

Critical Political Economy

Lecture 2: Marxs Value Theory

Marx's theory of history: have discussed

Important factors:

CMP and analysis are seen as historically specific
Labour power as a commodity

Need to have:

separation of ownership and control of means of production
Capitalist with money

So Key elements of CMP are:

Commodities produced for exchange
Emergence of free labour
Emergence of class monopoly of means of production
Homogenisation of labour 'abstract' labour; abstraction was historical trend
Labour power becomes a commodity
Competition

So get:

Commodity fetishism: relationship between people becomes a relationship between things

Alienation: for workers from the control of products and processes
For capitalists exchange and profit

Exploitation: endemic

Money: Unit of account
Medium of exchange

Hegelian contradictions are clear:

Emergence of free labour vs exploitation
Reduction of barriers to competition vs class monopoly of the means of production

Labour Theory of Value

Use value vs exchange Values

Value as socially necessary labour time

Prices of production or 'natural prices'

Commodity domain -observable and concrete
-technological relations

Value domain - non -observable, abstract
-social relations

Price domain -observable market prices
-market relations

Smith's labour theory of value:

sum direct inputs of labour in production

Ricardo's labour theory of value

add in indirect labour

Marx's labour theory of value:

historically specific

Exchange relations - social relations

CMP exchange not for immediate use

Social use values produced by social labour in the abstract

Money as universal equivalent - store of value

Value - socially necessary labour time

Under CMP labour and labour power differ.

Labour power is purchased and sold > ability to work becomes a commodity

Exploitation: price of labour power = wage

Labour power is a commodity which produces value

Exploitation

Labour input is v variable capital and s the surplus. That amount of labour over and above that required to reproduce the labourer (subsistence).

$$l = s + v$$

The rate of exploitation is then the ratio of s to v

$$E = s / v$$

Total value is the sum of the direct labour inputs plus c the capital (dead labour)

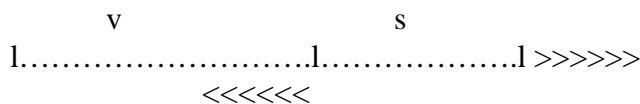
$$? = c + s + v$$

Absolute surplus value can be increased by:

Increase hours worked

Increase intensity

Increase number of family members



But there are physical limitations (see discussion in Vol 1)

Relative surplus value can be increased by:

Decrease value of subsistence bundle

Doesn't increase s for individual but does for system as a whole

Need dynamics of accumulation

This has no physical limit.

Organic composition of capital:

$$q = c / v = \text{dead labour} / \text{live labour}$$

Commodity domain

technical composition of capital

Value domain

value composition of capital

Price domain

organic composition of capital

(see Fine and Harris)

$$\begin{aligned} \text{Value rate of profit} \quad ? &= s / c + v \\ &= (s/v) / (c/v) + 1 \\ &= e / q + 1 \end{aligned}$$

Circuits of capital

Simple exchange C --- M --- C

Capitalist M --- C --- M'

Capital self expanding value M --- M'

Use values P --- Q --- P

Exchange values C' --- C'

Can see capital as self expanding value more clearly:

$$\begin{array}{c} M' \text{ --- } M \text{ --- } C \text{ --- } M' \\ \quad \quad \quad ? \\ \quad \quad \quad m \text{ --- } c \text{ --- } m' \end{array}$$

Breaking out LP labour power and MP means of production shows that value is created in production and hence by labour power.

$$M \text{ --- } C \text{ --- } \begin{array}{c} LP \text{ --- } P \text{ --- } C' \text{ --- } M + m \\ MP \end{array}$$