

Exploitation, Wages, and Socially Determined Labor Time

Lecture 8



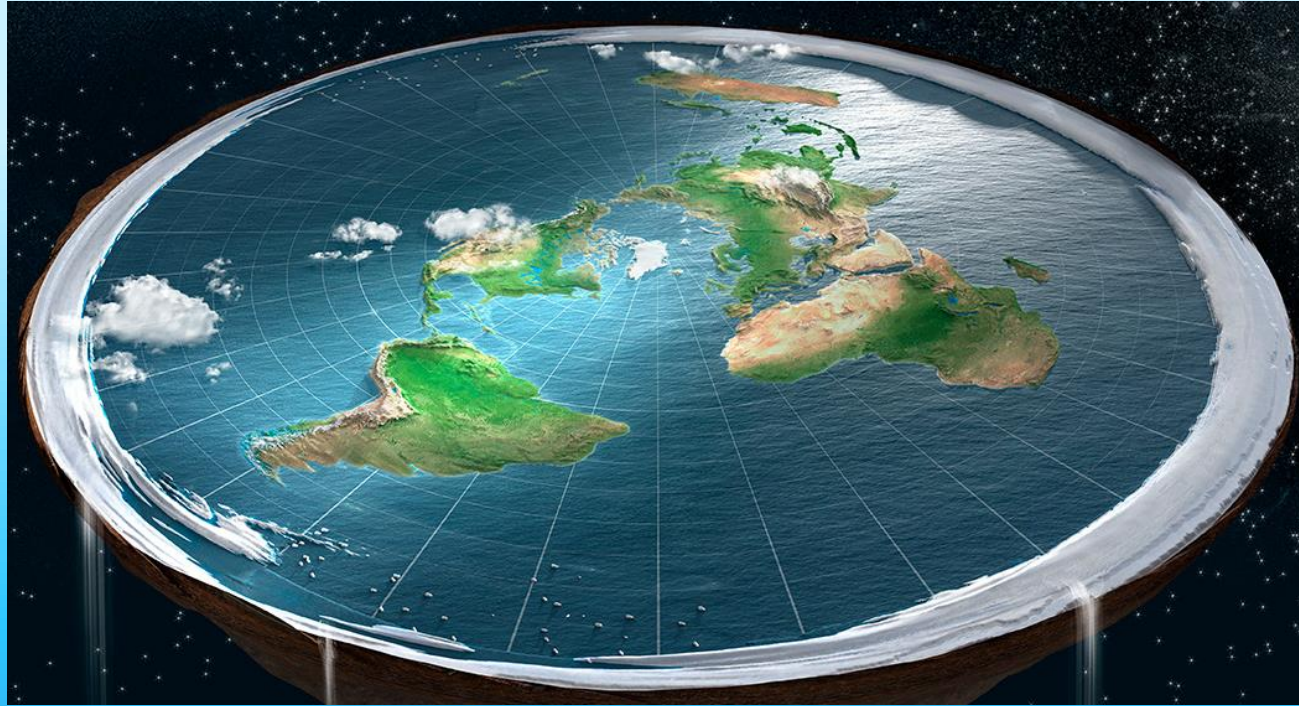
IT workers in India

Lecture Outline

- More About the Capitalist Mode of Production
 - Review Labor Value and Socially Determined Labor Time
 - Exploitation of workers
 - Wages and compensation
- Compare Capitalist to Other Ways of Ascribing Value in Society
 - Graeber. Societal Implications of the Capitalist Ideology. Other Forms of Value

Socially Determined Labor Time

- Flattening of distinct qualities and types of labor to a uniform measure.



Marx “All the different kinds of private labor, which are carried out independently from each other are constantly being reduced to the quantitative proportions in which society requires of them (p. 323)”

Wages and Worker Exploitation under Capitalism

What determines wages under capitalism?



Nurse Practitioner
vs.
Doctor

Both diagnose
illness and
prescribe
medications



How Capitalism Generates Value

- Labor value from living human labor
- Past labor value embedded in tools, machines, technologies of production
- Profit = Exchange Value – Labor – Cost of Tools and Production (Capital)
- Time and Money linked under capitalism. Pre-capitalist compensation was piece rate, under capitalism it is by the hour

Subsistence Wages

- Wages always driven toward subsistence under Capitalism
- Empirically accurate theoretical insight of Marx
- There are always unemployed in a competitive economy, and because workers have no alternative options, they will accept subsistence wages.



(<https://givingcompass.org/article/are-wages-changing/>)

Surplus Value and Rates of Exploitation

- Surplus Value relative to Total Value Produced by Worker is the Rate of Exploitation
- In a competitive economy, the employer that gets more surplus value from his workers per day worked, will do better, have a lower average cost, sell at a lower price, and drive down the price of goods.
- Capitalists fear other capitalists, not workers
- Key to capitalism's innovation is not in exploiting workers or paying subsistence – those have a natural floor – it is in finding way to use the limited labor time more productively. It is innovation, technology (spinning jenny, AI, PCR).
- As employers become more dependent on technology, more spent on machines relative to human labor. Even if rate of exploitation (surplus produced by each worker) increases, the rate of profit might not, depending on the capital component of the production system.

Key Consequences of the Capital Mode of Production

- The only goal of capitalism is to increase productivity, thereby increasing total utility value, total wealth. The distribution of the wealth and societal consequences of the wealth distribution are irrelevant.
- Compare capitalism to a patronage mode of production with a patron and client.
- Wealth is increasingly allocated toward the means of production (technology), not wage earners. Wealth becomes concentrated in the hands of Capitalists.

Labor Value

- Labor value from living human labor
- Past labor value embedded in tools, machines, technologies of production
- Competition motivates technological advances and drives productivity gains.
- Competition pressures capitalists to increase rates of exploitation.

Labor Under Capitalism (David Graeber's Summary)

- Capitalism allows labor to become an abstraction
- Living human labor becomes a commodity
- Employers purchase an abstract concept of the capacity to work
- Money as a token, represents abstract labor



The Iron Rolling
Mill (Eisenwalzwerk),
1870s, by Adolph
Menzel

Societal Implications of Capitalist Ideology

- Graeber defines value as “the way that our actions take on meaning or importance by becoming incorporated into something larger than ourselves.”
- The process of realizing Values in society involves public recognition of those values by other members of the society. Thus society changes due to capitalist modes of production.

The public recognition of charity and justice as Christian values in the form of the funerary tomb of Pope Urban VIII

Charity



Justice



Tomb of Pope Urban VIII
By Gian Lorenzo Bernini 1647.
St. Peter's Basilica, Rome, Italy

Does Graeber's analyses of how capitalism operates explain patterns of employment and compensation in the modern economy?

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