the exploitation of labor by capital. Our friend Moneybags, he puts it, takes advantage of labor's value-creating property. He finds the commodity, labor-power or capacity for labor, offered for sale on the market by the laborer, who is at once free to bargain for its sale and without other resource than the proceeds of this transaction. This commodity Moneybags buys for a definite period, paying for it its full value, this value being, as in the case of other commodities, determined by the labor-time socially necessary for its production, and thus equivalent to the value of the means of subsistence for the laborer and his substitutes, his children. The capitalist finds his profit in the circumstance that labor-power has the peculiarity of being a source not only of value but of more value than it has itself. In, say, half a day, the laborer can produce a value equivalent to the cost of his labor-power. He has, however, sold his whole working capacity. He is obliged to continue working beyond this point and in the other half day he produces value for the capitalist, surplus value in short. The value of labor-power and the value of the product which labor can be made to yield are two entirely different magnitudes; it was this difference that the capitalist had in view in purchasing the labor-power. Constant capital, that part of capital invested in plant and material, merely reproduces its own value in the process of manufacture. Variable capital, on the contrary, the portion invested in labor-power, reproduces its own value and the whole of the surplus appropriated by the capitalist. The capitalist increases his surplus value or profit by increasing either the length of the working day, the intensity of labor, or the productiveness of labor; the records of English factory development, Marx urges, are black with evidences of all these forms of exploitation.

It is not necessary to discuss at length this theory. It is clear that the value of any article depends as much upon its utility as upon its cost of production. An article which goes out of fashion ceases to have value, though the amount of labor that went to its making is no less. Nor is the manual labor the only factor oo the cost of production side. We cannot ignore the services of the employer and the capitalist, and we cannot isolate the contribution made by any one factor in production. Profits in different industries do not, as a matter of fact, vary in proportion to the amount of labor employed, as would be necessary if the exploiting of labor were the sole source of profit.

The Law of Capitalist Development. Given this doctrine of surplus value, Marx goes on to explain the future trend of development. The capitalist reinvests the surplus-value or