

# Econ 310 sangkeun 1st assignment



Econ 310 Sangkeun 1st assignment Answer Karl Marx used its labor theory of value to determine the worth of a commodity, which was based on the amount of human labor required to produce it. But, conditional to this value was that commodity should not be useless and the labor that goes into producing it should be an average worker of average energy and ability, provided with contemporary techniques imperative in producing the product. Thus, standardizing the socially needed labor, which Marx referred to as abstract labor was used as ultimate measure of value.

Answer 2:

Use - Value: According to Karl Marx, use-value is the utility or usefulness of a certain thing; which is highly subjective in nature. The pleasure obtained from using a certain thing will differ from one person to another, depending on the perspective of the possessor or owner of that thing. This use value cannot be quantified in terms of how much pleasure one can obtain or not.

Exchange - Value: As opposed to the use-value, exchange-value is a quantifiable worth of something. It determines what one can obtain in exchange for some other thing. In other words, it can be said it is the proportional quantity in which it can be bartered with all other commodities and things.

Value: In Karl Marx's perspective, value is a social substance of an object, which renders use-value as entirely meaningless; and exchange value is traditionally the relative value of an object in relation with another. Although it does not mean to ignore the use-value and exchange-value, because it is the use value of a thing that forms the basis for determining the exchange-value; which determines its ultimate value.

Answer 3:

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Karl Marx has defined commodity as 'an external object that satisfies wants or needs', these commodities differ from each other because of its use value and the exchange value. Whereas, Marx used the word fetish to describe some object or commodity that fascinates and blinds oneself from seeing the truth. Hence, coined the term 'commodity fetishism'. The reality of the world is that money fascinates and so does commodities. The people living in this world question about who has it, how is it acquired and spent According to Marx, commodity including money is a fetish that puts a blind eye on the understanding, that, there is one class of the society which is exploited. Further to his beliefs, in a capitalistic economy, the factory owners are exploiting laborers to generate surplus value from the value that goes into production of a commodity.

Since the capacity of an individual was production of labor power, and individuals had freedom to use their own hands for productivity purposes, they had an option to sell their laborious efforts to the capitalist; hence labor power was treated as a commodity. And accordingly the capitalist with their money bought one commodity, labor power (the socially needed labor), did some value addition and further sold the value added commodity for a certain value and the cycle would go on, until the final consumption. In the value addition stages, profit was accumulated at each stage of exchange. This is the cycle, Paul Sweezy refers to. Commodity fetishism talks about generation of surplus value by exploiting labor and this is the profit for the capitalists.

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