

PRODUCTIVE AND UNPRODUCTIVE LABOUR IN MARX'S POLITICAL ECONOMY¹

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INTRODUCTION

Marx devotes over 300 pages of *Capital* and *Theories of Surplus Value* to the question of unproductive labour. Fully half of the main text of Vol. I of *Theories of Surplus Value* is a discussion and criticism of other political economists' writings on the subject. A substantial appendix then sets out Marx's own views on productive and unproductive labour within the sphere of production. In addition there are substantial sections in *Capital* Vol. II (The costs of circulation) and Vol. III (Merchant's capital) °where Marx discusses what he means by the sphere of circulation and why all labour engaged in circulation activities should be regarded as unproductive.



In sharp contrast to this the various introductions to the theoretical system of *Capital*, or 'textbooks' of Marxist economics, devote very little space to unproductive labour. Paul Sweezy's *Theory of Capitalist Development*, for example, only mentions it when dealing with the effect of the growth of monopoly on the laws of motion of capitalism, that is after dealing with the whole of value theory, accumulation and the transformation problem and then devotes only three pages to it. Ernest Mandel's *Marxist Economic Theory* contains less than two pages on unproductive labour. Almost the only Marxist writers who devote much attention to the problem are those who explicitly revise the concept and define unproductive labour in a different way to Marx. The best known of these reinterpretations is Paul Baran's in *The Political Economy of Growth*.

Secondly, and more importantly, there are substantial problems in integrating the concept of unproductive labour into Marx's theoretical system.

Apart from people, like Baran, who have explicitly revised the concept, no Marxists have achieved any real integration. Unproductive labour is usually mentioned briefly, loosely defined, and then ignored when discussing such things as the role of competition and the transformation of values into prices.

This is clearly unsatisfactory.

This paper is in Four parts. The first part presents a summary of Marx's definition of unproductive labour. The second discusses the theoretical implications of a category of unproductive labour employed directly by capital - this constitutes the main body of the paper. The third part presents some speculative remarks about why Marx wanted to regard some labour employed by capital as unproductive, and the final part discusses unproductive labour performed outside the capitalist sector.

¹ This paper takes off, as it were, from Ian Gough's article "Marx's theory of productive and unproductive labour" (NLR 76). Gough provides an excellent reconstruction of Marx's definition of unproductive labour based on the relevant passages in *Capital* and *Theories of Surplus Value*. What he does not do, however, is to analyse satisfactorily the implications of the concept of unproductive labour for Marx's overall theoretical framework.

² I should like to thank Andrew Glyn, Bob Sutcliffe and Phil Armstrong for helpful comments and suggestions.

1. MARX'S DEFINITION OF UNPRODUCTIVE LABOUR

Marx's basic definition of productive labour, which he repeats in similar words on a dozen or more occasions, is labour which produces surplus value. Thus he says:

From the capitalist standpoint only that labour is productive which creates surplus value. (TSV I, 153)³

and again:

Productive labour, in its meaning for capitalist production, is wage labour which, exchanged against the variable part of capital ... reproduces not only this part of capital (the value of its own labour - power), but in addition produces surplus value for the capitalist. (TSV I, 152)

He makes it clear that a necessary condition for this is that the labour produces a use-value (i.e. "something capable of satisfying a want of some sort" Vol. I p. 177). It is not necessary that the labourer individually produces a use-value. It is sufficient that his labour contributes to the collective production of use-values.

Thus he says:

As the co-operative character of the labour-process becomes more marked, so, as a necessary consequence, does our notion of productive labour, become extended. In order to labour productively, it is no longer necessary for you to do manual work yourself; enough if you are an organ of the collective labourer. (Vol. I, p, 508).

The specific nature of the use-value is not relevant. As Marx says:

... the designation of labour as productive labour has absolutely nothing to do with the determinate content of that labour, its special utility, or the particular use-value in which it manifests itself. (TSV I, 401)

Thus the use-value maybe either a material object or a service. Further no criteria of the "social usefulness" of a use-value are to be applied.

The use-value of the commodity in which the labour of a productive worker is embodied may be of the most futile kind. (TSV I, 158)

It appears then that a labourer is productive if he works under capitalist production relations, produces use-values of any kind, in either an individual or a collective maimer, and produces surplus value for the capitalist.

Marx's basic definition of unproductive labour, which he again repeats on a large number of occasions, is labour which is exchanged against revenue. Thus he says:

This also establishes absolutely what unproductive labour is. It is labour which is not exchanged with capital, but directly with revenue, that is wages or profits (including of course the various categories of those who share as co-partners in the capitalist profit, such as interest and rent (TSV I p. 157)

³ All references to *Theories of Surplus Value* (TSV) and *Capital* (Vol.I, II or III) are to the Lawrence and Wishart editions.

In order to establish clearly the criterion for deciding whether labour is exchanged against capital or against revenue it is necessary to examine closely the various examples Marx gives us of groups of workers who are to be regarded as unproductive.

Consider, first of all, labour performed outside the capitalist sector. Workers who are not employed directly by capital clearly do not produce value or surplus value directly for capital. Thus they are not productive workers. Are they all to be regarded as unproductive, however, or is there a third group of workers who are neither productive nor unproductive?

Marx is clear that there is. When discussing petty commodity producers he says:

They confront me as sellers of commodities, not as sellers of labour, and this relation therefore has nothing to do with the exchange of capital for labour, therefore also has nothing to do with the distinction between productive and unproductive labour, which depends entirely on whether the labour is exchanged for money as money or money as capital. They therefore belong neither to the category of productive or unproductive labourers, although they are producers of commodities. But their production does not fall under the capitalist mode of production. (TSV I, 407).

Thus clearly not all workers outside the capitalist sector are to be regarded as unproductive. Indeed the last part of the quotation suggests that the distinction - between productive and unproductive labour - does not apply to any work which is not performed under the capitalist mode of production. The earlier part of the quotation, however, suggests that the criterion for establishing whether or not the distinction can be applied is, not whether or not the labour is performed under capitalist production relations, but whether or not it is wage labour.

These two criteria - whether the labour is performed under the capitalist mode of production, and whether it is wage labour - are not identical. A domestic servant for example, who is employed directly by a household, (i.e. works directly for the household, not for a capitalist firm of 'household cleaners' who 'rent' him or her out to the household) performs wage labour but does not work under the capitalist mode of production. The products of his labour are not commodities, since they are not sold, and therefore his labour does not take a value form. Similarly his surplus labour is appropriated directly as use-values and does not take the form of surplus value. State employees are also wage earners who do not work directly for capital.

Marx gives examples, elsewhere, of wage labour performed outside of the capitalist sector which is to be regarded as unproductive. He uses both the example of a domestic servant and that of a jobbing tailor (TSV I p, 157). Thus clearly some wage labour which is not performed under capitalist production relations is unproductive. It is not clear whether all such wage labour is to be regarded as unproductive however. The criterion is presumably, given Marx's definition of revenue as income generated in the capitalist sector but not used as capital, whether or not the wage is financed out of income generated in the capitalist sector. This would mean that a domestic servant employed by a capitalist (or by a worker in the capitalist sector) would be unproductive, whereas a servant employed by a petty commodity producer would be neither productive nor unproductive. State employees financed out of a tax on the capitalist sector would be unproductive, whereas the distinction would not apply to an employee of a nationalised industry which broke even.

The second important question is whether there are any workers within the capitalist sector who should not be regarded as productive labourers. Marx's view is certainly that there are. He cites two groups of labourers who work directly for capital but do not create value or surplus value. The first of these are workers engaged in the field of circulation. Marx says:

The pure functions of capital in the sphere of circulation ... the acts of selling and buying - produce neither value or surplus value. (Vol. II p. 281)

The second group are some of those workers engaged in supervisory labour. In the case of these workers Marx gives us a clear criterion for distinguishing productive supervisory workers from unproductive ones.

The labour of supervision and management is naturally required wherever the direct process of production assumes the form of a combined social process ... However, it has a double nature. On the one hand, all labour in which many individuals co-operate necessarily requires a commanding will to co-ordinate and unify the process ... this is a productive job, which must be performed in every combined mode of production. (Vol III p. 383)

However,

One part of the labour of superintendence merely arises from the antagonistic contradiction between capital and labour ... and belongs to the incidental expenses of production in the same way as nine-tenths of the "labour" occasioned by the circulation process. (TSV III 505)

The test is, then, whether the supervisory work would be essential under any mode of production utilizing these techniques to produce a given bundle of output or whether it is required only under capitalist production relations.

Marx is unfortunately less clear about what constitutes "pure circulation" activities. He appears to say at times that all transport and storage, which alter use-values temporally and spatially, are to be regarded as branches of production, which add value to the commodities being moved or stored. At other times he says that only some transport and storage, are to be regarded as production. As Gough says "at times the text (the section of Vol III dealing with the costs of circulation) is so unclear that certain passages will always be open to doubt". (NLR 76 p. 57)

The most coherent position which can be attributed to Marx is that pure circulation costs are those costs which are occasioned solely by the fact that the goods are being produced and distributed under the capitalist mode of production. He certainly appears to hold this view at times:

Whatever may be the social form of the product-supply its preservation requires outlays for buildings, vessels, etc. ... also for means of production and labour, more or less of which must be expended, according to the nature of the product, in order to combat injurious influences ... It may now be asked to what extent these costs enhance the value of commodities ... Insofar as the formation of a supply entails a stagnation of circulation, the expense incurred thereby does not add to the value of commodities ... The costs are the same, but since they now arise purely out of the form, . that is to say, out of the necessity of transforming commodities into money ... they do not enter into the values of the commodities. (Vol. II 147-51 emphasis added)

The criterion here is the same as for unproductive supervisory labour. Thus we have a general definition of unproductive labour employed by capital which is that labour which would not be required to produce and distribute the same use values, produced with the same techniques, under a different, more rationally organised, mode of production⁴.

To recap; labour is productive if it is exchanged with capital for the purpose of augmenting surplus value. For this it is necessary that the labourer produces, either individually or collectively, a use-value. A use-value is anything which satisfies a want and may be of the most futile kind'. The labourer is only regarded as contributing towards the production of a use-value if his labour is technically indispensable to its production and distribution and not if it is required only because the production takes place under capitalist relations.

All other labour exchanged directly with capital is unproductive. Further, all wage labour not performed under the capitalist mode of production but financed out of revenue generated in the capitalist sector is unproductive. To distinguish this group of workers from unproductive workers within the capitalist sector let us call them non-productive workers.

2. THEORETICAL IMPLICATIONS OF THE CONCEPT OF UNPRODUCTIVE LABOUR

This section is concerned only with unproductive labour employed by capital, that is the labour designated in the last section as unproductive rather than non-productive. A discussion of how to treat labour outside the capitalist mode of production is postponed till part 4.

The first set of problems with Marx's concept of unproductive labour concerns his criterion for distinguishing unproductive labour from productive labour - the comparison with a different mode of production utilizing the same techniques to produce the same output.

Why assume that the same output is produced? Certain use-values are by their nature specific to a society based on commodity production. Thus cash registers, for example, would have no use-value in a non-monetary economy and would clearly not be produced. More generally the demand for certain commodities is clearly influenced, and indeed often produced, by capitalism.

It is this difficulty that led Baran to redefine unproductive labour to cover all labour engaged in the production of "wasteful" use-values. This makes the concept explicitly critical in that its function is to contrast how things are with how they could be.

In contrast to Baran, however, Marx did not formulate his concept of unproductive labour for use in a moral critique of the wastefulness of capitalism. He was concerned to derive a concept which would be helpful in understanding the way things are, rather than in comparing them with the way things could be. Thus Marx regarded his concept of unproductive labour as a scientific, rather than a critical one. He believed it was useful for analysing the capitalist mode of production and thereby understanding the "laws of motion of modern society".

He was concerned to maintain a distinction between the labour necessary for the production of a use-value under any social system and that necessary only under the capitalist mode of production, not because he saw labour necessary only under capitalism as wasteful from the

⁴ For similar conclusions see Ian Gough NLR 76 and Ernest Mandel *Marxist Economic Theory*, Merlin 1972.

point of view of society as a whole, but because he regarded it as unproductive from the viewpoint of capital. The point of the comparison with a hypothetical mode of production producing the same use-values was that it showed a maximum potential level of output for a given technology, and hence, with the subsistence level also given, a maximum potential rate of accumulation. Unproductive labour constitutes a reduction in the level of output and rate of accumulation actually possible under capitalism.

However, even if it is possible to maintain the distinction between labour technically necessary for the production of a use-value and the 'necessity' of the use-value itself (and as was argued above it is extremely difficult to see how this can be done with use-values which are by their nature specific to a monetary economy) then it is not at all clear what is gained by treating unproductive labour separately from the other features of capitalism which affect productivity, output levels, and the rate of accumulation, and hence the "laws of motion".

For example why assume the same techniques are used? Capitalists will choose the technique of production which minimizes, for a given output level, the sum of dead labour expended (constant capital) and the paid part only of living labour (variable capital). Thus, even with a given technology, the actual techniques chosen for the production process depend on capitalist production relations - if the aim was to minimize total past and present labour a different technique would be chosen. In other words the amount of 'productive' labour involved in the production of a commodity under a non-capitalist mode of production with the same available technology would be different. This means that the comparison of capitalist production with a hypothetical system utilizing the same techniques is uninteresting. It does not establish the difference between the maximum technologically possible rate of accumulation, for a given subsistence level, and the maximum actually possible under capitalism.

All this is not meant to imply that questions about how much social labour could be saved by doing away with supervisory labour that is required only in a class society or, to take an example from Baran's extension of Marx's concept, by replacing private cars by a public transport system, are either meaningless or uninteresting, but merely that Marx did not succeed in formulating a concept of 'unproductive labour' which is helpful in an analysis of "the laws of motion" of capitalism.

The second, and far more serious, set of problems with the concept of unproductive labour concerns its relation to the law of value. The existence, in Marx's theoretical system, of a category of labour employed directly by capital but yielding neither value nor surplus value throws into confusion various aspects of his explanation of the operation of the law of value under capitalism. The rest of this section considers two important examples.

(a) The Rate of exploitation

Consider a 'corn/corn' economy in which all labour is productive. 100 hours of socially necessary labour are performed, which yield 100 units of corn.

No non-labour means of production are used. For every hour's labour the worker receives a unit of corn. In this situation $v = 50$, $s = 50$ and the rate of exploitation $s/v = 100\%$. This measures the part of the working day worked for the capitalist divided by the part worked for the workers. Assume next that 10 hours have to be devoted to 'unproductive' circulation activities in order to realise the corn (salesmen, advertizers, etc.). Now only 90 units of corn

are produced, 45 units go as wages to the productive workers, 5 as wages to 'unproductive' workers and 40 remain for the capitalists to accumulate (or consume). The ratio of profits to wages (profits calculated as revenues minus costs) and the proportion of the working day worked for the capitalist divided by that worked for the workers, by the working class as a whole, is 40/50 or 80%. This is the 'natural' measure of the rate of exploitation.

On Marx's argument, that only productive labour creates value and any unproductive labour employed by capital is financed out of the surplus, the rate of exploitation is measured as the surplus product of unproductive labour divided by the wages of productive labourers i.e. 45/45 or 100%.

It should be noted that either way of looking at the rate of exploitation will yield the same rate of profit (expressed in value terms). In the example above on my way of looking at it the rate of profit is equal to the rate of exploitation defined as the ratio of surplus to necessary labour performed by both productive and unproductive workers, i.e. $pl = s/v = 40/50 = 80\%$. On Marx's definition of the rate of exploitation the rate of profit is equal to surplus labour minus the wages of unproductive workers all divided by the wages of both productive and unproductive workers i.e. $pl = (s-u)/(v+u) = (45-5)/(45+5) = 40/50 = 80\%$, where u = the wages of unproductive workers. The difference is that the move from the first situation, where 100 units of corn are produced, to the second, where only 90 are produced, is seen by me as involving a change in the absolute size of the surplus and in the rate of exploitation and by Marx as involving a change in both the absolute size of the surplus and the way the surplus is utilized (as capital or as revenue expended on unproductive workers) but not in the rate of exploitation.

Marx's approach is a less satisfactory way of viewing the rate of exploitation for three reasons. Firstly it means that the identity between the rate of exploitation and the ratio of the part of the working day worked for the capitalist and the part worked for the working class itself, is lost. Thus the rate of exploitation no longer measures the ratio of total labour performed to labour involved in the production of means of subsistence for the working class as a whole.

In addition it means it is not possible to derive the rate of profit from a knowledge of the rate of exploitation and the organic composition of capital alone. The amount of unproductive labour must also be known. It should be noted that this is of considerable importance for the question of how far empirical observation can tell anything about movements at the value level.

All observation takes place at the level of market prices. If all labour employed by capital is considered to be productive then, over reasonable time periods, market prices are a close approximation to price of production (see section (b)). This means, that, although values can never be measured directly, it is possible to specify fairly accurately what charges would have to occur at the value level for prices to move in a contrary direction to values⁵. If, however, price movements are a function of both value movements and charges in the ratio of productive to unproductive labour and this ratio is difficult to estimate empirically (and under Marx's definition it certainly is), then it is far more difficult to make estimates of even

⁵ See, for example, the discussion of the conditions which would have to hold for a movement in the bourgeois measure of the "capital/output" ratio, in price terms, to misrepresent the direction of the movement in the organic composition of capital, measured in value terms, in Andrew Glyn, "Capitalist Crisis and the Organic Composition". *C.S.E. Bulletin*, Winter 1972.

the direction of value movements from price data. It should be clear that what this is saying is that value defined in one way (including all labour time) is more easily "measurable" than value defined in another way (exclusive of 'unproductive' labour).

Secondly there is the question of how the unpaid labour of the unproductive workers is to be treated. They perform unpaid labour in that the addition to the capitalists revenue that their work produces exceeds their wages (otherwise the capitalist would not hire them). It seems extremely tortuous to say as Marx does that, while both productive and unproductive workers labour under capitalist production relations and add more to the capitalist's revenue than he pays them in wages, productive workers are exploited because they produce more value than the value of their labour power whereas their unproductive co-workers are not exploited because they produce no value, but perform unpaid labour because they reduce the cost of realising values by more than the cost of their wages.

Thirdly and most importantly, treating the rate of exploitation as the surplus labour divided by the necessary labour of productive workers destroys the unity of what can be called the quantitative and qualitative aspects of the notion of exploitation. Exploitation, in Marx, includes not only the idea that the worker receives the equivalent of less than he produces (something which is common to a wide variety of different modes of production) but also the specific characteristics of the labour process under capitalist production relations, most notably the fact that once the worker had sold his labour-power he is under the direct control of the capitalist who dictates the nature, pace, etc. of his work⁶. This latter, qualitative, aspect of exploitation applies just as much to unproductive workers as to productive ones.

(b) The transformation of values into prices of production

Further problems occur with the concept of unproductive labour when looking at the transformation of values into prices of production and of surplus value into profit.

If prices equalled values in a situation where the organic composition of capital (ratio of constant to variable capital) varied between industries then differential rates of profit would exist and accumulation would cease in those industries with a high organic composition (since capitalists could obtain a higher return by investing in industries with a lower organic composition of capital). It is therefore necessary for the reproduction of the capitalist mode of production that rates of return are equalized between industries. This means that commodities do not tend to exchange in direct proportion to values but as functions of values which give an equal rate of return between industries (prices of production). This tendency towards equalization of the rate of profit means a transfer of value from industries with a low organic composition to those with a high organic composition.

If only productive labour yields value then prices of production no longer bear any determinate relation to values (except under extremely restricting and highly unrealistic assumptions about the relative distribution of unproductive labour between industries), since profit is equalized as a rate of return on total costs and some of these costs are unproductive labour. There is no longer a bridge between the essence of the capitalist mode of production (value and surplus value) and the phenomena experienced by the bearers of the production relations (prices, wages and profits).

⁶ See Bob Rowthorn, "Vulgar Economy" Pt. II, *C.S.E. Bulletin* Spring 1973.

Marx seems half aware of this problem. When he originally produces his solution to the transformation problem he says both that prices of production bear a unique determinate relation to values and that they are the trend rate around which actual market prices fluctuate. Later in Vol. III when he introduces merchant capital he says that his earlier comments on prices of production are now subject of modification. Prices of production should be considered as the trend prices at which merchant capital buys commodities. Trend market prices are then prices of production plus the profit earned by merchant capital.

This is a satisfactory solution only if all labour involved in the production and handling of commodities prior to their being sold to merchant capital is productive and all labour employed by merchant capital is unproductive. In this case prices of production bear a determinate relation to values and represent trend wholesale prices. On Marx's definition of unproductive labour, however, this is a highly unrealistic assumption. It is much more likely that there will be significant quantities of unproductive labour distributed unevenly between capitals. Industrial capitals will employ differing quantities of unproductive labour engaged in supervisory tasks and the like and merchant capitals will employ different proportions of productive labour, engaged in transport, storage, etc., and unproductive labour, engaged in pure buying and selling operations. In this case prices of production, as modified values, bear no simple relation to any (wholesale or retail) observed prices. Nor do they correspond to any internal accounting prices (since capitalist make no distinction between productive and unproductive labour).

In such a situation there are two possible positions to adopt if the concept of unproductive labour is to be retained. One is to reject the essence and stay in the realm of phenomena and ideology. This clearly represents a complete break with the labour theory of value and Marxism.

The other is to remain at the level of essence. This involves saying that prices of production are modified values which do not bear any relation to market prices, and that the concept of profit is modified surplus value which bears no relation to the capitalists' conception of profit. This is a system that is incapable of touching concrete reality at any point. Moreover it is internally inconsistent in that the mechanism it postulates for bringing about the transformation of values into prices of production is competition, and competition between capitalists must take place in the plane of appearances.

They do not seek to maximise the rate of return on money advanced for productive activity only, but on total advances. In concrete terms, capitalists will tend to, invest in industries where the rate of return on total advances is higher than average and to refrain from investing in industries where it is lower.

This affects the supply of the different commodities and, with a given pattern of demand, brings about a change in relative prices to effect the equalization of the rate of profit. It is thus not possible to argue, in the general case, both that there is a category of 'unproductive' labour employed by capital which does not yield value and that prices of production bear any determinate relation whatsoever to values.

The central conclusion to be drawn from this section can be summarized as follows. Marx's attempt to formulate a scientific category of unproductive labour employed by capital was fundamentally misconceived. His brilliant analysis of the working of the law of value under capitalism - his demonstration both of the way production is regulated by socially necessary labour time, and of the way the operation of the law of value itself produces the

appearances which conceal its true nature - entails a different definition of value to the one stated by Marx. The category of value implicit in Marx's analysis is the socially necessary equivalent of all labour performed under capitalist production relations. Actual labour time exceeds socially necessary labour time if too much labour is engaged in the production of a commodity, relative to a given state of demand, or if the technique of production is relatively inefficient. Actual labour time does not exceed its socially necessary equivalent solely because it would not be required to produce the same use-values under a different mode of production. This latter definition of value - the socially necessary equivalent of 'productive' labour only - the one explicit in Marx's writings, does not correspond to the realities of capitalist production.

3. WHY DID MARX WANT TO DISTINGUISH PRODUCTIVE AND UNPRODUCTIVE LABOUR?

Marx asserts on a large number of occasions that the distinction between productive and unproductive labour is a crucial one. He argues that, since the capitalist mode of production is based upon the appropriation and accumulation of surplus value, it is vital to distinguish labour which yields surplus value from labour which does not. Thus he rails against people who confuse useful labour, or labour productive of a use-value, with productive labour from the standpoint of capital, or labour productive of surplus value.

Only bourgeois narrow-mindedness, which regards the capitalist forms of production as absolute forms - hence as eternal, natural forms of production - can confuse the question of what is productive labour from the standpoint of capital with the question of what labour is productive in general . . . and consequently fancy itself very wise in giving the answer that all labour which produces anything at all ... is by that very fact productive labour. (TSV I p. 393)

This is clear as regards labour performed outside of the capitalist mode of production - what we earlier called non-productive labour since such labour clearly cannot yield surplus value for the capitalist directly. However, it does not help in explaining why Marx regarded certain labour performed under the capitalist mode of production as being unproductive, Marx nowhere makes clear his reasons. We can only speculate as to why chose to do so.

The distinction features a great deal in the classical political economists that Marx admired, especially Smith and Ricardo. One of the ways Marx evolved the theoretical system of *Capital* was to take the central concepts of classical political economy and, by thinking through the inconsistencies and unanswered questions that they left, create a radically new problematic in which the concepts were redefined in a more scientific manner. The work of previous political economists constituted a good deal of the raw material, so as to speak, which Marx transformed into his theoretical system. (Consider, for example, the relation between Ricardo's value theory and Marx's, and especially Marx's formulation of the concept of the value of labour power - which he regarded as one of his major theoretical achievements since it explains how all commodities can exchange at their values and profit still be generated).

It is noticeable that much the largest section on unproductive labour in Marx occurs in *Theories of Surplus Value* Vol. I, where he is discussing other economists views on the subject. The distinction also features very little in Vol. I, which is the only part of the planned four volume *Capital* which Marx wrote a final version of himself. All he says in Vol. I is that

productive labour under capitalism should, not be confused with useful labour, and that it is labour which yields surplus value. This is consistent with treating all labour performed under the capitalist mode of production as productive. He then refers the reader to "*Book Four which treats of the history of the theory*".

His unusual lack of clarity in a number of passages, included in later volumes by Engels, has already been mentioned. As Sweezy says

Marx's treatment of these expenses (unproductive costs of circulation) is not altogether unambiguous; the relevant passages have the ear-marks of a rough first draft in which he was working his way through the problems without a clear picture at the outset of the conclusions which would emerge. (Theory of Capitalist Development p. 279)

I would suggest that if Marx had worked his way through the problems he would have realized that any category of unproductive labour that included workers employed directly by capital was fundamentally inconsistent with his analysis of the working of the law of value.

4. NON-PRODUCTIVE LABOUR OUTSIDE THE CAPITALIST SECTOR

All the problems outlined in Section 2 apply only to the category of unproductive labour within the capitalist sector - that is to the group of workers we earlier called unproductive, as opposed to non-productive labourers.

It makes a lot more sense to describe wage labour performed outside the capitalist sector, but financed from income generated within the capitalist sector, as nonproductive. Such labour is clearly exchanged against revenue rather than capital, since it is not employed directly by capital, and hence cannot yield value or surplus value for the capitalist. It represents an immediate drain on the accumulatable surplus and hence reduces the amount of accumulation possible. In this sense it is analogous to capitalists' consumption.

This immediate effect of a drain on the accumulatable surplus need not be compensated for in any way. Domestic servants, for example, who were by far the largest component of nonproductive labour in Marx's day, do not yield any benefits for capital qua capital. If a capitalist employs a servant he pays him out of profits i.e. out of that part of the surplus appropriated by his capital, and thereby has less available for accumulation. The servant's labour is embodied in use values which the capitalist consumes. The capitalist's living standards are improved at the expense of the expansion of his capital.

Not all nonproductive labour is of this type however. Although the immediate effect of all labour financed out of capitalist revenue is a reduction in the mass of profit available for accumulation there may be counteracting benefits for capital. If the labour financed out of revenue is employed in a way which benefits capital then the overall, or net, effect may be beneficial to capital. This can be illustrated by means of two brief examples.

Consider a system of state education financed by a tax on capital. The education service uses simple labour only (i.e. no skilled labour and no non-labour inputs). Its sole purpose is imparting skills to the capitalist labour force. Workers who are being trained in this sector acquire their skills effortlessly (i.e. at no cost in terms of time, etc. to themselves). The proximate effect on capital of the existence of this sector is a reduction of accumulatable surplus equivalent to the wages of the workers in the educational sector. In return for this

outflow, however, capital receives a more skilled labour force. Providing the outflow for wages represents less labour time than the educational workers put into teaching (i.e. providing workers in the educational sector perform surplus labour) then capital receives more labour time, via an increase in the complexity of the labour it employs than it pays out to finance the educational sector. The outflow from the capitalist sector represents the paid labour of educational workers and the inflow represents their total labour time, embodied in the skilled worker. The net effect, is therefore, a gain for capital⁷.

Consider next housework. Take a husband and wife with no children. The husband works 10 hours a day in the capitalist sector and the wife works 10 hours in the home, dividing her time equally between the production of use-values for herself and for her husband. The husband is paid a wage representing five hours labour time. He gives half of this to his wife. His subsistence consists of 2½ hours worth of good produced in the capitalist sector and five hours worth produced in the home. Providing it would take the same amount of labour to produce the 'housework use-values' in the capitalist sector then the value of the husband's labour power is 7½ hours - since that is the labour, time required to produce his subsistence. Capital, by paying out the equivalent of 2½ hours labour time to the wife avoids paying out the equivalent of 5 hours to the husband. The proximate effect is a loss of 2½ hours labour time for capital but the net effect is a gain of 2½ hours⁸.

These two examples should not be taken to imply that all non-productive labour benefits capital. Nor that all state expenditure does - some state expenditure clearly has no such counter-acting beneficial effects for capital (e.g. state pageantry). However, the examples do illustrate the dangers of regarding all state employees as analogous to domestic servants from capital's point of view. They also illustrate the need for examining both the immediate and the net effects on capital of labour performed outside the capitalist sector.

CONCLUSIONS AND SUMMARY

For unproductive labour to be used as a scientific concept it must be demonstrated both that it can be defined in a scientific manner and that it can be successfully integrated into the general theoretical framework of Marxist political economy. Unless and until this can be done the concept should not be used.

All labour performed under the capitalist mode of production should be treated as 'productive'. That is all wage labour employed by capital should be regarded as collectively engaged in the production and realization of use-values, and as producing value and surplus value. All employees of capital are thus variable capital and, by derivation, the entire wage fund is variable capital. Similarly all constant capital is 'productive' constant capital. The rate of exploitation is thus the part of the entire social working day worked for the capitalist, divided by the part worked for the workers.

This is surplus labour over necessary labour and could be measured, in a pure autarkic capitalist system using simple labour only, as value-added minus the wages bill all divided by the wages bill, or as profit interest and rent divided by the wage bill⁹. Prices of production,

⁷ See Bob Rowthorn, "The reduction of skilled to unskilled labour" (mimeo).

⁸ For a development of this argument see my forthcoming paper on the political economy of housework.

⁹ This is not strictly accurate because the sum of wage goods in price terms need not equal the sum in value terms. See e.g. Bortkiewicz "Value and Price in the Marxian System" or any of the standard literature on the transformation problem.

derived from any of the corrected versions of Marx's solution to the transformation problem, represent both modified values (i.e. bear a unique determinate relation to values¹⁰) and the trend rate, or equilibrium level, of market prices, .

Labour performed outside the capitalist mode of production should be examined, from the standpoint of capital, in terms of both its proximate effect on the size and rate of profit and its overall or net effect. The proximate effect of labour which is financed out of capitalist revenue (e.g. by a tax on capital) is clearly a reduction in profit available for accumulation. If this labour is employed in a way which benefits capital, however, then the net effect may be beneficial.

The argument of this paper can be summarized as follows. The concept of unproductive is far from clear in Marx's writings. The definition most consistent with the spirit and letter of the texts is as follows. All labour employed by capital which is required only because of the specific characteristics of the mode of production and, hence, which would not be required in a hypothetical more rational system of production utilizing the same techniques, is unproductive. The concept of unproductive labour, thus defined, does not appear to be of any value (sic) in understanding the laws of the motion of the capitalist mode of production. Further there are a number of fundamental problems involved in incorporating the concept into Marx's general theoretical system in a consistent way. The concept should therefore not be used in political economy. To insist on retaining a concept solely because it is in Marx's writings is to reduce Marxism from the status of a science to that of a dogma.

¹⁰ For minor exceptions to this see Morishima *Marx's Economics*, C.U.P. 1973.