

CHAPTER 19

PRODUCTIVE AND UNPRODUCTIVE LABOR

The distinction between productive and unproductive labor was not developed by Adam Smith and Marx to define the class system. Rather, it was used to describe the rise of capitalism in England. Poulantzas, however, sought to utilize these two concepts in order to define a new class - the new petty bourgeoisie. Capitalists would be the owners of the means of production; the working class, blue-collar employees, the productive workers; and the new class, the new petty bourgeoisie, the unproductive workers. In this chapter I will discuss this attempt, showing that the categories of productive and unproductive labor, not only do not help in the characterization of social classes, but have also lost their usefulness for helping to understand contemporary capitalism. They were important for the analysis of the rise of capitalism, but today, as practically all labor is subjected to capital and produces surplus value, the distinction has lost its historical relevance.

1. Poulantzas' Attempt

Poulantzas used the categories of productive and unproductive labor to distinguish the new class from the working class and the bourgeoisie. Its differentiation from the capitalist class is obvious. The new class does not form part of the bourgeoisie because it does not own the mean of production. Differentiating it from the working class is more difficult, particularly if one does not make a distinction between wages and salaries. Poulantzas observes that the members of the working class and the new class are wages-earners, but, based on Marx, he adds:

"... if every agent belonging to the working class is a wage earner, this does not necessarily means that every wage-earner belongs to the working class. The working class is not defined by a simple and intrinsic negative criterion, its exclusion from the relations of ownership, but by productive labor". (1974: 210).

In this way, the new petty bourgeoisie would be made up of wage-earning unproductive workers.

Then Poulantzas goes on to make an extensive revision of Marx's concepts concerning productive labor. The objective is to give a theoretical ground to the new class. He obviously encounters enormous difficulties. The most serious problem is that engineers and technical experts perform productive labor, according to Marx. If we follow the general principle that all productive workers are blue-collar workers, then those engineers and technical experts

should form part of the working class. On the other hand, a garbage collector, performing non-productive labor, would not be a member of the working class.

Poulantzas tries to solve the first problem by stating that engineers and technical experts do not belong to the working class since they perform intellectual labor, subordinating workers to capital:

"If they do not as a group belong to the working class, this is because in their place within the social division of labor, they maintain political and ideological relations of subordination of the working class to capital (the division of mental and manual labor), and because this aspect of their class determination is the dominant one" (1974: 242).

The problem is solved indirectly for Poulantzas, as for Marxists in general, by amplifying the concept of productive labor so that it will include practically all manual laborers.

On the other hand, Poulantzas reexamines the distinction between manual and intellectual labor. After looking at the difficulties inherent to the concept, he comes to a conclusion that deprives the distinction between the two types of labor of all meaning in determining class position. Quoting Gramsci, according to whom, "the worker or the proletarian, for example, is not specifically characterized by his manual or instrumental work, but by performing this work in specific conditions and in specific social relations" (Gramsci, 1934: 8), Poulantzas concludes that the distinction between these two types of workers is useless in defining the working class, since there are manual workers who do not or would not belong to the working class (1974: 254).

2. The Classical View

This is not the place to review the extensive discussion concerning productive and unproductive labor.⁷⁷ This of all meaning was a fundamental concept in economic theory from the physiocrats up until Marx. It was later abandoned by the neoclassical economists who did not consider it to be a useful concept since they viewed all labor which has a positive marginal output and receives corresponding remuneration to be productive. Actually the concept of productive labor is only meaningful to those economists who seek to place Political Economies within a historical context. This concept is becoming less

⁷⁷ This question, that had been almost forgotten by Marxist economists, was retrieved by Paul Baran (1957), Joseph Gillman (1957), E. Altvater and Freerkhuisen (1970), Pierre Salama (1978), E.K. Hunt (1979), Paul Singer (1981). Hunt's paper includes an extensive bibliography.

relevant in contemporary capitalism, where all labor, including services, is subordinated to capital, but it continues to be essential in historically distinguishing pre-capitalism and mercantile capitalism from industrial capitalism. It is very helpful in defining the conditions in which the specifically capitalist mode of production arises.

The distinction between productive and unproductive labor has never been clear since this concept contains elements which assign both value and particular characteristics to relations of production. It is true that Marx states that productive labor is not labor which is useful but rather labor which produces surplus value, emphasizing the relations of production aspect. Yet it is certain that Marx as well as the physiocrats and Adam Smith understood productive labor in a general sense as that which produces wealth, and it is difficult to escape a value biased concept of wealth. Thus once one understands what wealth is, the concept of productive labor will be defined. The concept of wealth however, is as difficult as that of productive labor.

For the physiocrats, as expressed by Quesnay:

"the productive class is the one that cultivating the land causes the rebirth of the annual wealth of the nations" (1766: 45-46).

In an agricultural country such as France in the middle of the eighteenth century, only agriculture produced wealth. Smith amplified this concept decisively, not only because he included industrial production within productive labor, but also because he perceived that productive labor is that which produces surplus, that which adds value to the goods produced:

"There is a type of labor which adds value to the object upon which it is applied; there is another which does not have that effect. The first, since it produces value can be called productive; the second, unproductive labor" (1776: vol.1, p.294).

Smith was already clear then that productive labor was not the same as useful labor. In referring to the labor of a sovereign and his civil and military personnel, he states:

"His service, however honorable, useful or necessary, produces nothing which can later be exchanged for an equal quantity of service" (1776: 295).

Thus, productive labor is that which produces exchange value. It is that work which produces wealth with which the capitalist pays wages and accumulates capital. Productive laborers are, therefore, maintained by their own labor, whereas "unproductive laborers, as well as those who do not work are maintained by revenues" (1776: 297), that is, by rents and profits received by landowners and capitalists.

So it was reasonably clear to Smith that the concept of productive labor was fundamentally related to the advance of capitalism, with the generalization of labor which produces exchange value. Smith considered wealth to be the production of exchange value within the framework of the capitalist system. The wealth of nations would depend on the proportion of productive workers (that is, those submitted to capital) in a society. Malthus, as Marx underlines (1864: 240), is more direct. He simply states that the productive worker is the person who, in addition to producing his own wages, also produces profit for the capitalist. In his words:

"The productive laborers at the same time that they obtain wealth, and the means of accumulation for themselves, furnish a large surplus to that other most important class of society which lives upon the profits of capital." (1836: 41).

3. Marx's View

Marx continues with and deepens this line of reasoning. Rather than debating the issue of productive labor in abstract or philosophical terms, Marx is consistent with his historical method, defining wealth within the framework of the capitalist system. Wealth, therefore, is the production of commodities with exchange value, or more specifically, it is the surplus value realized by the capitalist; labor surplus value is the increase of the capitalist's wealth; it is the basis for the accumulation of capital. Thus productive labor is simply that which produces surplus value. Marx is quite clear on this point:

"Productive labor, in terms of capitalist production, is that wage labor which, exchanged against the variable portion of capital, reproduces not only this portion of capital (or the value of its own labor power) but which, in addition, produces surplus value for the capitalist. Only that wage labor which produces capital is productive" (1862: 152).

Unproductive labor, on the other hand, would be that which is exchanged against revenue, rather than variable capital. Marx is also very clear on this point. The most typical type of unproductive labor would be that performed by domestic servants. While of use to the master, it does not produce surplus value; it is outside the sphere of capitalist relations. It is not exchanged for capital, but rather for revenue produced by capital, and even for wages. In Marx's words:

"This also establishes in absolute terms what unproductive labor is. It is labor which is not exchanged against capital, but directly for revenue, that is, wages or profits (which naturally includes the various categories of those who participate as partners in capitalist profit, in terms of interest rent" (1862: 157).

In conceptualizing productive and unproductive labor, drawing upon the classical economists, Marx had one fundamental objective: to analyze the

development of capital and the increasing domain of the capitalist mode of production. The advance of productive labor was the actual advance of capitalist relations of production. Thus he states, again in *Theories of Surplus Value*, that:

"these definitions are not derived from the material characteristics of labor (nor in the nature of its output nor the specific nature of labor as concrete labor), but rather in a defined social form, the social relations of production within which labor is realized" (1862: 157).

Also in *The Sixth Unpublished Chapter of Capital*, Marx emphasizes the transition from the formal subsumption of labor to capital to the real subsumption of labor to capital, the change from speculative, mercantile capitalism to productive, industrial capitalism. He develops the concepts of productive and unproductive labor to study this transition. It is not a coincidence that on the three occasions in which Marx looks at this question, his fundamental concern is to distinguish industrial capital from mercantile capital, production from circulation.⁷⁸

Nevertheless, Marx had another objective in utilizing the concepts of productive and unproductive labor, aside from describing the advance of industrial over mercantile capitalism and the expansion of the production of surplus value. He also wanted to use these categories to distinguish the realm of production from that of circulation. Though fundamental to Marxist thought, much confusion surrounds this distinction. There is no question that the root of the matter is that surplus value is created within the realm of production, not of circulation. Yet what is the realm of production?

It is reasonable to say that the mere exchange of commodities does not produce surplus. Yet when a merchant, employing wage workers adds use value and exchange value to a commodity, storing it, transporting it and making it available to consumers, why do we not consider this labor to be producing surplus value and consequently to be productive labor? In another light, all services which help to produce material goods are commodities like any other. Yet there are passages in Marx in which sales and service in general are considered to be unproductive.⁷⁹ These inconsistencies are most likely explained

⁷⁸ Marx studies this question in: Item 6 in *The Sixth Unpublished Chapter of Capital*, "The Two Historical Phases of the Development of Capitalist Production"; Chapter VI in Volume II of *Capital*, "The Costs of Circulation"; and Chapter IV of *Theories of Surplus Value*, where Marx contrasts his theory with that of Adam Smith and the mercantilists.

⁷⁹ See Paul Singer (1981) and Hunt (1979) on this question. Though a Marxist, the latter points out the inconsistencies in Marx's discussion of this issue.

by the fact that at the time Marx was writing, the service sector had little economic significance and was largely outside the realm of capitalism. Commerce, on the other hand, was closely tied to speculative, mercantile capital. The key historical question for Marx was to distinguish industrial capital, which is productive and creates surplus value, from speculative, mercantile capital in which profit originates from selling merchandise for a price that is different from its value. The concepts of productive and unproductive labor are useful in making this distinction.

Marx had a third objective which only appears in certain passages, yet is undeniable. He uses these categories to suggest the superiority of socialism, where there would be no unproductive labor, over capitalism. In this perspective, he abandons the use of the two concepts in order to analyze the emergence of industrial capitalism and seeks to apply them to all modes of production. The implication is that, as humanity moves to more advanced modes of production, the proportion of labor which is unproductive, which does not produce wealth, diminishes. Paul Baran (1957, Chapter II) especially emphasizes this aspects of Marx's theory. It is clearly a subsidiary aspect of the question, concerned with ideology.

4. Productive Labor and the Service Industry

The concepts of productive and unproductive labor were useful for Marx's analysis of the emergence of capitalism. But from the perspective of contemporary capitalism, where capital has penetrated practically all areas of society, this distinction has lost most of its meaning. In the days of the physiocrats, of Smith and even of Marx, the advance of capitalism was the decisive historical event, eliminating the vestiges of feudal and peasant formations as well as mercantile capitalism. As such, it was important to define productive labor as that which produced surplus value, distinguishing it from mercantile capital. The latter appropriates surplus through processes of primitive accumulation. Speculative mercantile profit is achieved through the merchant's monopolistic power. It is this power, traditionally tied to long-distance trade, that makes him able to sell his goods for prices which are higher than their respective values. In the case of industrial capital, the process by which surplus is appropriated is entirely different. Surplus value is the result of an exchange of equivalent values, in which capitalists exchange their commodities for labor power sold "freely" as a commodity by the workers, in accordance with their respective values. Once the capitalist has exhausted absolute surplus value as a resource, that is, the lengthening of the workday and the acceleration of the pace of labor, he has no other alternative but to try to realize relative surplus value,

increasing labor productivity by accumulating capital and incorporating technical progress.

Thus it was necessary to distinguish not only pre-capitalist but also mercantile forms of organization of production from the specifically capitalist mode of production. The notions of productive and unproductive labor helped in this job. Today, however, when almost all labor produces surplus value, this distinction is no longer so decisive. Services (which correspond to about 60% of the national product in developed countries) also produce surplus value. This is not only because wage workers are employed and because the capitalist who employs them realizes a profit, but also because, in fact, these workers are adding value to commodities through the utilization of sophisticated techniques and equipment, because productivity is a central concern. The capitalist in modern services is not realizing old mercantile profit, but rather surplus value.

In Volume II of *Capital* where Marx differentiates between production and circulation, he states that the merchant

"performs a necessary function because the reproduction process itself includes unproductive functions. He works as well as the next man, but the content of his labour creates neither value nor products. He is himself part of the faux frais of production." (1885: 209)

This position was already difficult to accept in Marx's time. It has become clearly unacceptable in contemporary capitalism where services have not only taken on an extraordinary importance, but have also been absorbed by productive capital, in that their concern is to extract relative surplus value from their workers through the incorporation of technical progress.

In fact, to insist on the importance of the question of productive versus unproductive labor and to tie unproductive labor to the service industry is to ignore the most distinctive characteristic of service industry in technobureaucratic capitalism: the generalization of large-scale capital in the service industry, using highly sophisticated technology. This phenomenon may be observed in department stores, supermarkets, shopping centers, restaurants, fast food and institutional food facilities, entertainment businesses, hospital and health care, insurance and education. Large-scale capital has decisively penetrated these areas, either serving the public directly or through contracts with the state. They employ thousands and thousands of workers. In the United States, for example, not only has the service industry increased at a much higher rate, but it has also increased in absolute volume as compared to the industrial sector. As a result, it no longer makes sense to consider these workers unproductive or to consider their respective capitalists merely as beneficiaries of the circulation of surplus value realized in the production of material goods.

When Adam Smith developed the concept of productive labor, he was concerned with the causes of the wealth of nations. The proportion of productive workers existing in a given society was one of these causes. However, if today we insist in limiting the concept of productive labor to that which produces material goods, we will have to invert the original proposition, affirming that the greater the proportion of productive workers, the less developed the productive forces.

Yet even in terms of the concept of productive labor proposed by Marx, this distinction is not useful in differentiating social classes, and even less so in differentiating between the working class and the new petty bourgeoisie, that is, the technobureaucracy, as Poulantzas tries to do. It is debatable that Marx sought to define the working class through the use of this concept. In The Sixth Unpublished Chapter of Capital, Marx expressly includes directors, engineers, technical experts and supervisors as productive workers. They are considered part of collective labor to the extent that in the specifically capitalist mode of production, the real lever in the labor process is increasingly not the individual worker, but the collective worker. It is the collective worker that is responsible for producing commodities. Some work better with their hands, others with their heads, one as a manager, engineer, technician, the other as overseer, the third as manual laborer or even drudge. An ever increasing number of types of labor are included in the concept of collective labor, and those who perform it are classified as productive workers, workers directly exploited by capital and subordinated to its process of production and expansion.

Poulantzas's solution to this problem is to state that even though they are productive workers, technical experts cannot be considered members of the working class because capital subordinates workers. This is really no solution at all. If technobureaucrats as a whole, or at least some of them, are productive workers, it is clear that this concept cannot be used to differentiate the new petty bourgeoisie from the working class.

On the other hand, if we broaden the concept of productive work to include sales and services in general within a capitalist framework, it is apparent that the categories of productive and unproductive are useless in defining social class, despite Poulantzas' efforts. Yet if Marx considers that "... the capitalist performs a productive function. It consists in the direction and exploitation of productive labour" (1864: 1048), it becomes obvious that it is not with these categories (which he developed especially to demonstrate the move from mercantile, speculative capital to industrial capital), that we can distinguish workers from technobureaucrats or define the working class in contemporary capitalism.