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