

Marx: Ideology & Exploitation

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Ideology in Marx

What is *Ideology*? How does it differ from a system of beliefs?

REASONS FOR BELIEF

(E) X is an **epistemic reason** for believing that p if X speaks in favor of the truth of p .

(P) X is a **pragmatic reason** for believing that p if X gives us a reason for thinking that it is in our interest to believe that p .

A belief-system (or “world-view”) is an *ideology* if the real reasons we endorse it are for pragmatic reasons (even if this is hidden from view, and opaque to us).

Marx’s Theory of Exploitation

Marx argued that, under Capitalism, the Working Class is systematically exploited by the Capitalist Class. The idea, roughly, is that (1) the value of a commodity is determined by labor; (2) under Capitalism, labor is a commodity; (3) there is a mismatch between the value of labor (as a commodity) and the value that labor produces.

MARXIST TERMINOLOGY

Term	Definition
<i>Capital</i>	Property that is used to produce other property.
<i>Capitalists</i>	People whose income comes from owning capital.
<i>Use Value</i>	The value an item has in virtue of your ability to consume it.
<i>Exchange Value</i>	The value an item has in virtue of your ability to trade it for something else. (A product with an exchange value is a <i>commodity</i>).

Items that have use value are called “products.”

A products that has exchange value (by being traded on a market) is called a “commodity.”

The Labor Theory of Value: The price of goods on the market is determined by the amount of socially necessary labor to produce them.

What is Socially Necessary Labor? The amount of labor hours that would be required now (by a competent laborer) to produce a product.*

The Working Class sells their **labor power** to the Capitalist. (Labor power is a commodity). The Capitalists use this labor power, along with equipment and raw materials, to produce commodities, which are then sold on the market for profit.

1. **The Price of Labor Power**, paid out in wages, is determined by the cost necessary to "reproduce" the worker.
 - How much of which commodities are required for laborers to be willing and able to continue selling their labor power?
 - How much labor is socially necessary to produce these commodities?
2. **The Value of Equipment and Raw Materials** is determined by the amount of labor embodied in them. (How much socially necessary labor is required to produce them?)
3. **The Value of the Finished Product** is, also, determined by the amount of socially necessary labor required to produce it.

If the firm is profitable (i.e., the Value of the Finished Product is greater than the cost of production), where does this extra economic value come from?

Surplus Value is the difference between *the price of labor power* and *the price of the goods produced*.

Exploitation: If S labors to produce x units of value and only receives $y < x$ units of value as compensation (where the remainder, $x - y$, is appropriated by someone else), then S is exploited.

The Capitalists appropriate the Surplus Value, in the form of profits, which was created by the Working Class.

You can think of **The Labor Theory of Value** as the conjunction of two claims:

- (1) The value of a commodity is determined by the amount of socially necessary labor to produce it.
- (2) The value of a commodity determines its exchange value (i.e., its price).

*Marxist will sometimes motivate this idea by saying *Labor Creates Value*. But it's not clear that socially necessary labor correctly captures this idea (e.g., if labor creates value, then shouldn't the value of a product be the amount of labor hours that *actually* went in to producing that thing, and not how much *would be* required now to produce it?)

Marx thinks that *labor power* is the only commodity which expands in value as its used.

The Price of Labor Power +
The Value of Equipment and Raw Materials =
the cost of production.

Because of **The Labor Theory of Value**, Surplus Value is equivalent to the difference between how much socially necessary labor is required to keep the workers working and the total amount of value labor added to the finished product.