In his work Capital, Karl Marx confronts the question of what characterizes the economic relations in the capitalist mode of production. He addresses this question with a discussion of the value of products and the labor that produces them, followed by an analysis of the consequences of this mode of production for the workers whose labor fuels it. He begins his discussion by defining a commodity, that is, “a thing that by its properties satisfies human wants of some sort or another.” (303) A commodity consists of the matter or naturally occurring thing and the labor that is required to transform it into an item that satisfies some human need. (309) According to Marx, there are different ways to perceive the value of a commodity. It can be assessed in terms of its use-value, that is, its value in terms of the utility it provides its possessor. (303) It can also be assessed in terms of its exchange-value, which is the quantitative value the commodity is worth upon exchange for another commodity. (304-5) Marx believes that the most appropriate terms upon which to assess value is in terms the labor required for the commodity’s production. (305-7) In his view, the more labor required for the production of a commodity, the more that commodity ought to be worth.

Marx’s ensuing critique of the capitalist mode of production stems from the added value that commodities carry in a capitalist system due to the profit that is made from their exchange. Marx calls the profit the surplus-value, which is produced not by labor, but by taking money and buying a commodity for one price and selling of it for a higher price and getting more money back than was invested in the first place. It is the “excess over the original value.” (332) It is this exchange that results in capital, which is essentially the profit that was earned by the investor through no labor of his own. Whoever engages in these exchanges, thereby inflating the value of a commodity without changing it in any substantive way by adding their labor to it, is called a capitalist.

From the perspective of the capitalist, a worker’s labor is merely another commodity which
he must purchase in order to produce the products which he will resell to build his capital. However, since a worker has no capital, the only property he owns is his own labor, which he is obliged to sell to the capitalist as a commodity to earn wages with which to buy the things he needs to subsist (food, housing, clothes, etc). (337)

Due to the greed of capitalists in trying to maximize the surplus-value of their commodities in order to generate capital, they will pursue a number of schemes and strategies that will garner a higher amount of production from the workers without paying them any additional wages. Marx differentiates between two forms of surplus-value, absolute and relative surplus-value. Marx characterizes this capitalist motivation in stating, “The value of the commodity is, in itself, of no interest to the capitalist. What alone interests him, is the surplus-value that dwells in it, and is realizable by sale.” (383)

One strategy capitalists typically pursue is to only pay the worker a wage that is the least amount which will guarantee his subsistence to continue working. (341) Since the capitalist does not add any of his own labor to the production of the commodity the worker(s) must not only work for the amount of time that is necessary for their own subsistence, but also an additional time to provide for the subsistence of their master, the capitalist, and to enlarge his profit. (364) Another scheme the capitalist utilizes in order to increase the surplus-value of his commodities as much as possible is to prolong the hours of that working day as much as possible in order to get the workers to produce as much as possible beyond the cost of their wages. (379) If the value of their wages is produced in 6 hours of work, and the capitalist can get them to work 12 hours a day, then the extra 6 hours increases his capital by that much because he pockets the fruits of their additional labor.

Another scheme that is used in capitalism, but not exclusive to it, is the division of labor, whereby workers are assigned a specific task in the course of the production of a commodity. This
technique reduces the time needed to produce it by dividing the production of the commodity by assigning each worker as one specialized and specific task rather than having one worker complete all of the different tasks required for its production. (389-90) One scheme that Marx views as detrimental to the workers is the use of machinery in capitalist production. The use of machinery in capitalist production increases the surplus-value of commodities, “by shortening that portion of the working-day, in which the labourer works for himself, to lengthen the other portion that he gives... to the capitalist.” (403) Marx views the use of machines in capitalist production as further alienating workers from their labor “by converting the workman into a living appendage of the machine.” (412)

Marx’s analysis of the capitalist economy did an admirable job of refuting prevailing economic theories of the time. In a society where workers were ruthlessly exploited for the profit of the bourgeoisie classes, most economists of the time insisted that such free and unrestrained capitalism was in the best interest of the human race. However, Marx’s account of capitalism in his time demonstrates how miserable and exploited the workers, the majority of the people at that time, were in a capitalist economy. It exposes how some persons in society, the capitalists, would reduce the working segment of society to a wretched circumstance of near-death in pursuit of extracting the greatest profit possible in their capitalist ventures. Marx’s theory of exploitation was superior in its time because it relied on logical explanations, which, when applied to empirical observations provided an adequate explanation of their situation.

His theory of economic exploitation has been very successful since his time at explaining many circumstances, which have been examined by scholars. However it has not been able to provide a comprehensive explanation of every phenomenon that has been tested against it. It does still offer some explanatory power over a hundred years after its conception an is still popular with many scholars so it can not be said to be a failure. Marxist theory is but one of many possible
answers one might find in the pursuit of understanding.