fluous, which is accordingly thrown idle and exposed to starvation. But, as the technique improves, the productive power of industry increases, and continually tends more and more to surpass the available needs of the market, wide as it is. The consequence is that the market tends to be overstocked even to absolute repletion ; goods will not sell, and a commercial crisis is established, in which we have the remarkable phenomenon of widespread panic, misery, and starvation resulting from a superabundance of wealth,—a “ crise pléthorique,” as Fourier called it, a crisis due to a plethora of wealth. These crises occur at periodic intervals, each one severer and more widespread than the preceding, until they now tend to become chronic and permanent, and the whole capitalistic world staggers under an atlantean weight of ill-distributed wealth. Thus the process goes on in obedience to its own inherent laws. Production is more and more concentrated in the hands of mammoth capitalists and colossal joint-stock companies, under which the proletariat are organized and drilled into vast industrial armies. But, as crisis succeeds crisis, until panic, stagnation, and disorder are universal, it becomes clear that the bourgeoisie are no longer capable of control­ling the industrial world. The incompatibility between social production and anarchic distribution decidedly de­clares itself. With the progress of democracy the prole­tariat seizes the political power, and through it at last takes complete control over the economic functions of society. It expropriates the private capitalist and appropriating the means of production manages them in its own interest, which is the interest of society as a whole ; society passes into the socialistic stage through a revolution determined by the natural laws of social evolution, and not by a merely arbitrary exercise of power. It is a result determined by the inherent laws of social evolution, independent of the will and purpose of individual men. All that the most powerful and clear-sighted intellect can do is to learn to divine the laws of the great movement of society, and to shorten and alleviate the birth-pangs of the new era. The efforts of reactionaries of every class to turn the wheel of history backwards are in vain. But an intelligent apprecia­tion of its tendencies and a willing co-operation with them will make progress easier, smoother, and more rapid.

It will have been seen that what Marx and his school contemplate is an economic revolution brought about in accordance with the natural laws of historic evolution. But in order to understand the full import of this revolu­tion in the mind of Marx we must remember that he regards the economic order of society as the groundwork of the same, determining all the other forms of social order. The entire legal and political structure as well as philosophy and religion are constituted and controlled in accordance with the economic basis. This is in harmony with his method and his conception of the world, which is the Hegelian reversed. “ For Hegel the thought process, which he transforms into an independent subject under the name idea, is the creator of the real, which forms only its external manifestation. With me, on the contrary, the ideal is nothing else than the material transformed and translated in the human brain.” His conception of the world is a frank and avowed materialism. His method is the dialectic applied to a world thus understood ; the busi­ness of inquiry, namely, is to trace the connexion and concatenation in the links that make up the process of historic evolution, to investigate how one stage succeeds another in the development of society, the facts and forms of human life and history not being stable and stereotyped things, but the ever-changing manifestations of the fluent and unresting real, the course of which it is the duty of science to reveal. The whole position of the Marx school may therefore be characterized as evolutionary and revolu­

tionary socialism, based on a materialistic conception of the world and of human history. Socialism is a social revolution determined by the laws of historic evolution— a revolution which, changing the economic groundwork of society, will change the whole structure.

It will be seen that the work of Marx is a natural history of capital, especially in its relation to labour, and in its most essential features is a development of two of the leading principles of the classic economics,—that labour is the source of value, but that of this value the labourer obtains for himself merely a subsistence wage, the surplus being appropriated by the exploiting capitalist. Marx’s great work may be described as an elaborate historical de­velopment of this glaring fundamental contradiction of the Ricardian economics, the contradiction between the iron law of wages and the great principle that labour is the source of wealth. Marx’s conception of labour is the same as that of Ricardo, and as a logical exposition of the historic contradiction between the two principles on the basis of Ricardo the work of Marx is quite unanswerable. It is obvious, however, that the definition of labour assumed both in Ricardo and Marx is too narrow. The labour they broadly posit as the source of wealth is manual labour. In the early stages of industry, when the market was small and limited and the technique was of the simplest and rudest description, labour in that sense might correctly enough be described as the source of value. But in modern industry, when the market is world-wide, the technique most complex, and the competition most severe, when inventiveness, sagacity, courage, and decision in ini­tiative, and skill in management, are factors so important, no such exclusive place as has been claimed can be assigned to labour. The Ricardian principle, therefore, falls to the ground. And it is not historically true to maintain, as Marx does, that the profits of the capitalist are obtained simply by appropriating the products of unpaid labour. In initiating and managing the capitalist is charged with the most difficult and important part of the work of pro­duction. As a natural consequence it follows that Marx is also historically inaccurate in roundly explaining capital as the accumulation of unpaid labour appropriated by the capitalist. In past accumulation, as in the control and management of industry generally, the capitalist has had the leading part. Capital, therefore, is not necessarily robbery, and in an economic order in which the system of free exchange is the rule, and the mutually beneficial interchange of utilities, no objection can be raised to the principle of lending and borrowing of money for interest. In short, in his theory of unpaid labour as supplying the key to his explanation of the genesis and development of the capitalistic system Marx is not true to history. It is the perfectly logical outcome of certain of the leading principles of the Ricardian school, but it does not give an adequate or accurate account of the facts of economic evolution.

It may indeed be maintained that in his theory of un­paid labour Marx is not consistent with the general principles of his own philosophy of social evolution. With him history is a process determined by material forces, a succession of orderly phenomena controlled by natural laws. Now we may waive the objection suggested by the principle enunciated in the Marx school itself, that it is not legitimate to apply ethical categories in judgment on economic processes that are merely natural, which, how­ever, Marx does with revolutionary emphasis throughout some hundreds of pages of his great work. It is more important to point out, in perfect consistency with the principles of the school, that the energy and inventiveness of the early capitalists especially were the most essential factors in determining the existence and development of a