

not by any means explain all economic phenomena, *e.g.*, interest and the profit of the *entrepreneur*." (Josef Schumpeter: *Das Wesen und der Hauptinhalt der theoretischen National-ökonomie*, Leipzig, 1908, p. 564.)

" . . . Our theory breaks down, in spite of its firm foundations, before the most important phenomena of the modern economic life." (*Ibid.*, p. 587.)

"It again breaks down in the face of any phenomenon that can . . . be understood only from the point of view of evolution. Among these are the problems of the formation of capital, and other problems, particularly that of economic progress and crises." (*Ibid.*, p. 587.)

It is apparent that the latest theory of the bourgeois scholars fails precisely in the most important fundamental questions of our day. The enormous and speedy accumulation of capital, its concentration and centralisation, the uncommonly rapid progress in technology, and finally, the regular recurrence of industrial crises—this specifically capitalistic phenomenon which shakes the social-economic system to its foundations—all these things are a "book with seven seals", according to Schumpeter's admission. And just where the philosophy of the learned bourgeois ceases, the Marxian theory comes into its own, to such an extent, in fact, that mutilated fragments of the Marxian doctrine are accepted as the last word of wisdom even by the bitterest enemies of Marxism.⁶¹

4. Conclusions

We have investigated the three initial fallacies of the Austrian School: its subjectivism, its unhistorical point of view, its beginning with consumption. These three logical points of departure, connected, as they are, with the three basic mental traits of the bourgeois *rentier*, inevitably involve also the three fundamental errors in the theory of the Austrian School, which are found repeated again and again in the various sections of the general theoretical "system": the "vicious circles" resulting from the subjectivist method; their inability to explain the specifically historical forms of capitalism, because of their unhistorical point of view, and, finally, their complete failure in dealing with all the problems of economic evolution—a