

Labor power is the only commodity which can produce more value than it is worth } therefore; **variable capital**
 other commodities simply pass their value $\Rightarrow$ **constant capital** $\Rightarrow$ **Surplus value theory of profit**

Adam SMITH
 • specialisation
 • division of labor

This leads to:
 1) Less sense of purpose/fulfillment
 2) Feel terrified because easily expendable

"His disapproval of capitalism is for its social arrangements, not its material achievements"

$(\text{what you want}) - (\text{what you expect}) = \text{PROFIT}$
 "profit is euphemism for theft!"

The working class is the exploited class

trade (more production need)
 feudal to nation states

Capitalism's internal conflict.
 for more capital you reduce wages, consumer will have less money to spend!
 $\downarrow$
 you pay more somewhere, then more production somewhere else (mass exodus of jobs)

production efficiency
 $\downarrow$
 more than needed

The labor required to produce that "anything"

Labor theory of value

Marx

diamond/water paradox

Subjective theory of value

Austrian Economists

Congregation of individuals making subjective value judgments based on particular conditions they are in.
 (value of a glass of water in home vs. in desert!)

F. Hayek on "price system"

How to determine "value of anything"?

Karl Marx

the opinion of the people
 Religion
 a harmful, illusion-creating painkiller!

MORALITY

STATE

Three different models in Capitalist Society

- 1) **Instrumental** State as simply a tool directly controlled by the economically dominant class, in its own interests, at the expense of the interests of other classes and the community as a whole!
- 2) **Class Balance** State has interests of its own. State promises both capitalists & proletarians to protect it against the other, so that the government can rule autonomously.
- 3) **Abdication** Bourgeoisie stay away from the direct exercise of political power. It does this in their economic interest to do so. "in order to save its purse, the bourgeoisie must forfeit crown"

"in any society, the ruling ideas are those of the ruling class"
 Marx refrains from making explicit comments on morality of capitalism
 • Capitalism is to be transcended, not abolished

"human emancipation lay in the analysis of historical and social forces, not in morality"

God created man in his own image vs. Man created God in his own image

Feyerbach

Marx added; Religion is a response to alienation in material life, therefore, cannot be removed until human material life is emancipated, at which point religion will wither away

1. from the product of their labor
 2. from their productive activity
 3. from other individuals
 4. from their own nature *
- $\downarrow$
 a future classless society (communism)
 will not contain systematic forms of alienation