Marx: Value and Surplus Value

The Contradictions of Capitalism

“Working Men of All Countries, Unite”
Quote of the Day:

• "The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his “natural superiors”, and has left remaining no other nexus between man and man than naked self-interest, than callous “cash payment”. It has drowned the most heavenly ecstasies of religious fervour, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom — Free Trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation."

• --Marx and Engels, Communist Manifesto, Chapter 1
Today’s Menu

I. Review Base and Superstructure
   A. The state, bourgeois economics, Education
   B. Nationalism as bourgeois ideology (Manifesto, Chapt. 2)

II. Method of Historical Materialism (Cont.)

III. Marx and Engels’ Interpretation of History

IV. Three “Laws” of Capitalism
   A. Exploitation: 5 ingredients
   B. Grow or Die: Why? 2 Reasons and 7 comebacks
   C. Inevitable Death: Two ways
I. Review Base and Superstructure

A. Why does the “base” need a superstructure?
   1. Protestant Ethic as an example
   2. Democracy as an illusion
   3. The creation of the “individual”
   4. The idea of “merit”

B. Where do ideas come from?
   1. Radicals, Progressives, Conservatives
   2. Economic Hierarchies determine our consciousness
II. Methods (cont.) and Interpretation of History

A. “Law of Change”
   Change in the “forces” (means/technology) of production $\rightarrow$ change in relations of production

B. The “Law” of Progress

C. Class contradictions

D. What will the IT revolution bring?
III. Marx and Engels Interpretation of History

A. Primitive Communism: No surplus, no classes
B. Slave Society
C. Feudalism
D. Commercial Capitalism
E. Industrial Capitalism
F. Communism
G. What is Capitalism?

- A market system in which the means of production are in private hands.
- Profits of that production accrue to those who own the means of production.
- Capitalism is historically progressive as a system for producing and allocating resources...it has rescued the population from the "idiocy of rural life"
Marx on the glories of capitalism:

• "It has been the first to show what man’s activity can bring about. It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals; it has conducted expeditions that put in the shade all former Exoduses of nations and crusades...

• The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible, and from the numerous national and local literatures, there arises a world literature...... has thus rescued a considerable part of the population from the idiocy of rural life..
IV. Three Laws of Capitalism

A. Exploitation: The ingredients

1. Class
2. Private Property
3. Labor Value
4. Commoditization of Labor: Wage labor
5. Extraction of surplus value
What?

We just learned from liberal theory that **rational individuals** were the central actors and that their **property** was what they needed to engage in **free, voluntary exchange**, and that the **value** of those goods was expressed in their **price**, determined by the law of supply and demand!
1. Class: Individuals are not the key actors

- Your economic class is determined by where you are in the production process
- Historically, every kind of production produces class conflict
- Where you work and what you own determines who you are!
- And your identity is submerged in the class of people that you fall into: owners or workers
2. Private Property

- Marx critique based on “Freedom” principle
- Private ownership denies freedom to the both those who do not own property and those who do!
- It grants a right of inequality
3. Labor Theory of Value

• Labor creates value.
• money has no intrinsic value unless it can purchase stuff made by labor
• All Capital is “dead” labor
• Labor value is reflected in the value of the commodity
4. Labor is turned into a commodity to buy and sell

A commodity is something which can be exchanged for other things on the market - something which thereby has an exchange value. Commodification refers to those processes through which social relations are reduced to an exchange relation, or as Karl Marx (1978) refers to it in the *Communist Manifesto*, as “callous ‘cash payment.’”

The commodification of labor, inherently alienates human beings from their true selves. Since the worker does not own what he produces, since he lives as an extension of the machine, since he hates what he does, then the worker does not own his own life, he is in a basic sense simply a human machine.

Whilst reading about ‘commodified labor’ images of workers with price tags and discount tickets floated through my subconscious in much the same way one might imagine a car lot. Rows of eager workers aiming to receive the best price for their resources and skills while at the same time guaranteeing they don’t get passed over in favor of the more appealing offer in the next row.
Commodification of Labor gives power to the “undead”

- Capital is dead labor, which, vampire-like, lives only by sucking living labor, and lives the more, the more labor it sucks.
- Capital is accumulated labor
- Dead labor exercises power over live labor
b. This is the opposite of what liberal theory tells us

- Liberal theory tells us that in free market economies, labor can be freely exchanged:
  - the worker can freely choose between alternative “utilities,” jobs, employers, and leisure trade-offs
- Marx refutes this with his theory of surplus value
5. Extraction of surplus Value

$54 Profit = surplus value
B. Grow or Die.... Why?

Expand Or Die
1. The commodification of labor is not sustainable
2. And surplus value will inevitably decline for the individual capitalist

• The reality of competition and utility maximization
• Leads to the need to make workers more productive
• Which leads to the suppression of wages
• And the threat that someone else will be able to make a better product with less cost
3. Capitalist Response to decline

– Scour the earth for cheap labor
– Replace human labor with technology (lean production)
– Find new markets
  • "The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere."
– Persuade people to buy what they don’t really need
– Find the cheapest materials
– Use ideological weapons of the superstructure
– Find an illusion of security through the concentration of wealth—creating giant corporations that are “too big to fail”
Capitalist “gobbles up his own”
C. Capitalism’s inevitable death

- Deepening cycles of recession and depression
- Class Warfare and revolution: The Ultimate “Double Movement”
The ultimate “double movement:”
Revolution