Marx theory of surplus value pdf

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(January 2014) (Learn how and when to delete this template message) (Find out how and when to remove this message template) Part of the series onMarxian Economics Concepts Capital (accumulation) Capitalist mode production class process Commodity concrete and abstract labor Force Permanent Cost of Capital Exploitation Labor Theory Law on the Value Act Cost Production Mode Production Monopoly Capitalism Organic composition capital Production Production Prices of profit production Primitive rate of accumulation of the exploitation ratio Real prices And ideal prices Ratio Production Reproduction Reserve Army Labor Socialist mode production Socialization Simple raw production Surplus value Surplus Labor Over Product Use of Labor Wage Cost Slavery Value-Shape Product Value Variable Capital Topics Capital Controversy Theory Economic Determinism Immiseration Thesis Historical Materialism Theorem Okicio Re-Location Redefining Overproduction Innovation Wave Technologically Identify Technological Unemployment Temporary Single-SeedInterinter Falling Trend Trend Trend Transformation Problem Nonconsuperence Value Options Analytical Marxism Classic Marxism Orthodox Marxism Neo-Marxist Economy Works Contribution to Political Economics Critic Das Kapital Grundrisse Economic and PhilosophicalMans 1844 Capital Accumulation Monopoly Capital Theory Capital Capital Capital People Karl Marx Friedrich Friedrich Friedrich Friedrich Engels Vladimir Lenin Rose Luxembourg Rudolf Hilfering Leon Trotsky Karl Kautsky Ernest Mandel Antony Pannecock Janos Kornai Andrew Kliman Richard D. Wolf Nicholas Kondratyev Paul Sweezy Nobuo Okishio Ian Steedman John Roemer David Lybman Paul A. Baran Stephen Resnick Michal Kalecki magazines Cambridge Journal of Economics Economy Monthly Review of the New Economic Review of Real-World Economics Rethinking Marxism Science and Society Related Topics Evolutionary Economy Classical Economy Classic Economics Marxist Economics Marxist Sociology Neoclassical Economics Perspectives of Capitalism Political Economics School of Economic Thought Socialist Economics Critics of Capitalism Economics portal Marxism portalvte In Marxist economy, surplus value difference between the amount raised by the sale of the product and the amount it costs the owner of this product for its production : ie the amount collected for the product plants and labor. The concept originated in Riccardian socialism, with the term excess value itself coined by William Thompson in 1824; however, it did not always differ from the related concepts of excess labour and surplus products. Subsequently, the concept was developed and popularized by Karl Marx. Marx's formulation is a standard meaning and the main basis for further developments, though, how much of Marx's concept is original and different from the concept of the Ricardian challenged (see the term Marx is the German word Mehrwert, which simply means added value (revenue from sales due to the value of the materials used), and cognate in English is more worth. , value added equals the amount of gross wage income and gross income of profit. However, Marx uses the term Mehrwert to describe the profitability, profit or profit from invested production capital, i.e. the amount of capital increase. Thus, Marx's use of Mehrwert has always been translated as a surplus of value, distinguishing it from the added value. According to Marx's theory, the surplus of value is equal to the new value created by workers in excess of their own labor costs, which is appropriated by the capitalist as a profit in the sale of products. Marx believed that the gigantic growth of wealth and population since the 19th century was mainly due to a competitive desire to maximize the surplus of the cost of labour employment, which led to an equally gigantic increase in productivity and capital resources. To the extent that an ever-increasing economic surplus is converted into money and expressed in money, the accumulation of wealth is possible on a larger and larger scale (see capital accumulation and surplus product). The origin of the concept of excess value originated in Ricardian socialism, with the term excess value coined by William Thompson in 1824. Two measurements of the cost of this use, here represent themselves; measure of the worker, and measure capitalist. The worker's measure is to contribute such amounts, which will replace the waste and the cost of capital by the time it is consumed, with added compensation to the owner and manager it's like supporting it in equal comfort with more actively engaged productive workers. The capitalist measure, on the other hand, would be the added value produced by the same amount of labour as a result of the use of machinery or other capital; all such surplus value that will benefit the capitalist for his superior intelligence and skill in saving and moving towards the workers of his capital or its use. - William Thompson, investigating the principles of wealth distribution (1824), page 128 (2nd), the accent added by William Godwin and Charles Hall are also credited as earlier developers of the concept. Early authors also used the terms excess labor and surplus products (in Marx's language, surplus products) that are clearly important in Marx's economy: excess labor produces surplus products that have surplus value. Some authors consider Marx completely borrowing from Thompson, particularly Anton Menger: ... Marx is completely influenced by earlier English socialists, and especially William Thompson. ... The whole theory of excess value, its concept, its name and estimates of its sums are borrowed in all the basics from Thompson's writings. ... Cf. Marx, Das Kapital, English trans. 1887, p. 156, 194, 289, with Thompson, Wealth distribution, p. 163; 2nd p.r 125. ... The real discoveries of the value surplus theory are Godwin, Hall and especially W. Thompson. Anton Menger, Right to All Works of Labor (1886), page 101 This claim of priority was strongly challenged, in particular, in an article by Friedrich Engels, completed by Karl Kautsky and published anonymously in 1887, reacting and criticizing Menger in a review of his Rights to All Works of Labor, arguing that there is nothing in common but the term The intermediate position recognizes the early development of the Ricardian socialists and others, but attributes Marx's significant development. For example: What is original in Marx is the explanation of the way surplus is produced. - John Spargo, Socialism (1906) Johann Karl Rodbertus developed the theory of surplus value in the 1830s and 1840s, specifically, in the zur Erkenntnis unserer staatswirthschaftlichen Sustunde (To the assessment of our economic conditions, 1842), and argued earlier the priority of Marx in particular, showed almost the same as Marx, only more briefly and clearly the source of excess value of capitalists. The discussion, on Marx's side, is detailed in the foreword to capital, Volume II of Engels. Marx first developed his doctrine of surplus value in the 1857-58 manuscripts contribution to criticism of the political economy (1859), after earlier events in his 1840s writings. [6] is the subject of his manuscript 1862-63 The Theory of Excess Value (which was subsequently published as Capital, Volume IV), and features in his Capital, Volume I (1867). The theory is the problem of explaining the source of excess value expressed by Friedrich Engels as follows: Where does this surplus come from? It cannot come from either the buyer who buys the goods at their value or the seller who sell them above their value. For in both cases the profits and losses of each person cancel each other, as each person, in turn, the buyer and seller. Nor can it come from deception, because although deception can enrich one person at the expense of another, it cannot increase the total amount possessed by both, and therefore cannot increase the amount of values in circulation. (...) This problem must be solved and it must be solved purely by economic means, excluding all deception and interference of any force - the problem is how is it possible to constantly sell more expensive than one bought, even on the hypothesis that equal values are always exchanged for equal values? Marx's decision was to distinguish between the spent labor force and the workforce. An employee who is productive enough can produce yield value more than what it costs to hire him. Although his salary appears to be based on time worked, in economic terms this salary does not reflect the full cost of what the employee produces. In fact, it is not the work that the employee sells, but his ability to work. Imagine an employee who is hired for an hour and paid $10 an hour. Caught in a capitalist use, the capitalist can get him to work the boot machine with which the employee produces $10 worth of work every 15 minutes. Each hour the capitalist gets $40 worth of work and pays only the employee $10, capturing the remaining $30 as a gross income. Once the capitalist is deducted fixed and variable operating costs (say) $20 (skin, depreciation machine, etc.), he stays with $10. Thus, at the cost of capital of $30, the capitalist receives a surplus of $10; not only was its capital replaced by an operation, but also increased by $10. An employee cannot receive this benefit directly because he does not claim the means of production (e.g. a shoe machine) or its products, and his ability to bargain over wages is limited by laws and supply/demand for wage labour. Determining the total excess value in the economy (Marks refers to the mass or volume of surplus value) is basically equal to the amount of net distributed and undistributed profits, net interest, net rent, net production tax and various net revenues related to royalties, licensing, leasing, fees, etc. (see also value product). Of course, the way in which gross and net income is socially accounted for may be somewhat different from that of individual business does this (see also Operating surplus). Marx's own discussion focused mainly on profit, interest and rent, largely ignoring taxation and royalty-type fees that were proportionate to the very small components of national income when he lived. Over the past 150 years, however, the role of the state in the economy has increased in almost all countries of the world. In about 1850, the average share of public expenditure in GDP (see also public expenditure) in advanced capitalist economies was about 5 per cent; in 1870, just above 8%; on the eve of World War I, just under 10%; shortly before the outbreak of World War II, about 20%; by 1950, almost 30%; and today the average is about 35-40%. (see, for example, Alan Turner Peacock, Rising Public Expenditure, in the Encyclopedia of Public Choice, Springer 2003, page 594-597). Interpretations Part of the series onMarcism Theoretical works Economic and philosophicalManuscripts 1844 Scriptures on Feuerbach German ideology of wages and capital Communist manifesto Eighteenth Brumer Lua Napoleon Grundrisse der Critic Politichen Konomy Contributed to criticism of the political economy Das Kapital Criticism of the Gothic Program Dialectics of Nature Philosophy Economic determinism Historical materialism Marx dialectical Marx method philosophy of nature Economics Capital (accumulation) Crisis theory Factors of exploitation of raw materials produce Means labor Means labor mode production of the Asian-capitalist socialist law on the value productive forces Scientific Socialism Surplus Product Excess Cost of Labor Sociology Sociology Base and Add-on Bourgeois Class of Consciousness Class Fighting ClassLess Society Commodity Fetishism Communist Society Cultural Hegemony Dictatorship Of the Proletariat Exploitation Free Association General Intelligence Ideology of Human Nature Immiseration Lumpenproletariat Metabolic Split Proletarian Proletarian Revolution Proletarian Internationalism World Revolution Young Marx Aspects Aesthetics Archaeology Cultural Analysis Cultural Analysis Feminism Theory Theory Geography Geography Literary Criticism Of Marxism and Religion Options Analytical Austro Budapest School Classical Democratic Socialism EuropeanCommunism Frankfurt School Freudian Humanist Impulse Instrumental Libertarian Council of Communism De Leonism Left communism bordigism Leninism Marxism-Leninism Maoism Trotskyism neo-grimcianism Neo-Neue Marx-Lectur Open Orthodox post-revisionist school Social-democracy Structural Western people Karl Marx Berbbel Bernstein De Leon Kautsky Eleanor Marx Debs Hardi Lenin Luxembourg Liebknecht Kollontai Pannekuk Bukharin Stalin Trotsky Borokhov Lukasz Korsh Ho Gramschi Benjamin Mao Horkheimer Ibarruri Rey Aragon Brecht Marcus Lefebvre Adorno Sartre Rubel Bovoir Allende Danube Mills Hobsbavam Altusser Pasolini Sinn Miliband Parenti Bauman Guevara Debord Fanon Harvey Wolf Sankara Sicek Varoufakis Related Topics Critical Theory Criticism of Marxism Communism History Of Communism Left-wing Old Left Social Anarchism Anarcho-Communism Socialism Libertarian Revolutionary Revolutionary Related Category - Karl Marx Outline Communism Portal Philosophical Portal Surplus-value can be seen in five ways: as a component of a new value product, which Marx himself defines as equal to the amount of labor costs in relation to capitalist productive labor (variable capital) and surplus value. In manufacturing, he argues, workers produce a cost equal to their wages plus an extra value, surplus value. They also transfer a portion of the value of fixed assets and materials to a new product, which is equal to the economic depreciation (consumption of fixed capital) and used intermediate goods (permanent inputs). Labor costs and the surplus cost of monetary valuation of what Marx calls a necessary product and surplus product, or paid labor and unpaid work. Excess value can also be seen as a flow of net income assigned by owners of capital by ownership of assets that includes both distributed personal income and undistributed business income. In general, the economy will include both income directly from production and income from property. Excess value can be considered as a source of accumulation of funds or investment fund of society; some of them are reinvested, but some are appropriated as personal income and used for consumption by owners of capital assets (see capital accumulation); in exceptional circumstances, part of it can also be hoarded in some way. In this context, surplus value can also be measured as an increase in the value of shares in capital assets during the reporting period, prior to distribution. Excess value can be seen as a social link between production or as a monetary estimate of the surplus of labour, a kind of index of the balance of power between social classes or countries in the process of separating social product. In a developed capitalist economy, surplus value can also be seen as an indicator of the level of social productivity achieved by the working population, i.e. the net value it can produce, and its labour force exceeds its own needs By equalizing the rates, Marx believed that the long-term historical trend would be for differences in excess value rates between businesses and the economic sectors to align, as Marx Marx in two locations in Capital Vol. 3: If the capitals, which are driven by unequal amounts of live labour, produce unequal amounts of surplus value, this implies that the level of labour exploitation, or the level of surplus value, is the same, at least to a certain extent, or that the differences that exist here are balanced by real or imaginary (ordinary) grounds of compensation. This implies competition between workers and the equalization that occurs as a result of their constant migration between one area of production and another. Adopt a general level of surplus value of this kind as a trend, like all economic laws, as a theoretical simplification; but in any case this is in practice an actual assumption of a capitalist mode of production, even if it is more or less constrained by practical frictions that produce more or less significant local differences, such as settlement laws, for example for agricultural workers in England. In theory, we assume that the laws of the capitalist mode of production are developing in its purest form. In fact, it's just an approximation; but this approximation is all the more accurate, the more capitalist the way of production develops and the less it is falsified by the survival of the earlier economic conditions with which it is united - Capital Vol. 3, ch. 10, Pelican Edition p. 275. Thus, it took on a single surplus rate in its models of how surplus value would be divided in a competitive environment. Appropriations from production at both Das Kapital and preparatory manuscripts such as Grundrisse and the results of the direct production process, Marx argues that trade gradually turns the non-capitalist manufacturing process into a capitalist manufacturing process, fully integrating it into markets, so that all inputs and exits become commodities or services on the market. When this process is completed, Marx said, all production has become both a labor process, creating the values of use and the valeriation process, creating new value, and, more specifically, surplus value assigned as net income (see also capital accumulation). (quote is necessary) Marx argues that the whole purpose of production in this situation is to increase capital; i.e. production becomes a condition of capital accumulation. If production becomes unprofitable, capital will be withdrawn from production sooner or later. It is implied that the main driving force of capitalism is the desire to maximize the appropriation of surplus value by increasing capital reserves. Thus, the main motive for efforts to save resources and labour will be to obtain the maximum possible increase in income and capital assets (growth and ensuring a stable or growing return on investment. Absolute compared to relative According to Marx, the absolute surplus value is derived from an increase in the amount of time worked per employee during the reporting period. Marx speaks mainly about the length of the working day or week, but nowadays the concern is the number of hours worked per year. In many parts of the world, as productivity increased, the working week was reduced from 60 hours to 50, 40 or 35 hours. The relative surplus of value is mainly due to: lower wages - this can only go at a certain point, because if wages fall below the ability of workers to acquire their livelihoods, they will not be able to reproduce themselves and capitalists will not be able to find sufficient labor. reducing the cost of wages of goods by various means so that wage increases can be limited. Citation is necessary to increase productivity and intensity (citation is necessary) of labor as a whole, through mechanization and rationalization, which gives more production per hour worked. Trying to extract more and more surplus cost from labor on the one hand, and on the other hand, resistance to this exploitation, according to Marx at the center of the conflict between social classes, which is sometimes muted or hidden, but in other cases breaks out in open class war and class struggle. Production against the sale of Marx was sharply different between cost and price, in part because of the stark difference it makes between the production of surplus value and the sale of profits (see also the form of value). Exit can be made containing surplus value (valeations), but the sale of this product (realization) is not an automatic process at all. Until a sales payment is received, it is unclear how much of the excess value produced will actually be realized as a profit from sales. Thus, the amount of profit realized in the form of money and the amount of excess value produced in the form of products can vary greatly depending on what happens to market prices and the vagaries of fluctuations in supply and demand. This understanding forms the basis of Marx's theory of market value, production prices and the tendency to align the profit rates of different enterprises by competition. In his published and unpublished manuscripts, Marx detailed many different factors that could affect the production and sale of surplus value. He believes that this is crucial for understanding the dynamics and aspects of capitalist competition, not only competition between business, but also competition between capitalists and workers, as well as between the workers themselves. However, its analysis does not go far beyond some of the overall results of the process. However, his conclusion is that employers will seek to maximize productivity and save on labour use, reduce their unit costs and maximize maximization Profitability from sales at current market prices; at this ruling market price for products, each cost reduction and every increase in productivity and sales turnover will increase profits from these products. The main method is mechanization, which increases the cost of fixed capital on investments. This in turn leads to a decline in commodity unit values over time, and there is a decline in the average rate of return in production, culminating in a capital accumulation crisis in which a sharp decline in productive investment is combined with massive unemployment, followed by an intensive process of streamlining acquisitions, mergers, mergers and restructuring to restore profitability. Attitudes towards taxation in general, business leaders and investors are hostile to any attempt to encroach on total profits, especially government taxes. The lower the taxes, all things being equal, the greater the amount of profit that can be distributed as income to private investors. Tax riots were originally a powerful incentive, motivating the bourgeoisie to wrest state power from the feudal aristocracy at the beginning of the capitalist era. In fact, of course, a significant portion of tax money is also redistributed to a private enterprise in the form of government contracts and subsidies. (quote is necessary) Thus, capitalists can conflict with each other over taxes, because what is value for some is a source of profit for others. Marx has never analyzed all this in detail; however, the concept of positive value would apply mainly to taxes on gross income (personal and business income from production) and on trade in products and services. (quote is necessary) The liability for real estate, for example, rarely contains a component of surplus value, although the profit can be earned when transferring property. In general, Marx seems to have viewed tax impposts as a form that concealed the real value of the products. Apparently following this view, Ernest Mandel in his 1960 treatise of Marxist economic theory refers to (indirect) taxes as arbitrary additions to commodity prices. But this is something wrong, and ignores that taxes become part of the normal cost structure of production. In his later treatise on late capitalism, Mandel surprisingly barely mentions the meaning of taxation at all, a very serious omission in terms of the real world of modern capitalism, since taxes can reach a third, or even half of GDP (see E. Mandel, Late Capitalism. London: Verso, 1975). For example, in the United Kingdom alone, 75% of all tax revenues only from three taxes Income tax, national insurance and VAT, which in fact accounts for 75% of the country's GDP. Attitudes to capital schemes in general, Marx focused in Das Kapital on on new excess cost generated by production and distribution of this excess cost. Thus, he sought to reveal the origin of the wealth of nations, given the capitalist way of production. In any real economy, however, a distinction must be made between the main contour of capital and the secondary schemes. To a certain extent, national accounts do so as well. The main scheme relates to income and products received and distributed as a result of production activities (reflected in GDP). Secondary schemes relate to trade, transfers and transactions occurring outside this area, which can also generate income, and these revenues may also include the sale of surplus value or profits. It is true that Marx claims that no net addition to value can be created by exchange acts, economic value is an attribute of labor goods (previous or newly created) only. However, trade activities outside the production sector are also likely to yield surplus value, which is the transfer of value from one person, country or institution to another. A very simple example would be if someone sold a used asset at a profit. This transaction is not fixed in the gross product index (because it is not a new production), nevertheless it receives a surplus. Another example is capital gains from the sale of real estate. Marx sometimes refers to this kind of profit as profit from alienation, alienation is used here in a legal rather than sociological sense. The implication is that if we focused only on the surplus value re-created in production, we would underestimate the total surplus realized as revenue in the country. This is evident when you compare the census estimates of income and expenditure with the GDP data. This is another reason why the surplus cost of production and surplus value are implemented by two different things, although this point is largely ignored in the economic literature. But this becomes very important when real production growth stagnates and a growing portion of capital shifts from the production sector in search of surplus value from other transactions. World trade is now growing much faster than GDP, suggesting to Marxist economists such as Samir Amin that the surplus of value realized as a result of commercial trade (which represents a large extent the transfer of value by intermediaries between producers and consumers) is growing faster than the surplus of value realized directly from production. So if we took the final price of a good (cost for the end consumer) and analyzed the cost structure, which is good, we might find that over a period of time, direct get less revenue and intermediaries between producers and consumers (traders) get more revenue from it. That is, control over access to a good, asset or resource per se can increasingly become a very important factor in the implementation of the implementation At worst, this amounts to parasitism or extortion. This analysis illustrates a key feature of surplus value, which is that it accumulates by capital owners only in inefficient markets, since only inefficient markets, i.e. those where transparency and competition are low, have profits large enough to facilitate capital accumulation. Ironically, profitable, which means inefficiency, markets have difficulty defining the free market because the free market is to some extent defined as efficient: one in which goods or services are exchanged without coercion or fraud, or, in other words, with competition (to prevent monopolistic coercion) and transparency (to prevent fraud). Measuring the first attempt to measure the rate of surplus value in cash units was Marx itself in Chapter 9 Das Kapital, using factory data from a spinning plant supplied by Friedrich Engels (although Marx credits Manchester spinner). In both published and unpublished manuscripts, Marx examines in detail the variables that affect the speed and mass of excess value. Some Marxist economists argue that Marx believed that the ability to measure excess value depended on publicly available data. We can develop trend statistics without mistakenly conferring data with the real thing they represent, or postulating ideal measurements or perfect data in an empirical manner. From early studies by Marx economists such as Eugene Varga, Charles Bettelheim, Joseph Gillmann, Edward Wolff and Shane Mag, there have been numerous attempts by Marx economists to measure the trend in positive value statistically using national accounts data. Perhaps the most convincing modern attempt is the attempt of Anwar Sheikh and Ahmet Tonak. Typically, these types of studies include refining the components of official gross production and capital expenditures to approximate The Marxist categories in order to empirically assess trends in ratios that are considered important in Marx's explanation of capital accumulation and economic growth: the rate of cost surplus, the organic composition of capital, the rate of return, the rate of increase in capital reserves, and the rate of reinvestment of the realized surplus in production. Marxist mathematicians Emmanuel Farjun and Moshe Machower argue that even if the surplus has changed by 10 to 20% in a hundred years, the real problem is why it has changed so little (quote from Laws of Chaos: Probability Approach to the Political Economy (1983), p. 192). The answer to this question should, in particular, be found in artifacts (effects of statistical distortion) of collection procedures Mathematical extrapolations are ultimately based on the available data, but the data itself may be fragmentary rather than complete. Different concept concepts neo-Marxist thought, Paul A. Baran, for example, replaces the notion of an economic surplus on the surplus value of Marx. In collaboration, Paul Baran and Paul Susie define the economic surplus as the difference between what society produces and the cost of producing it (Monopoly Capitalism, New York 1966, p. 9). Much depends on how the costs are estimated and what costs are taken into account. Piero Sruffa also refers to a physical surplus with a similar value, calculated depending on the relationship between the prices of physical resources and outputs. In these theories, surplus products and excess value are equated, while the cost and price are identical, but the distribution of surpluses is usually theoretically separated from its production; while Marx insists that the distribution of wealth is governed by the social conditions in which it is produced, especially property relations, which entitle them to products, income and assets (see also the production relationship). In Capital No.3, Marx insists that a specific economic form in which an unpaid surplus of labour is pumped out of direct producers defines the relationship of rulers and rules, as it grows directly from the production itself and, in turn, reacts to it as a defining element. This, however, is based on the whole formation of the economic community, which grows out of the industrial relations themselves, thus at the same time its specific political form. It is always a direct link between the owners of the conditions of production with direct producers - an attitude always naturally corresponding to a certain stage of labor methods and thus its social productivity - which reveals the innermost secret, the hidden basis of the entire social structure, and with it the political form of the relationship of sovereignty and dependence, in short, corresponding to a specific form of state. This does not prevent the same economic basis - the same in terms of its basic conditions - due to the innumerable different empirical circumstances, the natural environment, race relations, external historical influence, etc. to show endless differences and gradations of appearance that can only be established by analyzing empirically the facts. This is a significant if abstract thesis about the basic social relationships associated with the provision and receipt, acceptance and receipt of human society, and their implications for how work and wealth are shared. It offers a starting point for investigating public order and social change. But obviously this is only the starting point, not the whole story, which will include all variations and gradations. Morality and Power This section reads like a review, not an encyclopedic description of the subject. You are welcome improve this article to make it is neutral in tone and meets Wikipedia quality standards. (September 2019) This section is written as a personal reflection, personal essay or argumentative essay, it talks about the personal feelings of the Wikipedia editor or presents an original argument on the topic. Please help improve it by rewriting it into an encyclopedic style. (September 2019) (Learn how and when to delete this template message) An example of an alternative interpretation of Marx in the tutorial leads to Lester Tarrow. He argues: In a capitalist society, profits and losses are central. But what, he asks, explains the profit? There are five reasons for making a profit, according to Thurow: capitalists are willing to put aside their personal satisfaction, and profit is their reward. some profits are a refund to those who take risks. some profits are a return to organizational ability, entrepreneurial and entrepreneurial energy some profit economic rent - a firm that has a monopoly on the production of certain products or services can set the price higher than would be established in a competitive market and thus earn higher than normal profitability. some profits are due to market imperfections - they occur when goods are traded above their competitive equilibrium price. The problem here is that Thurow does not actually provide an objective explanation of profits so much as the moral justification for profits, i.e. as a legitimate right or claim, in exchange for the supply of capital. He adds that attempts have been made to organize productive societies without a profit motive (...) (but) after the Industrial Revolution... essentially, there were no successful economies that did not use the profit motive. The problem here again is moral judgment, depends on what you mean by success. Some societies using the motive for profit have been destroyed; profit is not a guarantee of success, although it can be said to have stimulated economic growth. Thurow goes on to point out that when it comes to actual profit measurements, some difficult accounting issues arise. Why? Because after deducting expenses from gross income, it is difficult to say exactly how much should be reinvested to maintain the size of the capital. Ultimately, Thurow suggests, the tax department is the arbiter of the amount of profit because it determines depreciation allowances and other expenses that capitalists can deduct annually when calculating taxable gross income. Obviously, this theory is very different from Marx's theory. According to Tarrow's theory, the purpose of the business is to maintain capital. According to Marx's theory, competition, desire and market fluctuations create aspiration and pressure to increase capital; the whole purpose of capitalist production is capital, i.e. business growth, maximizing net profit. Marx argues that there is no evidence that the profits accrued to capitalist owners, owners, related to the productive contribution of the capital they own. In practice, there is no standard procedure in the capitalist firm to measure such a production contribution and the corresponding distribution of residual income. According to Thurow's theory, profit is basically just what happens when expenses are deducted from sales, or well-deserved income. For Marx, profit growth, at least in the long run, is the bottom line of business behavior: the desire for additional excess value and the revenues derived from it are a guideline for capitalist development (in modern language, creating maximum shareholder value). This aspiration, Marks notes, always includes the power of the relationship between different social classes and nations, as attempts are made to force other people to pay as much as possible for expenses, while maximizing their own rights or claims for income from economic activity. The clash of economic interests that invariably leads to this means that the struggle for surplus value will always be associated with an irreparable moral dimension; the whole process relies on a complex system of negotiation, negotiation and negotiation, which asserts the grounds for claims for wealth, usually within the legal framework and sometimes as a result of wars. Underneath all this, Marx argues, there was an exploitative relationship. This was the main reason why, Marx argues, the real sources of surplus value were shrouded or hidden by ideology, and why Marx believed that the political economy deserved criticism. Simply put, the economy has failed the theorist of capitalism as a social system, at least not without moral biases that invade the very definition of its conceptual differences. Therefore, even the simplest economic concepts are often rife with contradictions. However, market trade can function normally, even if the theory of markets is false; all that is required is a coherent and legally binding accounting system. On this issue, Marx would probably agree with the austrian school's economy - no knowledge of markets in general is required to participate in the markets. See also The Analytical Marxism Capital, Volume I Character Mask Commodity Fetishism Compensation Employees Cost of Capital Labor Value Value Law Primitive Capital Accumulation Rate Exploitation Rate Return on Capital Superprofit Surplus Economy Theory Surplus Value Notes - Spago incorrectly claims that excess value appears in the Source and Elimination of National Difficulties (1821), Charles Wentworth Dicke, claiming that the amount of excess value is appropriated by the capitalist This is a misinterpretation of the preface to capital, Volume II who quotes from this pamphlet, but uses the phrase himself (not in quotes); The brochure uses a surplus of manpower. 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