

success would have been greater. Above all, Owen had too great faith in human nature, and he did not understand the laws of social evolution. His great doctrine of the influence of circumstances in the formation of character was only a very crude way of expressing the law of social continuity so much emphasized by recent socialism. He thought that he could break the chain of continuity, and as by magic create a new set of circumstances, which would forthwith produce a new generation of rational and unselfish men. The time was too strong for him, and the current of English history swept past him. Even a very brief account of Owen, however, would be incomplete without indicating his relation to Malthus. Against Malthus he showed that the wealth of the country had, in consequence of mechanical improvement, increased out of all proportion to the population. The problem, therefore, was not to restrict population, but to institute rational social arrangements and to secure a fair distribution of wealth. Whenever the number of inhabitants in any of his communities increased beyond the maximum, new ones should be created, until they extended over the whole world, uniting all in one great republic with one interest. There would be no fear of over-population for a long time to come. Its evils were then felt in Ireland and other countries; but that condition of things was owing to the total want of the most ordinary common sense on the part of the blinded authorities of the world. The period would probably never arrive when the earth would be full; but if it should the human race will be good, intelligent, and rational, and would know much better than the present irrational generation how to provide for the occurrence. Such was Owen's socialist treatment of the population problem.

In England the reform of 1832 had the same effect as the revolution of July (1830) in France: it brought the middle class into power, and by the exclusion of the workmen emphasized their existence as a separate class. The discontent of the workmen now found expression in Chartism. As is obvious from the contents of the charter, Chartism was most prominently a demand for political reform; but both in its origin and in its ultimate aim the movement was more essentially economic. As regards the study of socialism, the interest of this movement lies greatly in the fact that in its organs the doctrine of "surplus value" afterwards elaborated by Marx as the basis of his system is broadly and emphatically enunciated. While the worker produces all the wealth, he is obliged to content himself with the meagre share necessary to support his existence and the surplus goes to the capitalist, who, with the king, the priests, lords, esquires, and gentlemen, lives upon the labour of the working man (*Poor Man's Guardian*, 1835).

After the downfall of Owenism began the Christian socialist movement in England (1848-52), of which the leaders were Maurice, Kingsley, and Mr Ludlow. The abortive Chartist demonstration of April 1848 excited in Maurice and his friends the deepest sympathy with the sufferings of the English working class,—a feeling which was intensified by the revelations regarding "London Labour and the London Poor" published in the *Morning Chronicle* (1849). Mr Ludlow, who had in France become acquainted with the theories of Fourier, was the economist of the movement, and it was with him that the idea originated of starting co-operative associations. In *Politics for the People*, in the *Christian Socialist*, in the pulpit and on the platform, and in *Yeast* and *Alton Locke*, well-known novels of Kingsley, the representatives of the movement exposed the evils of the competitive system, carried on an unsparing warfare against the Manchester school, and maintained that socialism rightly understood was only Christianity applied to social reform. Their labours in

insisting on ethical and spiritual principles as the true bonds of society, in promoting associations, and in diffusing a knowledge of co-operation were largely beneficial. In the north of England they joined hands with the co-operative movement inaugurated by the Rochdale pioneers (1844) under the influence of Owenism. Productive co-operation made very little progress, but co-operative distribution has proved a great success.

In 1852 the twofold socialist movement in France and England had come to a close, leaving no visible result of any importance. From that date the most prominent leaders of socialism have been German and Russian. To reach the beginnings of German socialism we must go back a little, as it took its rise in the years preceding the revolution of 1848. Its most conspicuous chiefs are Karl Marx, Friedrich Engels, Lassalle, and Rodbertus (for the last two, see *LASSALLE* and *RODBERTUS*). The greatest and most influential of the four was unquestionably Marx, who and his like-minded companion Engels are the acknowledged heads of the "scientific and revolutionary" school of socialism, which has its representatives in almost every country of the civilized world, and is generally recognized as the most serious and formidable form of socialism. Karl Marx (1818-1883) was of Jewish extraction. He was born at Treves, and studied at Berlin and Bonn, but neglected the speciality of law, which he nominally adopted, for the more congenial subjects of philosophy and history. He was a zealous student and apparently an adherent of Hegelianism, but soon gave up his intention of following an academic career as a teacher of philosophy and joined the staff of the *Rhenish Gazette*, published at Cologne as an organ of the extreme democracy. In 1843, after marrying the sister of the Prussian minister Von Westfalen, he removed to Paris, where he applied himself to the study of economic and social questions and began to publish those youthful writings which must be reckoned among the most powerful expositions of the early form of German socialism. With Arnold Ruge he edited the *Deutsch-Französische Jahrbücher*. In 1845 he was expelled from Paris and settled in Brussels, where he published his *Discours sur le Libre Échange*, and his criticism of Proudhon's *Philosophie de la Misère*, entitled *Misère de la Philosophie*. In Paris he had already met Friedrich Engels, who was destined to be his lifelong and loyal friend and companion-in-arms, and who in 1845 published his important work *Die Lage der arbeitenden Klasse in England*. The two friends found that they had arrived at a complete identity of opinion; and an opportunity soon occurred for an emphatic expression of their common views. A society of socialists, a kind of forerunner of the International, had established itself in London, and had been attracted by the new theories of Marx and the spirit of strong and uncompromising conviction with which he advocated them. They entered into relation with Marx and Engels; the society was reorganized under the name of the Communist League; and a congress was held, which resulted (1847) in the framing of the *Manifesto of the Communist Party*, which was published in most of the languages of western Europe, and is the first proclamation of that revolutionary socialism armed with all the learning of the 19th century, but expressed with the fire and energy of the agitator, which in the International and other movements has so startled the world. During the revolutionary troubles of 1848 Marx returned to Germany, and along with his comrades Engels, Wolff, &c., he supported the most advanced democracy in the *New Rhenish Gazette*. In 1849 he settled in London, where till his death in 1883 he applied himself to the elaboration of his economic views and to the realization of his revolutionary programme. During this period he published *Zur Kritik der politischen Oekonomie* (1859),

and the first volume of his great work on capital, *Das Kapital* (1867).

The causes which have variously contributed to the rise of German socialism are sufficiently clear. With the accession of the romanticist Frederick William IV. to the throne of Prussia in 1840 German liberalism received a fresh expansion. At the same time the Hegelian school began to break up, and the interest in pure philosophy began to wane. It was a time of disillusionment, of dissatisfaction with idealism, of transition to realistic and even to materialistic ways of thinking. This found strongest expression in the Hegelian left, to which, after the ideals of the old religions and philosophies had proved unsubstantial, there remained as solid residuum the real fact of man with his positive interests in this life. The devotion and enthusiasm which had previously been fixed on ideal and spiritual conceptions were concentrated on humanity. To adherents of the Hegelian left, who had been delivered from intellectual routine by the most intrepid spirit of criticism, and who, therefore, had little respect for the conventionalisms of a feudal society, it naturally appeared that the interests of humanity had been cruelly sacrificed in favour of class privilege and prejudice. The greatest thinkers of Germany had recognized the noble elements in the French Revolution. To recognize also the noble and promising features of French socialism was a natural thing, especially for Germans who had been in Paris,—the great hearth of the new ideas. Here they found themselves definitely and consciously in presence of the last and greatest interest of humanity, the suffering and struggling proletariat of western Europe, which had so recently made its definite entry in the history of the world. Thus socialism became a social, political, and economic creed to Karl Marx and his associates. But they felt that the theories which preceded them were wanting in scientific basis; and it was henceforward the twofold aim of the school to give scientific form to socialism and to propagate it in Europe by the best and most effective revolutionary methods.

The fundamental principle of the Marx school and of the whole cognate socialism is the theory of "surplus value,"—the doctrine, namely, that, after the labourer has been paid the wage necessary for the subsistence of himself and family, the surplus produce of his labour is appropriated by the capitalist who exploits it. This theory is an application of the principle that labour is the source of value, which was enunciated by many of the old writers on economics, such as Locke and Petty, which was set forth with some vagueness and inconsistency by Adam Smith, and was more systematically expounded by Ricardo. The socialistic application of the principle in the doctrine of surplus value had been made both by Owenites and chartists. It was to prevent this appropriation of surplus value by capitalists and middlemen that the Owen school tried the system of exchange by labour notes in 1832,—the value of goods being estimated in labour-time, represented by labour notes. The principle that labour is the source of value has been accepted in all its logical consequences by Marx, and by him elaborated with extraordinary dialectical skill and historical learning into the most complete system of socialism that has ever been formulated. A like application of the principle but in a less rigorous fashion has been made by Rodbertus; and it is the same theory that underlies the extravagancies and paradoxes of Proudhon. The question whether the priority in the scientific development of the principle is due to Marx or Rodbertus cannot be fully discussed here. But it may be said that, while the *Social Letters* of Rodbertus to Von Kirchmann were published in 1850, the importance of the principle was understood by the Marx school as early as 1845, and in a broad and general way had indeed become

the common property of socialists. The historical importance and scientific worth of the writings of Rodbertus should not be overlooked; nor are they likely to be when so much attention has been given to him by A. Wagner and other distinguished German economists. But in the great work of Marx the socialist theory is elaborated with a fulness of learning and a logical power to which Rodbertus has no claim. With Marx the doctrine of surplus value receives its widest application and development; it supplies the key to his explanation of the history and influence of capital, and consequently of the present economic era, which is dominated by it. It is the basis, in fact, of a vast and elaborate system of social philosophy. In any case it is an absurdity as well as an historical error to speak of Marx as having borrowed from Rodbertus. Marx was an independent thinker of great originality and force of character, who had made the economic development of modern Europe the study of a laborious lifetime, and who was in the habit, not of borrowing, but of strongly asserting the results of his own research and of impressing them upon other men.

The great work of Marx may be described as an exposition and criticism of capital. But it is also indirectly an exposition of socialism, inasmuch as the historical evolution of capital is governed by natural laws, the inevitable tendency of which is towards socialism. It is the great aim of Marx to reveal the law of the economic movement of modern times. Now the economic movement of modern times is dominated by capital. Explain, therefore, the natural history of capital, the rise, consolidation, and decline of its supremacy as an evolutionary process, and you forecast the nature of that into which it is being transformed,—socialism. Hence the great task of the Marx school is not to preach a new economic and social gospel, not to provide ready-made schemes of social regeneration after the fashion of the early socialists, nor to counteract by alleviating measures the wretchedness of our present system, but to explain and promote the inevitable process of social evolution, so that the domination of capital may run its course and give place to the higher system that is to come.

The characteristic feature of the régime of capital, or, as Marx usually calls it, the capitalistic method of production, is, that industrial operations are carried on by individual capitalists employing free labourers, whose sole dependence is the wage they receive. Those free labourers perform the function fulfilled in other states of society by the slave and the serf. It is the tendency of the capitalistic system to consolidate those two classes,—the capitalist class, enriching itself on the profits of industry, which they control in their own interest, and the class of workers, nominally free, but without land or capital, divorced, therefore, from the means of production, and dependent on their wages,—the modern proletariat. The great aim of the capitalist is the increase of wealth through the accumulation of his profits. This accumulation is secured by the appropriation of what the socialists call surplus value. The history of the capitalistic method of production is the history of the appropriation and accumulation of surplus value. To understand the capitalistic system is to understand surplus value. With the analysis of value, therefore, the great work of Marx begins.

The wealth of the societies in which the capitalistic method of production prevails appears as an enormous collection of commodities. A commodity is in the first place an external object adapted to satisfy human wants; and this usefulness gives it value in use, makes it a use value. These use values form the material of wealth, whatever its social form may be. In modern societies, where the business of production is carried on to meet the

demands of the market, for exchange, these use values appear as exchange values. Exchange value is the proportion in which use values of different kinds exchange for each other. But the enormous mass of things that circulate in the world market exchange for each other in the most different proportions. They must, however, have a common quality or they could not be compared. This common quality cannot be any of the natural properties of the commodities. In the business of exchange one thing is as good as another, provided you have it in sufficient quantity. Leaving out of consideration, therefore, the physical qualities that give commodities use value, we find in them but one common characteristic,—that they are all products of human labour. They are all crystallized forms of human labour. It is labour applied to natural objects that gives them value. What constitutes value is the human labour embodied in commodities. And the relation of exchange is only a phase of this value, which is therefore to be considered independently of it. Further, the labour-time spent in producing value is the measure of value, not this or that individual labour, in which case a lazy or unskilled man would produce as great a quantity of value as the most skilful and energetic. We must take as our standard the average labour-force of the community. The labour-time which we take as the measure of value is the time required to produce a commodity under the normal social conditions of production with the average degree of skill and intensity of labour. Thus labour is both the source and the measure of value.

As we have seen, the characteristic feature of the capitalistic system of production is that industry is controlled by capitalists employing free wage-labour; that is, while the capitalist owns and controls the means of production, the free labourer has lost all ownership in land and capital and has nothing to depend on but his wage. This condition of things was established only after a long and gradual process of social change, which Marx copiously illustrates from the history of England, as the classic land of the fully developed capitalism. In the Middle Ages the craftsman and peasant were the owners of the small means of production then extant, and they produced for their own needs and for their feudal superior; only the superfluity went into the general market. Such production was necessarily small, limited, and technically imperfect. Towards the close of the Middle Ages a great change set in caused by a remarkable combination of circumstances,—the downfall of the feudal system and of the Catholic Church, the discovery of America and of the sea route to India. Through the breaking up of the feudal houses with their numerous retainers, through the transformation of the old peasant-holdings into extensive sheep-runs, and generally through the prevalent application of the commercial system to the management of land instead of the Catholic and feudal spirit, the peasantry were driven off the land, a multitude of people totally destitute of property were thrown loose from their old means of livelihood, and were reduced to vagabondage or forced into the towns. It was in this way that the modern proletarians made their tragic entry in history. On the other hand, there was a parallel development of the capitalist class, brought about by the slave trade, the exploitation of the American colonies and of both the Indies, and by the robbery, violence, and corruption which attended the transference of the land from the Catholic and feudal to the modern régime. The opening and extension of the great world market, moreover, gave a great stimulus to industry at home. The old guilds having already been expropriated and dissolved, the early organization of industry under the control of an infant capitalism passed through its first

painful and laborious stages, till with the great mechanical inventions, with the application of steam as the motive-power, and the rise of the factory system towards the close of the 18th century, the great industrial revolution was accomplished, and the capitalistic method of production attained to its colossal manhood.

The capitalistic system thus established, we have to remember that in all its forms, and throughout all the stages of its history, the great aim of the capitalist is to increase and consolidate his gains through the appropriation of surplus value. This appropriation of surplus value is a very old phenomenon in human society. In all the forms of society which depended on slave labour, and under the feudal régime, the appropriation of the results of other men's labour was open and undisguised. Under the capitalistic system it is disguised under the form of free contract. The workman appears on the labour market with the sole commodity of which he has to dispose, his labour force, and sells it for a specified time at the price it can bring, which we call his wage, and which is equivalent to the average means of subsistence required to support himself and to provide for the future supply of labour (in his family). But the labour force of the workman as utilized by the capitalist in the factory or the mine produces a net value in excess of his wage. That is, over and above his entire outlay, including the wage paid to his workmen, the capitalist finds himself in possession of a surplus, which can only represent the "unpaid labour" of his workmen. This surplus is the surplus value of Karl Marx, the product of unpaid labour. This it is which the capitalist seeks to obtain and to accumulate by all the methods available. These methods are described by Marx with great detail and elaboration through several hundred pages of his first volume. His account, supported at every step by long and copious citations from the best historical authorities and from the blue-books of the various parliamentary commissions, is a lurid and ghastly picture of the many abuses of English industrialism. It is the dark and gloomy reverse of the industrial glories of England. The fearful prolongation of the hours of labour, the merciless exploitation of women, and of children from the age of infancy, the utter neglect of sanitary conditions, whatever could lessen the costs of production and swell the profits of the capitalist, though every law of man and nature were violated in the process,—such are the historical facts which Marx emphasizes and illustrates with an overwhelming force of evidence. They receive ample confirmation in the history of the English Factory Acts, imposed on greedy and unscrupulous capitalists after a severe struggle prolonged for half a century, and required to prevent the moral and physical ruin of the industrial population.

It will be seen that the first and most conspicuous result of the capitalistic system is that, while production is a social operation carried on by men organized and associated in factories, the product is appropriated by individual capitalists: it is social production and capitalistic appropriation. Another conspicuous and important result is that, while we have this organization in the factories, we have outside of them all the anarchy of competition. We have the capitalistic appropriators of the product of labour contending for the possession of the market, without systematic regard to the supply required by that market—each one filling the market only as dictated by his own interest, and trying to outdo his rivals by all the methods of adulteration, bribery, and intrigue,—an economic war hurtful to the best interests of society. With the development of the capitalistic system machinery is more and more perfected, for to neglect improvement is to succumb in the struggle; the improved machinery renders labour super-

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

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, when we come to consider socialism as a whole.

The opinions of Marx were destined to find expression in the 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

(1867-1871), that it began moderately to flourish. In the meantime the adverse party also made considerable progress. The confederation of German unions, which was founded in 1863, declared in 1865 for universal suffrage, pronounced against the Schulze-Delitzsch schemes in 1866, and in the congress at Nuremberg of 1868 by a large majority declared their adherence to the International. In a great congress at Eisenach in 1869 they founded the "social democratic working-men's party," and in the same year sent representatives to the International congress at Basel. Great efforts were made for a fusion of the Eisenach and the Lassalle party, and this was effected in a congress at Gotha (May 1875). At this congress 25,000 regular members were represented, of whom 9000 belonged to the Marx party and 15,000 to that of Lassalle. The united body assumed the name of the "socialistic working-men's party of Germany," and drew up a programme, which, as the most important manifesto hitherto published by any socialist body, deserves to be given entire.

I. Labour is the source of all wealth and all culture; and as useful work in general is possible only through society, so to society—that is, to all its members—belongs the entire product of labour by an equal right, to each one according to his reasonable wants,—all being bound to work.

In the existing society the instruments of labour are a monopoly of the capitalist class; the subjection of the working class thus arising is the cause of misery and servitude in every form.

The emancipation of the working class demands the transformation of the instruments of labour into the common property of society and the co-operative control of the total labour, with application of the product of labour to the common good, and just distribution of the same.

The emancipation of labour must be the work of the labouring class, in contrast to which all other classes are only a reactionary mass.

II. Proceeding from these principles, the socialistic working-men's party of Germany aims by all legal means at the establishment of the free state and the socialistic society, to destroy the iron law of wages by abolishing the system of wage-labour, to put a term to exploitation in every form, to remove all social and political inequality.

The socialistic working-men's party of Germany, though working first of all within the national limits, is conscious of the international character of the labour movement, and resolved to fulfil all duties which this imposes on the workmen, in order to realize the universal brotherhood of men.

In order to prepare the way for the solution of the social question, the socialistic working-men's party of Germany demands the establishment of socialistic productive associations with state help under the democratic control of the labouring people. The productive associations are to be founded on such a scale both for industry and agriculture that out of them may develop the socialistic organization of the total labour.

The socialistic working-men's party demands as bases of the state—(1) universal, equal, and direct right of electing and voting, with secret and obligatory voting, of all citizens from twenty years of age for all elections and deliberations in the state and local bodies; the day of election or voting must be a Sunday or holiday; (2) direct legislation by the people; questions of war and peace to be decided by the people; (3) universal military duty; a people's army in place of the standing armies; (4) abolition of all exceptional laws, especially as regards the press, unions, and meetings, and generally of all laws which restrict freedom of thought and inquiry; (5) administration of justice by the people; free justice; (6) universal and equal education by the state; compulsory education; free education in all public places of instruction; religion declared to be a private concern.

Within the existing society the socialistic working-men's party of Germany demands—(1) greatest possible extension of political rights and liberties in the sense of the above demands; (2) a single progressive income-tax for state and local purposes, instead of the existing taxes, and especially of the indirect taxes that oppress the people; (3) unrestricted right of combination; (4) a normal working-day corresponding to the needs of society; prohibition of Sunday labour; (5) prohibition of labour of children, and of all women's work injurious to health and morality; (6) laws for the protection of the life and health of workmen; sanitary control of workmen's dwellings; inspection of mines, of factories, workshops, and house-labour, by officials chosen by the workmen; an effective employers' liability Act; (7) regulation of prison labour; (8) workmen's funds to be under the entire control of the workmen.

By this time the socialism of Germany began to be a

power, which was calculated to excite grave alarm among the ruling classes. The social democrats had returned five members to the North German diet in 1867. For the German diet in 1871 they had counted only 120,000 votes, and returned two members; but in 1877 they had returned twelve members and polled nearly half a million. In Berlin the socialist voting strength had risen from 6695 in 1871 to 57,511 in 1878,—an increase which was all the more remarkable that Lassalle could hardly obtain a hearing in the capital when he commenced his career. A much more significant feature of the movement was the admirable state of organization to which the socialist propaganda had attained. A large number of skilful, intelligent, and energetic agitators spread their doctrines throughout Germany; a whole machinery of newspapers, pamphlets, treatises, social gatherings, and even almanacs diffused the new creed. In all the great centres of population, in Berlin, Hamburg, and the industrial towns in Saxony and on the Rhine, the socialists were rapidly tending to become the strongest party. The Government accordingly intervened with exceptional legislation, which in 1878 was carried during the excitement occasioned by the attempts on the emperor's life of Hödel and Nobeling. These exceptional laws, though administered with great rigour, have not by any means succeeded in arresting the progress of the movement, as at the election to the Reichstag in 1884 the socialists polled about 600,000 votes and returned twenty-four members. Berlin alone counted 68,000 socialist voters. In the last report relating to the anti-socialist law laid before the Reichstag (1885) the continued progress of the party is admitted.

The participation of the Catholic Church of Germany in the social question dates from the period of the Lassalle agitation. In 1863 Döllinger recommended that the church should intervene in the movement, and Bishop von Ketteler of Mainz lost no time in expressing sympathy with Lassalle. In a treatise entitled *Die Arbeiterfrage und das Christenthum* (1864) Ketteler criticizes the liberalism of the Manchester school in substantially the same terms as Lassalle, and recommends the voluntary formation of productive associations with capital supplied by the faithful. In 1868 the Catholic socialism of Germany took a more practical form: it started an organ of its own and began to organize unions for the elevation of the working men. The principles of the movement have been with some precision expounded by Canon Moufang in an electoral address at Mainz (1871), and by the writers in their organ. All agree in condemning the principles of liberalism, especially in its economic aspects, as destructive of society and pernicious to the working-man, who, under the pretence of freedom, is exposed to all the precariousness and anarchy of competition and sacrificed to the iron law of wages. Self-help as practised in the Schulze-Delitzsch schemes is also considered to be no sure way of deliverance. This general remedy is union on Catholic principles, especially the formation of trade guilds suited to modern exigencies, which some of their leaders would make a compulsory measure enforced by the state. The views of Moufang, which are most definite, may be thus summarized: legal protection for the workers, especially as regards hours of labour, wages, the labour of women and children, sanitation; subventions for workmen's productive associations; lightening of taxes on labour; control of the moneyed and speculating interests. In the organization of unions the success of Catholic socialism has been great; and the social democrats admit that they can make no progress in Catholic districts where the church has developed its social activity.

The socialist activity of the Protestant Church of Germany dates from 1878. The most important literary product of