Marx’s Labor Theory of Value

Labor theory of value: The value of any commodity is ultimately derived from the labor used to create it.

Use value: whether something is useful or not; produced to satisfy one’s own needs; measured qualitatively.

Exchange value: produced to be exchanged for other use values; defined quantitatively. (Under capitalism, the purpose of work is to produce exchange value.)

Capitalism obscures the fact that labor is the ultimate source of value. Since workers produce commodities for capitalists (instead of for themselves), these commodities and markets take on an independent existence. This process, the fetishism of commodities, allows for the exploitation of laborers.

Workers are exploited because they are paid less than the value they produce with their labor

E.g., workers are paid for the value of four hours of labor, but they work eight hours. The value of the four additional hours of work is surplus value kept by the capitalist.

Surplus value: the difference between the value of the product when it is sold (its exchange value) and the value of the elements, especially labor, consumed in the formation of the product.
Marx on Human Potential

Human potential (“species-being”) in different types of societies:

Primitive society: People use natural resources to produce the things they need. Because few things are produced and because people are trying desperately to survive, people fail to fully develop their human potential.

Capitalist society: The creative potential of most human beings is eliminated because they must sell their labor to capitalists. Most people have the goal of owning, not expressing their potential. However, capitalism does increase production of goods over primitive society.

Communist society: Structures leading to distortion of human potential are eliminated. People can express their potential in ways never before possible. The result is satisfaction from work itself and abundance.