

# Marx view on capitalism



**ASSIGN  
BUSTER**

1b.

Summarize Marx's views on the market, alienation, the labor theory of value, the surplus value, and the accumulation of capital. Are these views relevant in the 20th century and during the contemporary globalization? If so, how? How are these views related with Thorstein Veblens ideas? Please give specific reference to the relevant readings. Theory of Alienation–his analysis of how people are bound to become estranged from themselves and each other under the conditions of capitalist industrial production (Hooker). This Theory of Alienation is often considered the philosophical underpinning for his later more technical critique of capitalism as an economic system (Bramann).

Marx developed his theory of alienation to reveal the human activity that lies behind the seemingly impersonal forces dominating society. He showed how, although aspects of the society we live in appear natural and independent of us, they are the results of past human actions (Bramann). Marx showed not only that human action in the past created the modern world, but also that human action could shape a future world free from capitalism. Marx understood alienation as something rooted in the material world. Alienation meant loss of control, specifically the loss of control over labour (wikipedia).

Marx begins his analysis of alienated labour by noting what happens to workers under capitalism. As the worker creates wealth, this wealth is created for the capitalist and not for the worker or direct producer, and the condition of the worker deteriorates. The worker produces commodities, out of these commodities capital is created, and capital comes to dominate the

worker. The worker him or her self becomes devalued (worth less – lower wages) as a result.

In his 1844 writing “ The worker becomes poorer the more wealth he produces, the more his production increases in power and extent. The worker becomes an ever cheaper commodity the more commodities he produces ... the object that labour produces, its product, stands opposed to it as something alien, as a power independent of the producer ..

. All these consequences are contained in this characteristic, that the worker is related to the product of labour as to an alien object. ” Marx became a revolutionary because he came to believe that capitalism could not be reformed. In the end, capitalism could only create alienation and estrangement. As he describes: there is an “ essential connection between private property, greed, the separation of labour, capital and landed property, exchange and competition, value and the devaluation of man, monopoly, and competition, etc.

– the connection between this entire system of estrangement and the money system. ” (Marx: On Alienation). Marx theory on theory of value, Karl Marx’s labor theory of value asserts that the value of an object is solely a result of the labor expended to produce it. According to this theory, the more labor or labor time that goes into an object, the more it is worth. Marx defined value as “ consumed labor time”, and stated that “ all goods, considered economically, are only the product of labor and cost nothing except labor (Wollstein).

In other words, Value is nothing but that fragment of the total labour potential existing in a given society in a certain period (e. g. a year or a month) which is used for the output of a given commodity, at the average social productivity of labour existing then and there, divided by the total number of these commodities produced. and expressed in hours (or minutes), days, weeks, months of labour.

Here is an example of how the labor theory of value works: A worker in a factory is given \$30 worth of material, and after working 3 hours producing a good, and using \$10 worth of fuel to run a machine, he creates a product which is sold for \$100. According the Marx, the labor and only the labor of the worker increased the value of the natural materials to \$100. The worker is thus justly entitled to a \$60 payment, or \$20 per hour. If the worker is employed by a factory owner who pays him only \$15 per hour, according to Marx the \$5 per hour the factory owner receives is simply a ripoff.

The factory owner has done nothing to earn the money and the \$5 per hour he receives is “ surplus value”, representing exploitation of the worker. Even the tools which the factory owner provided were, according to Marx, necessarily produced by other workers (Wollstein). According to the labor theory of value, all profits are the rightful earnings of the workers, and when they are kept from the workers by capitalists, workers are simply being robbed. Marx called for the elimination of profits, for workers to seize factories and for the overthrow of the “ tyranny” of capitalism. Basically out of the worker labor, the companies make far more than what they paid the workers, while the companies get richer and richer while the workers remain poor (Mandel). There are some flaws to the labor theory of value.

For example, most workers prefer to be paid when their work is completed rather than when their products are sold - which may be months later. For workers to be paid now, rather than later, someone must advance their wages, and clearly this service has a value. But proponents of the labor theory would have it both ways: workers are to receive the full future value of their product now. The final theoretical failure of the labor theory of value is the value-effort fallacy. It is folly to assume that all effort produces value. Every day each of us wastes time on fruitless efforts.

To equate labor with the automatic creation of value is to fallaciously imply that all human effort is infallible and constantly productive (Mandel). Marx himself considered his theory of surplus-value his most important contribution to the progress of economic analysis. It is through this theory that the wide scope of his sociological and historical thought enables him simultaneously to place the capitalist mode of production in his historical context, and to find the root of its inner economic contradictions and its laws of motion in the specific relations of production on which it is based (Mandel). In Marxist theory surplus value is the value created by individual labour which is left over, or remains in the product or services produced, after the employer has paid the costs of hiring the worker. Marx's theory of surplus-value is basically a deduction theory of the ruling classes' income.

The whole social product (the net national income) is produced in the course of the process of production, exactly as the whole crop is harvested by the peasants. What happens on the market (or through appropriation of the produce) is a distribution of what already has been created. The surplus product, and therefore also its money form, surplus-value, is the residual of

that new net social product (income) which remains after the producing classes have received their compensation (under capitalism: their wages). This 'deduction' theory of the ruling classes' income is thus ipso facto an exploitation theory. Not in the ethical sense of the word - although Marx and Engels obviously manifested a lot of understandable moral indignation at the fate of all the exploited throughout history, and especially at the fate of the modern proletariat - but in the economic one.

The income of the ruling classes can always be reduced in the final analysis to the product of unpaid labour: that is the heart of Marx's theory of exploitation (Mandel). That is also the reason why Marx attached so much importance to treating surplus-value as a general category, over and above profits (themselves subdivided into industrial profits, bank profits, commercial profits etc. , interest and rent, which are all part of the total surplus product produced by wage labour. Surplus value describes the surplus derived from the use of a factor of production over its cost. Marx noted that an employee works more hours than is necessary to provide basic subsistence for himself and his family, thereby creating a surplus, or profit. It is this general category which explains both the existence (the common interest) of the ruling class (all those who live off surplus value), and the origins of the class struggle under capitalism.

Most generally, the accumulation of capital refers simply to the gathering or amassment of objects of value; the increase in wealth; or the creation of wealth. Capital can be generally defined as assets invested for profit (Wikipedia). Capital accumulation refers to the chrematistic operation whereby a sum of money is transformed into a larger sum of money

(capitalism is this money-making activity, although Marx often equates capitalism with the capitalist mode of production). Here, capital is defined essentially as economic or commercial asset value in search of additional value or surplus-value. This requires property relations which enable objects of value to be appropriated and owned. Capital accumulation has a double origin, namely in trade and in expropriation, both of a legal or illegal kind.

Capital accumulation may also confront resistance, when people refuse to sell, or refuse to buy. (Wikipedia). In general, Marx's critique of capital accumulation is that the human chase after wealth and self-enrichment leads to inhuman consequences. The enrichment of some is at the expense of the immiseration of others, and competition becomes brutal. The basis of it all is the exploitation of the labour effort of others. When the "economic cake" expands, this may be obscured because all can gain from trade.

But when the "economic cake" shrinks, then capital accumulation can only occur by taking income or assets from other people, other social classes, or other nations. The point is that to exist, capital must always grow, and to ensure that it will grow, people are prepared to do almost anything (Wikipedia). All of these are relevant to each other during the contemporary globalization. All connected to each other by a web.

All is a systematic result of capitalism. Alienation in capitalist societies occurs because in work each contributes to the common wealth, but can only express this fundamentally social aspect of individuality through a production system that is not (publicly) social, but privately owned, for which each individual functions as an instrument, not as a social being. That led

down to the labor theory of value. For each commodities that a person produces their value increases to the factory.

For an example, a worker in a factory is given \$30 worth of material, and after working 3 hours producing a good, and using \$10 worth of fuel to run a machine, he creates a product which is sold for \$100. According the Marx, the labor and only the labor of the worker increased the value of the natural materials to \$100. The worker is thus justly entitled to a \$60 payment, or \$20 per hour. Each commodities has a value. It the price that people are willing to pay set a price on that item. If the person sold the product for more than \$100 than it is considered to be a surplus.

Because he sold it more than what it total cost. Although, the factory paid the worker enough money to support his or her family, but out of your labor, the factory make far more than what it paid the worker. In this case capital accumulaton take place. The enrichment of some is at the expense of the immiseration of others, and competition becomes brutal (Wikipedia). In this case people are willing to do anything to make sure that capital grow and continue to grow in the contemporary globalization. These views related with Thorstein Veblen's ideas? Veblen is influential figures in the history of the social sciences, whose intellectual relationship has been ignored.

Veblen and Marx Both described economic behavior as socially rather than individually determined. In *The Theory of the Leisure Class*, which is probably his best-known work, because of its satiric look at American society, the instincts of emulation and predation play a major role. People, rich and poor alike, attempt to impress others and seek to gain advantage (Wikipedia).



This is also what Marx talk about in the acculation of capital. How people are willing to do anything to get the upper advantages. Marx though that people are their own downfall, as Veblen wrote a book on how conflict between businessman and engineers based on each other belief, each has simarlarite si nt their own ways but the most common is that how capitalism is a bad thing for the society.