

Karl Marx (Pages 63-76)

Introduction to Capital

- "Commodities" looks at sources of "value" by asking what determines the worth/price of goods bought and sold on the market.
 - o Use-value = utility of commodity; its ability to satisfy wants
 - Only has this if it can be consumed/put to use
 - Ex: one-legged stool has no use-value
 - o Exchange-value = how much of a given commodity it takes to equal the value of another commodity.
 - Derived from trade
 - Dependent on what goods are being exchanged
 - Ex: trading DVD player for cd player, jackets, guitar
- **Labor Theory of Value**
 - o The value of an object is determined ultimately by the amount of labor time (hours/weeks/months/years) that it took to produce it.
 - o Commodities that took the same quantity of labor
 - o Unmasked the root cause of exploitation found in capitalism.
- *In a capitalist economy, those who don't own the **means of production** are forced to sell their labor power in order to survive.
 - o B vs. P
 - o Labor power = commodity exchanged for wage
 - o But, the value of labor = just enough for the worker to return the next day
- **Surplus Value**
 - o The difference between what workers earn for their labor and the price/value of the goods that they produce
 - (Wages for Labor) - (Price of Goods Produced)
 - o How a capitalist makes their profit → pays worker less than they produce
 - o Ex: Worker gets \$10/hr for tables → \$400 for a 40/hr work week
 - Annually, they get \$20,800; but based on what they produce, should be getting \$30,000/year
 - The extra 10,000 is appropriated by capitalist.
- Private Ownership of the of the Means of Production allows the owner to control the production process and appropriate the products → taking products for himself
 - o **Essentially, the surplus value becomes the capitalists' source of exploitation.**
- Capitalist has two means of increasing his profit:

- Absolute Surplus Value
 - Extending the working day while wages stay constant
 - More hours → more productivity
- Relative Surplus Value
 - Increasing productivity through timesaving procedures.
 - Decrease time, decrease cost of production → **undersell** competitors
 - Specializing the labor force by reorganizing workers and their allocation of tasks.
 - Simplifies worker's role
 - Ex: Henry Ford's automobiles
- Sophistication of machinery/technology led to greater production in less time.
 - Surplus value increases; alienation increases; exploitation increases
- Specialization + Mechanization put workers into unstable employment
 - Workers become expendable; easily replaced
- "Fetishism of Commodities"
 - The distorted relationship existing between individuals and the production/consumption of goods.
 - We treat the goods as if they have "magical powers"
 - Grant more power to the goods than to us, the ones who made them.
 - Our accomplishments/failures are based not upon who we are as individuals, but *magically* from what we buy as consumers.
 - Relating to things, not people
 - Blaming machines for our dissatisfaction → giving them human qualities
- **Alienation** = dehumanizing consequence of the worker's estrangement/separation from the means of production and the goods produced.
- Production under capitalism is driven by the **goal of increasing profits + capital for reinvestment**.
 - Technically, capitalists enter the economic exchange already possessing **capital** (raw materials, machinery for production) or money.
 - Converts money into commodity
 - For the worker...
 - C-M-C (his commodity, labor, is exchanged for money, then exchanged for commodities necessary for survival).

Capital (1867) Karl Marx

Commodities

- **Commodity** = an object outside of us; a thing that has properties that satisfy human wants of some sort or another.
 - o Direct or indirect satisfaction
 - o The utility of a thing makes it a **use-value**.
 - o The property of a commodity is independent of the amount of labor required to appropriate its useful qualities.
- The **use-values of commodities** provide the material for a special study, that of the commercial knowledge of commodities .
 - o Use-values become a reality through consumption
- **Exchange-value** (quantitative relationship)
 - o The proportion in which values in use of one sort are exchanged for those of another sort; which constantly changes with time and place.
 - o Ex → Wheat is exchanged for silk, cotton, and rayon (therefore has many exchange values).
 - o Two qualities:
 - The valid exchange-values of a given commodity express something equal.
 - *Exchange-value* is only the mode of expression
- When commodities are exchanged, their **exchange-value** manifests itself as something independent of their **use-value**.
 - o But, if we abstract from their use-value, their **value** still remains.
- The labor that forms the **substance of value** = homogenous human labor
- Commodities that are made with the same amount of labor/produced in the same amount of time have the **same value**.
 - o If the labor time required for production is constant, the value of the commodity stays constant.
- The **greater the productiveness of labor, the less labor-time required for the production of an article, the less is the amount of labor crystalized in that article, and the less is its value** → and vice versa.
 - o *The value of commodity varies directly as the *quantity*, and inversely as the *productiveness*, of the labor incorporated in it.
- In order to become a commodity, a product must be transferred to another, which will serve as a use-value, by means of an exchange.
 - o Nothing can have value without being an object of utility
 - o If it is useless, so is the labor contained in it