, not one of them has attempted to apply to the Russian "break-up" those yardsticks which made people acknowledge the West-European "break-up" as progressive. They all weep about the foundations, advise that this break-up be stopped, and assure us through their tears that this is the "modern theory." . . .

The comparison of Sismondi's theory and their "theory," which they have presented as a new and independent solution of the problem of capitalism based on the last word of West-European science and life, clearly demonstrates to what a primitive stage of the development of capitalism and public thought the origin of that theory belongs. But the point is not that this theory is old. There are quite a few very old European theories that would be very new for Russia. The point is that even *when that theory appeared, it was a petty-bourgeois and reactionary theory.*

VI

Corn Tariffs in England as Appraised by Romanticism and by Scientific Theory

We shall supplement our comparison between the theory of the romanticism on the main points of contemporary economics and the modern theory with a comparison between their treatment of a certain *practical* problem. Such a comparison will be all the more interesting because, on the one hand, this practical problem is one of the biggest, most fundamental problems of capitalism, and on the other

hand, because the two most outstanding exponents of these hostile theories have expressed their opinion on this subject.

We are referring to the *Corn Laws* in England and their repeal.⁴¹ In the second quarter of the present century this problem deeply interested not only English but also Continental economists; they all realised that this was by no means a specific problem relating to tariff policy, but the general problem of Free Trade, of free competition, of the "destiny of capitalism." It was a matter of crowning the edifice of capitalism by giving full effect to free competition; of clearing the road for the completion of that "break-up" which large-scale machine industry began in England at the end of the last century; of removing the obstacles that were hindering this "break-up" in *agriculture*. It was *in this way* that the two Continental economists of whom we intend to speak viewed the problem.

In the second edition of his *Nouveaux Principes* Sismondi added a chapter specially devoted to "laws governing trade in grain" (I. III, ch. X).

First of all, he emphasises the urgency of the problem: "Half the English people today are demanding the repeal of the Corn Laws, demanding it with extreme irritation against those who support them; but the other half are demanding that they be retained, and cry out indignantly against those who want them repealed" (I, 251).

In examining the problem, Sismondi points out that the interests of the English farmers demanded corn tariffs to ensure them a *remunerating price*.^{*} The interests of the manufacturers, however, demanded the repeal of the Corn Laws, because the manufactories could not exist without foreign markets, and the further development of English exports was being retarded by the laws, which restricted imports: "The manufactory owners added that the glut in the market was the result of these same Corn Laws; that wealthy people on the Continent could not buy their goods because they could not find a market for their corn" (I, 254).^{**}

^{*} These words are in English in the original.—*Ed.*

^{**} One-sided as may be this explanation given by the English manufacturers, who ignore the deeper causes of crises and their

"The opening of the market to foreign corn will probably ruin the English landowners and reduce all rents to an infinitely low price. This, undoubtedly, is a great calamity, but it is not an injustice" (I, 254). And Sismondi proceeds to argue in the naïvest manner that the revenues of the landowners should be commensurate with the service (sic!!) they render "society" (capitalist?), and so forth. "The farmers," continues Sismondi, "will withdraw their capital, or part at least, from agriculture."

This argument of Sismondi's (and he contents himself with this argument) reveals the main flaw in romanticism, which does not pay sufficient attention to the process of economic development that is actually taking place. We have seen that Sismondi himself points to the gradual development and growth of capitalist farming in England. But he hastens to denounce this process instead of studying its causes. It is only this haste, the desire to thrust his innocent wishes upon history, that can explain the fact that Sismondi overlooks the general trend of capitalist development in agriculture and the inevitable *acceleration of this process* with the repeal of the Corn Laws, i.e., the capitalist progress of agriculture instead of its decline, which Sismondi prophesies.

But Sismondi remains true to himself. He had no sooner approached the contradiction inherent in this capitalist process than he immediately set about naïvely "refuting" it in his endeavour to prove at all costs that the path being followed by the "English fatherland" was a wrong one.

"What will the day labourer do? . . . Work will stop, the fields will be converted into pastures. . . . What will become of the 540,000 families who will be denied work?*" Even

inevitability when the expansion of the market is slight, it, nevertheless, undoubtedly contains the absolutely correct idea that the realisation of the product by its sale abroad demands, *on the whole*, corresponding imports from abroad.

We bring this explanation of the English manufacturers to the notice of those economists who brush aside the problem of the realisation of the product in capitalist society with the profound remark: "They will sell abroad."

* To "prove" the unsoundness of capitalism, Sismondi forthwith makes an approximate calculation (such as our Russian romanticist, Mr. V. V., for example, is so fond of doing). Six hundred thousand families, he says, are engaged in agriculture. When the fields are

assuming that they will be fit for any kind of industrial work, is there, at the present time, an industry capable of absorbing them? . . . Can a government be found that will voluntarily subject half the nation it governs to such a crisis? . . . Will those to whom the agriculturists are thus sacrificed benefit by it to any extent? After all, these agriculturists are the nearest and most reliable consumers of English manufactures. The cessation of their consumption would strike industry a blow more fatal than the closing of one of the biggest foreign markets" (255-56). The notorious "shrinking of the home market" appears upon the scene. "How much will the manufactories lose by the cessation of the consumption of the whole class of English agriculturists, who constitute nearly half the nation? How much will the manufactories lose by the cessation of the consumption of wealthy people, whose revenues from agriculture will be almost wiped out?" (267). The romanticist moves heaven and earth to prove to the manufacturers that the contradictions inherent in the development of their industry, and of their wealth, merely express their error, their short-sightedness. And to "convince" the manufacturers of the "danger" of capitalism, Sismondi dilates on the threatening competition of Polish and Russian grain (pp. 257-61). He resorts to every possible argument; he even wants to touch the pride of Englishmen. "What will become of England's honour if the Emperor of Russia is in a position, whenever he wishes, to obtain some concession or other from her, to starve her by closing the Baltic ports?" (268). Let the reader recall how Sismondi tried to prove that the "apologists of the money power" were wrong, by contending that it was quite easy to cheat when selling. . . . Sismondi wants to "refute" the theoretical interpreters of capitalist farming by arguing that the rich farmers cannot withstand the competition of the wretched peasants (quoted above), and in the end arrives at his favourite conclusion, evidently convinced that he has proved that the path being followed by the "English fatherland" is a "wrong one." "The example of England shows us that this practice" (the

converted into pastures, no more than a tenth of this number will be "wanted". . . . The less the understanding of the process in all its complexity shown by this author, the more eagerly he resorts to childish "rule of thumb" calculations.

development of money economy, to which Sismondi contrasts l'habitude de se fournir soi-même, "the habit of providing for oneself") "is not without its dangers" (263). "The very system of economy" (namely, capitalist farming) "is bad, rests on a dangerous foundation, and this is what one should try to change" (266).

The concrete problem evoked by the conflict of definite interests in a definite system of economy is thus submerged in a flood of innocent wishes! But the interested parties themselves raised the issue so sharply that to confine oneself to such a "solution" (as romanticism does on all other problems) became utterly impossible.

"But what is to be done?" Sismondi asks in despair. "Open England's ports, or close them? Doom the manufacturing or the rural workers of England to starvation and death? It is, indeed, a dreadful question; the position in which the English Cabinet finds itself is one of the most delicate that statesmen can possibly face" (260). And Sismondi again and again reverts to the "general conclusion" that the system of capitalist farming is "dangerous," that it is "dangerous to subordinate the whole of agriculture to a system of speculation." But "how it is possible, in England, to take measures, effective but at the same time gradual, such as would raise the significance (remettraient en honneur) of the small farms, when one half of the nation, employed in the manufactories, is suffering hunger and the measures they demand doom the other half of the nation, engaged in agriculture, to starvation—I do not know. I think the Corn Laws should be considerably amended; but I advise those who are demanding their complete repeal to study the following problems carefully" (267)—then follow the old complaints and apprehensions about the decline of agriculture, the shrinking of the home market, and so forth.

Thus, at the very first impact with reality, romanticism suffered utter fiasco. It was obliged to issue to itself a testimonium paupertatis and itself acknowledge receipt of it. Recall how easily and simply romanticism "solved" all problems in "theory"! Protection is unwise, capitalism is a fatal blunder, the road England has taken is wrong and dangerous, production must keep in step with consumption, while industry and commerce must keep in step with agri-

culture, machines are advantageous only when they lead to a rise in wages or to a reduction of the working day, means of production should not be alienated from the producer, exchange must not run ahead of production, must not lead to speculation, and so on, and so forth. Romanticism countered every contradiction with an appropriate sentimental phrase, answered every question with an appropriate innocent wish, and called the sticking of these labels upon all the facts of current life a "solution" to the problems. It is not surprising that these solutions were so charmingly simple and easy: they ignored only one little circumstance—the real interests, the conflict of which constituted the contradiction. And when the development of this contradiction brought the romanticist face to face with one of these particularly violent conflicts, such as was the struggle between the parties in England that preceded the repeal of the Corn Laws, our romanticist lost his head altogether. He felt perfectly at ease in the haze of dreams and good wishes, he so skilfully composed maxims applicable to "society" in general (but inapplicable to any historically determined system of society); but when he dropped from his world of fantasy into the maelstrom of real life and conflict of interests, he did not even have a criterion of how concrete problems are to be solved. The habit of advancing abstract propositions and of reaching abstract solutions reduced the problem to the bare formula: which part of the population should be ruined—the agricultural or the manufacturing? And, of course, the romanticist could not but conclude that neither part should be ruined, that it was necessary to "turn from the path" . . . but the real contradictions encompassed him so tightly that he was unable to ascend again into the haze of good wishes, and the romanticist was obliged to *give an answer*. Sismondi even gave two answers: first—"I do not know"; second—"on the one hand, it cannot but be recognised; on the other hand, it must be admitted."⁴²

On January 9, 1848, Karl Marx delivered a "speech on Free Trade"* at a public meeting in Brussels. Unlike the romanticists, who declared that "political economy is not

* "Discours sur le libre-échange." We are using the German translation: "Rede über die Frage des Freihandels."⁴³

a science of calculation, but a science of morality," he took as the point of departure of his exposition precisely the plain and sober *calculation of interests*. Instead of regarding the problem of the Corn Laws as one concerning a "system" chosen by a nation or as one of legislation (as Sismondi looked upon it), the speaker began by presenting it as a conflict of interests between manufacturers and landowners, and showed how the English manufacturers tried to raise the issue as the affair of the entire nation, tried to assure the workers that they were acting in the interests of the national welfare. Unlike the romanticists, who had presented the problem in the shape of the considerations which a legislator must have in mind when carrying out the reform, the speaker reduced the problem to the conflict between the real interests of the different classes of English society. He showed that the entire problem sprang from the necessity of cheapening raw materials for the manufacturers. He described the distrust of the English workers who regarded "these self-sacrificing gentlemen, Bowring, Bright and their colleagues, as their worst enemies. . . ."

"The manufacturers build great palaces at immense expense, in which the *Anti-Corn-Law League*⁴⁴ takes up, in some respects, its official residence; they send an army of missionaries to all corners of England to preach the gospel of Free Trade; they have printed and distributed gratis thousands of pamphlets to enlighten the worker upon his own interests, they spend enormous sums to make the press favourable to their cause; they organise a vast administrative system for the conduct of the Free Trade movement, and they display all their wealth of eloquence at public meetings. It was at one of these meetings that a worker cried out: 'If the landlords were to sell our bones, you manufacturers would be the first to buy them in order to put them through a steam-mill and make flour of them.' The English workers have very well understood the significance of the struggle between the landlords and the industrial capitalists. They know very well that the price of bread was to be reduced in order to reduce wages, and that industrial profit would rise by as much as rent fell."⁴⁵

Thus the very *presentation of the problem* is quite different from that of Sismondi. The aims the speaker set

himself were, firstly, to explain the attitude of the different classes of English society towards the problem from the angle of their interests; and secondly, to throw light on the significance of the reform in the general evolution of the English social economy.

The speaker's views on this last point coincide with those of Sismondi in that he, too, does not see in this a particular problem, but the *general one* of the development of capitalism in general, of "Free Trade" as a system. "The repeal of the Corn Laws in England is the greatest triumph of Free Trade in the nineteenth century."⁴⁶ "... By the repeal of the Corn Laws, free competition, the present social economy is carried to its extreme point."* Hence, the issue presents itself to these authors as a question of whether *the further development of capitalism is desirable* or should be retarded, whether "different paths" should be sought, and so forth. And we know that their affirmative answer to this question was indeed the solution of the general fundamental problem of the "destiny of capitalism" and not of the specific problem of the Corn Laws in England, for the point of view established here was also applied much later in relation to other countries. The authors held such views in the 1840s in relation to Germany, and in relation to America,** and declared that free competition was progressive for that country; with respect to Germany one of them wrote, as late as the sixties, that she suffered not only from capitalism, but also from the insufficient development of capitalism.⁵⁰

* *Die Lage der arbeitenden Klasse in England* (1845).⁴⁷ This work was written from exactly the same point of view *before* the repeal of the Corn Laws (1846), whereas the speech dealt with in the text was delivered *after* they were repealed. But the difference in time is of no importance to us: it is sufficient to compare the above-quoted arguments of Sismondi, advanced in 1827, with this speech of 1848, to see the complete identity of the *elements of the problem* in the case of both authors. The idea of comparing Sismondi with a later German economist was borrowed by us from *Handwörterbuch der Staatswissenschaften*, B. V., Art. "Sismondi" von Lippert, Seite 679. The parallel he drew was of such thrilling interest that Mr. Lippert's exposition at once lost all its woodenness ... that is to say, "objectivity", and became interesting, vivacious, and even fervid.

** Cf. *Neue Zeit*,⁴⁸ the recently discovered articles of Marx in *Westphälisches Dampfboot*.⁴⁹

Let us return to the speech we have been dealing with. We pointed to the fundamentally different point of view of the speaker, who reduced the problem to one of the interests of the different classes in English society. We see the same profound difference in his presentation of the purely theoretical problem of the significance of the repeal of the Corn Laws to the social economy. For him it is not the abstract question of which *system* England should adopt, what path she should choose (as the question is put by Sismondi, who forgets that England has a past and a present, which already determine that path). No, he forthwith presents the question on the basis of the *present-day social and economic system*; he asks himself: what *must be the next step* in the development of this system following the repeal of the Corn Laws?

The difficulty involved in this question was that of determining how the repeal of the Corn Laws would affect *agriculture*, for as regards industry its effect was clear to everybody.

To prove that this repeal would benefit agriculture as well, the *Anti-Corn-Law League** offered a prize for the three best essays on the beneficial effect the repeal of the Corn Laws would have upon English agriculture. The speaker briefly outlined the views of the three prize-winners, Hope, Morse, and Greg, and at once singled out the last-named, whose essay most scientifically and most strictly followed the principles laid down by classical political economy.

Writing mainly for big farmers, Greg, himself a big manufacturer, showed that the repeal of the Corn Laws would thrust the small farmers out of agriculture and they would turn to industry, but it would benefit the big farmers who would be able to rent land on longer leases, invest more capital in the land, employ more machines and get along with less labour, which was bound to become cheaper with the fall in the price of corn. The landlords, however, would have to be content with a lower rent because land of poorer quality would drop out of cultivation, as it would be unable to withstand the competition of cheap imported grain.

* These words are in English in the original.—Ed.

The speaker proved to be quite right in regarding this forecast and this open defence of capitalism in agriculture as the most scientific. History has confirmed his forecast. "The repeal of the Corn Laws gave a marvellous impulse to English agriculture. . . . A positive decrease of the agricultural population went hand in hand with increase of the area under cultivation, with more intensive cultivation, unheard-of accumulation of the capital incorporated with the soil, and devoted to its working, an augmentation in the products of the soil without parallel in the history of English agriculture, plethoric rent-rolls of landlords, and growing wealth of the capitalist farmers. . . . Greater outlay of capital per acre, and, as a consequence, more rapid concentration of farms, were essential conditions of the new method."*

But the speaker, of course, did not confine himself to recognising Greg's arguments as being the most correct. Coming from the mouth of Greg, they were the reasoning of a Free Trader who was discussing English agriculture in general, and was trying to prove that the repeal of the Corn Laws would benefit the nation as a whole. After what we have said above it is evident that these were not the views of the speaker.

He explained that a reduction in the price of corn, so glorified by the Free Traders, meant an inevitable reduction in wages, the cheapening of the commodity "labour" (more exactly: labour-power); that the drop in the price of corn

* This was written in 1867.⁵¹ To explain the rise in rents, one must bear in mind the law established by the modern analysis of differential rent, namely, that *a rise in rent is possible simultaneously with a reduction in the price of corn*. "When the English corn duties were abolished in 1846, the English manufacturers believed that they had thereby turned the landowning aristocracy into paupers. Instead, they became richer than ever. How did this occur? Very simply. In the first place, the farmers were now compelled by contract to invest £12 per acre annually instead of £8. And, secondly, the landlords, being strongly represented in the Lower House too, granted themselves a large government subsidy for drainage projects and other permanent improvements of their land. Since no total displacement of the poorest soil took place, but rather, at worst, it became employed for other purposes—and mostly only temporarily—rents rose in proportion to the increased investment of capital, and the landed aristocracy consequently was better off than ever before" (*Das Kapital*, III, 2, 259).⁵²

would never be able to compensate the workers for the drop in wages, firstly, because with the drop in the price of corn it would be more difficult for the worker to save on the consumption of bread with a view to buying other articles; secondly, because the progress of industry cheapens articles of consumption, substituting spirits for beer, potatoes for bread, cotton for wool and linen, and, by all this, lowering the worker's standard of requirements and living.

Thus we see that *apparently* the speaker establishes the elements of the problem just as Sismondi does: he *too* admits that the ruination of the small farmers and the impoverishment of the workers in industry and agriculture will be the inevitable consequences of Free Trade. It is here that our Narodniks, who are also distinguished for their inimitable skill in "citing," usually stop quoting "excerpts," and with complete satisfaction declare that they fully "agree." But these methods merely show that they do not understand, firstly, the tremendous difference in the presentation of the problem, which we indicated above; secondly, they overlooked the fact that *it is only here* that the radical difference between the new theory and romanticism *begins*: the romanticist turns from the concrete problems of actual development to dreams, whereas the realist takes the established facts as his criterion in definitely solving the concrete problem.

Pointing to the forthcoming improvement in the conditions of the workers the speaker went on to say:

"Thereupon the economists will tell you:

"Well, we admit that competition among the workers, which will certainly not have diminished under Free Trade, will very soon bring wages into harmony with the low price of commodities. But, on the other hand, the low price of commodities will increase consumption, the larger consumption will require increased production, which will be followed by a larger demand for hands, and this larger demand for hands will be followed by a rise in wages."

"The whole line of argument amounts to this: *Free Trade increases productive forces*. If industry keeps growing, if wealth, if the productive power, if, in a word, productive

capital increases the demand for labour, the price of labour, and consequently the rate of wages, rise also. *The most favourable condition for the worker is the growth of capital. This must be admitted.** If capital remains stationary, industry will not merely remain stationary but will decline, and in this case the worker will be the first victim. He goes to the wall before the capitalist. And in the case where capital keeps growing, in the circumstances which we have said are the *best* for the worker, what will be his lot? He will go to the wall just the same..."⁵³ And quoting data given by English economists the speaker went on to explain in detail how the concentration of capital increases the division of labour, which cheapens labour-power by substituting unskilled for skilled labour, how the machines oust the workers, how big capital ruins the small industrialists and small rentiers and leads to the intensification of crises, which still further increase the number of unemployed. The conclusion he drew from his analysis was that Free Trade signifies nothing but freedom for the development of capital.

Thus, the speaker was able to find a criterion for the solution of the problem which at first sight seemed to lead to the hopeless dilemma that brought Sismondi to a halt: both Free Trade and its restraint equally lead to the ruin of the workers. *The criterion is the development of the productive forces*. It was immediately evident that the problem was treated from the historical angle: instead of comparing capitalism with some abstract society as it should be (i.e., fundamentally with a utopia), the author compared it with the *preceding stages* of social economy, compared the different stages of capitalism as they successively replaced one another, *and established the fact that the productive forces of society develop thanks to the development of capitalism*. By applying scientific criticism to the arguments of the Free Traders he was able to avoid the mistake usually made by the romanticists who, denying that the arguments have any importance, "throw out the baby with the bath water"; he was able to pick out their sound kernel, i.e., the undoubted fact of enormous technical progress.

* Our italics.

Our Narodniks, with their characteristic wit, would, of course, have concluded that this author, who had so openly taken *the side of big capital against the small producer*, was an "apologist of money power," the more so that he was addressing continental Europe and applying the conclusions he drew from English life to his own country, where at that time large-scale machine industry was only taking its first timid steps. And yet, precisely this example (like a host of similar examples from West-European history) could help them study the thing they are not at all able to understand (perhaps they do not wish to do so?), namely, that to admit that big capital is progressive as compared with small production, is very, very far from being "apologetics."

It is sufficient to recall the above-quoted chapter from Sismondi and this speech to be convinced that the latter is superior both from the standpoint of theory and of hostility towards every kind of "apologetics." The speaker described the contradictions that accompany the development of big capital much more exactly, fully, straightforwardly and frankly than the romanticists ever did. But he never descended to uttering a single sentimental phrase bewailing this development. He never uttered a word anywhere about a possibility of "diversion from the path." He understood that by means of such phrases people merely cover up the fact that they themselves are "diverting" from the problem reality confronts them with, i.e., a certain economic reality, a certain economic development and certain interests that spring from this development.

The above-mentioned fully scientific criterion enabled him to solve this problem while remaining a consistent realist.

"Do not imagine, gentlemen," said the speaker, "that in criticising freedom of trade we have the least intention of defending the system of protection."⁵⁴ And he went on to point out that under the contemporary system of social economy both Free Trade and protection rested on the same basis, briefly referred to the "breaking-up" process of the old economic life and of the old semi-patriarchal relationships in West-European countries carried through by capitalism in England and on the Continent, and indicated the social fact that under certain conditions Free

Trade *hastens* this "break-up."* And he concluded with the words: "It is in this sense alone, gentlemen, that I vote in favour of Free Trade."⁵⁶

Written in spring 1897

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Signed: K. T—n

Reprinted in the miscellany *Economic Studies and Essays* by Vladimir Ilyin, 1898

* This progressive significance of the repeal of the Corn Laws was also clearly indicated by the author of "Die Lage" *even before the repeal took place* (loc. cit., p. 179)⁵⁵ and he specially stressed the influence it would have upon the consciousness of the producers.

Notes

¹ The essay "A Characterisation of Economic Romanticism" was written by Lenin while in exile in Siberia in the spring of 1897. It appeared in four issues (Nos. 7-10) of the "legal Marxist" magazine *Novoye Slovo* (New Word) for April-July 1897, over the signature K. T.—n. It was included later in the miscellany entitled *Economic Studies and Essays* by Vladimir Ilyin which appeared in October 1898 (though the date given on the cover and the title-page is 1899). Early in 1908 it appeared, slightly amended and abridged, along with other items in *The Agrarian Question* by Vl. Ilyin. The parts of it omitted in this miscellany were section three, chapter II, "The Problem of the Growth of the Industrial Population at the Expense of the Agricultural Population", and the end of section five, chapter II, "The Reactionary Character of Romanticism". A postscript was added to chapter I.

When preparing the editions legally published in 1897 and 1898, Lenin was compelled for censorship reasons to substitute the term "modern theory" for "Marx's theory" and "the well-known German economist" for "Marx", "realist" for "Marxist", the word "paper" for *Capital*, and so on. In the 1908 edition Lenin either altered a considerable number of these expressions in the text or added the necessary footnotes. In the fourth and fifth editions of V. I. Lenin's *Collected Works* these corrections have been introduced into the text. p. 1

² Lenin refers to MacCulloch's polemical article "Mr. Owen's Plans for Relieving the National Distress", published anonymously in 1819 in *The Edinburgh Review* (Vol. XXXII), to which Sismondi replied. p. 22

³ The expression recalls the name of Pontius Pilate, the Roman Governor of Judaea from A.D. 26 to A.D. 36, notorious for his hypocrisy and ruthlessness; it means to subject people to red tape since both names belong to one and the same person. p. 24

⁴ Karl Marx, *Capital*, Vol. II, Moscow 1961, p. 373; Vol. III, Moscow 1962, p. 821. p. 24

⁵ Karl Marx, *Capital*, Vol. II, Moscow 1961, pp. 351-523. p. 24

⁶ Lenin refers to his book *The Development of Capitalism in Russia*. p. 24

⁷ Karl Marx, *Capital*, Vol. II, Moscow 1961, p. 391. p. 27

⁸ Karl Marx, *Capital*, Vol. III, Moscow 1962, p. 245. p. 29

⁹ Karl Marx, *The Poverty of Philosophy*, Moscow, 1962. pp. 199-215. p. 37

¹⁰ Karl Marx, *Capital*, Vol. II, Moscow 1961, p. 316. p. 41

¹¹ *Katheder-Socialists*—representatives of a trend in bourgeois political economy of the 1870s and 1880s who, under the guise of socialism, advocated bourgeois-liberal reformism from university chairs (*Katheder* in German). The fear aroused among the exploiting classes by the spread of Marxism in the working-class movement and the growth of that movement brought Katheder-Socialism into being; it united the efforts of bourgeois ideologists to find fresh means of keeping the working people in subjugation.

Among the Katheder-Socialists were A. Wagner, G. Schmoller, L. Brentano, and V. Sombart who asserted that the bourgeois state is above classes, can reconcile mutually hostile classes, and can gradually introduce "socialism" without affecting the interests of the capitalists but at the same time taking the demands of the working people as far as possible into consideration. They suggested the legalisation of police-regulated wage-labour, and the revival of the medieval guilds. Marx and Engels exposed Katheder-Socialism, showing how essentially reactionary it was. In Russia the views of the Katheder-Socialists were advocated by the "legal Marxists". p. 46

¹² Marx and Engels, *On Britain*, Moscow 1962, p. 119. p. 52

¹³ Karl Marx, *Capital*, Vol. I, Moscow 1965, p. 642. p. 52

¹⁴ Karl Marx, *Capital*, Vol. I, Moscow 1965, p. 643. p. 52

¹⁵ The quotations referred to were taken from the estimation of Sismondi's petty-bourgeois socialism given in the *Manifesto of the Communist Party* (see Marx and Engels, *Selected Works*, Vol. I, Moscow 1962, p. 57). N. F. Danielson used them in his article "Something About the Conditions of Our Economic Development" in *Russkoye Bogatstvo*, No. 6, 1894. p. 71

¹⁶ *Zur Kritik*—initial words of the title of Marx's *Zur Kritik der politischen Ökonomie*. p. 71

¹⁷ Karl Marx, *Critique of the Gotha Programme*. Marx and Engels, *Selected Works*, Vol. II, Moscow 1962, p. 25. p. 75

¹⁸ Karl Marx, *Capital*, Vol. III, Moscow 1962, pp. 856, 860, 861. p. 76

¹⁹ Lenin refers to Narodnik polemical articles directed against the Marxists: N. F. Danielson, "An Apology for Money Power as a Sign of the Times", published under the pseudonym Nikolai—on in *Russkoye Bogatstvo* (Russian Wealth). No. 1-2, 1895; V. P. Vorontsov, "German Social-Democratism and Russian Bourgeoisism", published under the pseudonym V. V. in the newspaper *Nedelya* (Week), Nos. 47-49, 1894. p. 76

- 20 Karl Marx, *The Poverty of Philosophy*, Moscow, 1962 p. 48. p.76
- 21 Karl Marx, *Capital*, Vol. III, Moscow 1962, p. 819. p. 77
- 22 Karl Marx, *Theorien über den Mehrwert*, 2. Teil, Berlin, 1959, S. 103. For pages cited below see pp. 106-07 and 109. p. 79
- 23 "Progressive" publicist of the late nineteenth century is an ironical reference to the liberal Narodnik S. N. Yuzhakov. An extract from his article "Problems of Hegemony at the End of the Nineteenth Century", published in *Russkaya Mysl* (Russian Thought), Nos. 3-4, 1885, was quoted by P. B. Struve. p. 84
- 24 Karl Marx, *The Poverty of Philosophy*, Moscow, 1962, p. 143. Because of the censorship Lenin substituted the word "writers" for "socialists" (in the German original—*Sozialisten*). p. 86
- 25 Karl Marx, *The Poverty of Philosophy*, Moscow, 1962, p. 65. p. 88
- 26 Karl Marx, *Zur Kritik der politischen Ökonomie*, Moskau-Leningrad, 1934. S. 85. p. 91
- 27 The *village* (land) *community* (*obshchina* or *mir*) in Russia was the communal form of peasant use of the land, characterised by compulsory crop rotation, and undivided woods and pastures. Its principal features were collective responsibility, the periodical redistribution of the land with no right to refuse the allotment given, and prohibition of its purchase and sale.
- The Russian village community dates back to ancient times, and in the course of historical development gradually became one of the mainstays of feudalism in Russia. The landlords and the tsarist government used the village community to intensify feudal oppression and to squeeze land redemption payments and taxes out of the people. Lenin pointed out that the village community "does not save the peasant from turning into a proletarian, yet in practice acts as a medieval barrier dividing the peasants, who are, as it were, chained to small associations and to categories which have lost all 'reason for existence'" (V. I. Lenin, *Collected Works*, Vol. 15, p. 78).
- The problem of the village community aroused heated arguments and brought an extensive economic literature into existence. Particularly great interest in the village community was displayed by the Narodniks, who saw in it the guarantee of Russia's socialist evolution by a special path. By tendentiously gathering and falsifying facts and employing so-called "average figures", the Narodniks sought to prove that the community peasantry in Russia possessed a special sort of "steadfastness", and that the peasant community protected the peasants against the penetration of capitalist relations into their lives, and "saved" them from ruin and class differentiation. As early as the 1880s G. V. Plekhanov showed that the Narodnik illusions about "community socialism" were unfounded and in the 1890s Lenin completely refuted the Narodnik theories. Lenin made use of a tremendous amount of statistical material and countless facts to show how capitalist relations were developing in the Russian village, and how capital,

- by penetrating into the patriarchal village community, was splitting the peasantry into two antagonistic classes, the kulaks and the poor peasants. p. 92
- 28 Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*. Marx and Engels, *Selected Works*, Vol. I, Moscow 1962, p. 275. p. 94
- 29 *Russkaya Mysl* (Russian Thought)—a monthly journal of liberal Narodnik orientation, was published in Moscow from 1880. In the nineties, during the polemic between the Marxists and the liberal Narodniks, the editors of the journal, while adhering to the Narodnik outlook, occasionally allowed articles by Marxists to be published in its columns. Items by the progressive writers A. M. Gorky, V. G. Korolenko, D. N. Mamin-Sibiriyak, G. I. Uspensky, A. P. Chekhov, and others, were published in the journal's literature section. p. 95
- 30 *Novoye Slovo* (New Word)—a monthly scientific, literary and political journal, published originally in St. Petersburg from 1894 by the liberal Narodniks. In the early part of 1897 it was taken over by the "legal Marxists" (P. B. Struve, M. I. Tugan-Baranovsky, and others). *Novoye Slovo* published two of Lenin's articles when he was in exile in Siberia—"A Characterisation of Economic Romanticism" and "About a Certain Newspaper Article". The journal also carried the writings of G. V. Plekhanov, V. I. Zasulich, L. Martov, A. M. Gorky, and others. In December 1897 it was closed down by the tsarist government. p. 95
- 31 *Kit Kitych*—the nickname of Tit Titych, a rich merchant, one of the characters in A. N. Ostrovsky's comedy *Shouldering Another's Troubles*. Lenin gives the epithet to the capitalist money-bags. (The English for the Russian word "kit" is *whale*.) p. 97
- 32 Marx and Engels, *Manifesto of the Communist Party*. *Selected Works*, Vol. I, Moscow 1962, p. 57. p. 100
- 33 Karl Marx, *Capital*, Vol. III, Moscow 1962, p. 622. p. 101
- 34 Karl Marx, *Capital*, Vol. I, Moscow 1965, p. 505. p. 101
- 35 Marx and Engels, *On Britain*, Moscow 1962, pp. 1-338. p. 101
- 36 Frederick Engels, *Anti-Dühring*, Moscow 1962, pp. 398-409. p. 101
- 37 *Sozialpolitisches Centralblatt* (Central Social-Political Sheet)—organ of the Right wing of German Social-Democracy; first appeared in 1892. p. 102
- 38 Marx and Engels, *On Britain*, Moscow 1962, p. 49. p. 109
- 39 Karl Marx, *Capital*, Vol. I, Moscow 1965, pp. 503-04. In the 1897 and 1898 editions, because of the censorship, Lenin replaced the words "social revolution" (*der sozialen Revolution*) by the words "social transformation". In the 1908 edition Lenin translated the words as "social revolution". This correction has been made in the present edition. p. 117
- 40 Marx and Engels, *Manifesto of the Communist Party*. *Selected Works*, Vol. I, Moscow 1962, p. 57. p. 120

⁴¹ *The Corn Laws*, which were introduced in England in 1815, established high tariffs on imported corn, and at times prohibited corn imports. They enabled the big landowners to increase grain prices on the home market and to secure enormous rents. They also strengthened the political position of the landed aristocracy. There was a fierce and protracted struggle between the big landowners and the bourgeoisie over the Corn Laws which ended in their repeal in 1846. p. 125

⁴² "On the one hand, it cannot but be recognised, on the other hand, it must be admitted"—an ironical expression used by M. Y. Saltykov-Shchedrin in his stories "The Diary of a Provincial in St. Petersburg" and "Funeral". p. 129

⁴³ Karl Marx, *The Poverty of Philosophy*, Moscow, 1962, pp. 199-215. p. 129

⁴⁴ *The Anti-Corn-Law League* (this term is in English in the original) was founded in 1838 by the textile manufacturers Cobden and Bright. Its headquarters were in Manchester, the centre of the Free-Trade movement.

The Anti-Corn-Law League, as its name indicates, fought to secure the repeal of the Corn Laws, and stood for Free Trade, demagogically asserting that it would improve the workers' standard of living, although reduced corn prices could only result in reduced wages for the workers and increased profits for the capitalists. The conflicts over this issue between the industrial bourgeoisie and the landed aristocracy ended in the repeal of the Corn Laws in 1846. Marx's views on the anti-Corn-Law movement are given in his speech "On Free Trade" (see Appendix to *The Poverty of Philosophy* by Karl Marx, Moscow, pp. 199-215). p. 130

⁴⁵ Karl Marx, *The Poverty of Philosophy*, Moscow, 1962, pp. 204-05. p. 130

⁴⁶ Karl Marx, *The Poverty of Philosophy*, Moscow, 1962, p. 199. p. 131

⁴⁷ Marx and Engels, *On Britain*, Moscow 1962, pp. 304-05. p. 131

⁴⁸ *Die Neue Zeit* (New Times)—theoretical journal of German Social-Democracy. Appeared in Stuttgart from 1883 to 1923. Prior to October 1917 was edited by K. Kautsky, then by H. Cunow. In 1885-95, articles by K. Marx and F. Engels appeared in its columns. Engels frequently made suggestions to the editors of *Die Neue Zeit*, and severely criticised them for departing from Marxism. The journal also published articles by F. Mehring, P. Lafargue, G. V. Plekhanov, and other leading figures of the international working-class movement. In the late 1890s the journal made a practice of publishing articles by revisionists. p. 131

⁴⁹ The articles mentioned by V. I. Lenin are: "The Anti-Kriege Circular" by Marx and Engels, and chapter IV, Vol. II, of *German Ideology*, both of which appeared in *Das Westphälische Dampfboot* (Westphalian Steamer) for July 1846 and August-September 1847, while extracts from them were reprinted in Nos. 27 and 28 of *Die Neue Zeit* (New Times), 1895-96 (MEGA, Erste Abteilung, Band 6, S. 10, 11, 12, 13; Band 5, S. 500, 501, 502). p. 131

⁵⁰ Karl Marx, *Preface to the First German Edition of Vol. I of Capital* (*Capital*, Vol. I, Moscow 1965, p. 9). p. 131

⁵¹ Karl Marx, *Capital*, Vol. I, Moscow 1965, pp. 677-78. p. 133

⁵² Karl Marx, *Capital*, Vol. III, Moscow 1962, p. 709. p. 133

⁵³ Karl Marx, *The Poverty of Philosophy*, Moscow, 1962, p. 207. p. 135

⁵⁴ Karl Marx, *The Poverty of Philosophy*, Moscow, 1962, p. 215. p. 136

⁵⁵ Marx and Engels, *On Britain*, Moscow 1962, pp. 304-06. p. 137

⁵⁶ Karl Marx, *The Poverty of Philosophy*, Moscow, 1962, p. 215.

For censorship reasons Lenin changed (or excluded) words from the section of Marx's "On Free Trade" cited here. Thus, he translated the words "hastens the social revolution" as "hastens this 'break-up'" and the phrase "in this revolutionary sense alone" as "in this sense alone". p. 137

TO THE READER

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В. И. ЛЕНИН
К ХАРАКТЕРИСТИКЕ
ЭКОНОМИЧЕСКОГО РОМАНТИЗМА

На английском языке