

# MARXIAN THEORIES OF SOCIAL CLASSES

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## I

Marxian theories of social classes had changed, from Marx's theory that the centralization of capital leads to the ruin of smaller businesses and middle class in the course of development of capitalistic economy until there is only one capitalist or one company of capitalists and the proletariat, to neo-Marxian theories that smaller businesses can and will maintain their existences in their competition with larger businesses and consequently the middle class will not ruin, confronting the fact that in spite of Marx's theory smaller businesses in fact had not decreased but rather increased at least in an absolute number.

Karl Marx, in the chapter titled "General Law of Capitalistic Accumulation" in "the Capital" published in 1868, asserts that in consequence of the advantage of "co-operation" of larger businesses, the development of capitalistic economy leads to the extinction of smaller businesses and as a result of it "expropriators will be expropriated" by the social revolution, as follows.

"Even if the way of work remains same the simultaneous application of larger number of workers causes a revolution in the objective conditions of the process of work. Buildings in which many men work, depositories for raw materials and others, containers, instruments, apparatuses which serve many men simultaneously or in turn, in short a part of means of production is now consumed commonly in the process of work. On the one hand the exchange value of goods, accordingly also of the means of production does not rise utterly through whatever raised exploitation of their use value. On the other hand the scale of the commonly used means of production grows. A room in which 20 weavers work with looms must be extended more broadly than a room of one independent weaver with two journey men. But the production of work shop for 20 persons costs less labour than that of 10 work shops for each two persons, and so the value of the massively concentrated and common means of production does not grow in general in proportion to their scales and their efficiencies. The commonly utilized means of production transfer less component part of value to each product, partly because the total value which they transfer, is distributed at the same time on a larger mass of products, partly because they, in comparison with separated means of production, surely with absolutely larger, but, considered their scopes of effect, with relatively less value, go into the process of production. Hence a component part of the value of constant capital (means of production) falls in proportion to its largeness, also the total value of goods. The effect is same as if means of production would be produced more cheaply. This economy in the application of means of production springs only from their common consumption in the process of work of many men. And they hold this character as conditions of social work

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or social conditions of work in difference from the separated and relatively expensive means of production of separated independent worker or small master, even when many men work only in place together, not with each other. A part of means of work gets this social character before the process of production itself gets it.

The form of work of many men who in the same process of production or different but related processes of production, work according to a plan side by side or with each other, is called as a co-operation.

As the power of attack of cavalry squadron or the power of resistance of infantry regiment is essentially different from the total of powers of attack and resistance developed by each cavalry and infantry, so the mechanical total of powers of separated workers from the power which develops when many hands work together simultaneously in a same undivided operation e.g. when it matters to lift a load, to turn a crank or to get out of way a resistance. The effect of combined work could be brought about here by the separated utterly not or only in much longer time or only in a trifling scale. It matters here not only the increase of individual productive power through co-operation, but the creation of a productive power which itself must be a mass-power.

Apart from the new power which springs from fusing many powers into a total power, the mere social contact brings about on most productive works a competitive spirit and a self-stimulation of animal spirits, which increases the individual productive ability of an individual, so that one dozen of persons together in a simultaneous work-day of 144 hours produces a total product much larger than twelve separated workers, of whom each 12 hours or one worker who 12 days one after another works. This comes from, that a man is by nature, if not, as Aristoteles thinks, a political, in any case a social animal.

Though many men do together simultaneously a same or similar work, yet an individual work of each man can form a part of the total work, a special phase of a process of work itself through which the object of work runs faster in consequence of co-operation. For instance when stone-layers form a series of hands in order to transport building-stones from the foot of a ladder to its top, each of them does the same, but nevertheless forms continuous parts of a total work, different phases which each building-stone must run through in the process of work and through it perhaps 24 hands of total workers transport it faster than two hands of each individual worker who goes up and down a ladder. The object of work runs through faster same place. On the other hand a combination of labour is found when a building is attacked from different sides, though co-operators do a same or similar work. The combined work-day of 144 hours which attacks the object of work on many sides in place, because combined workers or total workers have eyes and hands before and behind and in certain degree an omnipresence, accomplishes a total product faster than the work-day of twelve hours of more or less separated worker who must attack his work on one side. In the same time ripens different parts of product in place.

We emphasize that many men who supplement each other do a same or similar work, because this most simple form of common work plays a large role in the most progressed form of co-operation also. Is the process of work complicated, so permits the mere mass of together-workers different operations among different hands to distribute, hence simultaneously to perform and through it work-hours necessary to produce the total product to shorten.

If workers in any case can not directly work together without together to be, hence their congregation on a certain place is the condition of their co-operation, wage-workers can not

co-operate without that the same capital, the same capitalist applies them simultaneously, hence buy their labour powers simultaneously. Therefore the total value of these labour powers or the sum of wages for a day, a week and so on must be combined in the purses of capitalists before labour powers themselves will be combined in the process of production. The payment of 300 workers one time, also only for one day conditions more expence of capital than the payment of less workers every week during a whole year. Hence the number of co-operating workers or the scale of co-operation depends firstly on the largeness of capital which an individual capitalist can expense in the purchase of labour power i.e. on the volume in which each capitalist disposes of the means of subsistence of many workers.

And the constant capital (the quantity or value of means of production) is under the same circumstances as the variable (the quantity or value of labour power). The expense for raw materials is e.g. 30 times larger for one capitalist who employs 300 workers than for each of 30 capitalists who respectively employ 10 workers. The largeness of value and the material mass of the commonly utilized means of work certainly does not grow in the same degree as the number of workers employed, but they grow remarkably. The concentration of larger mass of means of production in the hands of individual capitalists is thus the material condition for the co-operation of wage-workers, and the volume of co-operation or the scale of production depends on the volume of this concentration."

"How the development of social productive power of labour premises a co-operation on larger scale, how only under this premise can be the division and combination of labour organized, the means of work which is certainly materially only commonly applicable e.g. the system of machinery and so on called into life, an enormous natural power in service of production pressed and the conversion of a process of production into a technological application of science performed, had been shown. On the basis of production of goods, where means of production are properties of private persons, where therefore a hand worker either isolated and independently produces or sells his labour power as goods because he lacks means for self-employment, that premise is realized only through the growth of individual capitals or in the degree in which social means of production and life are converted into private properties of capitalists. The ground of production of goods can bear a production on larger scale only in the capitalistic form. Hence a certain accumulation of capital in hands of individual producers of goods forms the premise of a specially capitalistic method of production. For this reason we must premise it in the transition from a hand work to a capitalistic business. It may be named as the original accumulation because it is in stead of the historical result the historical basis of a specially capitalistic production. How it itself springs, we here do not still need to investigate. Enough, it forms the starting point. But all methods for the increase of a social productive power of labour which grows on this basis, are at the same time methods of an increased production of surplus value or surplus product which on its side is a forming element of accumulation. They are thus at the same time methods of production of capital through capital or methods of accelerated accumulation. The continuous reconversion of surplus value into capital appears as a growing largeness of the capital going into a process of production. This becomes on its side the basis of an enlarged scale of production, of its accompanying methods for an increase of productive power of labour and an accelerated production of surplus value. If thus a certain degree of accumulation of capital appears as the condition of a specially capitalistic method of production, the latter reactingly causes an accelerated accumulation of capital. Hence with the accumulation of capital develops

a specially capitalistic method of production and with a specially capitalistic method of production the accumulation of capital. These both economic factors produce, according as the composite proportion of stimulus which they bestow each other, a change in the technical composition of capital, through which the variable component becomes more and more small compared with the constant.

Every individual capital is a larger or smaller concentration of means of production with a corresponding command on a larger or smaller army of workers. Every accumulation becomes means of new accumulation. It enlarges with an increased mass of the wealth which is functioning as a capital its concentration in hands of individual capitalists, hence the basis of a production in large scale and of a specially capitalistic methods of production. The growth of a social capital performs in the growth of many individual capitals. Premised all other things' as constant, grows individual capitals and with them a concentration of means of production in proportion in which aliquot parts of a social total capital forms. At the same time young branches are separated from original capitals and function as new independent capitals. In this case among others a division of fortune in families of capitalists plays a large role. Hence with a accumulation of capital grows more or less the number of capitalists also. Two points characterize this kind of concentration which directly depends on an accumulation or rather is identical with it. Firstly: a growing concentration of social means of production in hands of individual capitalists is, under other things remaining equal, limited through the degree of growth of a social wealth. Secondly: the part of social capital which abides in each different sphere of production is divided among many capitalists who confront with each other as the independent and mutually competing producers of goods. The accumulation and its accompanying concentration is thus not only broken up on many points, but the growth of functioning capitals is impeded through the formation of new and the splitting of old capitals. Hence an accumulation appears on the one hand as a growing concentration of means of production and of command on labour, so on the other hand as a mutual repulsion of many individual capitals.

This splitting of a social total capital into many individual capitals or a mutual repulsion of its fragments is impeded by their attraction. This is no more a simple concentration of means of production and of a command on labour identical with the accumulation. It is the concentration of capitals already formed, the abandonment of their individual independences, the expropriation of capitalists through capitalists, the conversion of many smaller into less larger capitals. This process differs from the first through the fact that it premises only a changed distribution of existing and functioning capitals, hence the room for its play is not limited through the absolute growth of a social wealth or the absolute limit of accumulation. The capital expands here in a hand to a large mass, because it there in many hands is lost. It is the proper centralisation different from accumulation and concentration.

The law of this centralisation of capital or of attraction of capital through capital may not be here developed. Short indication of facts suffices. The competition struggle is performed through the cheapening of goods. The cheapness of goods depends, *caeteris paribus*, on the productivity of labour, this again on the scale of production. Therefore larger capitals slay smaller. Man remember further that with the development of a capitalistic method of production the minimum size of individual capital which is required in order to carry on a business under its normal conditions. Hence smaller capitals rush in the spheres of production which a large industry had occupied still only sporadically or unfully. The competition rests

here in direct proportion to the number and in inverse proportion to the size of rivaling capitals. It ends always with the ruin of many smaller capitalists whose capitals partly transfer in the hands of victors partly ruin. Apart from this, with the capitalistic production is formed a quite new power, the credit system, which in its beginning steal in secretly as a modest helper of accumulation, through invisible strings draws in hands of individual or associated capitalists the money means which are scattered in larger or smaller mass over the surface of society, but soon becomes a new and effective weapon and ultimately converses in an enormous social mechanism for the centralisation of capital.

In the degree in which the capitalistic production and accumulation, in the same degree develops the competition and the credit, the both most powerful lever of centralisation. Besides the process of accumulation increases centralisable stuffs i.e. individual capitals, while the extension of a capitalistic production creates, here social demands, there technical means of huge industrial undertakings whose performance is combined on a preceding centralisation of capital. Today is thus a mutual attraction power of individual capitals and a tendency to centralisation more strong than former. Moreover even if the relative extent and energy of a centralising movement is determined in a certain degree through the already acquired quantity of capitalistic wealth and the superiority of economic mechanism, so certainly the process of centralisation never depends on the positive growth of the quantity of social capital. And this especially distinguishes the centralisation from the concentration which is only another expression for the reproduction on an enlarged scale. The centralisation can arise through the mere changed distribution of existing capitals, through the simple change of a quantitative grouping of components of the social capital. A capital can here grow to a huge mass in one hand because it is deprived there from many individual hands. In a given department of business the centralisation would have reached its extreme limit when all capitals invested there are fused into one individual capital. In a given society this extreme limit would have been reached only in the moment when the total social capital is united in the hand, be it of one individual capitalist, be it of a sole company of capitalists."

"This expropriation is performed through the play of an immanent law of capitalistic production itself, through the centralisation of capital. Always one capitalist kills many. Hand in hand with this centralisation or the expropriation of many capitalists through a few develops the co-operative form of a process of work on a continuously growing scale, the conscious technical application of science, the planned exploitation of land, the conversion of means of work in the means of work usable only commonly, the economization of all means of production through their use as means of a combined, social work, the involution of all nations in the net of world market and with it the international character of a capitalistic regime. With a continuously decreasing number of capital magnates who usurp and monopolize all advantages of this process of change, grows the mass of poverty, oppression, subordination, depravity, exploitation, but the rebellion of the class of workers who continuously increase and educated, united and organized through the mechanism of a capitalistic process of production itself. The *monopole* of capital will become a fetter of the method of production which prospers with and under it. The centralisation of means of production and the socialisation of work reaches a point where it will be unreconcilable with their capitalistic hull. They will be crushed. The time of a capitalistic private property is drawing near. Expropriators will be expropriated.

The capitalistic method of acquisition, therefore the capitalistic private property which

arises from the capitalistic method of production, is the first negation of the individual private property based on a self-work. But the capitalistic production produces with the necessity of a natural process its own negation. It is a negation of negation. This produces not a private property again, surely but an individual property based on the base of acquirements of the capitalistic era: a co-operation and a common property of land and means of production produced through labour itself.

The conversion of a mangled private property based on a self-work of the individual in a capitalistic is naturally a process uncomparably more lengthy, hard, difficult than the conversion of a capitalistic property already actually based on a social production management in a social. There matters the expropriation of a mass of peoples through a few usurpers, here matters the expropriation of a few usurpers through a mass of peoples."

## II

Now Karl Kautsky, the well-known successor of Marx, in the preface of the 1904 edition of his "the Erfurt Program" published in 1892, in order to explain the fact that smaller businesses in fact have not ruined utterly as Marx predicted, but rather increased at least in an absolute number, describes as follows.

"With the concentration of capital, as Marx interpreted it, not only the maintenance but even a certain increase of small businesses is compatible, and that not only in the agriculture but also in the industry, and in the commerce. When man thinks in the sense of Marx's dialectic, man will easily understand this increase.

Every tendency produces opposite tendencies which try to abolish it. But also where they succeed in it, they do not cause by it a mere return to the conditions which existed before a prevalence of the abolished tendency, but they create something essentially new. For example the poverty which the capitalism natural-necessarily hangs on the proletariat, produces its struggle against the poverty. But where the class struggle of proletariat becomes strong sufficiently to press back the poverty produced by the capital, the result is perhaps not a before-capitalistic idyll of workers. Further but if the proletariat strives to organize itself and through it to shift the relation of strength which exists between individual wage workers and individual capitalists, so this effort produces on the other side again an impulse to organizing undertakers. Now where the organisation of workers stands against the association of undertakers, the old relation of strength between individual wage-workers and individual undertakers appears to be produced again. Nevertheless the new relation of strength is in fact surely a quite other. However capitalists can become powerful through their organisations, an organisation of undertakers may certainly no more so deal with the organisation of proletariat as an individual capitalist with an isolated worker. And the consciousness as the tactics of organised workers remain under all circumstances other than those of the separated.

A similar dialectic process causes also that from the concentration of capital itself again under circumstances springs an increase of small business. But a new small business is a quite other than an old, has with this only appearance common and plays economically as politically a quite other role.

The concentration of capital as well-known according to Marx's view leads not only to

a disolution of a transmitted, independent small business conducted essentially without a durable wage labour, but also to an increase of a reserve army of labour power. It throws much more labour power on a market than this can absorb. However nothing is more erroneous than the view that a whole industrial reserve army consists of unemployed. In reverse this forms only a small part of it, only its highest and lowest strata—here the lumpen proletarians, the idlers who do not fear the unemployment, there the organised aristocrats of workers whose organisation is strong enough to support their unemployed during some time. But a large middle stratum who still looks for a wage-work and finds nothing corresponding to their occupational abilities are forced to cling to other possibilities of utilizing their labour. But the sole alternative to a wage-work offers to-day an independent small business—a co-operative business does not still come in consideration as a mass phenomenon.

Thus the faster the concentration of capital goes, the faster it ruins an original small business and increases an industrial reserve army, the larger is an impulse among the expelled labour powers for the establishment or maintenance of a small business. The expelling of a small business here corresponds its expansion there.

The concentration of capital eliminates to-day in Germany a small business most fastly in the industry of light stuff where from 1882 to 1895 a small business decreased by 25 per cent, the industry of stone and clay (decrease 24 per cent) mine and refinery (decrease 34 per cent) textile industry (decrease 42 per cent).

But the same development increased a small business in the trade of commerce by 39 per cent, in the trade of insurance by 60 per cent, in the trade of lodging and recreation by 35 per cent, in the production of tobacco and cigarette a small business increased from 5465 to 9708, by 78 per cent. Against these numbers are numbers of increase of an agricultural business under 2 hectares (5.8 per cent) and from 2 to 5 hectares (3.5 per cent) of most trifling nature. If man considered only numbers of statistics, could man tell also for the commerce, the bar, the production of tobacco and moreover a pair of small departments of industry the principle that the law of concentration of capital does not valid for them. And yet we know quite correctly that it is valid here also.

New small businesses arisen from the concentration of capital—home-workers, peddlers, petty farmers and so on—are of nature quite other than those expelled through the concentration of capital. This depended on a private property of means of production which were a free property of their possessors: a new small business gets in advance the most important of its means of production from the capital to which it is obliged to obey for it—a small farmer on the land leased or in debt, not less than a home-worker whom raw materials are supplied from an advancer or a master of bar who is merely a consignee of brewer, just as a peddler or a small retailer who purchases on credit the goods which he sells.

An old small business formed a middle class—its possessor half capitalist, half wage-worker, stood between the both. The possessor of a new small business stands under a wage-worker: he is much more defenceless than this, his standard of living is often lower, his work time is longer prolonged, his wife and child is much more exploited. A new small business forms not a position in which a wage-worker ascends, but that in which he falls—beside independent possessors of small businesses who fall to it.

An old small business which was expelled through the concentration of capital, formed a competitor of the latter: It stood hostilely against individual capitalists as a member of the same class of independent producers. A new small business forms an object of exploitation

of the capital and as the reserve of labour power of a large business a premise for its prosperity: it stands hostilely against capitalists not as a member of the same class but a member of an other class of proletariat oppressed and exploited by it.

A capitalistic large business can not develop if it does not command a reserve of labour power which on the one hand oppresses wages of employed wage-workers and on the other hand permits the capital to utilize every condition of business and to expand sometimes leapingly a production through a rapid introduction of new labour powers.

This reserve is offered to it by the crowd of unemployed less than by the new sort of small business which, man can say, is proletarianised. Only in relatively few departments of work has been hitherto possible the support of unemployed during sufficiently long time. The mass who has been unemployed during long time and drawn away from the custom to work becomes unusable for the exploitation through capital. Quite different the workers and possessors of a proletarianised small business. They tend always to flow to a large industry as soon as a payable work exists there and they come to it with all of the will to work, skill and obedience which a proletarianised small business produces.

As soon as a long continuing era of prosperity becomes feelable many workers of the rural and urban small businesses give up their opportunities for work in order to turn to large businesses. The possessor of a small business himself is, especially in the agriculture, most too much fastened on it to be able to turn his labour power likewise immediately. But he sends to it the most energetic and intelligent member of his family, so that a small business is carried on often only still by old men and children, showing most manifestly its new function in the capitalistic era to serve as places of production of new labour power and depots for workers who became useless.

Not only an industrial, also an agricultural large business requires more and more this reserve army supplied by a small business: surely an agricultural large business still more than an industrial. Because one of the circumstances which urges it in opposition to the latter, comes from that new technics, especially a division of labour and a machine, make an agriculture, where it is carried on capitalistically, more and more a season industry which requires sometimes a large mass of workers, in a between-time less labour power. Therefore the shortage of worker of large land owners which would be more hard without a reserve of small farmers, especially in the east of Germany and beyond its border which from year to year supplies to a large business the labour power expected most profoundly. Without this surplus of labour power supplied by small farmers large agricultural businesses in Germany would be in a still much larger distress than it is. In so far thus on the present organisation of production a small business is indispensable for the carrying-on of agriculture: not as a technical superior competitor, but a most sure and abundant supplier of proletarians for a large estate. Hence this seeks also itself artificially to create a small business in order that more proletarians become supplied.

So we see that the concentration of capital itself produces again the need for an increase of small business and promotes it.

But does this lead to *ad absurdum* the Erfurt Program which speaks of the natural necessity of a ruin of small business? Never. It matters only to the ruin of that small business "whose foundation forms a private property of worker of his means of production."

This is valid, as we have seen, not for a new small business whose most important means of production possesses the capital. A new small business is a quise proletarian organisation



whose belongers more and more lose all interest on a private property of means of production, more and more come to the same class opposition as the wage-working proletariat. Formed an old small business the most solid fortress of a private property of means of production and with it of capitalism, a new small business forms an element of the proletarian opposition against this private property and with it against the capital. Since those who work in it are more isolated, oppressed, overworked than workers of a large business, their economic situation also not so simple and plain that a proper wage-worker, they are much more difficult to organise and to bring to consciousness of their conditions than this: they can under circumstances as a strike breaker and a conservative elector slow the emancipation struggle of proletarians, but they forms nowhere more an element on which the capital can establish lastingly its rule. Sooner or later they drive their class interests steadily on the side of struggling wage-workers.

The old small business handed down from the flourishing times of hand-work formed one of most solid and indispensable foundations of the economic society of its times. The new small business forms one of its waste products which under the given social conditions is just so inevitable as crime and prostitution but can not be a healthy foundation of society just as these. The new small business becomes more and more a parasitic thing, an emergency measure which only burdens the society and as soon as the need dissolves is abandoned easily and willingly by those living by it. To-day already we see how during every epoch of prosperity a large number of small businesses in city and land are abandoned. Would some time the proletariat acquires the political power and with it the possibility to arrange the whole production correspondent to its interest, it must above all strive to abolish an industrial reserve army. But it would lead to a rapid desolution of small businesses in most departments of industry, commerce and agriculture.

Nothing is more erroneous than the view that a socialistic production becomes possible only when all small businesses are absorbed. It would be then not possible because the concentration of capital makes a small business not wholly disappear but often makes a new take place of an old. The absorption of this new parasitical-proletarian small business becomes possible only through the introduction of socialistic production. The latter is the preparatory condition, not the result of the wholly disappearance of small business out of all economic spheres where it technically has become useless.

Not the wholly disappearance of small business out of statistics of business, but its exclusion out of processes of production which rule the social life, its subordination under the capital which monopolises means of production and all advantages of their progressing improvements, they are the preparatory conditions of socialism. That they grow most rapidly, is to-day clear even to a social and political blindman.

The theory of Marxism of concentration of capital taken into the Erfurt Program is to interpret in this sense. So interpreted, this principle is not only not contradict with actual facts, it offers rather the possibility to understand it fully."

### III

E. Bernstein known as a revisionistic Marxist also in the 1931 edition of his "The pre-mises of socialism and tasks of Social Democracy" published in 1899, indicates that small and

medium businesses in fact have not ruined wholly as Marx predicted and at the same time explains "the circumstances of survival and renovation of small and medium businesses" as follows.

"In regard to England, the European country of most progressed capitalistic development, there are no general statistics of a size of business in industry. It exists only of certain departments of production and individual regions under the factory law. As to factories and work shops under the factory law, according to the report of factory inspector in 1896, 4,398,938 persons in total were employed in them. This does not amount to even the half of persons who are described as employed in industry by the census in 1891. The number in the census is without transport industry 9,025,902 persons. One fourth or one third of the remaining 4,626,919 persons is countable to proprietors in the concerned departments of production and some large and medium businesses not under the factory law. About 3 million men and small masters remain in dwarf businesses. Since 4 million workers not under the factory law are distributed among 160,948 factories and work shops, the average number of workers per one business is 27 or 28 persons. When we divide into factory and work-shop, as there are 3,743,418 workers in 76,279 factories and 655,556 workers in 81,669 work-shops, the average number of workers per one factory is 49 and that of workers per one registered work-shop is 8. What is confirmed by a more accurate examination of numbers in tables in the report, surely the average number of 49 workers per one factory indicates that at most 20,000 or 25,000 workers who represent 3 million workers in total belong to businesses employing 50 and more workers because at least two third of businesses registered as factory belongs to medium businesses employing from 6 to 50 workers. At most three fourth of 1,171,990 persons who work in the transport industry can be regarded as those who belong to large businesses. When we add this to the above-mentioned group, in any case the number of worker and assistant in large businesses is from 3.5 to 4 million while that of men employed in small and medium businesses is more than 5.5 million. Hence "the factory of world" is still not handed over to larger businesses in so large degree as is thought in general. Industrial businesses in England also rather shows a largest diversity and stratum in size are not lost.

When we compare the numbers acquired with German statistics of industry we find that the latter on the whole shows the same figure as that of England. A large industry in Germany already in 1895 occupied in the proportion in production the same position as in England in 1891. In Prussia 58 per cent of industrial workers belonged to a large industry. The development to a large industry was performed with extremely large rapidity there like in other parts of Germany. If various departments of industry (textile industry is included in them) were still behind in average England in this matter, other industries (machine and tool) reached in average the position of England and several industries (chemical industry, glass industry, a part of drawing industry and perhaps also electro-engineering) surpasses it. However in Germany also most of those who are employed in industry still belongs to small and medium businesses. In 1895 of those who are employed in industry belong 3 million persons to large businesses, 2.5 million persons to medium businesses (from 6 to 50 persons) and 4.75 million persons to small businesses. 1.25 million persons are still reckoned to a master of hand-work. Their number in about 1895 in 5 industries decreases absolutely and relatively (to the increase in population) and in 9 industries increases only absolutely and decreases relatively.

In France industry is still behind agriculture in a size of quantity. According to the census in 1894 it represents 25.9 per cent of population while agriculture represents about double size i.e. 47.6 per cent. Austria also shows a similar proportion and of the population belongs 55.9 per cent to agriculture and 35.8 per cent to industry. There are in industry 1 million independent workers against 3.3 million employees in France and 0.6 million independent workers against 2.25 million workers and day-labourers in Austria. Here also proportions are fairly similar. Both countries present a series of highly developed industries (textile industry, mining and metallurgy industries and so on) which are not smaller than those in progressed countries in size but only a part-phenomenon in the national economy. In Swiss there are 127,000 independent workers and 400,000 worker in industry. In United States of America, the country of most progressed capitalism in world, according to the census in 1890 the average number of workers per one business in industry is comparatively high. Namely 3.5 million workers in 355,415 industrisal businesses and 10 against 1. Surely there is not a dwarf business here as in England. If we take downward from upper the numbers in Prussian census of industry we get almost same average number as in American census. But if we see more minutely tables of industries which are taken up in the census by means of the "Abstract of Statistics" of United States, there are innumerable departments of industry in which the number of workers per one business is under 5 persons.

If it is the truth which a bigoted conservatist rarely disclose that technique and concentration of business cotinuously progresses in increasingly more departments of industry, it is a no less reliable fact that small and medium businesses can exist positively side by side with large businesses in a whole series of department of industry. In the industry also there is no typical development which is valid for all industries. The work performed quite regularly is left to small and medium industries while the department of industrial arts believed to be secured to small and medium businesses unexpectedly falls to large businesses. It is alike also as to a house industry. In Turich province a house weaving industry declined during long time. But from 1891 to 1897 house weavers had increased from 24,708 persons to 27,800 persons while in the silk machine weaving industry workers had increased from 11,840 persons to 14,550 persons. It is a different matter whether this increase of house weavers is to be welcome as a economically glad phenomenon. It matters here only to confirm facts. A series of circumstances which are divided into three categories determines the survival and renovation of small and medium business.

Firstly, many industries or departments of industry are suitable almost quite so well to small and medium businesses as to large businesses and the advantage of the latter over the former is so small as can be offset by a certain advantage really proper to small businesses. This is as well-known valid above all for various departments of working-up of wood, skin and metal. Or the division of labour is so made as large industries supply half-made or three fourth-made goods and they ripe to be marketable in small business.

Secondly, as most evidently manifested in a bread manufacture, in many cases the way in which consumers acquire products is circumstances favourable to produce in small businesses. If only technique matters, so the bread manufacture would be monopolised by a large industry long before. Because the possibility of the latter to do it with a large success is proved by the fact that many bread factories yield a sufficient profit. But in opposition to or side by side with cake factories and bread factories which alike acquire gradually a market, small and medium bread manufacturing businesses maintain their positions in consequence of the advantage

arisen from a direct trade with consumers. In so far as masters of bread manufacture need to consider only a capitalistic undertaking, their lives are safe still during fairly long time. The increase of them since 1882 is surely not in step with the increase in population, but ever considerable. (98,249 persons in 1909 against 74,238 persons in 1882)

But the bread manufacture is merely a conspicuous example. The same is valid for a series of industry, especially industries in which the work to produce and the work to do service is mixed. Here a farrier and a wagon carpenter is mentioned. American census shows that there are in businesses of farrier and wagon carpenter in total 50,876 persons of whom indeed the half is independent workers and German statistics of occupation show that there are 62,722 blacksmiths and wagon carpenters. They will continue to exist during fairly long time till an automobile driven by power of steam and others blows out fires of their lives and blows life in new works as a bicycle did it as well-known. Alike in tailor industry, shoe manufacture, harness manufacture, joinery manufacture, house dressing industry, clock and watch manufacture in which customer trade (repairing in various degree) and retailing maintains an independent existence.

Lastly, large businesses themselves promote small and medium businesses partly by the mass production and the corresponding cheapening of materials to be work up (auxiliary materials, half-made goods) partly by thrusting-off of capital on the one hand and "releasing" of workers on the other hand. New capitals enter in larger or smaller posts continuously in order to increase their values in the market in which the capacity to accept new goods continuously grows with increasing wealth of the society. Here the above-mentioned deed plays a considerable role. Even if "hand" has thousands fingers, a market can not live by a handfull of millionaires. But several ten millions rich and wealthy peoples certainly matter. And almost all, afterward very many luxury goods of these stratus are manufactured in small and medium businesses which in any case could be businesses fairly capitalistic in the same degree as they work up expensive materials and employ expensive machines. (working-up, art printing) Only afterward large businesses, in so far as they undertake the production of the concerned goods, care for "democratization" of one or other luxury goods.

Therefore in spite of the continuous change in composition of industries and interior system of businesses, situations appear as if large businesses do not continuously absorb small and medium businesses and they arise wholly side by side with small and medium businesses. Only dwarf businesses decrease absolutely and relatively. As regards small and medium businesses, they also increase as concluded from the fact that in Germany from 1882 to 1895 increase small businesses (1-5 persons) from 2,457,950 to 3,036,318, by 24.3 per cent, smaller medium businesses (6-10 persons) from 500,079 to 833,409, by 66.6 per cent, larger medium businesses (11-50 persons) from 891,923 to 1,630,849, by 81.8 per cent, while the population increases only by 13.5 per cent during the same time.

Hence if large businesses increase still more largely—by 88.7 per cent—in their number, it is identical with the absorption of small business in only individual cases. In fact in many cases there is not—or no more—the competition between large businesses and small businesses. (we think a large assembling factory of machine and bridge) The example of textile industry preferably mentioned in literatures is misleading in many points. The improvement in productivity exhibited by machine-spinning against old spinning repeats only sporadically. Very many large businesses do not contact wholly or mostly with the field of business of small and medium businesses because they surpass small or medium businesses not in the productivity of labour

employed but only in the size of business. (ship-building works) Therefore whoever hear that in Prussia the total number of workers employed in large businesses in 1895 about two times that in 1882, that this represented only 28.4 per cent of the total number of workers employed in industry in 1882 but already in 1895 represented 38.0 per cent, can not think readily that small businesses will soon have been the past things and their roles in economy will have ended. The above-mentioned figures indicate that the leaping extension and expansion of large business represents only one side of economic development.

The state of affairs is similar in commerce also as in hand-work. In spite of the development of large department stores medium commerce and small commerce is maintained alike. Here naturally it can not matter to refute the parasitic element of commerce or so-called intermediary business. We must observe that in any case this point also is exaggerated substantially. Consumption goods which are thrown into a market in increasingly larger quantity by the mass production and the world trade growing continuously want to be delivered to consumers in some way. Who want to deny that this could be performed with less expenditure of labour and expense than by existing intermediary business? But so long as this is not done it also will live. And as it is an illusion that we expect large businesses to absorb small and medium businesses to their trifling rest in a near future, so it is a fancy that we expect a capitalistic department store to absorb considerably small and medium stores. It damages individual businesses and here and there disturbs temporarily a whole retailing business. But they in their competition with a large department store certainly soon find the way to utilize all advantages offered by the conditions of location. New specialisation and new combination of business, new form and way of business management is formed. A capitalistic department store is the product of larger wealth of goods much more than the tool to extinguish a parasitic retailing business and has operated to shake it out of its tradition and certain monopolistic customs of it rather than to extinguish it. The number of store increases continuously. It increases from 295,000 to 366,000 during 1875 and 1886 in England. The number of persons employed in commerce still more increases. As British statistics in 1891 are in this point subject to the principle different from that in 1881, it is here preferable to see the number in Prussian statistics. In Prussia the number of persons employed in commerce and communication (except railway, post) increases during 1885 and 1895 in businesses with 1-2 shopmen from 411,509 to 467,656, by 13.6 per cent, in businesses with 3-5 shopmen from 176,867 to 342,112, by 93.4 per cent, in businesses with 6-50 shopmen from 157,329 to 303,078, by 92.6 per cent, in businesses with more than 50 shopmen from 25,619 to 62,056, by 142.2 per cent. The increase in large businesses is highest in proportion. But it does not represent the increase considerably larger than 5 per cent of the total increase. Large businesses do not the cutthroat competition with small businesses and these latter each other care for business as much as possible. Further as in proportion a corpus is certainly few the composition of sizes of businesses is not damaged. Smaller medium businesses show largest increase.

Lastly, when we see agriculture we encounter everywhere in Europe and already partly in America, as to the proportion of sizes of businesses, the movement inconsistent with all things which the theory of socialism has hither-to premised. The upward movement for a large business exhibited by industry and commerce is only slower than assumed, but the agriculture exhibits stationary or straightforwardly declining sizes of businesses.

As to Germany the census of business in 1895 shows against 1882 a relatively largest i.e. about 8 per cent increase in the group of medium farmer businesses (5-20 hectares), but the

increase in the area of land occupied by it is still larger i.e. about 9 per cent. The downward next small farmer businesses show a next large increase i.e. 35 per cent increase in the number of business and 8 per cent increase in the area of land. Dwarf businesses (under 2 hectares) increase by 5.8 per cent in number and by 12.0 per cent in the area of land occupied by them, but nevertheless decrease by 1 per cent in the portion utilized for agriculture of this area. Large farmer businesses which are certainly partly capitalistic (20-100 hectares) increase by under 1 per cent and large businesses for which the same is valid (more than 100 hectares) increase by under one third per cent.

When we turn to Holland, during 1884-1893 increase in number businesses with 1-5 hectares by 16.2 per cent, businesses with 5-10 hectares by 8.4 per cent, businesses with 10-50 hectares by 7.6 per cent, decrease businesses with more than 50 hectares by 1.2 per cent and here large businesses decrease while small farmer businesses increase.

In Belgium, according to Vanderbelt, landed properties and agricultural businesses are continuously broken up. Recent general statistics show that land proprietors increase in number from 201,206 persons in 1846 to 295,529 persons in 1880 and peasants increase in number during the same time from 371,320 persons to 616,872 persons. The total area of farm in Belgium in 1880 was under 2 million hectares, of which more than two third was tilled by proprietors.

In France in 1882 since belonged about 14 million hectares to businesses with 40-100 hectares, about 8 million hectares to businesses with more than 100 hectares, large businesses as a whole represented one fifth or one sixth. Small, medium and large farmer businesses covered almost three fourth of land in France. From 1862 to 1882 increased in number businesses with 5-10 hectares by 24 per cent, businesses with 20-40 hectares by 14.28 per cent. Agricultural statistics show that the total number of businesses increases by 30,000 while businesses with more than 500 hectares decrease by 33,000. This indicates the further division of agricultural businesses.

Now what about England, the classical country of large landed property and capitalistic farm business? We know lists of huge land proprietors which exhibit the concentration of landed properties in England sometimes by examples through news papers and the passage in the "Capital" in which Marx says that John Bright's insistence of the possession of the half of land in England by 120 land proprietors and of the half of land in Scotland by 12 land proprietors is not denied. But the land in England, as it is now, is not monopolistically concentrated in such degree as John Bright thought. According to Broadrick's "England and Land Proprietors", in 1876 about 14 million acres of 33 million acres, the land in England and Wales which were registered in the land register were properties of 1,704 proprietors of more than 300 acres (200 hectares) in total. The remaining 19 million acres were distributed among about 150,000 proprietors of more than 1 acre and innumerable proprietors of a bit of land. Mulhall told in 1892 as to England that 176,520 proprietors of more than 10 acres in total possessed one eleventh of whole area. Now how is managed this land?

From 1885 to 1895 increase in number businesses with 2-20 hectares by 1,910, businesses with 40-120 hectares by 1,672, decrease in number businesses with 120-200 hectares by 270 and here also large businesses decrease while small and medium farmer businesses increase. Besides in 1895 belonged only 27 or 28 per cent of the area utilized for agriculture to proper large businesses and only 2.46 per cent to huge businesses while 66 per cent and more to medium and large farmer businesses. (surely capitalistic farmer businesses preponderate.)

The proportion of farmer business in England is still better in Germany. Even in proper England businesses with 5-120 hectares occupy 64 per cent of the area of farm and only about 13 per cent of this area belongs to businesses with 200 and more hectares. Apart from dwarf businesses, in Wales 92 per cent and in Scotland 72 per cent of businesses are businesses with 2-120 hectares.

After all we can not doubt that in whole Europe in any case and in United States of America also alike, everywhere small and medium businesses grow while large or huge businesses decline. It is doubtless that medium businesses are often very definitely capitalistic businesses. The concentration of businesses there is performed, not in the shape of annexing more and more larger flat land to individual businesses as Marx saw, wholly in the shape of intensification of business, transition to the cultivation which needs more labour per one unit of area. We know that this is (though not solely) in large degree the result of competition with agricultures overseas and in agricultural regions or countries in east Europe. We know also just alike that, because it enables to supply corn and a series of other agricultural products to European markets very cheaply still during long time, the essential shift in factors of development is not expected from this side.

Therefore if statistical tables in progressed industrial countries partly can record that in a modern economy capitals are liable to fluctuate and so to be mustable and unstable, if the income or the fortune recorded in them can become more and more such size as the paper which in fact can be easily blown off by strong wind, so surely this series of incomes in principle is not inconsistent with the order of units of business in industry, commerce and agriculture. The order of incomes and that of businesses, especially in so far as a middle stratum is considered, exhibits a fairly definite parallel in their compositions. We see that this everywhere does not decrease but rather conspicuously expands. It makes up for what is here taken away to the upper stratum by the entrance from the lower stratum. It supplements from the upper stratum what falls downward from its stratum.

If the collapse of modern society depends on the extinction of this middle stratum between top and base of the pyramid of society, if it is based on the absorption of it into upper and lower stratum, so in England, France and Germany to-day it does not draw nearer to its realization than in any former time in 19th century."