great economic era, and that the assertion of freedom was an indispensable condition in breaking the bonds of the old feudal order, which the new system displaced. In­stead, therefore, of living and growing rich on the produce of unpaid labour, the capitalist had a great social and industrial function to perform, and played a great part in historic evolution. The position and function of the workman was subordinate.

There can be no doubt that in his theory of surplus value obtained from unpaid labour Marx as agitator and controversialist has fallen into serious contradiction with himself as scientific historian and philosopher. The theory that labour is the source of value was widely accepted among economists during his early life, and by its justice and nobleness it was well adapted to the comfortable optimism prevalent among so many of the classical school. The economists, however, did not follow the principle to its obvious conclusion, that if labour is the source of wealth the labourer should enjoy it all. It was otherwise with the socialists, who were not slow to perceive the bearing of the theory on the existing economic order. In his controversial treatise against Proudhon Marx gives a list of writers (beginning with the political economy of Hopkins, published in 1822, only five years after the appearance of Ricardo’s great work) by whom the principle was applied to revolutionary purposes. Its simplicity and seeming effectiveness must have made it most attractive. As posited by the classic economy and applied by the socialists Marx accepted the principle. It was an un­answerable *argumentum ad hominem* when addressed to an economist of the Ricardian school ; but it should have broken down when confronted with historical fact. Never­theless it was made and continued to be the foundation stone of the system of Marx, and is really its weakest point. His doctrine of surplus value is the vitiating factor in his history of the capitalistic system. The most obvious excuse for him is that he borrowed it from the classic economists. It would be the greatest possible mistake, however, to make this a reason for undervaluing the re­markable services rendered to economics by Karl Marx. He spent forty laborious years almost wholly in exile as the scientific champion of the proletariat. In the combina­tion of learning, philosophic acumen, and literary power he is probably second to no economic thinker of the 19th cen­tury. He seems to have been master of the whole range of economic literature, and wielded it with a logical skill not less masterly. But his great strength lay in his know­ledge of the technical and economic development of modern industry and in his marvellous insight into the tendencies in social evolution determined by the technical and economic factors. Whether his theories in this department are right or wrong they have suggested questions that will demand the attention of economic thinkers for a long time to come. It is in this department and not in his theory of surplus value that Marx’s significance as a scientific economist is to be found.

The great merit of Marx, therefore, lies in the work he has done as scientific inquirer into the economic movement of modern times, as the philosophic historian of the capi­talistic era. It is now admitted by all inquirers worthy of the name that history, including economic history, is a succession of orderly phenomena, that each phase in the line of succession is marked by facts and tendencies more or less peculiar to itself, and that laws and principles which we now condemn had formerly an historical necessity, justifica­tion, and validity. In accordance with this fundamental principle of historical evolution arrangements and institu­tions which were once necessary, and originally formed a stage in human progress, may gradually develop contradic­tions and abuses and thus become more or less antiquated.

The economic social and political forms which were the progressive and even adequate expressions of the life of one era become hindrances and fetters to the life of the succeeding times. This, the school of Karl Marx says, is precisely the condition of the present economic order. The existing arrangements of landlord, capitalist, and wage- labourer under free competition are burdened with contra­diction and abuse. The life of society is being strangled by the forms which once promoted it. They maintain that the really vital and powerful tendencies of our time are towards a higher and wider form of social and economic organization,—towards socialism. This we believe to be the central point of the whole question ; but the fuller discussion of it can more conveniently be postponed to the close of this article, λvhen we come to consider socialism as a whole.

The opinions of Marx were destined to find expression in two movements, which have played a considerable part in recent history,—the International and the social democracy of Germany. Of the International Marx was the inspiring and controlling head from the beginning ; and the German social democracy, though originated by Lassalle, before long fell under Marx’s influence. Marx wrote the famous inau­gural address of the International and drew up its statutes, maintaining a moderation of tone which contrasted strongly with the outspoken vigour of the communist manifesto of 1847. But it was not long before the revolutionary socialism which underlay the movement gained the upper hand. This found strongest expression in the address drawn up by Marx in 1871 after the suppression of the commune, and entitled *The Civil War in France.* The International was not responsible for the revolt of the commune, which was a rising for the autonomy of Paris, supported chiefly by the lower classes. It was a protest against excessive centralization raised by the democracy of Paris, which has always been far in advance of the provinces, and which found itself in possession of arms after the siege of the town by the Germans. But, while it was prominently an assertion of local autonomy, it was also a revolt against the economic oppression of the moneyed classes, and thus contained within it strong socialistic tendencies. The socialists properly so called were only a small minority. In this address, however, Marx and his associates made themselves morally *solidaire* with the commune. They saw in it a great rising against the existing conditions of the Parisian proletariat, which only partially saw the way of deliverance, but was tired of oppression and full of just indignation against the tyrannous upper classes, that controlled the central government of France. This address, if it tended to increase the prestige of the International, greatly reduced its real influence. Its last meeting as controlled by Marx took place at The Hague in 1872. The chief himself was present, and succeeded in casting out the anarchist following of Bakunin ; but it was the expiring effort. See Inter­national.

This loss of influence by Marx was in the meantime more than compensated by his success in gaining control over the social democracy of Germany. Of the workmen’s unions which had grown so rapidly in Germany in the years following 1860, and which had first been patronized by the Progressist party, some had attached themselves to the national socialism of Lassalle, but many held aloof from that movement, and under the influence of Liebknecht and Bebel were gradually drawn over to the views of Marx. At Lassalle’s death in 1864 his “general working-men’s union of Germany” numbered only 4610 members. After losing its founder the union had a changeful and somewhat precarious career for a time ; and it was only under the presidency of Von Schweitzer, which lasted for four years