

Due: February 4

Discuss what Marx meant by Surplus Value. What is it? Where does it come from?

Marx concludes that labor actually produces more for the capitalist by working extra hours. The surplus value of labor gives rise to the capitalist's profits. In short, while the worker receives only a daily wage equal to subsistence requirements, actual production for a work-day results in extra units of products. The value is translated into profits for the capitalist, who steals what is rightfully the worker's. Such a theft is the result when the capitalist monopolizes the means of production and forces the laborer to work a full day in order to remain employed. Since the typical factory work-week in England during Marx's time averaged slightly more than eighty hours, his concept of surplus value was not as farfetched as it seems today.

In Marx's view, the capitalist strives to obtain more surplus value by expanding production, thereby increasing profits. However, other capitalists compete in the same fashion, hiring more people and bidding against other capitalists, consequently driving up wages. This situation serves to decrease profits.

Marx rejects Ricardo's notions because he believes that workers are too enlightened to continue increasing their offspring. At the same time he scornfully rejects the Malthusian Doctrine, labeling it 'a libel on the human race'. Instead, Marx sees the capitalist providing a solution through the adoption of labor-saving machinery. By substituting technology, the capitalist forces workers out of jobs, thus increasing the labor supply and decreasing wages.

However, the 'solution' does not really solve the capitalist's problem, for as the capitalist adds equipment, the cost of each device inhibits the realization of any surplus value from them. Therefore, the capitalist defeats the purpose of the purchase but must continue modernizing because competitors are continually adding machines to increase production. Consequently, the percentage of profit steadily falls until the point is reached where production is no longer profitable. Bankruptcies result and small firms go out of business.

If workers lose their jobs, labor is forced to accept cuts in wages. Machines are traded, human labor is rehired by the remaining firms and, for awhile, surplus value and profits return. Not for long, however, as this is a vicious cycle. Capitalists ultimately dig their own graves, for on one hand, the working class, increasingly dissatisfied with its misery, grows larger. On the other hand, the capitalistic class grows smaller as larger capitalists gobble up smaller and weaker competitors. When finally only a few powerful capitalists remain, the time comes for the proletariat to rise and sweep away capitalism, which has, in a sense, destroyed itself.