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A Comment on Productive and Unproductive Labour

I. Critique of Tarbuck
Exegesis of Marx's economic theory has been a popular academic pursuit. This is partly due to the difficulty of fully comprehending Marx's complete analysis. However, certain issues in Marxian economic theory have received a considerable amount of scholarly attention, such as the transformation problem, crisis theory, and the distinction between productive and unproductive labour. This last topic, recently discussed by Ken J. Tarbuck in this journal (SPE 12), has been the object of serious and elaborate debate. In this brief comment I will outline certain fatal flaws in Tarbuck's consideration of the distinction between productive and unproductive labour and then present an alternative definition.

The originality of Tarbuck's position is his claim that Marx's distinction between productive and unproductive labour turns on two factors: (1) whether or not employed labour-power creates a material thing — a durable good; and (2) whether or not the "product" created by workers is exchanged with revenue or capital. The first definitional criterion is simply wrong, while the second one is misleading and confused. The following considers each point in turn.

First, given Tarbuck's extended appeal to Marx's texts in justifying his claim that "materiality" counts, it is worthwhile to consider the accuracy of the exegesis. In trying to "understand" Marx,
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Tarbuck focuses almost exclusively on *Theories of Surplus Value*. Yet, as the author notes at the outset of the article, *Theories* "represents Marx's first approach to the subject. . . ." Consequently, one would expect any effort to untangle the ambiguity of the initial notes to depend heavily on clarification provided by the later writings. Not so with Tarbuck, who ignores a crucial section in volume two of *Capital* on transportation and does not even refer once to Marx's additional chapter in volume one of *Capital*, "Results of the Immediate Process of Production." These writings represent Marx's most developed thoughts on the subject of productive and unproductive labour and clearly argue for a different interpretation than Tarbuck's. In "Results of the Immediate Process of Production," Marx writes that "as far as the question of productive labour is concerned . . . . the nature of these [produced] objects is quite immaterial." A quote from *Capital*, volume two, is even more explicit:

> Although the transportation industry when based on capitalist production appears as a cause of circulation costs, this special form of appearance does not alter the matter in the least. Quantities of products are not increased by transportation. . . . But the use-value of things is materialized only in their consumption, and their consumption may necessitate a change of location of these things, hence may require an additional process of production, in the transport industry. The productive capital invested in this industry imparts value to the transported products, partly by transferring value from the means of transportation, partly by adding value through the labour performed in transport. This last named increment of value consists, as it does in all capitalist production, of a replacement of wages and of surplus value.

Thus, the produced object is not some durable good but a change in location.

Using the perspective of Marx's later works, most analysts of this question have taken an interpretation opposite to Tarbuck's regarding the meaning of the notes laid out in *Theories*. Instead of claiming that Marx abides by both of Smith's definitions of productive labour — as labour producing a surplus and fixing labour in a durable good — the overwhelming verdict is to take Marx at his word and reject the second definition. Marx, of course, goes well beyond Smith's conceptualization, but this comment is not an exercise in the history of economic thought. Let the above suffice with regard to problems of textual veracity.

Moving on to the arena of logic, there is a simple argument —
apparently overlooked by Tarbuck — against his false polarization of productive and unproductive labour on the basis of material versus immaterial, or goods versus services: namely, one stemming from the fact that most services are quite material in any logical sense of the word. A song or a haircut or a night in a hotel are very material, sometimes too much so for the poor person kept up all night by a rock concert or driven to desperation by a displeasing hairdo. Tarbuck’s arbitrarily narrow conception of materiality as a durable good means that he fails to understand fully Marx’s definition of a use-value as “something capable of satisfying a want of some sort.” Thus, contrary to Tarbuck, labour-power employed by a capitalist to produce a film or a meal creates a use-value, which if exchanged in the market place is capable of realizing the surplus-value generated by productive labour. The dichotomy between goods and services is useless for distinguishing between productive and unproductive labour. The relevant difference here turns on another distinction based on the fact that unproductive labour generates no use-value. A cashier imparts no use-value to a commodity by registering a change in ownership of the commodity via a monetary transaction. Logical proof of this is apparent if one compares a stolen apple with one you paid for: they taste the same. A cashier’s or salesperson’s labour cannot create any use-value, and hence cannot even begin to produce surplus-value. However, prior to elaborating an alternative to Tarbuck’s definition of productive and unproductive labour, it would be more appropriate to consider his second proposition regarding the question of whether or not the “product” created by workers is exchanged with revenue or capital.

Tarbuck explains his analysis as follows:

productive labour, and hence the productive labourer, is employed in production; the labourer exchanges his labour-power with capital and the surplus-labour is embodied in material commodities. . . . It will be seen that this definition modifies Marx’s original one, in which he says that the productive labourer is one who exchanges his labour-power with capital and not revenue. With this modification a labourer can indeed exchange his or her labour-power with capital, yet still be unproductive. The capitalist who provides a service (e.g., the school proprietor) obviously does advance capital to provide it; we cannot consider the money advanced as revenue being spent. However, what may be a profitable venture for the individual capital cannot therefore be automatically considered to be productive of surplus-value from the point of view of total social capital. 9

It is in the very last sentence that Tarbuck’s confusion over the distinction between production and circulation becomes apparent. This flaw
in his viewpoint has been noted before with respect to his article on "Rosa Luxemburg and the Economics of Militarism." In criticizing Tarbuck, Bob Rowthorn points out that it is the nature of production that determines whether surplus-value is produced, not the character of the consumer (nor for that matter the specific traits of the commodity). Marx argues in "Results of the Immediate Process of Production" that a large proportion "of productive labour produces use-values and objectifies itself in products that are destined only for unproductive consumption." Indeed, Tarbuck is driving at an important issue — that of expanded reproduction or the transformation of what is produced into a process of accumulation. However, this is an area of analysis involving the reproduction schemas in volume two of *Capital* and does not clarify the main point regarding the creation of surplus-value in the sphere of production.

In logical terms, the mistake of attributing to circulation a decisive role in deciding whether or not labour is productive or unproductive can be understood by looking at the case of electricity. Using Tarbuck's approach — assuming he accepts electricity as a "material" commodity — a capitalist who owns an electric plant would have an odd mixture of productive and unproductive workers. Where the electricity flows to create means of subsistence or production, the worker's "labour.... is exchanged with capital and produces surplus value," but that portion of the electricity generated which flows to luxury-goods production or government offices is exchanged with revenue, so the workers employed at the electric plant are now, at the same moment, unproductive, creating no surplus-value. Obviously, Tarbuck's position makes no analytic sense, and by confusing production and circulation, obscures a crucial insight provided by Marx's distinction between the two symbiotic phases of capitalist activity. By insisting that the question of surplus-value production is decided solely on the basis of the character of production, not exchange in the sphere of circulation, Marx isolates with precision the limits to profitability. Given these limits — a certain amount of produced surplus value — it is then possible to analyze the redistribution of this surplus-value in the sphere of circulation between activities that reproduce the conditions for capital accumulation (i.e., investment), and those that flow into individual and social consumption (which although necessary for maintaining society do not directly contribute to capital accumulation).

Tarbuck is cognizant of the important analytic connection between the concepts productive, unproductive and process of accumulation. However, his narrow definition of the "materiality" of commodities,
and his conflation of production and circulation, render Marx's insights illogical and unusable. In order to gain full advantage from the Marxian theory of productive and unproductive labour, it is necessary to proceed with a more logically coherent set of definitions.

II. An Alternative Definition of Productive and Unproductive Labour

The importance and uniqueness of the Marxian conception of productive and unproductive labour (PL/UPL) stems from the fundamental meaning of these terms within the labour theory of value (LTV). It is on the basis of the "labour theory of value" that the concept of PL has meaning (i.e., only via an analysis of the origins of profit in surplus-value). However, it is not a simple task to define PL/UPL, because under the capitalist mode of production all "capital" advanced must make a profit (or go bankrupt), while almost all work is now conducted on the basis of the wage relationship. Consequently, there is an appearance of uniformity to capitalist activity such that most activities seem to be productive insofar as they are "commodified," (i.e., involve wage labour, capital advanced, and profit for the capitalist). The issue is further complicated because Marx insists that the particular form of the commodity (i.e., material or immaterial) is not the deciding criterion; nor is necessity; nor even the specific concrete labour (e.g., a tailor can be both productive and unproductive depending on circumstances). Consequently, a step-by-step approach to defining productive/unproductive labour utilizing the "labour theory of value" is required in order to gain the insights provided by these concepts.

Defining the Basic Types of Social Activity

This is a preliminary step before the more narrow definition of productive labour in terms of surplus value is advanced. In effect this section is a concretization of the notion of use-value.

1. Production activity involves a process of labour activity whereby objects of social use are created. The result of production activity is a material object or useful effect created by labour. Production is the creation or transformation of objects of social use into new objects of social use. More strictly defined, an object of social use is a use-value. A use-value is a material thing or effect which by its objective properties satisfies some human wants — regardless of whether or not such wants spring from the stomach or fancy. Hence the concept of use-value does not turn on the dichotomy between
necessary/unnecessary, good/service, material/immaterial, good/bad. Furthermore, the character of this use-value as a use-value is not altered by the actual use to which it is put. A use-value is the result of production; it is a material thing or effect which is not altered in its definition by the form of utilization, be it individual (final) consumption or further productive consumption as an input to production. Thus production as a type of social activity is strictly defined by the nature of a use-value.

2. Distribution activity involves (within the confines of the Capitalist mode of Production) the transfer of ownership. As such, it creates no use-value attributes; a car whether stolen or bought remains the same car, even though the particular form of distribution labour involved is vastly different. Distribution as a social activity involves labour and means of production (i.e., it has a cost, but it does not sustain itself by its result, which is nothing except for a change of ownership). Thus, distribution labour is a form of social consumption; it transforms those properties which relate to a use-value as an object of possession not the material or effectual attributes of the use-value.

3. Social reproduction and maintenance activity is labour activity that utilizes means of production to maintain and reproduce the social order. This is also a form of social consumption — a cost to total wealth — because either this labour produces no use-value or it fails to generate surplus-value. (This point will be elaborated upon in the next section.) This type of labour simply guards and sustains the system of ownership that underlies production and distribution.

4. Finally, the last type of social activity is consumption — personal or individual utilization of use-values, not for consumption that reproduces capital, but consumption that is final in the hands of an individual. This is not a labour activity at all, and hence does not create use-values; rather it digests existing use-values. In this sense, individual consumption is a cost, whereas production consumption as referred to by Marx in volume two of Capital is that consumption that falls within the circuit of capital; in other words, the production consumption of commodities passes the value contained in those commodities along as part of the production process. In individual consumption, the value contained in the commodity expires.

**Productive Labour and Unproductive Labour**

**Productive Labour (PL)**

In analyzing the different types of general social activity under
capitalism we have taken the first step in defining PL (distinguishing production and non-production activity on the basis of whether or not use-values are created). However, PL is a more-specified concept since there can be production labour which is not productive labour. To grasp this distinction it is crucial to understand the relationship between concrete labour, which creates a use-value, and abstract labour, which constitutes the basis for the social value of a commodity. Abstract labour is a direct expression of the relationships between commodities in the sphere of circulation (i.e., exchange). When labour produces a use-value for the purpose of exchange, this labour is not only concrete labour embodied in a use-value, but also abstract labour expressing the interchangeability of commodities in exchange. Specifically, exchange against money, the general equivalent, constitutes in its function as a measure of value, a measure of abstract, socially necessary labour time embodied in a particular commodity. Here, we are drawing a distinction between labour that produces a use-value for direct use (labour that has only concrete labour as its character), and labour that produces a use-value for sale and hence also creates value (labour that assumes the character of abstract labour). Finally, under fully capitalist conditions, labour will assume one more attribute: that of being the commodity labour-power, a condition where workers exchange their ability to labour with capital. Capital purchases labour-power because it is the ability to labour that recreates and expands value. It is the particular attribute of the commodity labour power that it can create more than its cost of production (i.e., it can create surplus-value).

Building from these basic conceptions of the LTV we can find four attributes which define fully productive labour:

1. the labour activity must be conducted in a production process; that is, it must create a use-value;
2. the labour produces a use-value for exchange; that is, it produces a commodity embodying abstract labour;
3. the labour is wage labour; it produces value according to the law of value (whereas although labour in "simple commodity production" produces value according to (2), the preponderance of independent commodity producers precludes the operation of the law of value); and
4. labour-power is purchased to produce a commodity, on the basis of which the capitalist realizes the surplus labour performed by the worker as surplus-value (i.e., this is labour-power purchased for the purpose of expanding capital).
These distinctions which allow for specification of the concept PL can be viewed as a series of concentric circles. The first, outside ring, is use-value production by Robinson Crusoe; there is no (or very little) exchange. In the second, middle ring, are independent commodity producers who create a use-value for exchange but do not engage in wage labour since there is direct ownership of means of production; hence strictly speaking no surplus-value is created, although these producers could exploit themselves. In the inner circle, one finds productive labour — wage labour that creates a use-value for exchange in a situation where the variable and constant capital are advanced by a capitalist for the purpose of realizing a profit from surplus-value.

Thus the distinction between production labour and productive labour can apply to Robinson Crusoe or to a domestic worker who creates a use-value which is never exchanged (i.e., non-commodified production). Also a peasant who receives no wage but produces for exchange is a production, but not productive, worker. These production workers create use-values, but none have the full attributes of PL, which also requires a particular social relationship between workers and capitalists.

**Unproductive Labour (UPL)**

On the basis of the preceding discussion of PL it becomes easier to establish a clear definition of UPL. First, there is the categorical demarcation between production and all other activity — none of which can be PL because there is no creation of use-values. Second, PL or UPL must be labour; therefore all individual consumption is excluded since it is not labour. At this point we are left with the more-detailed task of defining UPL as it manifests itself in each of the three types of labour activity: production, distribution, and social maintenance. Examining each in turn:

1. **UPL in production** can be identified by both the specific objective and organization of the production of the use-value. If the use-values are simply to be consumed by their producer, we have a Robinson Crusoe-type of UPL. Another variety of this concrete labour is production, which although not for personal consumption is also not for exchange; here we have domestic workers who are paid a wage but do not produce for exchange. Without production for exchange there is only concrete labour, not abstract labour or its quantitative measure in terms of value. Marx uses the example of a tailor who comes to work in your home; this is UPL in the sphere
of production.

Another case of UPL in production is that in which we have an independent commodity producer who produces for exchange but is not involved in wage labour because he owns his means of production. This is a hybrid case where labour produces value but not surplus-value. Marx writes that such independent commodity producers can be viewed as exploiting themselves, and in this sense are outside the distinction between PL and UPL because such a distinction hinges on the relationship to capital, a relation which these independent producers do not have. In a sense they are holdovers from non-capitalist modes of production.\textsuperscript{15}

2. \textit{UPL in distribution} has the fundamental attribute of not being production labour, but simply labour that changes titles of ownership of existing values and does not create value; instead it consumes value. Given that a particular type of labour activity is identifiable as a distribution activity all of its costs (including labour-power, means of production and profit) will constitute a form of social consumption. Marx makes this point very clear in his discussion of merchant's capital, which does not augment the total value produced (rather it consumes value to sustain its activity).

Within the bounds of distribution activity there can be a variety of forms, such as independent individual retailers who do not employ wage labour, or certain middlepersons who arrange barter transactions by simply acting as brokers. Undoubtedly, there are a multitude of specific forms, all characterized by being non-production (i.e., they facilitate changes of ownership), while their specific relationships to capital advanced, although different for a wage-earning salesperson than for a fee-paid broker, have the same common trait: the "capital advanced" here is in fact revenue (i.e., a deduction from surplus-value finances these activities).

Now strictly speaking, production labour can also be exchanged against revenue (e.g., domestic labour). Consequently, this notion of exchange against revenue does involve certain ambiguities with regard to the definitions of PL/UPL, particularly because the focus of the analysis is the source of funds for consumption. Nevertheless, it is worthwhile to trace this distinction between capital advanced and revenue advanced.

All individual capitalists who advance their money to make a profit are in a sense advancing capital, but as far as social capital is concerned, those activities that do not involve PL are actually social expenses and in this sense, what the individual capitalist in the distribu-
tion sphere is really advancing is revenue. Take as an example a videotape manufacturer who produces solely for the advertising sector. Here the videotape is a commodity, a use-value produced for exchange and profit; this is a productive activity. However, even though the use to which a use-value is put is irrelevant to the definition of productive labour, it is relevant to the determination of how much total value is consumed unproductively. Thus, the production of videotapes consumes a certain amount of constant capital while adding on new value equivalent to the variable capital paid as wages and the surplus-value embodied in the surplus-labour performed by workers. Yet because advertising is a distribution activity that produces no use-value and therefore no other forms of value, the purchase of the videotape by an advertising firm increases the level of unproductive activity (and therefore diminishes the available net profit and investment funds). This does not mean that the production activities that sustain unproductive activities are unproductive, merely that in the aggregate, accumulation will be reduced. As for the specification of UPL in distribution, we can now see that all advertising, including the cost of the videotape, can be aggregated as UPL expenses, even though the videotape emerges from the productive side of the economy as value produced. In this sense the labour in advertising, not the labour in videotape production, is exchanged against revenue.

From the point of view of capital accumulation, the analysis is now more precise. Capitalist production of use-values for exchange, even in relation to luxury goods like the cinema, employs productive labourers and expands the amount of surplus-value. However, distribution activity produces nothing and, rather than expanding surplus-value, consumes a portion of it. Thus the cost of UPL to capital as a whole is double that of PL in the luxury sector; it is not only a deduction from existing revenues, but also a deduction from the use-value counterparts to the surplus-value produced in the productive sector. Hence both the “material” and financial surpluses of the system are eroded. With luxury production, value and use-value are produced even though the “material” product may be of no help in the process of further production. (Material is used here in its broader sense.)

Finally, it should be clear that the expansion of distribution-type activity, while generating a demand for many goods produced by PL, still reduces the total surplus-value available to be realized as profits and reinvested for the purpose of accumulation. Thus it is mistaken, as Marx explains in criticizing Malthus (substitute Keynes
for our day), to call for sheer unproductive expenditure as the only way to close the "demand gap," because investment is the basic source of demand and an increase in UPL simply reduces the mass and most likely the rate of profit such that the scale of investment will decline, at least relatively, and thereby further damage aggregate demand.  

3. UPL in the sphere of reproduction and maintenance of the social system usually fails to meet the first criterion of PL (i.e., use-value creation). In this area are such workers as presidents, judges, police, etc. — a point which Adam Smith made long ago. However, there is a large part of reproduction activity — from housework to public health — where use-values are often generated yet where there is a complete lack of commodification, or wage labour, or capital advanced. Consequently, all these activities must be supported out of social revenue, deducted from workers and/or capitalists. The analysis becomes much more intricate when an attempt is made to account for the contribution of these unproductive production activities to the accumulation process. Although it is clear from the preceding discussion of the unique link between productive labour and surplus-value that these reproduction activities cannot expand a given amount of produced surplus-value, it is nevertheless true that without the "subsidy" of use-values created by reproduction labour, the amount of surplus-value produced would be less. Numerous issues arise in a full analysis of the relationship between unproductive reproduction activity and accumulation such, as the importance of surplus-labour by reproduction workers, and the productivity of this reproduction labour (which is outside the productive sphere and consequently is not equally subject to the same competitive pressures). However, it is beyond the scope of this comment to delve any deeper into this important area of analysis. A more-extensive treatment of this topic can be found in Rowthorn's article entitled "Skilled Labour in the Marxist System."  

III. Conclusion  
The concepts of productive and unproductive labour, if defined in a logical and analytically useful fashion, provide important insights into the relationship between the reproduction process and the accumulation process. Capitalism depends on productive labour, but reproduction can be sustained on the basis of production labour. Contradictions between these two spheres, hidden by the uniformity of appearances in a capitalist exchange economy, emerge concretely
in the political and social struggles surrounding the state and the household. Attacks on big government and support for the sanctity of the family are part of a desperate struggle by capital to ensure that the priorities of accumulation dominate those of reproduction.

Notes


4. Ibid., 1045

5. Karl Marx, *Capital* (Moscow 1957), 149-50

6. Three authors, of many, who draw interpretations at odds with Tarbuck are Gough in "Marx's Theory" (see n. 1 above); Hunt in "Categories" (see n. 1 above); and Bob Rowthorn in "Skilled Labour in the Marxist System," in his *Capitalism, Conflict and Inflation* (London 1980).

7. "Jumbled together in his [Smith's] presentation we find two definitions of what he calls productive labour, and to begin with we will examine the first, the correct definition." Karl Marx, *Theories of Surplus Value* (London 1969), 152

8. Karl Marx, *Capital* (London 1961), 1:177. It is also important to note that Marx often uses the term service to mean activities which are not organized capitalistically, such as those of domestic servants. See his *Theories of Surplus Value*, 1:404 (see n. 7 above). Obviously this activity would then be unproductive, but not because it was a service per se.


10. For Rowthorn's comment, see "Rosa Luxemburg and Militarism," in Rowthorn, *Capitalism, Conflict and Inflation*, 258 (see n. 6 above). Tarbuck's article is in *The Subtle Anatomy of Capitalism*, ed. J. Schwartz (Santa Monica 1977).
11. Marx, "Results of the Immediate Process of Production," 1045. (See n. 3 above.)


13. Elements of the definition elaborated here depend heavily on work at the New School for Social Research with Anwar Shaikh and a political economy study group that analyzed productive and unproductive labour. Also, in addition to Marx's works cited in the notes, interested readers should look at Marx's introduction to his Grundrisse (Harmondsworth 1973).

14. See Marx, Capital 2:76

15. See ibid., 34; and idem, Theories of Surplus Value, 1:407-8

16. This does not mean that expanding aggregate demand via government deficits cannot revive the economy in the short run by invoking higher levels of capacity utilization. However, from the longer-run perspective of surplus-value production, an expansion of unproductive activity relative to productive activity undermines the process of capital accumulation and threatens to bring on a crisis due to a decline in available profits.

17. This conclusion holds for given conditions of production and reproduction. Obviously a shift of production labour to productive-type activity would then directly expand the sphere of surplus-value creation.

18. Rowthorn, "Skilled Labour in the Marxist System." (See n. 6 above.)