

Marx and Marxism

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Set-Up

1. **Three Kinds of *Reproduction***

- (a) *Material Reproduction.* The cyclical production of things (like: food, shelter, tool, technical knowledge, etc.) that are required for the continuation of human life and the process of production.
- (b) *Human Reproduction.* The reconstitution of human power and capabilities (like: food, sleep, shelter, medical care, etc.)
- (c) *Social Reproduction.* The re-construction of society via collective action, and the transmission of culture, norms, and ideas.

2. **Questions About *Surplus***

- (a) *Who gets the surplus?*
- (b) *How is the surplus distributed?*
- (c) *What does one do with the surplus when one gets it?*

Terminology and Important Ideas

- **The Aim of Communism:** “to organise society in such a way that every member of it can develop and use all his capabilities and powers in complete freedom and without thereby infringing the basic conditions of this society.”
- **The Proletariat:** The class of society that lives exclusively by *its labor* and not on the profit from any kind of capital.
- **The Bourgeoisie:** The class of society, at odds with the Proletariat, that profits from *capital*. (This class benefits from the surplus created by production).
- **Private Property and Communism:** The abolish of private property — in favor of communal ownership — is the end-goal of Communism.

Notice that both Marx and Libertarians, who we’ve looked at already, highlight the importance of *freedom*.

Why? What role, according to Marx, does private property play in Capitalism?

Marx’s View

1. Labor, when commodified by Capitalism, leads to the exploitation of the Proletariat.
2. One effect of this exploitation is the *alienation* of laborers from their work.
3. A precondition of this capitalistic commodification of labor is the holding of *private property*.

Marx calls for an overthrow of the current economic system via the elimination of private property.

Understanding Marx In More Depth

1. Marx believes, and argues for, the following claim:

Necessarily, Capitalism involves the coercion and exploitation of the working class.

Let's try to get a clear idea of why Marx thought this.

2. Marx divides a Capitalistic society into two different classes:

- **The Capitalists (or, Bourgeoisie).** This is the class who owns the *means of production*. This enables them to pull in a profit.
- **The Working Class (or, Proletariat).** This is the class of wage laborers. They exchange their labor for a wage. They do not, unlike the Capitalists, earn a profit by owning any kind of capital.

Marx thinks that the Capitalist *Class* exploits the Working *Class*. He does not claim that every member of the Working Class is individually exploited. Rather, the Working Class *as a whole* is exploited.

3. What is *Marxian Exploitation*?

Exploitation: The unequal exchange of labor for goods. If S labors to produce x units of value, and only receives $y < x$ units of value as compensation, then S is *exploited*.

According to Marx, the Working Class labors to produce a certain quantity of economic value but is only compensated for some of that value. The “surplus” of value is appropriated by the Capitalist Class.

4. **Why Think the Working Class is Exploited?**

(a) *Economic Value and Price*

- **Exchange Value.**

The *exchange-value* of a commodity x is its power of exchange against quantities of other commodities. (For example, how many units of y could you exchange x for?)

- **Natural Price.**

The *natural price* of a commodity x is equal to the amount of value needed to produce x plus a profit markup.

- **Labor Value.**

The *labor value* of a commodity x is proportional to the amount of labor hours required, both directly and indirectly, to produce x .

(b) **Labor Alone Produces Value.**

This is a strong claim. Keep in mind that Marx is not arguing that this *sometimes* happens, or *can* happen in a Capitalistic system. Rather, exploitation is an unavoidable, necessary consequence of the “Free” Market.

Question To Keep In Mind: *Is exploitation, in the Marxian sense, a kind of injustice?*

Surplus Value = the difference between *the amount of value the Working Class produces* and *the amount they receive*.

What determines the profit markup? How is profit even possible? These are questions that Marx's economic theory strives to answer. Marx's answer is that *profit* is the surplus value created by the Working Class and appropriated by the Capitalists.

Marx argues that the only thing that creates economic value is *labor*.

(c) ***Variable Capital: the Value of Subsistence Required for the Maintenance of the Working Class.***

The amount of value the Working Class receives as *wage* is equal to then number of hours required to produce the products necessary to sustain and reproduce them.

(d) ***Surplus Value: the Value Produced by the Working Class Over and Above What Is Earned in Wage.***

The Working Class labors to produce a certain quantity of economic value. Some of that value is returned to them in the form of wages. Whatever is left over is *Surplus Value*.

Total Value of Goods – Variable Capital = Surplus Value

(e) ***Key Claim: The Working Class Generates Surplus Value, which is Appropriated by The Capitalist Class.***

The Capitalists — those who own the *means of production* — appropriate value (in the guise of *profits*) that is created by the Working Class.

(f) **Marx's Conclusion:** Because the Working Class labors to produce a total amount of value *greater than* the amount for which they are compensated, they are being *exploited*.

5. **The Working Class is exploited by the Capitalists**, leading to: (1) domination; (2) alienation; (3) inequality; and, if Marx is correct, eventually (4) revolution.

It is only by “mixing our labor” with something that we can come to make it more valuable.

Example: Widget Factory. In order to produce widgets, the factory has to buy various raw materials, tools, and labor (bought with wages paid to the laborers). According to Marx, the value of these inputs can be cashed out in terms of their respective labor values, in the following way:

- i. *Raw Materials.* The value of the raw materials used in production is proportional to the number of hours of labor required to acquire them (in the field, or in the mine, etc.)
- ii. *Tools.* The value of the tools used in production is proportional to the number of hours of labor required to produce them. The Tool Factory, in turn, has to buy up raw materials and hire laborers in order to produce tools. The labor value of the tools produced, then, is proportional to the number of hours of labor required to build them plus the number of hours required to acquire the raw materials used in their production.
- iii. *Labor.* The value of the labor used in production is proportional to the number of hours required to produce the products that are necessary to *sustain and reproduce* the Working Class. (Laborers need to eat and sleep, etc., in order to work).