

Unproductive labour

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Basic confusion

Capitalist economics confuses making money with real production.

As a result many activities which produce nothing or actually make society poorer are counted as contributing to the economy.

Examples

1. The gambling 'industry'
2. The armament industry
3. Insurance
4. Banking
5. The 'sex industry'

Apologetics

Neo-liberal economics treats any private business as productive, and any public activity, funded out of taxation as unproductive.

This is a terrible step back from classical political economy which had a clear distinction.

Smith's criteria

Adam Smith was a Glasgow philosopher who founded classical economics in the 1700s. He gave two criteria for something to be productive:

1. It must produce a vendible physical commodity that exists independently of the worker.
2. The worker must be employed out of capital not revenue.

Lets see what these imply

Vendible physical commodity

Examples of producing physical commodities

Farmers growing corn, spinsters making thread, workers in a coal mine

Examples of not producing physical commodities

Advocate speaking in court, actor on stage, musician

Services are not production

According to Smith “That work consists in *services* which *perish generally in the very instant of their performance*, and does *not fix or realise itself in any vendible commodity, which can replace the value of their wages and maintenance.*”

Productive \rightsquigarrow accumulation

Smith is concerned with accumulation, growing the 'wealth of nations'.

Thus productive labour is that labour which produces surplus value which can potentially be accumulated to boost future production.

Marx

Productive labour produces surplus value:

“Productive labour, in its meaning for capitalist production, is wage-labour which, exchanged against the variable part of capital (the part of the capital that is spent on wages), reproduces not only this part of the capital (or the value of its own labour-power), but in addition produces surplus-value for the capitalist,”

As we see later, it is not always easy to see which labour produces surplus value

Why is persistence important?

Only persisting commodities can lead to the accumulation of capital

Capital accumulation always requires a material substance

- Either a quantity of food and consumer goods to support a larger working class
- A quantity of machinery, raw materials etc, to expand production

Society can not accumulate lawyers speeches, or live songs to expand future performance

What about recordings

Once recording technology was developed, musicians could become productive workers.

A singer in a recording studio leaves a permanent record which becomes part of the capital stock of the record company.

The digital recording becomes a *means of production* of CDs.

The recording becomes *constant capital*.

Revenue

Unproductive labour exchanges against revenue,

Generally against revenue of the capitalists, landlords or state

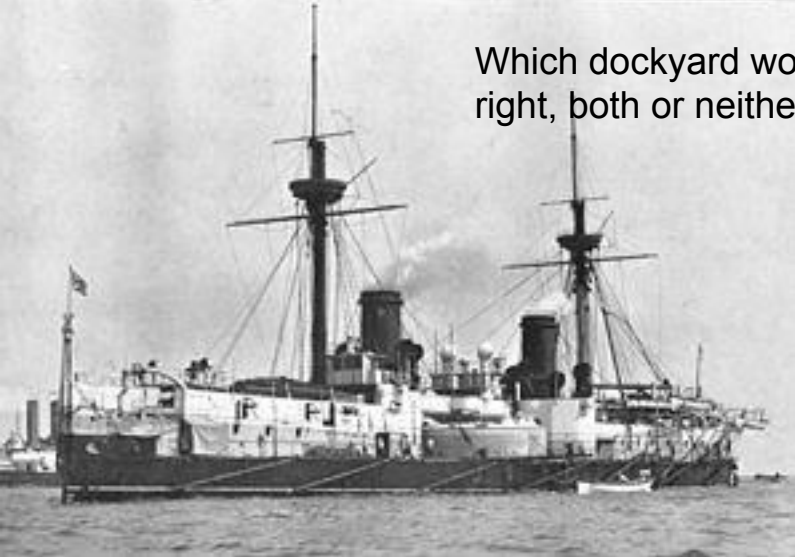
Examples

- Servants of a Duke,
- Soldiers of the Queen,
- Priests of the Church



Weapons production

Which dockyard workers were productive, left, right, both or neither?



HMS Inflexible, 1881, built in Royal dockyard



HMS Terrible, 1895 built at Thompson's on the Clyde

Points

- War is never productive of use value it is destructive
- Sailors in the Navy are unproductive, thus so are dockyard workers in royal dockyards - employed out of revenue
- J&G Thompson was a private firm, so the workers labour power exchanges directly against capital - does this make them productive?
- But the Terrible was paid for out of tax revenue too, so why should that count as productive?

Why could Thomsons make a profit

Either

- It was more efficient than state yards
 - No, in fact the state yards were more efficient than the private ones
- It gouged the taxpayer because no state yard could build such a ship.
 - In the past No, records show that Clyde yards could only break even when competing with the state yards
 - Now, this does happen, since the state yards have been sold off and BAE at Govan has no state competitor.

Is overpricing productive ?

Suppose Thompson overcharged for a new warship, did that profit come from surplus value created by the Clydebank workers?

Not really, it was just a redistribution of already existing surplus.

Armaments are paid for out of the surplus of the rest of the economy, so Thompson's profit was just a deduction from the profit of the rest of the bourgeoisie.

Hence in 19th century the Liberals, party of the industrial bourgeoisie, were against spending much on armaments. Gladstone knew it was unproductive.

Reproduction

In Capital, Marx introduced reproduction schemes, to show the functional dependencies between different parts of the economy.

He set up tables with rules that had to hold if the economy was to reproduce.

I have created an online model using google sheets.

Luxury sector can produce no surplus

You can use the reproduction scheme to demonstrate that relative surplus value can not be created in the luxury goods or armaments sector.

My next video will be a tutorial on using interactive reproduction schemes.