

Added to the below translator's preface of the [Studies](#) are the only two in-text footnotes by me, I thought might be of interest. One is about the misinterpretation, by just about all known English critics/interpreters, of his term "revenu", (revenue) as meaning an *income* in the form of a salary or wage. Sismondi defines revenue as a measure of *consumption*, in other words the *determinant* of all economic efforts according to an axiomatically preset, purposeful continuity; which implies that before (final) consumption and with a socially desirable continuity and not an individual utility being of the essence, both the effort, compensated by an employer to someone for having produced a 'thing' and the thing itself, are still indeterminate in value and each separately are awaiting a return. As fact, this would make "doing" economics in any conventional sense only fruitful by chance and not by logic. Essentially, Sismondi re-visits Adam Smith's dilemma: labour units embodied – labour units commanded, in his reflections. The other added footnote is about an extension of his thoughts into the formation of an alternate economic paradigm.

STUDIES
IN
POLITICAL ECONOMY
by
J. C. L. SIMONDE DE SISMONDI
(translated by John Vertegaal)

I

TRANSLATOR'S PREFACE

Sismondi's 'Studies' is a work in three volumes, of which only the latter two deal with political economy and are included in this translation. In the preface and introduction of political economy's first volume, he does give readers some ideas of what his volume I, 'constitutional politics' is all about (indicating there that no other preface exists). However, while Sismondi's fundamental ideas on political economy have stood up well to the test of time, at least in the translator's opinion, the same can't be said in reference to his 'constitutional politics'. So enough said about volume I, by me, therefore.

Sismondi's genius, not only significantly fore-ran both Marx and Keynes, but in many respects was even bettering the conclusions by probably the most famous economists of the 19th and 20th century. In essence this was because Sismondi's ideas, about how an economy works most efficiently, were at its core inherently dynamic; like, fulfilling as its purpose, the enduring happiness FOR ALL within society. To Sismondi the production of material things, at anyone time, was meaningless. One will find him concluding more than once that the aggregate value of things may well have decreased, even though their produced quantity had been increasing. This, he reasons, is because things in the current order aren't worth what they are costing to produce, but only what their replacement is costing¹;

1 This situation will be revisited, going somewhat beyond Sismondi, more formally in a later footnote; formal in its meaning of any system wherein (accounting) arithmetic,

and, given the ever ongoing improvements in production methods, read: labor-saving devices, lowering wages per unit cost, and especially a consequent drive to compete, puts the economy in a disequilibrating mode of both over-production and under-selling or price cutting. Market clutter, due to the first, was an evil to be avoided by all means; and he shows by statistical evidence that increased production, outside a pre-existing demand for those goods, not only results in bad outcomes for workers, but for capitalist producers as well; as now, with less domestic buying power, having to export their merchandise, and seeing profits decline to the point of increasingly occurring bankruptcies.

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All micro-economic reasoning in terms of material things supplied is thus rejected; instead, his criterion is the realization of an effective-demand (macro) world economy.

But Sismondi was so much more than just a demand-side economist like Malthus, a bandwagon Keynes would jump on to about a century later. He reasoned there to be a fundamental difference between territorial wealth, a subject first approached in his earliest work (1801) on political economy: 'Tableau de l'agriculture Toscane'; and commercial wealth, the subject of his next title: 'De la richesse commerciale' (1803). The first he ascertained to produce 'usance' values, with about $\frac{3}{4}$ of the workforce employed in the field of agriculture, never entering the 'exchangeable' values produced commercially for the market. But not only that; usance values were very much commonsensical positive values, and conducive to surplus-value creation, while exchangeable values, as loaded with monetary instead of foodstuff advances, were incurred debts. Profits made on their behalf were aleatory or haphazard, and made at accounted-for losses elsewhere. Then in the beginning of his final Essay he realizes, that, as seen from the perspective of the part of the economy where exchangeable values are produced, not only its circulating capital, or the advances having been made from the national fortune, as he usually calls the total underlying capital of all commercial wealth, but the entire national fortune itself, cannot be more than a portfolio claim on the far-from-certain success of future production also; and thus, rather than a real [depletable] asset, is a to-be-made-good economic debt, too.

Unfortunately, just as things appear to get real interesting, Sismondi fails to give it the attention it deserves and develop this idea further; or perhaps he was just loath to explain at the end of his career and seriously ill, what all this would mean for the term 'fortune', or capital, which he had been using throughout this work and especially in its introduction and first two Essays as very much being of positive assistance to industrial production.

and not higher math, is of the essence. Higher math and even algebra requires that its subjects are naturally physical; and it will become clear soon that a human-made economy cannot be considered as such coherently. While an algebraic (and higher mathematical) approach to economics is thus inapplicable, a conclusion Sismondi already reached in 1803, an arithmetical formalization in terms of an economy's accounting entries in no way means a diminished one.

In other words, although his thoughts were no doubt still evolving, he is seriously contradicting himself here. But also don't forget that in his time, the agricultural sector was still enormous and the commercial sector thus correspondingly small. And as Sismondi indicated, until quite recently, everyone in the former got paid in foodstuffs; to then only afterwards share a bit of that produce for some coins obtained as wages by workers in the commercial sector, who weren't in a position to barter their output. But the situation couldn't be more different nowadays. For not only has direct farming employment dropped to well below 2% of the total workforce, now no one gets paid in kind anymore. Sismondi's conclusion that all commercial capital is an economic debt to be resolved, rather than a superfluity of depletable positive assets, is backed up by the indisputable logic of cost accounting as absolutely right. Every formal economic activity is a booked entry, and capital investments, just like all the other expenditures made, show up on the debit side of accounts; awaiting their returns there as capital, but never to move over to the positive, credit side. Capital without returns is valueless; and if no returns, there is no economy

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to analyze or account for. An economy, regardless its materiality, stands, progresses, or falls, solely by the status of its formal but non-material accounts. And whatever happens outside the latter, however considerable, stays outside; having no way to influence those booked entries in any way for the better. Alas, being right isn't quite good enough; Sismondi lacked the coherency and comprehensiveness to be able to answer theoretically the 'how-to' question, self-admittedly as shown, posed by his criterion. Now unless proven wrong from a set of realistic first principles, the logic of cost accounting is bound to shake economics down to its very core. And this would include Marxist economics as well, for Marx, after having plagiarized Sismondi's two incarnations of capital, its 'fictitious' alternate, use -, exchange -, and surplus values, in all likelihood never read his last Essay in 'Studies'; so he didn't get to grasp the ultimate meaning of commercial "wealth" and, as circumscribed by his point of departure, not only remained a Ricardian-style supply-side economist, but also made an outright fool of himself in his "explanation" of the replacement of depreciating, *positively* valued material capital in accounting terms. Instead, with this yet most significant effort², he proved, for all intents and purposes and however inadvertently it happened, that if a 'continuation' is the underlying criterion; of which replacing the existing is a crucial aspect; materialist 'formation only' "logic", as indicating the existence of a positivity, is a non-reality. This would be holding true as much for a neoclassical interpretation of an economy's workings as it would be for Marxism; for an economy that cannot logically replace itself can't possibly exist. Once one accepts non-material accounting (positive credits

2 http://ciml.250x.com/archive/marx_engels/english/tpv.pdf Ch. 3, mainly sect. 10; entitled: "Inquiry into How It Is Possible for the Annual Profit and Wages to Buy the Annual Commodities, which besides Profit and Wages also contain Constant Capital". A more detailed critique: http://www.vcn.bc.ca/~vertegaa/Marx_Debunked.pdf

as resolving earlier acquired negative debits) as valid in principle, materialist determinants (like: embodied labor, or the utility of produced things), will render any explanation of economic behavior as self-contradictory; for in philosophy, nothing can be its own opposite (a positive determinant somewhere and a negative to be resolved in an other connotation) within any one thesis.

But while Marx likely went to his grave in puzzlement, as to why he could not reason himself in the clear on this; his true-believing acolytes are, even today, still falling en-mass for Marx's desperate subterfuge – trying to save his “highbrow” ‘scientific methodology’, by positing capitalists’ off-the-books’ bartering or otherwise exchanging their positively valued capital amongst themselves, regardless of the obvious implausibility of Marx's own examples. The real tragedy of it all however, lies in the enormous waste of time, and the consequently endured inequities suffered by the working classes since that time; with Marx, while derisively mentioning Sismondi in the Communist Manifesto as a petty-bourgeois socialist, passing on the chance to stand on his shoulders as an economist, but preferring instead to stand on his own two feet as a plagiarist. Hopefully, Sismondi will now

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finally receive the recognition, for having been the true originator of an imperative class-struggle economics, he so richly deserves. So, having reached the limit of Sismondi's analysis at this point, let's next discover what the bulk of these Studies, named ‘Essais’ in French, is all about. One could say that its underlying leitmotif is his battle with the orthodox school of economic thought, he calls the chrematistic approach to political economy, or the science of wealth as represented by *things* in the abstract. This ‘formation’ approach, he says, not only is contradicted by the ever deteriorating experiences of the working class; and by the way, as far as I'm concerned, he wipes the floor with Ricardo's counterarguments³ by showing the latter to be abstracting from an indispensable dynamics, that needs generations to work itself out; but it no longer even truly follows the etymological meaning of political economy itself. The latter he defines as the ‘rule of the household and the city’. This makes sense as in latinized ancient Greek, polis means city, oikos is house, and nomikos is rule. The etymological meaning of modern economics, is clear also. However in its chrematistic significance, it loses the essence of distribution and especially plurality; and the latter is indispensable if a working economy cannot be reduced to agglomerated individuals set *in* time. When Sismondi argues in terms of goal-oriented individuals needing to form each other's reciprocal *over* time, because “as consumers they reimburse all the advances made in the production of its commodities”, he realized this was true, I know it to be true; but the point is to imprint this reality on the readers of ‘Studies’; who likely will be reading it from an economics’ point of view, in a quest

³ Sismondi takes on MacCulloch's arguments as well, and shows the absurdness and utter unworldliness the latter, as a ‘formation’ economist, needs to resort to in trying to make his case stick. (Vol. 2, p. 221)

to know how our economy works. I have therefore taken it upon myself to translate his 'cité' with 'community'; first of all, because as 'koino' it is a cognitive, and second because it would also be dispensing with the need for 'political'. A household as a rule is a small community in fact already, and as such it needs to contend with its members' wishes to continue as a household; implying that some inequality is mutually agreeable, and thus is considered by all as a valid continuity factor, but only to the limit of it leading to a greater good for all. Sismondi explicitly acknowledges this sentiment too, though in my opinion from a somewhat elitist perspective, in that the perception of the greater good for all, cannot be taken from democratic principles; which is doubtlessly true enough for the household, but in a larger setting? Yet, perhaps these anti-democratic thoughts were somewhat justifiable in his day; for during his extensive travels in the past he had observed large swatches of the population not only analphabetic, but totally devoid of any worldly knowledge and living in abject squalor. Anyway, Sismondi did concede that democracy could well come into its own once every one, like he considered the Greeks in antiquity to have been, would be equal.

In all his Essays, Sismondi shows himself to be an outstanding humanist. But, as must be expected from works written almost two centuries ago,

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most are severely dated. Slavery, ancient and "modern" colonialism, the deserted Agro Romano, the plight of the Irish, the English textile workers, the uprooting of thousands of Scottish farmers to then be replaced by a few dozen foreign shepherders; and also, the almost idyllic living conditions of Tuscans he repeatedly compares their plight to. Yet, even if occurring only sporadically, throughout these Essays he comes up with remarkable insights⁴ that are original, sometimes unique, with most still valid a couple of centuries onward in economics' thought; and even can be regarded as putting him a step ahead of modern interpretations of such phenomena.

A few examples are: he realized that the ultimate reason for taxation is to effectuate [equilibrating] arrangements that share private-sector final output with those presently in receipt of government's own disbursements, and he thus doesn't stop with (following a false linear logic) enabling a

4 The most remarkable no doubt is that he foresaw from the way things were going, and under the goal set by the directives of chrematistics as far as economies of scale and centralization were concerned: "a single super-merchandiser billionaire, in direct contact with the most distant consumers, while annihilating all intermediaries". Also, having proposed profit sharing by workers, "bringing them back from a status of mechanical agents to that of thinking beings endowed with a will", he had severe misgivings, for the same reason of how things were going, that "such an expedient would ever become workable".

I guess the running of Huawei; quite possibly the most successfully conducted business on the planet two centuries onward, evoking the ire of the world's financial elites because, as a consequence of it being an employee-owned business, there is no way to extract a share of revenue, and don't forget their faithful lackey, the American DoJ (sic); was just beyond his ratiocinative horizon.

government to direct its expenditures at whatever level it sees as correct; arguing that such taxation should be progressive; realizing that all (money) capital solely arises as a claim to future output; contending that the negative values of claims, in monetary terms, may well survive the destruction of the positive entities that would have been underlying them (though not consciously realizing that the non-resolution of those claims is the very reason of positive-entity destruction⁵); arguing that undeserved

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credit to some may well ruin the whole economy; contending that free trade is a good thing only insofar both countries will mutually benefit, but instead is detrimental when its purpose is to destroy another country's industries; brilliantly concluding as to why, from an effective-demand perspective, the value of kept slaves, as an accumulated capital, is nil; reasoning, from a god-given equality of the right to develop one's mental faculties in leisure, not only the limits to worldly property rights, but in making man more valuable to society's progress as a whole; contending that banks are always eager to lend to governments, knowing that the latter, having the power of taxation, are most unlikely to default; arguing that beneficent motives, instead of greed and utility calculations, result in greater outputs and ease overall... So, how far does Sismondian demand-side economic reasoning get one in understanding how our economy really works? First off, it should be made clear that all his critics, including me, agree that Sismondi was hardly a consistent theoretician. One example that stands out here in his 'Studies', even though insignificant in the overall scheme of things, is the rightful trashing of Mercantilism, to only then turn around and contend that the small capital kept in the coffers of

5 Herein lies the essence of needing to go beyond Sismondi in order to reason why the inequities of the economic system during his time, while much more severe in their effect, haven't really stopped in modern times; only their causes have become more obscure to detect. For it is the non-resolution in terms of final output, of particularly interest claims by the financial sector, that keeps the rest of the economy in a state of inescapable bondage. An economy barely growing at 2% of GDP per capita year over year, cannot possibly function unscathed at rates of interest on commercial loans, as a presumed impetus to that growth*, and/or lines of credit, that are way in excess of that. It is therefore absolutely crucial that the question be asked to and especially answered by financiers and autocratic rate setters: where is all this economic-rent "money" supposed to be coming from? What if the inescapable defaults in the non-financial sectors are in fact *caused* by the non-resolving actions of the financial sector; that sacrificial lambs *are* its modus vivendi, solely as a means to exert their unbridled egotistical power? And the same in essence goes for the need of a coherent and generally acceptable theory of what money actually *is*; so as to finally, through impeccable logic, being able to put an end to the devastating charade that is being perpetrated in finances.

* Instead, such empirically found real-growth rate is much more likely to solely have come about through having 'learned-by-doing', and subsequently realized through profit-income re-spending; which would leave just about all finance causatively nowhere, and becoming most aptly described as a multi-trillion euro/dollar government condoned "entitlement" program.

For Sismondi's own, unique theory of growth, not dealt with in these Essays – <http://www.vcn.bc.ca/~vertegaa/sismondi.pdf> (Vol. I, Book II, Ch. 6).

emigres represents a loss to the mother country. But then again, the same could be said of Keynes, like Marx, a closet Sismondian in my opinion⁶, whose inconsistency in Mercantilism's merit is well known too. Other examples, showing Sismondi in particular being hindered by having to reason from a commodity-based numeraire, appear from time to time also. No doubt it would have been helpful if, like Sismondi's 'New Principles', 'Studies' was critiqued in detail, but time is pressing and I still have other things to do... Sismondi's great lament, he keeps on repeating in several of his Essays, is that visualizing a new order that can be legislated into place, (rejecting any kind of revolution outright, as being too destructive) is well beyond him. He saw his task as pointing out the faults of the existing order, in its blind following of chrematistic principles; and the iniquities, piling up in his time, were to be ameliorated through legislation. Although in some respects the great leap that society has made, since the evils of the industrial revolution taking place in and before his time, could be seen as having proved him wrong; substantial inequities have remained – showing that the capitalist system, and especially the unbridled financial aspect of it, is unsustainable.

The key to it all lies in something Sismondi only implicitly recognized: economics on the basis of macro-accounting and a feasible reciprocity⁷

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of all its activities. (i.e.) The economy's causes and effects are non-linear reciprocally structured, leaving it indeterminate at all times; with a given underlying end purpose that is undeniable by any of its active participants,

6 Concerning Keynes, this is argued in the same place too – <http://www.vcn.bc.ca/~vertega/sismondi.pdf> (p. 20).

7 At least in the back of his mind it must certainly have occurred to Sismondi that the situation surrounding his “super-merchandise billionaire”, by far exceeded any feasible reciprocity. In conclusion: as said, we'll find Sismondi lamenting on more than one occasion, his difficulty with visualizing the working parameters of an altogether new system from behind the blinders of the system currently in force. We no longer face that constraint, however. There already is an alternative system that successfully has been operating ever since the post-war period. Conceived in the Basque country of northern Spain, in a municipality called Mondragón, it wholly fulfills the reciprocity requisite of an efficient economy. In light of the fact that only a tiny fraction of one percent of the cost of any certain kind of available retail product exceeds the ratio of 1:7, the reasons for anyone to be remunerated in excess of that ratio are already dramatically reduced. And, as their saved “resource” is creatable out of thin air; if, for whatever reason, in some or other economic sector, an ordinary experience-induced natural growth isn't deemed enough of a needed boost; starting from scratch again is only different in not having been iniquitous before. In any case the risk, as to whether the new investment will indeed pan out or not, is always borne by existing fellow workers to the new hirelings, who will need to share existing retail goods with the latter, until derivative additional final output becomes available later. It can in fact be shown that remunerations above the ratio of 1:7, resulting in an aggregate *net* saving, can only result in unrepayable debt, and a social distress due to involuntary unemployment.

So I believe Sismondi would be more than pleased that a system, so close to following his own ideas on an economy's workings, is indeed legislatable in law through specific tax measures and incentives; even though it would take, in his view dubious, democracy to make it happen.

and that moreover is located exogenous to an economy. The latter, like all human-made tools or subsets, is binary. Either it works, or it doesn't work to the expected extent; and the reason why, or why not, cannot ever be mysterious when its purpose to the set is indisputable. This would mean that all endogenous linear reasoning from a given static point of departure, like $Y=C+I$, is wrong; thus another first principle, this time a Keynesian one, is falling by the wayside. Hence the need arises to throw out all the economics' textbooks and start over again. Enjoy the 'Studies'.

<http://www.vcn.bc.ca/~vertegaa/studies.pdf>

8 Inserted footnote from the text, Vol 1, p. 85: here we hit upon the reason why throughout this work, Sismondi's term 'revenu' has basically been left untranslated (revenue). A translation in the form of received *income* carries an entirely different meaning; and Sismondi would have been regressing from having a deduced dynamic theory, to a semi-induced protoKeynesian comparative-static non-theory. What Sismondi didn't realize however is that, by going the correct route he took, he was left with no choice but conceding all his values to be statically indeterminate. He did come awfully close though when in his 1803 book, after having devised equations in algebraic notations of (lagged) aggregate revenue, demand, and savings, vowed to never use these again. Something essential, he thought, was missing; but wasn't able to put his finger on it. Post-Keynesians however, basically using the same period-analysis equations, still think they're onto something...

9 Inserted footnote from the text, Vol 2, p. 267: Sismondi is right here, but in a way quite different from what he held to be the essential reason. As was mentioned in the translator's preface, no economy can exist without it being able to ongoingly replace itself. This means that those currently working on replacing its means of production at the rate of it being used up, and that, by forming a later generation of it, will produce future final output of an improved nature, are having their disbursed income available for purchasing final output at present, to which they lack any direct claim in terms of its embedded labor. This, in a nutshell, is how our economy works in a dynamic-equilibrium reality; thus not in the production of material things, as Sismondi rightly noted, but, because these are indeterminate in value at any present and as such aren't able to be conceived to exist *in* time, as a system of non-material accounts that always happens to be in an overlapping mode of debt to itself. A debt that will be resolvable *over* time when all its currently received, both direct and indirect, production remunerations reciprocally resolve the earlier embodied charges of wages, rents, profits, taxes, and depreciation allowances. This means not only that different versions of the same product (material 'things') are involved in embodiment and resolution, but also that each group of income earners will need to do its *own* resolution*; after all at least in the long term, consuming, or perhaps better said the clearing of the retail market being the economy's determinant, every income earner does so for him or herself. It also indicates that a (Marxist) non-profit economy isn't efficiently compatible with one having a natural tendency to grow through a 'learning-by-doing' process, as markets could not clear.

Meanwhile, in consideration of the economy's end purpose, its produced things don't have a determinate reality as yet; in its meaning of a solidly existing footing from which to produce anew. Furthermore, an out of thin air creatable numeraire isn't even a thing**, let alone a something that is endowed with beneficial causal properties. Once having to deal with it in terms of a system of fully integrated accounts for a preset purpose, with the latter meaning that a different and higher level is involved, the money numeraire cannot be independently causal on a lower level all by itself to as such bypass all the ramifications set on that higher level; regardless delusions of conventional economic theories. Its sole remaining fundamental attribute therefore is that of an induced non-material measuring unit of those accounts; which as such could be understood as analogous to the means to control an at all times imbalanced bicycle on a path from here to there, but never as any end in itself. If the latter is sought, and in combination with some institutionalized power, it will sabotage the system as a whole; negating any sense of economy.

* The most notable consequence being that, in the reality of economic continuity and a (final) demand-side determinant, an inverse proportionality between wages and profits is only an illusion. For what would the logical source of profits be for a single capitalist owning it all?

** Creating a positively valued material 'thing' out of nothing, in our physical world, hasn't happened since the "big bang"; regardless of what economists (and financiers) may want you to believe. And so the money supply (a supply of non-things?) is another illusion; the same goes for acquiring a velocity, or anything M (and particularly M') is supposed to stand for. Instead it has to become understood that money, as strictly being a unit of account, gets created as a non-material to be resolved debt; and that it doesn't matter whether this occurs through a purposeful loan at a chartered bank, or by enticing someone to accept a cost-plus price for some additional material output. In the latter case it will be the 'plus' part that is "money" creating, placing the onus on its receiver to directly or indirectly spend (as opposed to withdrawing it into the financial "asset" market) and thereby reproach equilibrium, to assure as such a continuity in growth and thus is conditional; given that existing remunerations were already canceling each other out, so that at least an aggregate reproduction could continue. With either action, new economic activity becomes legitimized; but only a failure in already acquired-debt resolution would curtail such activity. Paying off previously granted loans only alters final-output distribution, in that rentiers-financiers no longer can participate in obtaining their share.

In the final analysis though, it is the economy's creditors, and those endowed with some form of monopoly power, who will need to take responsibility for their part of an acquired aggregate debt resolution; for, regardless of how those "powerful" creditors expect an economic continuity to happen, debtors cannot possibly accomplish this by themselves.

The choice is obvious – stick to a dynamic economy's perceived complexity, as based on static first principles with a ditto point of departure, and muddle on till some super-duper quantum computer endowed with AI will hopefully sort it all out sometime in the distant future, or, like Sismondi, embrace a purposefully existing dynamism at an economy's core with dynamic first principles; and have Mondragón lead the way to an earned prosperity for all, starting from right now, without needing to fear Damocles' sword dropping at any one time, just because we don't understand what's going on in the reality we ourselves created.