

**SOLUTION OF THE SOCIAL PROBLEM**  
**WRITINGS ON FREE CREDIT 1848-1849**

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**BANK OF THE PEOPLE**

**THEORY AND PRACTICE OF THAT INSTITUTION**  
**BASED ON RATIONAL DOCTRINE,**

BY

**M. RAMON DE LA SAGRA**

ONE OF THE FOUNDERS OF THE BANK.

One can prefer one instrument to another to  
stir the world and change its place: that is all.

LAMARTINE, Voyage en Orient,

PARIS

OFFICES OF THE BANK OF THE PEOPLE,  
25 Rue du Faubourg-Saint-Denis.

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## PREFACE.

Citizen Proudhon's plan for the Bank of the People has been judged in very different ways. It has been lavished with praise, criticism and even ridicule; soon, perhaps, slander will complete this range of opinions. In the midst of this passionate debate, calm and impartial reason could hardly be heard; it took refuge within the steering committee that drafted the Bank's statutes and regulations.

But now that the time has come to translate the Bank's idea into practice, its founders must support it with the force of reason. This is what we will attempt to do, with the dual aim of lending our support to an eminently useful institution and justifying the endorsement we have given it. Indeed, we have believed Citizen Proudhon's idea of the Bank of the People to be as noble as it is beneficial, and, in studying and evaluating it, we have set aside any feelings of nationality or politics, which our status as foreigners advised us to exclude.

Thus, we consider the Bank of the People as one economic formula for the new era, as one reflection of the new face of labor, as one new code for the economic mechanism of the future society. We therefore protest in advance against any politically motivated criticism, against any assessment that falls outside the humanitarian goal the Bank of the People intends to achieve. Consistent with these principles, we will be, in what we are about to say, neither republican, nor monarchist, neither Spanish, nor French; we simply declare ourselves rational, logical: these are our credentials for the public.

However, while taking our place in this independent forum, free from the influence of political passions, we do not relinquish, for the future, the share of esteem from the French people that may accrue to us through our efforts to establish among them the new economic engine of the future society. We sincerely desire to participate in the recognition of the great French nation, not to gain a title of vanity, but to discharge to her a sacred, ancient debt that grows daily. It is the debt of our education since our youth; it is the debt of the progress of our intellect, due to the initiative and constant stimulation that French civilization imparts to the world of ideas.

The definition we have just given of the Bank of the People rests on a hypothesis that must be transformed into truth: the inadequacy of the current economic mechanism to meet the material needs of the people, needs that every economic system must satisfy. For as long as any economic mechanism meets these needs, it must be sustained — we would even say, it necessarily sustains itself — but when it becomes insufficient to meet the material needs of the

people, the economic system must perish – we would even say, it necessarily perishes.

Between the period of dominance of an economic system functioning regularly amidst the normal conditions of society, and the death of that same system through impotence or obsolescence, there is a moment of agony resulting from the struggle of the decrepit system against the elements of eternal life residing in humanity. We will see later that the old economic system finds itself in this solemn moment of agony. But before demonstrating this, we must understand this mechanism, explain its workings and movements, identify its flaws, and thus explain the cause of its continual creaks and disturbances. We will then know why it functions so poorly, producing violent shocks everywhere, due to the force of the artificial spring that sets it in motion. It is through this method of analytical investigation that we will also be able to determine whether, in addition to the weakening of the levers of the mechanism, there has not also been a prodigious increase in the bodies whose needs it was intended to satisfy.

Having thus observed the defects of the old economic machine, the observation of its impotence becomes a simple corollary. Then the rules of reasoning will lead us to the subsequent consequences; namely, the necessity of substituting a new machine for the old one; and the conditions that this new machine must possess in order to regularly fulfill the functions that current society imposes upon it. From this series of preliminary ideas, the plan of the *Bank of the People* will logically emerge.

The framework we have established requires considerable work to be fully implemented. This work must encompass not only the history of economic phenomena to date, but also an assessment of contemporary events, even those outside the historical sphere. The problems contained within this framework are:

1. What were the economic mechanisms of society?
2. Why did they function well for centuries?
3. Why have they become incapable of meeting the needs of the new society?
4. What are these needs that the old mechanisms are no longer able to meet?
5. What conditions must the new mechanism possess?
6. What system of the Bank of the People is required for it to be considered an economic mechanism of the new society?

As can be clearly seen, of these six problems, the first five constitute the preliminaries of the Bank of the People. Consequently, they could have occurred to mind, they could have been examined and resolved before the idea of the

bank even came to Citizen Proudhon's mind. This is precisely what happened; this is precisely what had to happen, for the idea of a new economic mechanism would never have occurred to anyone before the necessity of it became apparent and was established through reasoning.<sup>1</sup> Similarly, and always tracing ideas back to their source, reasoning would never have established the necessity of a new economic mechanism before the facts had provided practical demonstration of the impotence of the old one. Such is the law of intelligence: such is the eternal law of humanity in the successive evolutions that constitute its life or society.

From what we have just explained, it follows that it becomes impossible to fully understand the basis of the Bank of the People without having first resolved the preliminary problems we have just raised, and this is why the new project has been so imperfectly judged and received by the newspapers. *Le Siècle* (issue of February 8, 1849) has just made a frank declaration of its ignorance. In reporting on the project, it says: “We are presenting all this, with the Statutes of the Bank of the People before us. It is clear, moreover, that we have no desire to discuss its Statutes: *one only discusses what one understands*, and, before God, the Gospel and men, to speak like M. Proudhon, we swear that *we do not understand a word* of what he proposes. The Finance Committee, chaired by M. Thiers, who had lengthy discussions with M. Proudhon on this subject, was no more successful than we were. After listening intently to the theory of *the universalization of the principle of reciprocity and the law of synthesis* – the outline of which, as faithful historians, we are outlining for you – the Committee, through its chairman, declared to the Assembly that not only *did it not understand* M. Proudhon, but also suspected that M. Proudhon did not understand himself. We need not comment on this last point; perhaps the Committee was too harsh and M. Proudhon understands himself; but what is certain is that, by stretching all the resources of the intellectual faculties of the *old society*, it is impossible to understand him.”

The editors of *Le Siècle* thus give us a rather sad idea of the extent of their intelligence and that of the finance committee chaired by M. Thiers; for we can affirm that a great many ordinary workers *have understood perfectly* the tendencies and mechanisms of the Bank of the People. However, we do not wish to contradict either the editors of *Le Siècle* or the finance committee on the

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<sup>1</sup> TRANSLATOR'S NOTE: Readers will note that the material specifically related to the Bank of the People appears particularly in the first and last sections of the work. When that project was abandoned, the author simply rewrote those sections and republished the work under the title *Economic Revolution: Causes and Means*. Those revised chapters will be included in an appendix to this translation, along with a selection of other works by the author, at a later date.

assessment they have made *themselves* of their own intelligence: we will simply point out to the former that such a declaration, as they acknowledge, does not give them the right to discuss what they do not understand, and even less so to decide and judge, in the following terms: "In quickly making known the spirit of these statutes, we intend only to keep the curiosity of sensible people informed of the *follies* of our time." We readily grant the editors of *Le Siècle*, the Finance Committee of the National Assembly, and its president, M. Thiers, the concession of taking them at their word when they declare that they understand nothing of the theories upon which the Bank of the People is based. However, we cannot accept the label of *follies* that they dogmatically apply to what they do not understand. Such an epithet, which logically falls upon all those who share Citizen Proudhon's convictions, would have been enough to persuade us to defend his doctrines, had we not already decided to do so beforehand, for the reasons we have outlined.

Indeed, we believe we are rendering a service to humanity by demonstrating the principles of the Bank of the People in a manner worthy of self-respecting men, and independently of all passion and partisan principles. We must inform the public that the work we are about to submit is merely an extremely brief abridgment of a work *on the conditions of economic organization*, which we wrote to be read at the Academy of Moral and Political Sciences. This work followed our introductory paper, entitled: *On the Rational Conditions of Social Order and Reforms*, a paper which we were not permitted to finish reading before the Academy, and which we are now having printed.

We conclude, for today, by reiterating that the idea of the Bank of the People rests on the study of economic society; on the observation of *what is*; and on the demonstration of *what must be*.

Our work, therefore, is only the preliminary theory for the Bank, and we will complete it with an explanation of the Bank's project, which is not our own. All the honor rightfully belongs to Citizen Proudhon, unjustly judged and inaccurately appreciated by his own admirers and *by himself*.

We will one day need to demonstrate and develop this latter idea; for the moment, let it suffice to state that the final expressions of Citizen Proudhon's *declaration*, placed at the beginning of the Bank's statutes, confirm our judgment regarding the flaw in his own assessment of the value of his theory: an assessment that we do not hesitate to establish, in an absolute manner, on the following considerations:

If a theory is founded on an *absolutely* good, *really* true principle, it must have a real future. If accidental circumstances, independent of individual efforts and dependent on the force of things, delay, hinder or paralyze the fulfillment of the

theory, the absolute confidence it deserves must not be shaken; for *experience can never invalidate a true theory*; it is only meant to express it in fact. There is a supreme principle to uphold all conviction in truth; a principle we have formulated in these words: *What must be will be*.

If what *must be* is not yet, it is because there are causes that delay its fulfillment, causes that at the same time sustain what is. As long as *what is* can still be sustained, there are no individual forces capable of annihilating it, and then the role of revolutionaries becomes powerless and harmful; for reform tends to overturn vital interests. It is only when the force of circumstances destroys the hope of life in these interests, rendering them incompatible with social life, that transformation can take place. Then *what must be* occurs naturally, inevitably.

It is in these principles that the conviction of every logical person must be based, making it superior to all events. It is in this conviction that every logical person must find their courage and renew their resolve for the struggle imposed upon them as a duty; for there is a duty to fight when, at the end of the war, social peace and the happiness of humanity are heralded.

For these reasons, we do not believe that Citizen Proudhon can ever be allowed to disappear from the arena, even though "*public reason will do justice to his theories*." *Public reason*, in an age of ignorance, can never become the judge acceptable to true reason, based on absolute truth. Every *true* idea must become *real* and ultimately prevail amidst all the obstacles placed in its path by both people and things. Citizen Proudhon may well perish before the work is accomplished: we say more, he will perish with many others, with all of us, simple laborers in the social struggle! But while he lives, he cannot relinquish his role; he does not have the ability to leave his post, to abandon the arena, for his duty is to fight until death. Such is the great tribute that humanity has the right to impose upon his fine intelligence.

Having established this first point, we will begin our exposition. But the nature of the subject, and more particularly that of one of the problems stated concerning the causes of the social longevity of the economic system that the new Bank aims to destroy, compels us to offer some preliminary explanations. These may seem somewhat abstract, even metaphysical, to some of our readers. We deem them indispensable for two essential reasons: 1. to clearly resolve the problems stated; 2. to dispel some very dangerous prejudices. This second result will emerge from the entirety of our work, and we hope that all parties will appreciate the peaceful tendencies of our doctrines, which demonstrate that all the social phenomena whose power and disasters we deplore have always been inevitable effects of the force of circumstances, of *social necessity*, and never of

the will of men. We protest against any incitement to the passions; we appeal calmly to the reason of our readers. We affirm in advance that *no one* will have the right to complain of us.

Here now is the summary of principles, which we offer as an indispensable preliminary.

## INTRODUCTION.

Since society is nothing other than the collective man, or humanity, social existence, as well as individual existence, is composed of two kinds of life: that which relates to material existence and that which relates to intellectual existence; that whose object is the maintenance of bodies, and that which results from the relationships of souls.

From this twofold consideration of the life of society, two sets of conditions or laws also arise, which respectively constitute two **ORDERS** of social existence: the *material order* and the *intellectual order*.

The material order of society can be called the *economic order*, the intellectual order the *moral order*. It is the former that we will concern ourselves with in this writing; however, we will indicate the frequent relationships that exist between the two kinds of existence, for it is impossible to consider them in isolation without committing serious errors.

Just as there are two orders of social existence, there are also two systems of social organization. One expresses the laws or conditions of the material or economic order; the other encompasses the laws or conditions of the intellectual or moral order. We have stated in other works<sup>2</sup> that economic organization is nothing other than the organization of *wealth*, and that intellectual organization is nothing other than the organization of *instruction*. We have also determined the intimate relationship between these two kinds of organization, and that *social organization* must be the consequence of the harmony between these two types of organization.<sup>3</sup>

It follows from this that economic organization is not the entirety of the social problem, for it can only address one aspect of reform. Some people have found a contradiction between this idea, which they had adopted as rational and logical, and a phrase in the declaration placed at the beginning of the Statutes of the Bank of the People. But this depends on whether the phrase has been

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<sup>2</sup> *Questions Preliminary to that of the Organization of Labor. — Social Aphorisms, etc.*

<sup>3</sup> *On the Conditions of Social Order and Reforms*, a paper submitted to the Academy, under the title *My Contingent*.

properly understood; perhaps it deserves to be explained more clearly. The explanation of the author's thought, however, is found in his works, and very recently it was stated in terms clear enough to leave no doubt about it. "In our view, the whole social question does not lie in economic reform; it lies in the complete reform of all the elements that constitute society. But it is true that we make economic reform the starting point for the organization of the future." (*Le Peuple*, January 20, 1849.)<sup>4</sup>

Social life, similar in certain respects to individual life, is composed of two periods: the first, that of *weakness* and *ignorance*; the second, that of *strength* and *science*. Between these two periods, there must exist a transitional phase. The *complete* history of humanity will be nothing other than the successive development of the two orders of existence that we have just described: in material life, from *weakness* to *strength*; in intellectual life, from *ignorance* to *science*. These two stages are always correlative; thus, physical weakness corresponds to ignorance, and material strength will correspond to truth.

Considering social life as composed of two periods, of *error* and *truth*, separated by an intermediate transitional phase, we cannot admit any other. A well-defined system of social organization operating regularly within a transitional phase is entirely inconceivable, for what is merely transient cannot be organized.

We therefore establish that there can only be two systems of organization, one for the conditions of material or economic life, and the other for those of intellectual or moral life. Each of these two systems is nothing other than the expression of the vital conditions during each of the two epochs of humanity, namely: 1. system of organization for the epoch of ignorance or *error*; 2. system of organization for the epoch of science or *truth*.

From this point of view, we will discover a perfect agreement between theory and practice.

The system of organization for the period of ignorance can only be *despotism*; for, in such a period, the direction of humanity cannot be entrusted to itself. Someone, or some persons, must be born, or be presumed to be born, invested with the power to govern the masses. This privilege can only be given by a being superior to humans: this being is *God*.

The first social organization must therefore be both despotic and religious. — History has confirmed this theory.

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<sup>4</sup> TRANSLATOR'S NOTE: The unsigned article from which this paragraph was taken will appear, as part of a debate between *Le Peuple* and the *Démocratie pacifique*, in an appendix to the expanded edition of *Solution of the Social Problem*.

Humanity, during the second period of its existence, cannot be governed by despotism, because reason or science, an attribute of this period, would revolt against such a system. The organization for this era must be in accordance with the vital conditions of society. But since these conditions can only be the result of the exercise of reason, social organization can then only be founded on liberty and by indisputable reason.<sup>5</sup>

It follows from the preceding definition, to convince us that humanity has not yet reached this point – for *real liberty*, founded on universally recognized *reason*, does not yet exist – that humanity finds itself in the transitional period from the despotic era to the era of *liberty*; from existence in ignorance to existence in science; from the age of error, finally, to the age of truth. We have indicated elsewhere, and we repeat here, that this intermediate period is *necessarily anarchic*.

Based on these preliminary ideas, the truth of which seems to us indisputable, we shall see that the economic systems that have governed the world—despotic systems and systems of exploitation, more or less modified—have been merely the natural consequence of the vital conditions of society, that is to say, the conditions that resulted from its very existence. Thus, it appears, and is perfectly well established, that humanity has undergone and continues to undergo the various transformations that lead from weakness to strength, from error to truth, passing through as many modifications of the *despotic* system toward the final organization based on *liberty*. We are thus naturally led to the examination of the:

## FIRST QUESTION

### WHAT ECONOMIC SYSTEMS HAVE GOVERNED SOCIETY?

From the beginning of the world, it has been necessary to provide for the material existence of individuals. Let us leave behind the primitive era, when the first tribes could procure for themselves the food and necessities of life; let us leave behind the era when the land and its spontaneous produce belonged to all. It is not on such an economic system that we should focus our attention at this moment. Let us come immediately to the era when the land, as well as the majority of people, was appropriated for the benefit of a more intelligent or stronger minority, for reasons beyond our examination. Let us accept the fact as it was established; let us not discuss the justice or the right that could authorize such a system. It suffices, for our purposes, that the existence of this fact is not

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<sup>5</sup> We have given in our *Social Aphorisms* a summary of the series of arguments on which this doctrine rests.

contested by anyone. We could, however, explain *why* the appropriation of land and individuals for the benefit of a certain class or the sovereign occurred, and we could also demonstrate *why* it occurred, *why* it *had* to occur, necessarily, inevitably. This demonstration will be given later when we discuss the second question.

The first economic system of society organized by despotism was that of *absolute exploitation*, having its logical foundation in the ignorance of the masses and its material basis in the appropriation of land. Ignorance being inherent to the primitive age, it made this appropriation indispensable in order to guarantee social order in times of ignorance.

Under the system of absolute exploitation or slavery, man could not be considered a *laborer*, in the rational and logical sense that we give to the word *labor*.<sup>6</sup> *Laborer* and *intelligent being* are synonymous for us; for us, where the use of intelligence does not exist, there is only *force* or *movement*, but not *labor*.

The slave was simply an instrument of production, for he was employed only as a force or a tool. He thus became one of the species of *living* instruments, the *human* instrument, identical to animals and very similar to the *non-living* instruments called machines. Indeed, the slave does not act — we would say more, he must not act — according to his own intelligence, but according to that of the master. Blind obedience is imposed upon him, obtained from him as from animals, by means of the whip.

It is undeniable that when man can be considered an instrument, similar to animals or machines, the idea of *justice* remains foreign to the relationship between him and his master. Consequently, the notion of *recompense* also becomes worthless: both of these expressions are replaced by the word *maintenance*. Indeed, considering only the strength or movement of the slave's actions, this instrument has no more *right* to a share of the product than the horse, ox, or machine used to produce it. The master of the land and the tools, the true arbiter and director of production, becomes, by *right* and in *fact*, the sole owner of the result of labor. By employing various tools — men, animals, machines — he feeds some and fattens others. Employing man as a force, he sustains him as a force; any other duties toward him, if duties at all, do not concern him.

From the perspective we have just established, slaves could have no *right* to anything other than material existence, and even this right was subject to the master's judgment. The master's reciprocal duty was to support the lives of the

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<sup>6</sup> We cannot develop here the rational notion of *labor*. For us, it is a matter of *the translation of thought into action*.

slaves; and even this duty was subject to his judgment. The decision always boiled down to a question of individual utility, never to a principle of public utility. The decision was in favor of the slave if he was necessary to the master; otherwise, he was thrown into the Tiber.<sup>7</sup>

All of this was barbaric, no doubt; but all of it was logical, as essentially dependent on social necessity. This is how facts connect with theory. The appropriation of the soil, the source of all value or wealth, was dictated by the despotic principle indispensable in an age of ignorance. But then, man could only be considered as an instrument, and as such, he became *capital*, a *value*, instead of being rationally considered the creator of all value.

We see, therefore, that the notion of *man as capital*, *man as value*, *man as instrument*, aligns perfectly with the first phase of labor, during which its true essence resided in the thought of the masters. This thought was translated into action by the intermediary agents that the masters possessed, namely: by human forces, animal forces, the forces of nature and products fashioned into tools. Masters of all, they were truly free, both in the use of means and in the use of products.

With very rare exceptions, exceptions which arose more against the barbarity of treatment than against the principle of slavery itself, social order was preserved by this system throughout the world for centuries, and it still persists wherever primitive ignorance remains among the masses or where it can still be maintained by the rule of force. We say more: this system is the only logical one, the only possible one during the age of ignorance.

But against all despotic efforts to maintain ignorance, a vital force of humanity struggles, as powerful in the moral order as that of material growth is in the physical order; for intelligence strives for development and progress with all the energy of life.

The exposition of the causes that favor, in every society and under every kind of system, the successive development of the intelligence of the masses, goes beyond the limits we have imposed upon ourselves. This development occurs to such a degree and through means so inherent in social life that despotism itself has always been, unwittingly and unknowingly, its most direct catalyst. We will simply state this fact.

When the masses, through the inevitable progress of their intelligence, tend toward emancipation, since absolute exploitation or slavery is only possible under a regime of repression through brutalization, it necessarily follows that,

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<sup>7</sup> As the *virtuous* Cato did with his old servants, see *Histoire de l'Economie politique*, by M. Villeneuve Bargemont, p. 174.

as the intelligence of the masses becomes more enlightened, despotic exploitation is forced to soften, to yield its initial rigor. The series of its successive concessions, *in the economic order*, constitutes the series of phases of labor. We have just described the first of these phases, *slavery*; let us now turn to the second, *serfdom*.

It originated in a social necessity, of the same force as that which had established slavery, namely: the social necessity of satisfying the new needs of the masses, needs created and stimulated by the inevitable development of their intelligence. But let us reflect carefully on what transpired.

The master had indeed made certain concessions to the slave, now a serf or freedman; but the latter remained directly dependent, both for the development of his intelligence and for the practical application of his skills. The slave had indeed ceased to be a machine, an instrument, capital or value, for he could translate his thoughts into actions, in exchange for a fee paid to the former master, now his lord. But since the latter remained the owner of the land and the means of production, which also ensured him the privilege of education, this twofold supremacy of intelligence and property rendered the dependence of the workers entirely inevitable. History has bequeathed to us the system of exploitation in its second stage, which prevailed during the era of agricultural serfdom and industrial guilds and corporations; a system of exploitation of which the world today still offers examples.

Simultaneously, a radical transformation was beginning to take place. The fragments of liberty granted were sufficient to sow the seeds of independence. The worker's thought, translated into products, infused value with something more than mere force. The seeds of a new *right* were sown there, to later become the living forces of the new society.

But such a tendency could only become anarchic in an era when the education of the masses was not commensurate with the new rights they envisioned. The imperative duty of order thus dictated the repression of the principle of liberty; and repression organized itself in the form of forced labor, dues, restrictions, regulations and obstacles — in short, in the way these were placed on the exercise of labor and the development of thought. The history of the second economic period, whose main characteristics we are describing, has already been written, without the need to repeat it here. Its effects are equally well known. A terrible revolution in France has etched in its bloody annals the end of the second period of exploitation, which other, more fortunate peoples were able to conclude in peace.

The memory of the night of August 4, 1789, will be eternally etched in history by the promulgation of the emancipation of labor. Man was declared *free by right*.

A vast change was to take place in the old relationship between landowners and workers. Real labor, labor rooted in thought, labor that creates wealth, was to become the common heritage, after having been, under the first despotic system, the privilege of the master and, under the feudal system, a concession restricted by the lord or the guild masters. The conquest of the right to liberty was supposed to finally give everyone the real ability to labor freely.

But such a right proved illusory in practice; because, while theoretically granting workers the right to exercise their thoughts, its application to the material world remained dependent on the will of the owners of the land and the tools of labor: these two elements indispensable for production. The worker's mind had indeed been emancipated, but not the material upon which it could be exercised: henceforth, his arms had to remain inactive whenever the use of that material was denied them. This new condition of the free laborer was aptly captured by this phrase from an economist, now a conservative: "By emancipating men, we left them in chains. Liberty was going to become more disastrous for them than despotism." (M. Blanqui, *Histoire de l'économie politique*.)

Thus, the former serfs, the former freedmen, recently emancipated in law, remained forever dependent on the owners of the land and capital; for they could only work with the latter's permission. This permission was obtained in exchange for a fee of various kinds, depending on the instruments provided, but which is always expressed by one of the following terms: *rent, annuity, lease, profit, interest*. These kinds of levies are naturally and logically required by landowners when they allow the use of the land and the means of production to those who need them to live by laboring. We are not criticizing what has been or what is; we are simply stating the facts to draw conclusions.

During the period we have just described, man, although emancipated, can still, in a certain respect, be considered capital by the owners of the land and the means of production. For in reality, the worker provides a *profit* to the one who employs him, to the one without whom he cannot be employed. This service is paid for by wages, but wages are not determined according to the actual value of the service. Other inescapable laws, independent of human will, regulate the rate. However, strictly speaking, the worker today is more an instrument of capital than capital itself. The liberty granted to him, restoring his human dignity, lifts him from the degrading condition of being merely an instrument of the debasing category of *value*. In this new era, the worker is truly a laborer. The hard-won rights allow his thought the exercise previously forbidden to him; he transmits it entirely into the material he processes, transforming it into a product that *creates* wealth, values.

This noble conquest has brought about a significant change in the relationship between workers and their former masters, now capitalists. Since the former employ their own intelligence, they have no need of the capitalists' intelligence, but only of capital as an indispensable tool. From then on, capital in *itself* becomes a source of income, abstracting from the intelligence and time of its owner, who can remain completely idle. During his rest, during his absence, even after his death, capital, *a productive utility by essence*, can earn a new income. This is the remarkable fact that dominates in the current economic system.

The constitution of productive capital presents yet another phenomenon that we must point out: that of annihilating or rendering sterile the germ of justice that emerged vigorously from the declaration of the worker's right to liberty once he becomes a true producer. Indeed, although it is true that in the result of his labor there is nothing other than matter and his thought; although it is true that he is the sole creator of the value created, it is no less certain that the rights of capital take precedence over his. Justly, the value he creates should belong to him; but capital has anticipated this, demanding its premium even before the value is created, while it is being created, and after it is created. The sum of all these premiums, which take priority over the price of the creator's labor and which must be derived from the value created, reduces the latter to a deplorable minimum recompense. The imprescriptible rights of capital dictate the law: it believes it is satisfying the rights of the worker by means of a *wage* strictly sufficient for their maintenance. If there are other duties to be fulfilled, they do not concern capital; its rights come above all.

Such are the severe, inexorable laws established by the constitution of productive capital and by the fatal rules of competition. Against their power, all the philanthropy, all the charity of capitalists would become ineffective, even if they were to ruin themselves needlessly. This exploitative system is all the more terrible, all the more cruel, because it operates outside the will of humankind. Thus constituted, the modern industrial machine resembles powerful rollers crushing everything subjected to their action: medium and small capitalists, landowners, small shopkeepers, workers — all are destroyed; nothing remains but the cylinders and the proletarian dust; nothing but immense wealth and *pauperism*.

But let us examine for a moment how this terrifying pulverization takes place. We will simply transcribe the law of facts and the consequences it produces.

The economic phenomena of any society can be summarized in these three categories: *production*, *circulation*, and *consumption*. Determining the laws

according to which these phenomena occur constitutes the subject of political economy. Its masters have preferred to translate this definition with another that deserves examination, but whose critique falls outside the scope of our discussion.

To explain the economic phenomena *that take place* (for current science deals only with this, and not at all with the phenomena that *must* take place); to explain what is, we say, economic science is obliged to consider capital as an *indispensable* instrument of production, without which production is impossible.

Capital results from the accumulation of products, and it has been called *accumulated products, accumulated labor*.

From this point of view, the owners of capital have deemed it just to levy interest on labor, in payment for the service that the loaned capital rendered to the producer. Since, apart from the use of capital, no production was possible.

It becomes clear that the land, the source of all matter, had to be considered as capital by economic science; and to prevent it from avoiding this view on the grounds that there is no *accumulated labor* in the soil and its vegetative forces, improvements made through cultivation are considered as such.

But our object here is not to criticize, but simply to present the facts as they occur and as science explains them.

Since capital consists of accumulated products, the first indispensable condition for creating capital is to reduce consumption. This is logical; for if all production were consumed, there would be no capital available. *Economy* and *savings* are therefore the sources of individual wealth, according to the principles of science. Are they also the sources of public wealth? — We shall see this later.

According to this principle, it is natural for a progressive tendency to develop toward the accumulation of capital, due to the exclusive advantage it provides in ensuring the existence of its owners and even that of their heirs.

But the accumulation of capital and the symbol representing its value naturally leads to a reduction in interest. Then a reaction occurs against the laborer, making it more difficult for them to save enough capital to guarantee their existence in old age. A similar thing happens to small capitalists, small industrialists, and small landowners, whose meager incomes cannot provide for their basic needs.

Another role that capital plays in modern societies is that of providing *credit* to its owner; and since credit, like capital, is transferable and subject to interest, the capitalist can enjoy two kinds of income that actually come from one and the same source. This is the second levy imposed on labor, for the direct benefit of

the capitalist. Those who recognize the justice of interest, in the original quality of the accumulated labor it represents, must be more perplexed in explaining the justice of the interest granted to credit.

Ultimately, and in the current state of affairs, all the levies we have just enumerated burden labor, since it is the worker who ultimately pays them.

It also becomes undeniable that the successive creation of productive capital, — being made at the expense of consumption, since it is due to reductions in consumption, — must result in production suffering in the same proportion as the accumulation of products. This is undeniable. But, while acknowledging this, economists say that the impetus given to production by capital not only restores equilibrium, but also immensely increases wealth by making labor easier.

This beneficial reaction would be true if the use of land and the employment of capital and credit were free, that is, without demanding rents, interest or profits from the workers. For then, the products temporarily removed from consumption would later act upon the creative machine as a powerful force. This would ease the worker's labor, and by making matter and the natural forces residing within it readily available, it would greatly boost production. But things do not happen that way. The employment of capital — whether land, the source of matter, or agricultural products, or money, or credit — is currently achieved through a premium imposed on labor. Consequently, production appears burdened by the costs incurred by the use of capital, and, therefore, in the value of the manufactured object, besides the value of the raw materials used, a third element increases its price. Through this mechanism, it follows that the entire fruit or result of labor cannot belong to the worker, because they must also account for the use of the land, the value of the raw materials, the use of tools, and the interest on money, all of which are essential for production. Naturally, the product thus becomes more expensive due to all these deductions.

But, one might say: what does the increase in the object's value matter if you recoup it through sales? This observation would be valid if selling or distributing products became easy; but the increased cost of goods makes their placement more difficult and more limited. The use of capital, at interest, while it can stimulate production by acting as a useful aid to labor, hinders the sale of goods due to the added value it imposes. Stimulation on one hand, stagnation on the other. Therefore, to encourage sales, prices must be lowered. At whose expense is this reduction made? Always at the expense of the worker, whose wages must be reduced to sell goods more cheaply.

The increase in the price of goods, thus, due to the added value of the interest levied by capital, directly contributes to making them unaffordable for the mass

of workers. As a consequence, labor suffers, since it must be restricted as consumption decreases due to the high cost of goods. On the other hand, the need to facilitate the sale of goods necessitates a reduction in price; therefore, wages must also be reduced. Through this dual mechanism of the economic system, the worker becomes a victim of capital.

But there is yet another point of view to consider. Capital, by itself, produces interest for its owner. This income is paid for by labor; therefore, labor is responsible for supplying the consumption of the idle who do not work. The greater their number or the greater their enjoyments become, the more the production of the workers must be taxed, and the more must be subtracted from the mass intended for general consumption in order to satisfy the needs of the non-working capitalists. This phenomenon must be carefully considered, for it plays a major role in public misery, largely caused by the deductions made from the fruits of labor to feed the idle classes.

Here is another source of reduced enjoyment, or, what amounts to the same thing, reduced consumption among the working classes. From then on, production is regulated solely by the needs of the wealthy class, for whom the majority works and must reduce their spending daily. We see, therefore, that from this third perspective, the functioning of productive capital also harms production, since it imposes an overload of labor without tending to increase the worker's enjoyment.

Summarizing these considerations, we can establish that the assignment of interest to loaned capital, in whatever manner it is done, tends directly to increase the price of the product, to restrict production, and to reduce the worker's enjoyment. This is the true theory.

But the economists will tell us: your theory is false, because experience proves the exact opposite of what you claim. Through the use of capital, the price of goods falls, production increases and wages rise. Compare the economic phenomena of the present era to those of ancient times, when capital was very scarce.

In making this remark, one confuses, through ignorance or malice, two entirely opposing tendencies, and attributes the results of the beneficial one to the harmful tendency. We will dispel this confusion.

It is undeniable that the use of capital, whether as instruments of production or as means of circulation, tends directly to increase output, reduce prices and enhance the well-being of workers. It is undeniable that the availability of an immense mass of matter, and its transformation into *products* by a considerable quantity of *products* fashioned into instruments, and made accessible to everyone through means of circulation, which are themselves merely

transformed products — it is undeniable, we say, that this entire set of powerful actions, encompassed in the formula, *the employment of capital*, is not and cannot become the source of a prodigious increase in production and consumption, that is to say, in labor and enjoyment. We do not dispute this doctrine in the least; on the contrary, it is our economic gospel. But we cannot attribute these advantages, inherent in capital as auxiliary instruments of labor, to the *interest* levied on its employment; for if the former is the source that fertilizes labor, the latter is the fire that consumes it. This is what economists refuse to understand.

The use of *capital*, as an auxiliary instrument of labor, has indeed produced the marvelous results of modern civilization, whose seductive brilliance prevents us from seeing the hideous wounds inflicted by *interest*. The brilliant appearance of the ostensible whole is indeed due to the action of *labor* aided by *capital*; but this seductive exterior only embellishes the capitalist class: the working class is entirely deprived of it, it is left only with *pauperism*.

“Through the use of capital, the price of goods has fallen,” say the economists. — Yes, the price of manufactured goods, but not that of agricultural goods for food; and it is the price of food that determines the relative value of wages, which becomes the real value of wages. “Through the use of capital, production increases,” the economists also say. — Yes, but this production is beyond the reach of the general mass of workers, who participate in only a very small part of the marvels produced. “Through the use of capital, wages increase,” the economists finally say. — Granting them this extraordinary assertion, even for all industries, we must observe that the increase in wages should never be assessed in absolute terms, but relative to the price of goods essential for consumption and the number of needs to be satisfied. From this dual perspective, wages have not increased.

Against the logical deductions of the harmful action, not of capital but of interest, the economists further reply that the successive increase of this powerful auxiliary of labor makes it possible to lend it at a lower price, and therefore employment becomes easier and more accessible to workers.

Hidden within this reply is another easily exposed sophism. Indeed, the lower the interest rate on capital, the more capital is needed to pay for services, that is, to sustain the existence of the capitalists. The result is the same for the worker; but, moreover, the small capitalist, the manufacturer, the landowner, who can only make their land productive through large amounts of capital, also become dependent on the bankers, whose immense expansion of their activities constitutes them, as we have said, as crushing forces over all other classes of society.

Deliberation between the owners of capital and those in need of capital becomes impossible because their respective positions are entirely different. The former, by virtue of possessing or being able to possess the land, the source of all matter, and the accumulated products or instruments of production, become truly the arbiters of production or, what amounts to the same thing, of labor. The latter, needing land and capital to exert their power, necessarily become dependent on them. Although it is true that without the action of workers, the means possessed by capitalists would become sterile, it is no less certain that the active, *creative* function fulfilled by the former is not guaranteed with the same security as the use of the means possessed by the latter. This difference, which constitutes the pivot of the current economic machine, is essential to consider. It alone determines the position of the two modern conditions, *proprietors and proletarians*, and highlights the monstrous privilege granted to capital through the enjoyment of interest. Indeed, the current constitution of property grants the owners of land and the means of production the unfailing guarantee of living off income, while the true *creator* of wealth, the one without whom all wealth is impossible, is condemned to the greatest and most constant uncertainty. Understanding, in economic terms, land within the category of capital, we can establish, as a concise expression of the current reality, that the possession of capital is the only guarantee for existence, a guarantee that labor does not share.

A distinguished economist, Michel Chevalier, has determined, with great precision, this uncertainty of the worker, which he declares “contrary to the conditions of any society, to the immutable laws of universal order, to the aspirations of civilization, to the mission of humankind on earth;” a situation, according to him, “particularly untenable and threatening in France.”<sup>8</sup> However, although this system is the pivot upon which labor rests today, the professor at the Collège de France, as a conservative, supports the current economic order.

According to this reasoning, production should depend solely on creative force, that is to say, on intelligence. The soil, being the common reservoir of matter, just as the atmosphere is the reservoir of air and the sun of light, should be a common fund. Similarly, capital, being nothing more than shaped matter, should be considered only as an aid to production, of which the worker is the soul. But in the current economic system, the *creator* becomes subordinate to matter, and thus, matter governs intelligence.

In the latest transformation of labor, the worker has acquired a right; the worker has become a true laborer, that is, a producer through his intelligence. The exercise of the faculties of thought granted to him naturally allowed

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<sup>8</sup> Opening address to the first course in political economy.

idleness to the minds of the former masters. But in exchange for this new right, the worker has been subjected to the obligation to work for a living, under penalty of death by starvation. Thus, the fully emancipated freedman, the worker, the laborer of our time, while gaining a right, remained dependent on the modern capitalist, who is, in turn, merely the former master, emancipated from real labor, from intellectual labor. Such a transformation, while raising the worker's dignity, has in reality only imposed new duties upon him. The positive advantages have remained and even increased in favor of the capitalist.

The constitution of the salariat, as it exists today, makes the capitalist not only master of the land and its products, but also master of the laws of nature that exist within the land or that can only be developed and utilized through matter. This assertion deserves further elaboration.

The things necessary for production, on which or with which the worker operates, are of two kinds, though of the same nature: namely, *matter and force*. In the work we are proposing, we consider them distributed into four categories, comprising respectively: 1. raw matter, solid, liquid, or gaseous, imponderable bodies, light, heat, electricity; 2. material forces, which reside in bodies, constituting their properties, such as weight, gravitation, expansion, elasticity, etc.; 3. organized matter, vegetable and animal; 4. organic or living forces that develop in the earth and in living beings.

Of these four categories of things necessary for production, all those which, directly or indirectly, depend on the soil become appropriable along with the soil; namely: *raw materials, vegetable productive force, plants, animals and animal motive power*.

Among the things necessary for production, not directly appropriated with the soil, and which, from this point of view, should remain appropriable by everyone, a further distinction must be made between those which, being inherent in matter, can only be used or employed with matter, and those which, being free matter, should serve as free auxiliaries to labor. In the first of these two subcategories, we naturally place forces such as *weightiness, gravitation, elasticity*, etc.; in the second, we place *air, atmospheric gases*, and imponderable bodies, *heat, electricity*, etc.

None of these agents of production, although free — that is, not directly owned — are, however, available to everyone for use as labor aids, and, consequently, all become the prerogative of the owners of the raw material. Indeed, the development and use of all the agents we have just listed always require the use of the material in which these agents reside or by means of which these agents develop. Thus, for example, it becomes impossible to apply the force of *weightiness* without a *hammer*, the force of *expansion* without a *boiler*,

the force of *elasticity* without a *spring*, *heat* and *electricity* without the materials that generate them, *air* and *water* without pumps, mills, wheels, and so on. In summary, then, we can affirm that the use and application of natural agents is only possible by means of either the material in which they reside and develop, or of material fashioned into tools, machines, or devices to develop or transmit their power. Thus, these agents become owned in fact, if not in right; therefore, their gratuity<sup>9</sup> for the worker is only apparent, and only real for the owner, since their application can never be made by the former, except within the domain owned by the latter, who becomes the true owner of the natural agents and the arbiter of their use. By examining all agricultural and industrial works, one will find that not a single one is exempt from this law of dependence.

We believe we have sufficiently explained the mechanism of the economic system that society arrived at after the emancipation of slaves into workers. We have explained how this mechanism functions and have indicated some of its immediate effects. We will explain later the complex effect of this mechanism on society as a whole, to convince ourselves of its inability to function regularly and satisfy the needs of society. Now that we have only sketched, in broad strokes, the major outlines of the successive organizations of labor, or of the economic systems that have dominated society, let us try to reduce them to a single framework, in which the physiognomy of the future system will also be outlined to give a correct idea of the whole. The short lines we are about to write contain the entire economic history of humankind: *past*, *present* and *future*.

We will express the three epochs or economic systems that relate to this period using the following formulas:

*First era* or FIRST ECONOMIC SYSTEM. Absolute despotic organization.

Appropriation of the soil, people and products. Soil, people, and products, considered as productive capital.

The enslaved man, acting as a force or instrument, under the intelligent direction of the master of the land.

Domination by matter. *Noble reign*.

*Second era* or SECOND ECONOMIC SYSTEM. Organization through exploitation.

Real emancipation of capital from noble domination. Apparent liberty of labor.

Supremacy of capital over appropriated land and labor free by right.

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<sup>9</sup> On this apparent *gratuity* of natural agents, M.-F. Bastiat, author of *Economic Sophisms*, constructed new sophisms in a series of articles published last summer in the *Journal des Débats*.

Man, emancipated from the condition of instrument, detaches himself from the material *notion* of productive capital, but remains, in fact, dependent on it.

Domination by capital. *Reign of the bourgeoisie.*

Third Era or THIRD ECONOMIC SYSTEM. Liberal Organization.

Real emancipation of labor. Liberty of the soil.

Annihilation of productive capital.

Man acting freely on the soil and on its products, by means of the auxiliary instruments placed at his disposal.

The laborer becoming the creator of wealth, master of matter, and owner of all the fruits of his labor.

Supremacy of labor over matter; reign of intelligence, or of the *free people*.<sup>10</sup>

We will say, in passing, that these three economic aspects, which we can summarize in the three words matter, capital, and labor, correspond to or are correlative with the following, which we can also express in three words, in each respective order: *despotism, anarchy* and *liberty* in the social order; *absolute monarchy, representativism* and *republic* in the political order; *faith, protestantism* and *science* in the intellectual order; *aristocracy, bourgeoisie* and *democracy* in the governmental order, and so on. But these considerations would take us too far afield. Let us confine ourselves to having established the facts, in the economic order only, and proceed to examine how the various systems were able to sustain themselves for so long.

## SECOND QUESTION

### WHY DID THE ANCIENT ECONOMIC MECHANISMS FUNCTION WELL FOR CENTURIES?

The answer to this question will simply be a succinct explanation of historical failures: for the demonstration of the reason for the existence of what has been follows naturally from the observation of *what must be*. The entire difficulty lies in correctly determining, in correctly grasping, the historical law of social phenomena; once this law is found, the causes of social phenomena explain themselves. From this point of view, if we are prepared to grant a logical mind, free from the prejudices of a false education, the ability to predict the

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<sup>10</sup> From this assessment of economic developments, one can deduce how erroneous is the assertion, repeated daily by many socialists, that *the Republic of 1792 destroyed the old order*. The old order was destroyed only in *right*, not in *fact*; the monopoly remains as before. The destruction of this monopoly is the task assigned to the revolution of 1848; until then, it has nothing to organize.

fulfillment of events that are destined to occur, we deny it the ability to create any part of the historical law to which these events belong.

Referring always to this law, we can now explain why slavery, based on the appropriation of the soil for the benefit of a certain class or for the sovereign, came about. Why it *had to be*, necessarily, inevitably.

To arrive at such a demonstration, it suffices to consider the primitive state of humanity, the state of ignorance and the necessity of despotism, based on faith, to maintain order. For, in such an era, any concession in favor of liberty would have become a concession in favor of anarchy. Consider this: when social order rests on blind belief in infallible authority, social order will be overturned immediately.

From the necessity of despotism, in such an era, naturally arise all the means of material and intellectual exploitation that make order and peace possible amidst the ignorance of the masses. Then, the necessity of repression becomes logical, to guarantee despotic action against the disruptive elements that would also naturally arise from the development of the intelligence of the masses. But there are two ways to act upon intelligence to prevent its development; there are two systems of constraint to suppress intellectual inquiry. One is theoretical, moral, acting directly on the mind; the other is practical, material, acting indirectly on the intellect. The first is the *authority* that, in the name of religious faith, forbids the exercise of thought or free inquiry into the despotic social order; the second is the *incessant* labor that leaves no leisure for exercising thought. The first method was employed in antiquity, and it still is in backward countries; it constitutes the repressive system par excellence; but it has become ineffective with the social annihilation of faith in advanced civilizations. — The determination of its effectiveness is not within the scope of our work; it belongs to determining the conditions of moral order. Now we must concern ourselves only with the second method. However, we believe it useful to point out that this has always been subordinate to the first. For the ceaseless labor, or physical slavery, could not have been accepted for so long by humanity if it had not been based on intellectual slavery. Indeed, physical slavery was founded on a religious sanction that made accepting incessant labor a punishment or expiation.

Such has been the twofold source, the twofold basis and the twofold support of the system of economic exploitation that has governed the world and still dominates over most of its surface.

If we now seek the causes of all the secondary means that this system has employed to maintain itself, we will see them stem from the same principle. Among these means, the appropriation of the soil holds first place. It is easy to

understand that to base the exploitation of man, to make his labor ceaseless, to maintain slavery – in short, the most effective means, or strictly speaking, the only possible effective means – was the appropriation of the source of the matter upon which the labor is performed. Since the source was the soil, its appropriation became essential to maintaining the exploitation of man, who was thus grafted onto the appropriated soil.

According to these considerations, which find their practical validation in history, the appropriation of the soil and of the tools of labor became laws for the preservation of social order.

Similarly, and according to the same principles, the privileged caste possessing the soil and the people attached to said possession the exclusive exercise of political rights and also reserved for itself the monopoly on education. Through these means, it became all-powerful and placed the arduous part of the labor upon the ignorant masses. Thus, all rights and all pleasures became the prerogative of the exploiting minority and, at the same time, essential conditions of the social order.

The successive phases of labor were later merely practical translations of the new social conditions and the new relationships between the minority and the majority; conditions that arose, relationships that emerged naturally, from the progress made in the intelligence of the masses.

The second period was characterized by concessions of some of the fruits of labor to the serfs, granted as rewards for services rendered to the lords, and always in relation to the intellectual contribution of their labor to the land.

The third period was dictated by the need to grant certain rights to serfs emancipated from seigneurial control, an emancipation brought about by commercial needs, which were simultaneously fueled by the intellectual progress of the people. Capital was then beginning its domination: the former supremacy of landowners was beginning to weaken in the face of the new needs arising from the evolving relationships between peoples. However, the prevailing state of ignorance still assigned to the privileged class, by virtue of birth and wealth, the absolute direction of state affairs and the regulation of the economic phenomena of production, consumption, and exchange. These phenomena were becoming increasingly complex.

Finally, the fourth period arrived. The intelligence of workers enriched by industrial and commercial labor, having become enlightened about the rights granted to lords, began to claim a share of them. At the same time, the working classes demanded *liberty* to exercise their means and participation in the civil and political rights commensurate with their new position. Thus, a coalition formed: the dispossessed masses became the blind auxiliaries of the

encroaching tendencies of accumulated wealth. Under the formidable blows of such a strong alliance, the old privileged class fell; but, leaving standing the fundamental privilege that constituted the basis of economic exploitation, which the true leaders of the victorious army eagerly seized. Liberty of labor was formulated; civil equality was proclaimed. But the exploitative middle class remained standing, supported by the monopoly that had survived the revolution of 1789. This was inevitable; the enlightened masses could still only understand the material and practical effects of liberty. The source, the foundations, were hidden in metaphysical realms too lofty, beyond the grasp of their intelligence, not yet freed from the prejudices of the old slavery. Thus, domination by capital established itself; industrial and commercial preponderance gave it the right to direct labor and subject the former landowner, dethroned from his grandeur, to its supreme intervention. A new master of production was substituted for him, and in place of the old castles arose “the keeps where, clad in their golden armor, sit the high and mighty lords of modern industry.” (M. Blanqui, *History of Political Economy*.)

This substitution of a new dominant social hierarchy for another merely changed the mode, the form of exploitation. — The old hierarchy had founded its power on the appropriation of the soil, the source of production; the second had to establish its own on the instrument of production, by also subjecting the land to its power. This second condition became indispensable, for without it, the aristocracy of privilege could one day re-establish its system. The legislation fulfilled this essential condition for the supremacy of capital. The law granted it, making the acquisition of previously inalienable land accessible to it. From then on, the bourgeois system encountered no obstacle to the development of its resources; it disdainfully rejected its commoner guise; it seized all the forces of the state; it finally declared itself a monarchy.

We have laid out the foundation of this system; we will now simply state that it was a social necessity, similar to that which founded the ancient systems of slavery, serfdom and industrial guilds. — In all these periods, under all these phases of labor, the exploiter as well as the exploited were merely agents of historical force, translating it into reality. — Exploitation being a social necessity, the exploiter became indispensable. He thus constituted himself independently of any calculation or *a priori* combination, as a condition parallel to that which emerged from social life. — From this point of view, the exploiters are not blameworthy, for they have only obeyed a social law.

But they become so, and gravely so, when social conditions render the dominant system of exploitation unsustainable; they become so when they stubbornly maintain an economic system that has become incompatible with

the new needs of the masses. They become so when they are willing to sacrifice the happiness of humanity to their own interests. — Then the *conservatives* transform into the true *revolutionaries*.

Let us summarize these principles and conclusions. Every revolution in the social order, whether in the economic system or the intellectual system, is nothing other than the fulfillment of a fact of humanity's historical law, a fulfillment always dictated by social necessity. Thus, all the facts of the past, present and future are but successive periods in the necessary historical series. This necessity, whose starting point was primitive ignorance, has led humanity through all the intellectual phases that have been the inevitable consequences of the development of social or collective reason.

It can indeed happen, and it has happened many times, that the genius of superior men, anticipating their time, has discovered the facts of the future and proclaimed their immediate fulfillment. Nevertheless, this exciting revelation toward the future can occur under two different social conditions: namely, when the new principles are *already* necessary because the old ones are falling into weakness and impotence; or when the new principles are *still* incompatible with the vital conditions of society. Depending on whether the revealing genius is placed, relative to his time, in one or the other of these two conditions, he becomes a *useful reformer* or a *dangerous revolutionary*.

Almost all reformers have found themselves in the second of these cases. By anticipating their time, by preaching doctrines compatible only with new conditions that were not yet necessary; by preaching reforms not yet demanded by social necessity, they have become *anarchists*.

Could this then be the case with regard to French society with the great social reform recently inaugurated, and of which the Bank of the People project presents itself with the pretension of becoming the economic linchpin? This problem, thus posed, deserves to be examined. It can be transformed by the third question we posed.

Let us now begin by examining whether the opportune moment for economic reform has truly arrived.

### THIRD QUESTION

#### WHY DID OLD ECONOMIC SYSTEMS BECOME INCAPABLE OF SATISFYING THE NEEDS OF THE NEW SOCIETY?

From what we have just explained, we can deduce one crucial consequence, which will serve as our starting point for resolving the question posed. We have seen that an economic system functions regularly as long as it is in agreement or in harmony with the social conditions in which it arose; and that it necessarily collapses when these social conditions change.

The economic system that has enjoyed the longest duration in the world, a duration so long that it still exists over most of the globe, has been that of absolute slavery. If we seek its cause, we will find it in the persistence of the basis that supported slavery, in the social condition that made it necessary and indispensable. This condition was primitive ignorance. As long as this ignorance could be maintained through the means we have outlined, the economic system, founded on absolute exploitation, persisted.

We have also seen that the successive modifications made to the system of slavery were of shorter duration the further they deviated from the primitive system; that is to say, the less they relied on the ignorance of the masses. Thus, the weakening of the foundation resulted in a shorter lifespan for the system.

From another perspective, the transformative principle that served as a revolutionary element can be discovered by examining the various economic systems that have governed society; the principle was none other than the development of the intelligence of the masses, which vigorously propelled them toward the complete and absolute emancipation of labor. As the pressure weakened, the drive toward freedom grew stronger. The second rose in proportion to the first's decline. — It was therefore easy to predict a time when, all repression being ineffective, the greatest freedom would become a reality. We shall see that this time is approaching.

The discord between the principles of an economic system and the social conditions in which it was not born, but in which it is forced to operate, renders all its movements abrupt and violent, and its results contrary to the goal it set for itself at its inception. The system founded on exploitation by capital has produced these deplorable results more than any other. However, this was to be expected; for no system has ever been established amidst less viable conditions. — We will give a rapid summary.

The capitalist system was established in France under far less favorable conditions than in other European and American countries, where it functions more smoothly. This difference stems from the more developed state of the

intelligence of the masses and the spread among them of the seeds of intellectual and political emancipation. Indeed, among the French people, the feeling of blind obedience and unthinking submission was completely eradicated. Consequently, they could only accept the supremacy of capital through coercion, by force of circumstance, or by the powerful will of the capitalists. From this arose the first element of rebellion against capital.

Second, the French people, by lending their support to the bourgeois class in its fight against the old privilege, while remaining under the domination of the class they had aided in the struggle, had taken a great step toward political emancipation. This tendency, manifested in the acquisition of new rights, while simultaneously raising their socio-political position, made them acutely aware of their economic inferiority: from this arose the second element of rebellion against capital.

Third, the philosophical ideas of the 18th century, having spread among the French people, shattered the sense of resignation already weakened by the solemn proclamation of the right to equality. From then on, the working classes could no longer passively observe the pleasures that remained the preserve of the capitalists, nor resign themselves to the deprivation and misery that became the lot of labor. Hence the third element of rebellion against capital.

Fourth, the education given to the working classes, particularly in the capital, whether through public courses in political economy made accessible to them or through illuminating and comprehensive reports disseminated by the daily press, has provided these classes with all the necessary tools to challenge capital. This detailed instruction on the practical effects of modern exploitation has reached such a degree of perfection among the working classes of Paris, and probably among those of the main industrial centers, that even the most progressive socialists have had nothing truly new to say to them. From this perspective, it must be admitted that the theoretical demolition of the current economic system is due, to a very large extent, to education and official publications.

It is evident that the capitalist system, facing the general protest of the working classes, could not be sustained in theory. But, moreover, we have indicated that its tyrannical dominance had also stirred up the passions of a large part of the bourgeois class against it; namely, all those who, using their capital, contribute to direct production through their labor. Indeed, manufacturers, merchants, and entrepreneurs, forced on the one hand to become instruments of exploitation through the use of their capital, suffered in turn as victims of the greater exploitation exerted by the large capitalists. — Thus, protest spread to all classes of society.

However, it must be recognized that the power of capital, as a useful auxiliary to labor, giving rise, through the use of mechanical agents, to powerful enterprises and an immense increase in production, seemed destined to overcome all resistance from bruised individual interests. One might even expect to see it subdue all its enemies if it succeeded in employing the great auxiliary of ancient exploitation: *incessant labor*.

This doctrine could not be ignored, much less disdained, by the exploiters of the modern era. — For, in acting knowingly against the progressive tendencies of the century, they were well aware that the only way to suppress the rebellion, ready to erupt among the masses, was to constantly occupy all their time, so as not to leave them any leisure to think. — A distinguished publicist of the conservative party, a profound historian, M. Guizot, had the audacity to assert this from the rostrum of the Chamber of Deputies, during the session of May 3, 1837, with this remarkable phrase, speaking of the masses: *Incessant labor is a necessary restraint*.

The method, in fact, was excellent; it had in its favor the historical sanction of the entire era of slavery, of which it had been the very essence. One could therefore not dispute its effectiveness, if it were possible. We have indicated the reasons, emanating from the intelligence of the masses, that oppose their acceptance of *incessant labor*; we will present others, which originate from the capitalist system itself.

Indeed, in describing its mode of operation, through the tendency of capital to accumulate and restrict the consumption of the working classes, and through the substitution of powerful mechanical agents for individual labor, we have seen a decrease in the number of workers employed in factories and workshops — precisely those workers who could be subjected to *incessant labor*. Consequently, the number of unemployed workers, the number of workers without work, and therefore outside of *incessant labor*, must increase. For this twofold reason — namely, the resistance of workers to submit to the only *effective restraint*, and the direct action of capital to create unemployment among workers — the general use of repressive measures has now become impossible.

Besides all these drawbacks, the capitalist system, operating amidst the progressive conditions of present-day society, seems to have taken it upon itself to reveal its flaws and inefficiency through countless contradictions. We provided a summary in our first Memoir to the Academy, which we do not consider out of place here. Having observed the anarchy reigning in the entire social order, we turned to economic facts and stated:

“All these painful sacrifices of moral sentiments to the laws of life and material progress never achieve the goal of public prosperity. For the privations

imposed on the working classes to sustain the war of competition simultaneously reduce consumption, and consequently labor, the source of wealth. The imperative of producing cheaply can only be achieved through the application of immense capital and the reduction of wages. Capital accumulation can only occur through successive subtractions from the mass of products intended for consumption, which tends to reduce labor, while at the same time labor is further hampered by the levies of interest that capital demands. By this twofold means, the first condition for competing advantageously in industrial warfare – namely, the use of large amounts of capital – inevitably affects both consumption and labor. The second condition, namely the fall in wages, by forcing the working classes to reduce their consumption, reacts in a similar and twofold way on labor.

“The inevitable consequences of these organic conditions of industry, as a whole, are first to push for excessive production relative to the needs of limited consumption, thereby attracting, to industrial centers, a multitude of workers demanding labor. The accumulation of capital produces a fall in interest rates; the accumulation of labor produces a fall in wages. The first effect tends toward the ruin of property; the second causes the decline of labor. Then, the means are sought to halt only the consequences of the second catastrophe; the fear inspired by the first is so great that it fascinates the victims to the point of driving them toward the abyss.

“The means employed by governments to promote declining labor are of three kinds: prohibitive laws, aid to industry, and export subsidies. By the first, if one branch of production is favored, the whole is harmed by making domestic labor more expensive; by the second, one is forced into fictitious production, not demanded by the needs of the producers, who collectively and without profit pay the costs of protection; by the third, one has the dubious honor of feeding foreign needs at the expense of domestic taxpayers. The sum total of the reciprocal effects produced by these three so-called means of protecting labor, on labor itself, would be the most ridiculous picture, if it were not also the most deplorable.”<sup>11</sup>

All of these arguments, ratified by the facts, make undeniable the principle that the current economic system has become contrary to the vital conditions of society, and consequently unsustainable in theory and in practice.

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<sup>11</sup> *Mon Contingent à l'Académie*, p. 41.

## FOURTH QUESTION

### WHAT NEEDS IS THE CURRENT ECONOMIC MECHANISM INCAPABLE OF SATISFYING?

We have always seen that progress in needs has been determined by progress in the development of the masses' intelligence. We have just demonstrated that the inability of economic systems to satisfy new needs has been a consequence of the lack of harmony between the means employed and the progressive tendencies arising from the development of intelligence. The solution to the problem stated in this chapter must therefore be found in the simple determination of the new needs to be satisfied among the masses.

This determination is very easy to make; here it is:

The working masses, previously excluded from common rights, have come to share in the rights formerly granted only to the privileged classes. The number of these concessions, examined in the various countries of Europe advanced in civilization, is more or less considerable, and their scale includes all degrees, from the granting of simple civil rights to the complete granting of all rights without exception.

But it is also easy to understand that the granting of all rights would become illusory if, due to circumstances beyond their control and dependent on institutions, the working masses found themselves absolutely unable to fulfill the rights granted to them. This is precisely what is happening under current economic conditions. We believe we have demonstrated this. However, it is appropriate to present a summary here to answer the question posed.

The current economic system, or, what amounts to the same thing, the current constitution of property and labor, presents an insurmountable obstacle to the masses exercising the rights granted in theory, rights that are in harmony with the development of their intelligence. Thus, the masses cannot engage in labor because its exercise depends on the will of the landowner and the owner of capital, which remain alienated, forming the privilege of the minority.

The masses cannot perform labor usefully because they lack the necessary education to utilize their natural abilities.

These two impossibilities stem from the lack of the means of production, namely: material and intellectual tools; *capital* and *education*.

The masses cannot acquire adequate education because they lack sufficient leisure time; the support of the family's material needs does not allow them to dedicate any time to the sustenance of their intellectual life.

The masses cannot afford the material pleasures that are related to the development of their intelligence because their share of the fruits of labor is

insufficient; the greater part being allocated to paying for the use of the soil, the source of all material goods, the use of those goods, the use of the symbols representing values and the existence of the intermediaries whose use of reproductive capital makes them unavoidable.

The masses cannot benefit from equality of rights because this equality becomes illusory in the face of the inequality of conditions. Inequalities of conditions are inherent today in the organic law of labor, which is based on the inequality of conditions for performing work. These inequalities stem from the privilege granted to the minority to live off the income from their land or capital, in contrast to the common rule for the majority, which obliges them to live by their labor. Such are the facts; the consequences are inevitable.

M. Guizot has just observed, in his latest work, that there are “numerous diversities and inequalities, which the unity of laws and the equality of civil rights neither prevent nor destroy.” (p. 53.) Therefore, we say, the unity of laws and the equality of rights are illusory, in fact, according to M. Guizot himself: therefore, the elements of society, however essential they may seem in theory, are illusory in practice; therefore, society today does not rest on a practical reality.

According to M. Guizot, inequality of wealth, produced by inequality of working conditions, is found everywhere: “I move,” he says, “from situations based on property to those based on labor... There too I encounter the same fact: there too, diversity and inequality *arise and persist* within *identical laws and equal rights*.” (p. 74) “Thus, throughout the entire extent of our civil society, within labor as within property, the diversity and inequality of situations arise and persist, and coexist with the unity of laws and equality of rights.” (p. 76) — This is perfectly true.

So, we say, unity in the law and equality of rights coexist with inequality of conditions, according to Mr. Guizot. Can one declare, more precisely, the ineffectiveness, the impotence of legal prescriptions in the face of real conditions? Can one more clearly observe the utopian nature of the law? Can one, finally, be more radically socialist than Mr. Guizot in such admissions?

This shocking contradiction between legislation and social needs was felt and acknowledged by a distinguished publicist, whose luminous doctrines did not serve as a guide in his political conduct. “Our Codes,” said Mr. de Rossi, “by the natural course of things, have found themselves placed between two immense events, one of which preceded them, the other of which followed them: the social revolution and the economic revolution. They have regulated the first; *they have not regulated the second.*” (*Observations sur le droit civil français*. Memoir of the Academy of Moral and Political Sciences, Vol. II, 2nd series.)

Nor can the masses enjoy the political rights granted to them, because the conditions of labor are incompatible with this. Indeed, the exercise of political rights requires education, leisure and close relationships among all citizens. It is unnecessary to dwell on demonstrating that none of these conditions exist for the majority of the working classes.

In short, then, the majority, subject today to the more general rule of working to live, is essentially hampered both in the performance of labor, in the satisfaction of its needs, which grow with civilization, in the acquisition of the intellectual and material means to produce, in the exercise of its civil rights, and in the fulfillment of its duties as citizens. And since all these obstacles stem from the organic system of labor, it follows that this system is completely powerless to satisfy the pressing needs of the new society.

## FIFTH QUESTION

WHAT ARE THE CONDITIONS THAT THE NEW MECHANISM MUST FULFILL?

As we progress in our work, the answers to the questions we posed as theoretical preliminaries to the Bank of the People become easier; they naturally present themselves as simple deductions.

Indeed, having established the conditions that the current economic system is incapable of fulfilling, we have already determined the conditions that the new mechanism must satisfy. However, we will present a summary of them:

Rational economic organization must facilitate the exercise of thought and its application to matter to such a degree that the worker never encounters any obstacle to production. Furthermore, rational organization must support the worker's intellectual inclinations toward the knowledge indispensable for fulfilling the functions of producer and citizen.

Rational organization must ensure that the producer possesses *all* the fruits of their labor, so that they can increase their physical and moral well-being in proportion to the progressive development of their intelligence.

Rational organization must guarantee the worker the fulfillment of their civil and political rights, as social duties, without this fulfillment hindering their individual rights as both producer and consumer.

Finally, rational organization must guarantee the worker the social benefits that result from the progress of civilization, benefits which are inextricably linked to unity in the law and equality of rights.

These, in short, are the conditions that the economic system of the future society must fulfill in order to satisfy the legitimate needs created by the development of the intelligence of the masses. These are the conditions now

indispensable for satisfying the new rights won by the masses and enshrined in law. These, in short, are the conditions demanded by social necessity to bring society back into the harmony that must reign between theoretical and practical right, so that the achievements of reason become peaceful realities and not causes of incessant disruption.

Now, let us descend from the realm of doctrinal reasoning to the field of application, with the aim of determining the practical means of achieving the major results that we have just declared necessary and indispensable for the economic order of societies. This determination is also very easy to make, according to the doctrines we have established.

The first organic condition for the free exercise of labor is that the matter and the instruments of production be at the worker's disposal. Until now, labor has been at the disposal of matter; now, this law must be reversed, and matter must be at the disposal of labor.

The second organic condition for the free exercise of labor falls outside the economic sphere and enters the intellectual sphere: it is *education*. We will simply say that it must be freely and universally provided to all.

The third condition is the ease of the exchange of products, an operation that cannot be carried out by individuals in isolation and requires a special mechanism to operate it to the advantage of all producers and all consumers. From this dual relationship constitutive of every active member of the social family, stems the essential principle, the central pivot of the exchange mechanism, namely: *credit*. Indeed, mutual credit is based on the fact that every individual *must* produce and *must* consume. Therefore, *credit* for production becomes *debit* for consumption; *credit* for one becomes *debit* for the other; everyone's *credit* becomes everyone's *debit*. Since one side of this equation can always be represented by the sum of production or by the sum of labor, and the other side can always be represented by the sum of consumption, the equation ultimately reduces to this:  $A = a$ , a simple expression, the algebraic formula for the *gratuity of credit*.

This may seem obscure to economists; it may be incomprehensible to the apostles of the exploitative system, who, always allocating a portion of production to pay capital, can never formulate an equal equation between production and consumption. But it is clear to those without scientific prejudices; it is simple and perfectly understandable to all who recognize the principle of justice, that *all* the fruits of labor must belong to the worker. Therefore, the entire mass of products is destined for consumption; therefore, no part is subtracted to transform it into something else; therefore, no part is destined to fuel idleness or to pay for credit; therefore, finally,  $A = a$ .

The gratuity and reciprocity of credit are thus the generative conditions of labor, considered from the dual perspective of production and consumption; a dual perspective that always exists, since all production is consumption and, conversely, all consumption is production; the two economic functions are summed up in that of *labor*.

A new theory, founded on justice and *common right*, and entirely different from the old one based on *fact*, arises from this rational assessment of labor. Only labor remains truly productive; capital loses this quality and falls into the passive category of products, consumable like all other products; for, in fact, all capital, the instrument of labor, is a product *employed* or, what amounts to the same thing, *consumed*.

In this theory, the soil is removed from the category of capital, and consequently from the category of products. It becomes what it rationally is: the source of *matter*, where natural forces reside and through which natural forces develop. It is therefore clear and undeniable that, thus considered, the soil cannot be alienated; for, under the law of absolute justice and common right, the appropriation of the source, of matter, and of forces becomes incompatible with the *liberty of labor*.

Since products are always the result of labor, they belong by *right* to the laborer. They constitute their *legitimate property*. For the worker to *always* become the owner of all the fruits of their labor, it is essential that the use or application of matter and energy be within their reach, be at their disposal. Consequently, the land, the source of matter and energy, must be freed from the privilege that holds it as individual property. It follows from this that the right to property *for all*, the common right, founded on *absolute justice*, presupposes the overthrow of the privileged right founded on *relative justice*.

*Property*, that is to say, the appropriation by each individual of all the fruits of their labor; *property*, the common right, which cannot be denied today to all individuals equal in rights, has therefore become incompatible with property that is not the fruit of labor, and with property that rests on the appropriation of the source of all labor. The first of these two abusive forms of property is that of capital, the second is that of the soil.

When the first indication of the Bank of the People appeared under the title of Bank of Exchange, we immediately perceived the eminently social and eminently just tendencies of such an institution within the economic order. As such, it fell within the scope of our studies. In adhering to a fruitful project, and consequently one beneficial to humanity, we outlined the fundamental principles that served as its basis and starting point. Here is an excerpt from the reflections we published at that time:

“We hear it said everywhere: *Property has been the foundation of society; to infringe upon property is to infringe upon society.*

“To ascertain the truth or error of this assertion, we must begin by defining the value of the word *property*.

“Do we understand by this word the right to enjoy and dispose of the fruits of one's labor?

“— Then, nothing will seem more reasonable than the recognition of this right, for property is not merely the reward for labor, but the recognition of labor." It is more than a principle; it is the consequence of reasoning or the expression of humanity.

“But society was not constituted on property thus defined; on the contrary, society was founded on the principle of the appropriation, by some individuals, of the labor of other individuals; in short, on the principle of the exploitation of the labor of the majority by the privileged minority. Slavery organized on this principle is not entirely abolished in Europe, and even less so in other parts of the world, for many nations are still enslaved.”

“Under this regime, the fruits of labor belong not to the worker, but to the lords. Therefore, the true principle of property was not the foundation of society.

“If by property we mean the privilege of possessing the land, then the problem changes, and the maxim that *property has been the basis of society* may have received practical sanction, but it cannot be accepted as correct.

“Indeed, the appropriation of the soil by a small number of individuals was the dominant principle in Western nations, just as appropriation by the head of state was the dominant principle in Eastern nations. In the first case, the small number of possessors of the essential element of all production, namely the *soil*, — an element without which labor can do nothing, — could appropriate the *totality* or a *part* of the fruits of that labor. The first condition constituted *slavery*, the second *salariat*; but it must be noted that wages were granted to the worker as a means of subsistence, which, in the primitive condition, was owed to the slave.

“Reflecting on property rights in this light, it becomes clear that these rights pertain to the minority who own the land, the majority of whom were dispossessed. Therefore, the maxim, *Property is the foundation of society*, can be translated as: *Society is based on the privilege of the minority and the exploitation of the majority.*

“Now, we ask whether such a maxim is just. Should society continue to be founded on the same basis, which limits the right to property in the land to a minority? According to the rules of injustice, it would seem not, for society

should not rest on a principle relative to a minority, but on an absolute principle representing the universality. Therefore, the principle must be established in the sense that we have given it: that which consecrates the fruits of labor as the property of the workers. Then the old basis of privilege, on which society is still founded, must be replaced by the new basis of equality, which grants to each and every person property in their works. Indeed, to be consistent with the social maxims that France has proclaimed, the current organization of land ownership cannot be maintained, for the right must belong to all. For this to be so, everyone must become proprietors of the fruits of their labor.

“But, it might be said, that is what is happening today, since everyone has the right to enjoy and dispose of all the rights of their labor.

“Is that true? we reply in turn. Can we say today that all the fruits of labor belong to the worker?

“To those who answer us in the affirmative, we will ask: And what about rent, which absorbs half or a third of the product of agricultural labor? And what about land rents, interest, dividends and profits, which burden every kind of labor with a variable and onerous tax? Therefore, it is not accurate to say that today the worker becomes the proprietor of all the fruits of their labor, since they are obliged to give a portion to the proprietors, even though the other portion is insufficient for them to live on.

“What, then, must be done so that the worker may own *all* the fruits of their labor, so that the *right* to property may become common to all and society may *truly* be constituted on property? What must be done so that humanity may move from the illusory system of property, – since it grants rights only to the exploiting minority, – to the system of real property, which will grant the fruits of its labors to the hitherto exploited majority? It is not necessary to destroy property – that would be absurd, since we want, on the contrary, to universalize property; it is necessary to abolish the old privilege, because this privilege makes the establishment of rational law impossible. And since the old privilege related not to the unshakeable principle of property, but to the social organization of property, which granted the land, inalienable by its very nature, to a small number of individuals, it will only be necessary to change the organization of property, which is variable in nature, as an expression of the social order, with regard to matter.

“We have just seen how, by means of reasoning, and without undermining the principle, but by knowing how to apply it in a just manner, so that it can become the basis of the social order; we have just seen, I say, how one manages to demonstrate the necessity of abolishing the old system, a system which,

having served as the basis of the society constituted on exploitation, cannot serve as the basis for a society founded on the equity of right.

“In alluding to the ancient principle, we do not wish to condemn it, although we oppose it today; on the contrary, we recognize that it served to maintain order among humanity during the long period of past centuries; for then, and because of primitive ignorance, despotism was the only possible system of social organization. Despotism had to employ, — in order to maintain itself, — intellectual and material exploitation, that is to say, the exploitation of all forces; therefore, the land, the source of all application of forces, and consequently the source of all labor, had to be alienated to the exploiting classes that dominated humanity. Thus, the organic system of landed property became naturally and necessarily inherent in the maintenance of despotic order; but from the moment one proposes to reconstitute society on *liberty*, the system of exploiting labor becomes incompatible with the new principle and, consequently, inevitably, the ancient basis of exploitation must collapse.

“What, then, is the essential condition for the worker to reap all the fruits of their labor? — It is necessary to achieve an organization such that the worker pays neither rent nor interest on their labor. For this to happen, they must have both land and capital at their disposal; for it is then, and only then, that all the product of their labor will belong to them.”

“What must be done to ensure that labor dominates, that is, to ensure that land and capital — material resources, in short — are at the disposal of labor? Must it be taken immediately from the current possessors and distributed to all?

“This method would be absurd because it is unjust and ineffective, and we propose nothing unjust to achieve the restoration of order. A peaceful means must be found to place the community, which constitutes the State, in possession of the land and, at the same time, of a social capital that can serve it: 1. in order to undertake all possible and necessary improvements to the land, in order to sell agricultural, industrial, and commercial enterprises easily and profitably, as well as to preserve the fertility and health of the territory; 2. in order to provide workers, as indispensable auxiliaries to their physical and intellectual strength, with the tools of labor. Among these tools, we logically understand general and vocational education.

“By these means, the land, the essential element of production, belonging to all, and all having at their disposal the means of production, they will be able to enjoy and dispose of all the fruits of their labor. By these means, the new property will not be based on a privilege, which is inequality, but on a universal right, which is equality. This right is labor, the free exercise of which will

procure real property, superior to any principle, for we have said that it is the expression of humanity itself.

“We believe we find the expression of the same wish in the words that M. Lamartine has just spoken in the session of the 12th of this month: “We will fill, with laws of popular utility, with labor laws, with laws emancipating the proletariat, with *laws of property multiplied and growing in the hands of all*; we will fill with truths and benefits this abyss that certain utopias have filled, in the imagination, with fallacious promises, lies, and errors.”<sup>12</sup>

When an economic or social system becomes socially incompatible with the conditions of order, the practical drawbacks of maintaining it constantly reinforce the need to change it. We have already pointed out the drawbacks of the current involvement of reproductive capital in all labor transactions. We could likewise give a lengthy account of the drawbacks of land appropriation, or the privilege of land ownership. But the subject is too vast to be treated as an afterthought; we will confine ourselves to a few points, which we already presented at the beginning of March 1848, at the Central Congress of Agriculture. Addressing farmers at that time, we could only present the problem from the perspective of agricultural labor: thus we told them:

“All branches of agricultural science in general, and therefore all the problems on the program of this congress and all future congresses, relate to the soil and its products. Since the soil is appropriated, and the products of the soil naturally belong to the landowners, it becomes evident that the condition of the land must have a direct influence on all the problems on the program.

“Indeed, land ownership in general, and in particular as it has been constituted in France since the Revolution of 1793, whether by its essential quality—the land inherent to a certain number of families — or by the divisions and transfers that the land undergoes through inheritance—land ownership, I say, appears in the examination of all major agricultural problems as a disruptive element that prevents their solution.

“We lack the time to review all these problems and demonstrate, for each one individually and for all of them together, the impossibility of a rational solution with the maintenance of land ownership and the divisions and transfers that current legislation authorizes. It will suffice for us, in the presence of such learned men, to mention the problems of *agricultural credit, land registration, irrigation, forestry, works for the prevention of floods, land clearing, the determination of the nature and system of agricultural exploitation in relation to the soil type and the country's economic needs, etc., etc.*; it will suffice, we say, to state these problems

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<sup>12</sup> Extracts from *Le Représentant du Peuple*, June 15 and 14, 1848.

to make it clear that their solution is hampered by the conditions of the current land organization, which is appropriated for certain individuals.”

Our conclusions, then, in contrast to those proposed at the congress by the labor organization commission, were these:

“1. Agricultural association between landowners and workers cannot be free under the current organization of property, because the latter depend exclusively on the land appropriated for the former.

“2. Since the association is not free, it cannot be regulated except by force. The distribution of profits between capital, talent, and labor is based on the error of assuming that labor can be performed without intelligence.

“3. In a good organization, there is no minimum or maximum. The product of labor on matter is the wage, which must belong to the worker.

“8. No system should be tried before it has been proven unquestionably reasonable; otherwise, all utopias would be open to trial.

“9. It is impossible for the State to become the head of industrial or agricultural enterprises without either creating unsustainable competition for private industry or ruining itself or the country.”

The Central Congress of Agriculture gave a very poor reception to both our doctrines and our conclusions. Nor did they merit any mention in the only socialist newspaper that existed at the time (*Démocratie pacifique*.) However, we believe them to be essentially fundamental to any rational reform.

What we have just said seems sufficient to demonstrate the necessity of a new economic organization, founded on a new constitution of property. We have seen that, from the category of privilege above all—namely, over man, over land, over products—the property right of the former lord has successively been reduced to a right over the soil; man and products having emancipated themselves from Int, to constitute the categories of *laborers* and *capitalists*. New emancipations are now becoming necessary, inevitable, in order to make the emancipation of the worker a reality. These are the emancipation of the land and the emancipation of capital, or, which amounts to the same thing, the disappearance of privileged property, in order to establish property as the basis of common law founded on justice. From then on, the *laborer*, the only category compatible with reason, will be the owner of the fruits of labor performed on the matter placed at their disposal.

To establish the balance between production and consumption, that is to say, to harmonize the productive forces with the successive needs of humanity, it is necessary to support the action of the former by means of the resources granted to satisfy the latter. To this end, it is necessary to enable workers to satisfy the

progressive needs that civilization develops, by supporting the use of its resources and by granting them all the fruits of their labor. At the same time, it is necessary to prevent the agglomeration of productive capital; for as soon as this occurs, the formation of an idle class becomes inevitable. This class, not producing itself, must live off the labor of others, and thus the exploitation of labor establishes itself, as we have demonstrated.

To eliminate the agglomeration of capital, it suffices to destroy *interest*: for then no one will think of accumulating sterile wealth. This result can be achieved: 1. by abolishing the sign representing value, by establishing the exchange of goods and services in a rational manner that no longer requires the use of the intermediary sign; 2. by the organization of free and reciprocal credit.

The dependence in which labor finds itself today is produced by the levies that the use of raw materials, the instruments of labor and the sign of value requires of the producer. Make raw materials and the instruments of production freely accessible to the producer, and promote the exchange of goods without the need for the monetary intermediary, which always levies a premium for its use, and you will have solved the problem of the true liberty of labor.

We have stated that making raw materials and the means of production available to the worker presupposes the complete emancipation of the land, which is currently alienated. Various means can be employed to bring about the return of the land to the social community; the founder of the Bank of the People proposes to achieve this *indirectly* through the abolition of interest. Indeed, such a result must lead to the abolition of rent, and consequently, of the privilege of territorial appropriation. The economic reform that the plan for the Bank of the People aims to achieve is therefore based almost exclusively on the abolition of interest, of which free credit is simply a logical development.

We have just determined the crucial, essential conditions that this new economic system must fulfill; summarizing everything we have developed on this subject in this Treatise, we can express the goal of the reform with the following formula: *Real emancipation of labor. — Free disposal of the source of matter and the instruments of labor. — Free exchange of the products of labor. — Subordination of matter to intelligence.*

Let us now say a few words about the effects that such an organization must produce on the major elements of the material life of nations, *production* and *consumption*, and on their reciprocal relationships.

It is undeniable that the elimination of interest, naturally leading to that of rent, annuity, leases and income, must result for the producer not only in absolute independence but also in the fairest reward for their labor through the entirety of the product. At the same time, the annihilation of money, the sign of

value, will fix real value in objects in place of the variable value of the sign. By substituting exchange for sale, the producer will obtain a benefit equivalent to the elimination of the levies that the use of money currently requires in all commercial transactions. Through all these means, finally, the conditions of *liberty* we have formulated will become possible. Without this, labor will always remain dependent on land and capital, the use of which naturally requires rent, annuity, and interest; requirements which, in the same proportion, reduce the share of reward granted to the worker, or wages, and subject the value of products to the fluctuating scarcity or abundance of the monetary sign.

As for production, it is easy to foresee the immense increase it will receive from the organic changes we have just described. Every person who has access to raw materials, tools and education can not only become a producer but also a beneficiary of all the fruits of production. The sheer quantity of goods they can thus supply will enable them to obtain through exchange everything they need. And since no intermediary will affect the real value, the products will become excessively abundant due to the universality of production, allowing each individual to obtain an enormous quantity without harming the enjoyment of others. Furthermore, since the accumulated goods will serve no purpose, their re-entry into circulation for use or consumption will become inevitable, and with it, an immense increase in consumption. Therefore, it is easy to foresee, we repeat, that all of humanity's needs can be met; for, by the means we have just described, production must become unlimited. The abundance of products of every kind can never be a bad thing, since the freedom and ease of exchange will provide producers with the means to satisfy all their needs, making the acquisition of abundant goods increasingly accessible.

The free disposition of the soil, of material tools and of the forces of nature that reside or develop therein, will make the application of human labor less and less necessary; the worker will eventually become completely exempt from employing it. He will only need to act through his intelligence. It is easy to understand how little intellectual effort is required for the production of material objects when one can employ immeasurable natural forces; consequently, intelligence will only need to contribute a small amount to increase material production. All the rest can be devoted to intellectual production and the pleasures of the mind.

Such will be the beneficial effect that the emancipation of labor will have on the use of time and intelligence. Small efforts, supported by all of nature, rewarded by immense production, will satisfy the needs of the life of the *body*: all the rest can be devoted to the work and enjoyments of the mind, that is to say, to the life of the *intelligence*.

The economic transformation whose conditions and results we have just outlined becomes an imminent necessity due to new causes arising from the phenomena of recent times. Indeed, to all the economic disturbances caused by reproductive capital; to all the chances of industrial unemployment, commercial bankruptcies, product gluts and wage declines; to all the disastrous results that the forced intervention of *money* and *credit* inevitably brings, leading labor to paralysis and death, have been added *revolutionary causes* which, in turn, act negatively through the stagnation, obscuring and disappearance of these two artificial elements of production. Then an extraordinary and fatal phenomenon occurs, a phenomenon capable in itself of demonstrating, by fact, the scientific theory that condemns the economic system *a priori*. The soil has lost none of its productive capacity; numerous accumulated products, the fruit of past labor, require only the application of thought to be transformed into new wealth; an active and intelligent population, driven by a thousand needs, cries out for work or death; and, although these means constitute a complete system for obtaining every kind of product and satisfying all needs, misery and despair prevail, because there is an absolute impossibility of working. Why is this? — If *matter* exists, if *intelligence* abounds, why does production cease? Why does work become impossible? Because *money*, and *credit* based on wealth, have disappeared; because *artificial* agents are lacking, real agents become powerless. Surrounded by the materials accumulated by past generations, the present generation, full of strength and intelligence, capable of creating all wealth, able to satisfy all its needs, is condemned to die of hunger in inaction, at the very source of matter. Why is this? we ask again. — Because capital, this usurping king of labor, wills it, it commands it: we must die.

Such is the fatal condition of dependence under which the producer groans and struggles today; an absurd condition, untenable in the face of reason, and even more untenable in the face of social necessity, which has become all-powerful through the very effect of revolutions.

The new economic formula is destined to destroy this dependence. Henceforth, labor can no longer depend on any artificial, arbitrary, or tyrannical element. The former preponderance of CAPITAL and *credit*, founded upon it, must give way to the preponderance of LABOR and the *credit* emanating from it. Henceforth, labor will depend on itself alone, for capital must be at its service; from throne it must descend to dust; from king — it must become slave. Such is the supreme, inexorable law dictated by reason. For it is not *matter* that should subjugate *intelligence*, but intelligence that should dominate matter. Now, as we have demonstrated, intelligence is *labor*; matter is *capital*. Then, and only then, will the functioning of the economic mechanism be in accordance with *justice*, with the *rights* granted to all, with the new needs created by civilization, needs

which have their inexhaustible source in the successive development of intelligence, which it is now impossible to suppress. Now, we can proceed to the examination of the:

## SIXTH QUESTION

WHAT IS THE SYSTEM OF THE BANK OF THE PEOPLE THAT WOULD ENTITLE IT TO ESTABLISH ITSELF AS AN ECONOMIC MECHANISM OF THE NEW SOCIETY?<sup>13</sup>

The economic transformation, the justice, necessity and conditions of which we have just demonstrated, does not require a violent revolution to be effected. Although its tendencies constitute a distinctly revolutionary period, it can be achieved peacefully without producing any sudden and violent disruption of established interests, nor any immediate loss of acquired rights. But for this to happen, those who have a vested interest in maintaining the old order, sharing the undeniable conviction that its survival is impossible, must contribute ardently to rational reform in order to achieve it without disturbances or disorder. For it is certain, as we stated before the Congress of Agriculture, that “political and social revolutions, achieved by force, never occur except as a result of irrational obstacles placed in the way of the spread of rational principles made necessary to humanity by the progress of civilization.” (*Our note of May 8, 1848.*) We now say that a revolution is nothing other than an evolution of historical law, made accelerated and violent by the suppression of its natural development.

The economic reform, which concerns us in this writing, is only one phase of the social reform toward which humanity is marching at an accelerated pace. We will leave to M. Proudhon the difficult task of explaining how such a reform can constitute, *with its ensuing consequences, the whole of socialism*. We will confine ourselves to explaining the means that the new system possesses to bring about, through the economic reform it is intended to effect directly, the comprehensive reform that will contain the fundamental bases of the social order.<sup>14</sup>

Indeed, although rational economic reform does not in itself contain the foundations of social order, it will *compel* us to seek and establish them. The overstimulation of needs produced by an unprecedented development in production; the activity of exchanges facilitated by all the material means that society possesses; the destruction of all the obstacles hitherto opposed to the free exercise of labor, must have an effect on the development of all intellects,

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<sup>13</sup> TRANSLATOR’S NOTE: In *The Economic Revolution*, the chapter on the “Six Question” was largely omitted and portions were incorporated into the “Conclusion.”

<sup>14</sup> These ideas relate to the subject of our Memoir to the Academy.

which will then find themselves, with respect to the order of ideas, in a state of anarchy similar to that which reigns today in the order of facts. But, at that time, too, economic reform, having brought about a vigorous organization among the masses through liberty, will give them victory over the minority that merely exploits by virtue of the remnants of the privilege of thought. Since social order is inconceivable outside the subordination of liberty to reason, this second manifestation of humanity's *historical law* must necessarily occur. Then humanity will achieve order, under penalty of social death.

It will be in this way that progress in the material or economic system, by the very effect of the immense and inevitable disruption it must cause in one element of the social equation, will bring about the development of the other, so that harmony or order may result from the equality between them. It is from this perspective that we examine the revolutionary problem that the *Bank of the People*, as a material instrument, is designed to solve, acting not as a direct organizer of society, but as a powerful lever for dismantling the remnants of privilege that still stand in the way of the clear manifestation of *truth* and the exercise of *justice*.

We stated at the outset (page 4) that “we consider the Bank of the People as *one economic formula* for the new era, as *one reflection* of the new face of labor, as *one new code* for the economic mechanism of the future society.” These phrases clearly express that we do not consider the Bank project as the *sole* formula, the *sole* reflection, the *sole* code for the economic mechanism of the future society. On the contrary, we declare that there may be *other* combinations that could satisfy, more or less effectively as the Bank of the People, the economic conditions it proposes to fulfill. But as for the principles, as for the foundations upon which the Bank's theory rests, we declare, we boldly maintain, *that they are manifestations of absolute justice and, as such, inevitable; for what is essentially just must come to pass.*<sup>15</sup>

The Bank of the People, in order to achieve the great result of the real emancipation of labor, aims: 1. *to liberate the soil*, the source of matter and forces; 2. *to liberate capital*, the instrument of production. It proposes to obtain this through *free and mutual credit*, acting immediately on capital and indirectly on the soil. — Indeed, it is easy to understand that the establishment of free credit, by eliminating interest on capital, will successively eliminate all other levies required by the use of the soil, the source of matter and the instruments of production.

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<sup>15</sup> TRANSLATOR'S NOTE: The paragraphs that follow — until the next note — were excluded from the reprint.

The Bank proposes to organize credit in order to: 1. provide everyone, at the lowest possible prices and under the best possible conditions, with the use of land, houses, machinery, tools, capital, products, and services of all kinds; 2. facilitate for everyone the sale of their products and the placement of their labor, under the most advantageous conditions. (Article 2 of the statutes.)

The Bank is founded on the principles whose demonstration and development have been given in this document. Since every operation of *credit* is resolved into an *exchange*, the provision of capital and the discounting of securities cannot and must not give rise to any interest. Consequently, the Bank of the People, having for its *basis* the essential principle of free credit and exchange; for its *aim* the circulation of securities, not their production; and for its *means* the mutual consent of producers and consumers, can and must operate without capital. This goal will be achieved when the entire mass of producers and consumers has adhered to the statutes of the society. Until then, the Bank of the People, having to conform to established practices and the prescriptions of the law, and, above all, in order to more effectively solicit the support of citizens, will constitute a capital (Art. 9).

The Bank's capital will be formed by shares; these will be registered shares. Issue will be issued only at par. They will not bear interest. (Articles 10, 41, and 19.)

The paper of the Bank of the People shall bear the title of **CIRCULATION VOUCHER**; it differs from ordinary bank notes payable on *demand* and in *specie*, in that it is a delivery order with a social character, rendered perpetual, and payable on demand by any member or associate, in *products* or *services* of their industry or profession. (Article 18.)

Every member undertakes to purchase, preferentially, all consumer goods that the society may offer, from members of the Bank, and to reserve their orders exclusively for their fellow members and associate associates. Conversely, every producer or merchant who is a member of the Bank of the People undertakes to deliver the goods of their trade and industry to other members at reduced prices. Payment for these sales and purchases between the various members, that is, the reciprocal exchange of their products and services, will be made using the Bank's paper, namely the *circulation voucher*. (Articles 24 and 22.)

The consumer member benefits from reduced prices and good product quality; the producer member ensures a large customer base. We will soon see why the latter might lower their prices.

It is already clear that any consumer member, finding an advantage in purchasing from the establishments of producer members, since they find the

prices reduced, will be quick to exchange their currency for the circulation vouchers that this benefit provides. It is also evident that even non-members will not disdain acquiring the vouchers to buy at lower prices. Consequently, the Bank can successively acquire a large amount of cash.

To facilitate the use of circulation vouchers, provisions will be made, by various means indicated in the statutes, for the opening of bakeries, grocery stores, and other essential branches of commerce and industry, intended to serve the needs of those holding circulation vouchers. (Art. 27.)

These, in summary, are the means adopted by the Bank to benefit producers and consumers and increase the amount of cash in circulation. Now, let us examine the other operations it proposes to promote, and the immediate use of its capital. These consist primarily of *discounting*, *commercial paper*, *advances* on consignments, *overdraft advances* or *credits* on a promise of labor with a guarantee, *advances* on annuities and mortgages, and the *ordering* or *advance* of funds. Following these will be the secondary operations of *payments* and *collections*, *savings*, *relief*, and *retirement funds*, *insurance*, *consignment* and *budget management*.

We will continue to extract from the statutes the main articles concerning these operations, the simple reading of which is sufficient to understand the system and its scope.

The discounting of commercial paper will be carried out by delivering the circulation vouchers against good commercial securities, to the extent that the Bank's realized capital provides. (Art. 31.) — The Bank of the People discounts commercial paper with two signatures. (Art. 53.) — Provisionally, the interest rate, including the commission, is fixed at two percent per annum. It will be reduced gradually, as the company progresses. In no case may the discount commission fall below one-quarter percent. (Art. 35.) — Discounting on consignments is a means of relieving the congestion of warehouses and coming to the aid of commerce and industry overflowing with products but lacking markets. (Art. 57.) — The Bank of the People purchases on credit, at half, two-thirds, three-quarters or four-fifths of the cost price, depending on the circumstances, the nature of the goods and the customers' products, and has them deposited either in a public warehouse or in a store that it will designate. (Art. 59.) — Until the term fixed by the sales contract, the transferor will have the option of repurchasing the goods by reimbursing the Bank only the sum advanced by it. After this time, the Bank has the deposited goods sold at public auction. The excess of the price obtained by the sale over the price fixed by the deposit belongs by right to the transferor of the goods. (Art. 40.) — The State, for its bonds; manufacturers, for their products; merchants, for their goods;

Landowners, farmers, and cultivators for their harvests, holders of bonds, in short, all citizens, can benefit from the institution to obtain advances. (Art. 41.)

Through these articles, one can clearly understand how the Bank facilitates the placement of products, immediately rewarding producers for their labor and providing them with the means to continue production. The following operation tends even more directly toward this second goal.

The Bank of the People discounts future products, that is to say, it opens overdraft facilities to its members, either on collateral, or on property titles or personal guarantees of production. (Art. 42.) – This is the means by which every member will be provided with the necessary funds to develop their industry or create a new one, and the opportunity to sell at reduced prices to other members of the Bank, since the Bank does not charge interest on its advances. This is yet another way to develop production immensely. We have just seen how the Bank supports and also facilitates the placement of products.

Mortgage loans constitute one of the Bank of the People's most significant operations, due to the major economic reform it aims to effect through credit, namely: the return of land to the free social fund.

The Bank will lend by way of lines of credit to owners, whether merchants or not, on long-term mortgage bonds and annuities. If, at the agreed term, the owner has not repaid the loan, or if, for two consecutive years, they have been unable to pay the agreed annuity, the Bank will proceed with expropriation. Should the Bank acquire the property, it is its principle that the expropriated party should have priority over all others, for themselves and their family, in the right of habitation and operation, as a tenant farmer or manager, under the conditions established by the Bank. (Art. 46, 47, 48.)

Today, mortgage loans not only expose landowners to the risk of eviction from the farms where they were born and raised with their children, but also expose the land to becoming the property of foreign capitalists who, by enjoying the income in their respective countries, deplete the wealth of the land where the properties exist. The Bank of the People system, while contributing to the dismantling of the privilege of landed property, satisfies the respectable customs of farmers and aims to establish the inalienability of a country's land ownership for the benefit of its people. If, in the long run, the Bank of the People should produce only this one advantage, it would be of immense benefit to future wealth and happiness, and to rational social transformation.

In addition to *real estate* credit operations, the Bank also offers *personal* credit operations. It provokes, encourages, sponsors, and supports, through its influence, the authority of its knowledge, and its advances, any agricultural, industrial, scientific and other undertaking: any attempt at worker association

that appears to it to offer sufficient guarantees of skill, morality and success. The advances thus made by the Bank are not limited partnerships and cannot, under any circumstances, be considered a payment of shares; they remain, like advances on the consignment of goods, and like lines of credit on real estate, simple discounting operations, and constitute the Bank's own *order*. (Articles 50 and 51.)

The statutes explain how this protective, guiding and encouraging mechanism for labor will be organized. We can only give here an idea of its fortunate tendency to develop production immensely, with a view to satisfying the social needs of all kinds. — Reading the Statutes, the Report of the Luxembourg Delegates' Commission and a *Detailed Explanation of the Bank*<sup>16</sup> is essential for a precise understanding of its resources and mechanisms.

### CONCLUSIONS.

We have just set forth the principles upon which the Bank of the People is based, and the essential reforms it is intended to produce.<sup>17</sup> We believe we have done so without mixing into our reasoning any impassioned idea, any political idea, any idea of blame against those who, in various historical phases, have had to play the role of dominators and exploiters. This role was inevitable, for it resulted from the existence of other people who had to be dominated and exploited, under penalty of social death. From this point of view, no one is to blame, no one is to be pitied; social necessity dictated the law and humanity has submitted to it. But, as soon as the future evolution of the law is demonstrated, the most serious responsibility rests on those who oppose it. Following the successive developments of this historical and inevitable law, we have seen all the systems of domination and exploitation that had dominated the world annihilated and disappear one after the other; which, however, had served as the foundation of the social order in every era. We have recognized that the ruin of these foundations always came about through the successive expansions of the body they had to support. Each new economic form has, in effect, been nothing but an expansion, from absolute repression to liberty, of the basis called labor. We could have, by generalizing the principle, presented the parallel series of evolutions of historical law with respect to the intellectual or moral order.

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<sup>16</sup> By V. Chipron and Raginel. — Available, along with the other printed materials cited, at the offices of the Banque du Peuple, 25 rue du Faubourg Saint-Denis.

<sup>17</sup> TRANSLATOR'S NOTE: In *The Economic Revolution*, the remainder of the "Conclusions" consists of the remainder of this paragraph, the next paragraph and the final paragraph in this edition.

Our work having been a simple exposition, we did not need to mix in the expression of our personal feelings. Had they been extraneous and useless to ascertaining the truth of the picture, they could only have detracted from the accuracy of the portrait. On the contrary, their absence should result in an advantage for our writing: that of becoming accessible to all kinds of readers, without fear of frightening or captivating them in advance with its political hue.

We believed that if such an abstraction was useful in any doctrinal exposition, it became indispensable in one whose subject was the Bank of the People; because the *revolutionary* reputation of its author could harm all his projects by giving them the same tinge. The scientific exposition we have just presented will serve to demonstrate the absolute independence of the economic idea from any particular political tendency. M. Proudhon may be as revolutionary as one likes; we will never have the foolish pretension of denying the finest achievement of his life; we simply declare that, in the promulgation of the principles of the Bank of the People, the bold destroyer of the old society, without abandoning his principles, presents himself as the architect of the new order. In this phase of his life, his attitude awakens in our minds the following thought of M. Lamartine: “The French Revolution — which will later be called the European Revolution, for ideas take their course like water — is not merely a political revolution, a transformation of power, one dynasty replacing another, a republic instead of a monarchy; all that is but accident, symptom, instrument, means. The work is so much more serious and so much loftier that it could be accomplished under all forms of political power, and one could be a monarchist or a republican, attached to one dynasty or another, a supporter of this or that constitutional combination, without being any less sincerely and profoundly revolutionary. *One may prefer one instrument or another to move the world and change one's position; that is all.* But the idea of revolution, that is to say, of *change and improvement*, nonetheless enlightens the mind, nonetheless warms the heart. Which of us is the thinking man, the man of heart and reason, the man of religion and hope, who, placing his hand on his conscience, and questioning himself before God, in the presence of a society falling into anomaly and obsolescence, does not answer himself: **I AM A REVOLUTIONARY!**” (*Voyage en Orient*, vol. IV, p. 504.)

The author of *The Bank of the People* is one of these revolutionaries. By choosing *the instrument to move the world and change his position*, he is merely obeying the laws of social necessity within the economic order. In this respect, and for the same reason that he is the *destroyer* of the artificial order, he becomes the *founder* of the real order. Conversely, the *conservatives* of this order, which has become artificial because it is incompatible with the new needs of society, are *real revolutionaries*; for the obstacles opposing the fulfillment of historical law

can only serve to activate and condemn the active force of humanity and to produce a spectacular display through its sudden and inevitable manifestation. We submit these reflections to the consideration of people of all parties, asking them to read them with the same impartiality with which we wrote them. We recommend that they completely renounce their social standing and their respective interests, for neither positions nor interests carry any weight in the balance of fate. The frank and loyal cooperation of all citizens in favor of economic reform may still, perhaps, set the revolutionary locomotive on the tracks; but if, instead of placing it on the path, obstacles are piled up, we say this with full conviction: *the locomotive will burst.*

Paris, February 1849.