

Critical Political Economy

Lecture 2: Marx's 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

(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.

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