

Karl Marx - The Labour theory of Value

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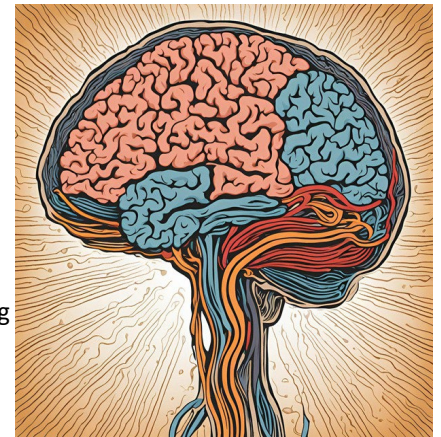
From Aristotle to Adam Smith, labour has always been considered the key ingredient of value. In other words finished products mainly get their intrinsic value from the worker or workers who made the products. However, Karl Marx advocated for a labour theory of value arguing that only a workers labour created value and that the capitalists used money and their class position and workers need to rob the worker of their just reward. Aside from the fact that many communists disagreed with Marx on this point as early as the late 19th century, the fact is that workers keep much of the true value of production in their head as furniture of the mind and transaction values (prices) are very complicated in their makeup with many variables contributing to a final transaction price.

It is also the case that many workers are so focused on wanting their wages and suitable working conditions that they do not want to be part of the wage paying structure in any way shape or form. This contradicts Marx's view that workers must own and control the means of production because this is the last thing that many workers want to do. Karl Marx and Lenin needed the workers of the world to unite and agree with them, however, the workers of the world have always declined this request from Marx and Lenin.

In the early 2000's, the diffusion tensor imaging machine (DTI) allowed for brain imaging of living human patients. This imaging demonstrated the importance of myelin (white matter) that helps brain function. This brain function improves with practice of a specific human action from sport to playing a musical instrument as more myelin is created on the neural network with every repetition. Research from the University of San Francisco showed that every time you practice and repeat a physical motion, you build up the layers of myelin around your axons, improving their insulation.

Each time we practice a skill, a new layer of myelin is added to our neurones, helping us to retain and improve new knowledge and skills. This brain imaging machine helped show that practice really

does make perfect. However, usefully for economists, it also showed that the majority of value created by a worker in producing a specific product is kept by that specific worker in the form of knowledge/know-how/ furniture of the mind. An employer may hope to keep some registrable property like a design, patent/copyright, but the actual knowledge with all of the specific emphasis that it entails belongs to the worker – which they literally carry away with them in their head.



Therefore, Karl Marx should not have worried so much about the worker being cut out of the majority of the value chain as they keep most of the value in the form of improved brain function for the making of that specific product/service. Adam Smith had some inkling of this fact – as shown by his pin maker example at the start of the book – the Wealth of Nations. Far more importantly - even than this fact about the brain and how it holds majority of value, is the fact that workers are very often laser-focused about keeping separation between themselves as wage earners on the one hand, and the wage paying structure on the other hand. The reality is that many workers want to preserve the integrity of their wages and conditions and see any shareholding in the wage paying structure of their employer as a contamination of their hard- earned wages and conditions.



Also, many workers believe that any extra benefits they receive like shares in their employer company, must impact negatively their eventual wage remuneration. Recently, private equity firms in the USA have used shareholder schemes for workers to reduce attrition and enhance productivity. However, these private equity firms have admitted that it is a very slow and difficult process to convince workers to become shareholders and this process does not necessarily work in all sectors.

While Karl Marx was clearly concerned with the treatment of workers in the 19th century, he had not paid attention to the true thoughts and concerns of workers. Many workers want to set up their own businesses and employ workers in the business that those former workers now own as employers, now that they are ready to move from being a worker to an employer. Further, workers are often focused on their wages and conditions to the point of dismissing any notion of being a shareholder or owner in the wage paying structure of their employer. In simple terms, people want to be either workers or employers sitting one side of the table or the other - but not both at the same time as the roles of worker and employer are very different as is the remuneration and rights. Most of all, workers are rewarded through their own effort with the compounded skill and knowledge that they retain in their memory – both brain and muscle. As such, there is in fact no actual problem in reality of workers being unjustly denied their share of the value created through work, as a great deal of this value manifests as myelin-improved brain function for that worker.

It is no doubt the case, that had Karl Marx actually worked in a factory, he would not have been so divorced from the true realities of the situation and concocted such a breathtakingly impractical set of ideas as he advocated in his book “Das Kapital”.

While i understand the moral concerns that Karl Marx had for workers' situation, these concerns then as now can only be fixed by better wages, conditions and better government services. Penalizing entrepreneurs, capitalists and private property owners makes no one better off and everyone worse off.