

# [Simply pin, he is not truly knowledgeable in](https://assignbuster.com/simply-pin-he-is-not-truly-knowledgeable-in/)

Simply put labour power is ones capacity to do work. This piece seeks to explore two key trains of thought. First the ideachampioned by Adam Smith that althoughthe workforce creates labour power, when discussing value labour isn’t all weconsider. We must include compensation for the facilitator of production. Secondidea championed by Karl Marx is that those who actually carry out the labourproduce labour power thus they create value.

According to Smith labour power is created by anyonewho works. Optimum labour power is produced via the division of labour. Heexplained his concept with the example of a pin manufacturer, if one worker istasked to make a pin, he is not truly knowledgeable in any one aspect of thisprocess, rather he knows each sub-section well enough so he can produce thepin, with maximum effort he can maybe make one pin a day. Whereas if we take 10workers and tasked them with the same job but instead broke the job down intodistinct sections and have the men specialise in 2-3 sections the men couldtogether make 48, 000 pins (Smith, 2005: 10-11). This growth in labour powerstems out of three key reasons. Firstly increase in skill per worker. Eachworker focuses and specialises in a few aspects of the job, because they dothis part of the job exclusively, through repetition they are able to enhance theirskill at this particular task until they have perfected the skill (Smith, 2005: 13). He uses the example of a trained Smith who has become accustomed to usinga hammer but has never made a nail and common boys whose sole existence is tosimply make nails.

He says the Smith may make up to 300 nails in a day but verypoorly, and rarely the most skilled Smith might make 800. On the other hand theboys who specialise in nail production and know nothing else easily make 2300each. (Smith, 2005: 14) Secondly time saved because you don’t have to movebetween jobs. Having to clear workspace or even having to go to a completelydifferent factory to complete another aspect of the job because they differvastly in equipment required to carry out the job takes up a lot of time.

Finally Smith argues that a lot of machinery iscreated because of the division of labour, workers become so specialised andefficient at their job they begin to seek new ways to speed up their job (Smith, 2005: 15). This is very logical because, when your work is simplifiedextensively (this simplicity is relative to the job as a whole) and you repeatthe same simple actions day in day out, you in turn will have free time to thengarner up ideas of how to simplify your job further. The ideas of Smith pertaining to value are as follows. He identifies two types of value, value in use and value in exchange. The firstbeing very pragmatic in definition as the amount of utility or use provided bya good or service. The second is the amount of power the good has in purchasingother goods and services.

Typically items which have high value in use havelittle or no value in exchange and vice versa (Smith, 2005: 30). Now thequestion in hand is who creates this value? The answer being the entrepreneur, with the guidance of the invisible hand- which is an imaginary force thatassists demand and supply within a free market to reach equilibrium (TheEconomic Times, 2017). The invisible hand ensures that the self-interest ofbusinesses to make money with a lack of interest regarding consumer concerns isbalanced by competition of other businesses offering similar products. Entrepreneurs create value using innovation and by being efficient. Entrepreneurs cannot over charge for products as there are other companiesproviding similar products. This means that goods must keep improving as it isin the self-interest of entrepreneurs to be innovative with their inventions. The impact this decision will have within a free market is that this gives theentrepreneur the ability to increase the value of a good. Take the iPhone as anexample.

It was not the first phone, but it was able to be promoted as aninnovative product in comparison to its competition, it had to have featuresthat made it stand out, this innovation in turn allows the company to chargemore for the product. Hence the entrepreneur creates value, however value tothe entrepreneur is profit (compensation for the facilitation of production). Itis not useful if the product or good you provide does not give you an increasein value in use or value in exchange. Unlike mercantilism (the dominanteconomic idea before Smith) value can be created without being detrimental to others, the state does need to control every aspect of the market and trade betweencountries can be beneficial (Staff, 2017). The capitalistic ideas of Smith workbecause the market is allowed to regulate itself and trade between countriesare not excessively taxed allowing for the innovation of entrepreneurs to beexchanged for more than the labour power it cost to produce them. In the caseof value in efficiency, the entrepreneur and the invisible hand will causeresources and or factors of production to shift where they are needed. When abusiness closes for example, the factors of production will be shiftedsomewhere else within the economy where they are needed, i. e.

another companymay purchase the machinery, the workers will find new jobs, the shop front willbe utilised by another company. The entrepreneur will then have to come backwith a better idea. This means the economy is working efficiently, the marketwill dictate what it needs, and the entrepreneurs will adjust towards what themarket demands. Nothing falls out of the economy, rather it is recycled andre-used to create something valuable. Marx saw labour power as any effort mental or physicalto produce value of any description (Marx, 1887). Marx believed labour powerwas created by a class which he calls the proletariat, who live out on the saleof their labour.

The proletariat have not always existed however, they cameabout because of the industrial revolution. Machinery powered by steam andengines came about which could only be afforded by big capitalist which he referredto as bourgeoisie, this led to them eventually controlling the means ofproduction. Next they implemented work specialisation by dividing the work, soworkers once accustomed to doing complete jobs now did fractions of the job inturn alienating them from the finished product. This meant that goods could bemade quickly and cheaply. So in turn labour power is produced by thebourgeoisie exploiting the labour capacity of the proletariat (Engles and Marx, 1914). According to Marx the value of a commodity is equal tothe average amount of labour required to produce it, including the cost of rawmaterials and machinery used in the process (worldsocialism.

org, 2017). So essentiallyhe believes that the labourer is the true source of value as most of the timeand labour power spent on creating a product is applied by the labourer. This howeveris not how things are valued in society. Take a shoe with no label on it and ashoe with the Adidas stripes on the side, they both have the same value in usebut the Adidas shoe will have a greater value in exchange. In order for thepurchase of labour from the proletariat to be worthwhile for the bourgeoisie theymust make surplus value.

(Engles and Marx, 1914). The proletariat sell theirlabour for a fixed quantity for example hourly wage, they in turn cut ties withtheir share of the product. The product will belong solely to thecapitalist  who supplied materials andthe wage, so for the valued item produced, the capitalist becomes the owner ofthe labour and the means of production so when the product is sold for a higherprice than the labour power prescribed unto it, the surplus profit is for thecapitalist alone. The capitalist in the eyes of Marx has successfully exploitedthe labour of the proletariat by value gained by their labour. In conclusion, according to Smith labour power isproduced by anyone with the capacity to work, this labour power is the enhancedby the division of labour, hence value is created by the entrepreneur by providingthe needs of production, by implementing innovation and by being efficient.

Marx essentially criticises the ideas of Smith. Marx believes like Smith thatlabour power is produced by those with the capacity to work, however unlikesmith he believes that the industrial revolution has forced this social groupof workers (the proletariat) to work to earn the means of survival. The divisionof labour causes workers to feel alienated from work, and allows for quickproduction for cheap this means that the true producers of value (the proletariat)are cheated out of what they are owed by the same system in which smithbelieves drives the economy.

In other words your political ideology will determinewhom you perceive to create value. If you subscribe to that of capitalism it isclear that by looking at capitalistic countries with less restraints on themarket, economically they are doing the best so they must create value. Howeverthe social ideology of Marx works on the basis that value stems from the amountof labour a product has received, so it follows that we must then assign thecreator of value to the labourers. Bibliography Smith, A. (2005). AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS. ebook Pennsylvania: The Pennsylvania State University, pp. 10-30.

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