

the weaker nations become dependent on the stronger, which surpass them, and they are given no possibility for a normal development. Every country must therefore develop itself independently and take necessary measures to secure for itself the possibility of development.

The wealth of a nation consists not so much in the sum of exchange values it disposes of, but rather in its labor and in the diversity of its productive forces, which create those values and for whose benefit it must strive for a many-sided development. But the single individual cannot accomplish this by himself; this is the function of the state, the nation, which comprises the link between the individual and mankind. Every nation traverses a series of successive stages of development, the highest of which is the commercial-industrial phase. A policy of protectionism, the establishment of primarily moderate customs duties, serves as a means to the achievement of that highest phase.

List has penetrated deeper into the meaning of protectionism; he saw in it only a temporary school for the nation, a means to defend its national freedom, and a potentiality for unfolding the powers of the nation in order to more extensively participate in the labor of the world. He is the first one to establish the relationship between protectionism and nationalism, but not a narrow-minded nationalism striving only for a greater amount of goods for itself and at the cost of others, but rather a nationalism of a higher order. Each nation must develop all its capabilities in order to acquire, in the broader universal labor process and in free exchange with other nations, the opportunity to contribute as much as possible to the treasure house of the world.

Malthus refuted

The basic idea of Malthus, that the physical universe places a limit on population growth and on further development to the extent this is conditioned by a greater population density, may be correct, but at a point so far in the future that it cannot be foreseen. With regard to the present, the theory of Malthus is deprived of all practical significance. The improvements achieved in technology have shown themselves to be so great, that, for individual regions, a much more rapid increase in production than in population has been possible for a long period of time. . . .

How little practical use the malthusian theory has, is best seen in the example of the United States of America, whose population growth Malthus took as the basis of the exposition of his well-known progressions. Since the end of the eighteenth century, when the "Essay on the Principle of Population" was first published, until the present time, the population of the Union has found itself in rapid growth; in spite of exporting enormous quantities of grain to the European countries, there can be seen no disparity between foodstuffs and the demand for them by the native population, but rather it has proven to be possible to even accept around 12 million immigrants and their progeny and to feed them.

Book Reviews

Witte: Tariff helped build our industry

by Denise Henderson

The Memoirs of Count Witte

translated by Sidney Harcave
M.E. Sharpe, Armonk, N.Y., 1990
885 pages, hardbound, \$39.95

The writings of Count Sergei Iulievich Witte (1849-1915) have not been generally available in English, but historian Sidney Harcave has translated and edited a new and more complete translation. Few efforts could have been more apropos: As of this writing, the Soviet Union will formally pass from existence on Jan. 1, 1992, and the crucial battles for the newly freed republics will revolve around the same issues as Witte's efforts to stop the inroads of Adam Smith's "free trade" into Russia.

Harcave's introduction provides a helpful thumbnail sketch of Witte's life and career. He documents that Count Witte wrote three works, two of them draft memoirs, which have been edited and translated into seven languages. Another, which Harcave excerpts briefly in the *Memoirs*, was *The Origins of the Russo-Japanese War*, in which Witte documented his efforts at war-avoidance, beginning with the trans-Siberian railroad. Harcave points out that much of the material in the *Memoirs* assumes the reader has access to the former work, which included a full volume of documents.

The following excerpts from Witte's memoirs were written around 1911, after his ouster from government.

I feel obliged to speak of the response to my proposal that with the construction of the Siberian Railroad there should come greater migration from European to Asiatic Russia. . . . Such a movement would help thin out the population of European Russia and thus make it easier to improve the peasant lot there and, in the long run, help the railroad pay for itself by developing Siberia.

Yet the idea, far from receiving support, met with hidden

opposition, of a kind appropriate to the mentality of the days of serfdom, of the Middle Ages. Many of our influential landowners and their supporters among the Petersburg bureaucracy, particularly Ministry of Interior Ivan Nikolaevich Durnovo, considered my idea harmful. . . . They, of course, preferred a dense peasant population that would be forced to pay high prices for land or accept low agricultural wages, under the goad of hunger. . . .

As indicated earlier, under Emperor Alexander III we began a shift from private to governmental construction and operation of the railroads, a shift that was to be completed in the reign of Emperor Nicholas II. The new policy was and is based on the belief that railroads have a major importance for the state and that private enterprise, which is basically concerned with private interests, cannot adequately serve the interests of the state in this field. Consequently, both as minister of ways and communications and as minister of finance, I carried out a policy of buying up privately owned railroads as well as promoting construction and operation of new railroads by the government. . . .

After working with railroads for 40 years, it is my conviction that all strategic considerations concerning the routing of railroads are chimerical, that the state will benefit far more if it is guided exclusively by economic considerations in such matters. How we have wasted money is shown by the fact that for 30 years we built railroads for use in a war in the West, but in the end we had to fight in the Far East.

During my tenure as finance minister, industry grew so rapidly that it could be said that a Russian national industrial system had been established. This was made possible by the system of protectionism and by attracting foreign capital.

I was criticized by some blockheads for building up industry too rapidly. Also, I was criticized for using "artificial means" in promoting industry. What does this phrase mean? By what means other than artificial can industry develop? Everything that man does, is, to a certain degree, artificial. Only barbarians manage to live without artificial means. Industry has always been developed by artificial means, and the artificial measures I employed were far weaker than those employed for the same ends by other states. This, of course, our salon ignoramuses do not know.

Our landed nobility attacked the protective tariff of 1890, but that tariff helped us build our industry, as did the influx of foreign capital. Unfortunately, in addition to the hindrances I encountered in attracting foreign capital, I encountered opposition in the Committee of Ministers . . . to my efforts to improve legislation regarding the establishment of corporations.

Generally speaking, the importance of industry is not appreciated or understood. Only a few men, like Mendeleev—that great scientist and scholar and my devoted associate and friend—understood its importance and tried to enlighten the Russian public about it. I hope that his book on the subject will be of use to Russian society. . . .¹

It should be noted that the growth of railroads and industry under my direction took some 4 to 5 million working adults (a total of 20-25 million persons, if one includes their families) off the land. This meant, in effect, an increase in the amount of available land by 54-67 million acres. Of course this meant only a slight increase in labor productivity. To raise productivity significantly we must see to it that the people, particularly the peasantry, have both the incentive and the opportunity to work more productively.

Witte recalled his efforts to prevent the pro-war faction from gaining ascendancy over Nicholas II. He described how the Russian ambassador to Constantinople, Alexander Nelidov, wanted to create "incidents that would allow us to gain control of the Upper Bosphorous."

It turned out that I was the only one . . . who objected, and very strongly, sharply, and decisively, to the proposed venture. I pointed out that this undertaking would lead in the direction of a European war that would undermine the excellent political and financial situation in which Emperor Alexander III had placed the Russian Empire.

In an 1897 discussion of tariff policy, Witte briefed Kaiser Wilhelm on his vision of war-avoidance:

Imagine, Your Majesty, the European countries united in one entity, one that does not waste vast sums of money, resources, blood, and labor on rivalry among themselves, no longer compelled to maintain armies for wars among themselves, no longer forming an armed camp, as is the case now, with each fearing its neighbor. If that were done, Europe would be much richer, much stronger, more civilized, not going downhill under the weight of mutual hatred, rivalry, and war.

The first step toward attaining this goal would be the formation of an alliance of Russia, Germany, and France. Once this were done, the other countries of the European continent would join the alliance. As a consequence, Europe would be freed of the burdens created by existing rivalries: Europe would be mighty, would be able to maintain a dominant position for a long time. But, if the European countries continue on their present course, they will be risking great misfortune.

Notes

1. Mendeleev's 1906 book, *Toward a Knowledge of Russia*, emphasized that the most important resource for Russia's development was the creativity of the human mind: "Not only 10 billion, but a population many times that size will find nourishment in this work, not only through the application of labor, but also through the persistent inventiveness which governs knowledge. This philosophy of Jean-Jacques Rousseau and now of Tolstoy, for a back-to-nature existence, is semichildish. Because in a patriarchal society, as well as among higher animals, there is a definite limit to growth, but human beings taken as a whole recognize no such limit."