

Labor Theory of Value

- Products contain embedded labor
- Value of a product is determined by the labor needed to produce it
- Necessary Labor: basically labor required to produce the product
- **Surplus Labor** (a tricky concept): basically labor embedded in a product/commodity which the capitalist does not pay for.

Instead of paying the worker for the labor embedded in the product/commodity he or she produces, the worker is paid the value of his or her own production, i.e., that which is necessary to only maintain the worker at a subsistence level adequate to keep him or her returning to work and reproducing the next generation of workers.

- **Absolute Surplus Labor**: uncompensated overtime; increased work without any additional compensation (e.g., downsizing)
- **Relative Surplus Labor**: same amount of labor now attached to industrialization and/or automation