The commodity chosen becomes in time segregated from all others and is looked upon as having a fixed value. Neverthless it should be remembered that in reality it remains a commodity and is subject to such fluctuations in exchange value as are other commodities.

At present gold is the chosen commodity. In terms of gold the exchange values of other commodities are expressed. In the final analysis this is equivalent to comparing the exchange values of other commodities with that of gold. Thus if we say a pair of shoes is worth five dollars, we assert that the same quantity of necessary social labor is embodied in a pair of shoes as in five dollars gold. The coinage of gold merely signifying that the government certifies the coin to contain so much gold of such and such a fineness. The gold itself being the product of labor, its exchange value is determined by the labor it embodies.

### Fluctations in Price and Value.

Fluctuations in the exchange value of a commodity can only take place when changes take place in the quantity of labor involved in their production. Thus, with the development of labor-saving machinery, the production of commodities involves less labor and their exchange value decreases. Price, being the approximate monetary expression of exchange value, would necessarily follow these fluctuations. It is, however, subject to fluctuation from other causes. One of the most important being the fluctuations in the exchange value of gold itself. So enormous has been the recent production of gold and so great the saving of labor in that branch of industry, that its exchange value has decreased more than has been the case with other commodities, which accounts largely for the so-called rise in prices of recent years.

The minor fluctuations in prices that are continually taking place are due mainly to supply and demand. In a stable market such that the supply of and demand for all commodities exactly balanced one another prices and exchange values would be equivalent. But, as such is not the case, as supply and demand don't balance, prices of commodities continually fluctuate above and below their exchange values. When the demand for a commodity is greater than the supply, its price rises. When the supply is greater than the demand, the price falls. But whenever the price rises anywhere a flow of commodities takes place in that direction and the price is brought down to its level ,and whenever the price falls, production is retarded until the normal level is resumed. So that these fluctuations, on the average, cancel one another and commodities exchange on the average at their cost of production, that is according to the socially necessary labor involved in their production.

### Fluctuations in Wages.

The money wage, being the price of the commodity, labor-power is subject to the same fluctuations as is the price of any other commodity. That the supply of labor-power exceeds the demand at all times, and often to such an extent as to produce a veritable glut, is so patent that