

Class, Productive and Unproductive Labour: Divisions in the Global Working Class?

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Abstract: *Political interactions are alliances and conflicts between various social forces. This article discusses the distinction between productive and unproductive labour in relation to the various activities that take place during the production and consumption of a commodity. Most importantly, this article demonstrates that the ability to perform unproductive labour is dependent on the performance of productive labour. On the basis of this, a greater understanding of the divisions that exist between workers in the global North and in the global South is achieved.*

Key Words: Global South, Global North, division of labour, labour aristocracy, working class

1. Introduction

Political interactions are alliances and conflicts between various social forces. Any consideration of the ability of workers to influence the conditions of their labour as well as their outcomes in a political economy will necessarily have a close relationship with the notion of class. Class is the only concept which takes a view of humanity in terms of the function that groups of people perform within an economic system.

A major part of this discussion is the theoretical frameworks through which it is possible to understand class. Through a critical evaluation of the concepts of class, and the theories that can be used to understand the relationships between various classes in the global political economy, a conclusion can be reached on the nature of the differences between workers in the world and the implications this has for global labour strategy.

The most important question with regard to class is as to whether class as a construct can be used to explain apparent divisions between workers in the global North and those in the global South. To this end, a discussion of the distinction between productive and unproductive labour is undertaken which will relate to the various activities that take place during the production and consumption of a commodity, and will endeavour to understand the divisions that exist between workers.

2. Class

Capitalism has become increasingly global in its operation, but the key consideration at hand is whether workers can have power to influence capitalism. Wright (2001:29), in describing the potential power of workers, suggests that "...exploitation constitutes a social relation which simultaneously pits the interests of one group against another and which requires their ongoing interactions; and second, it confers upon the disadvantaged group a real form of power with which to challenge the interests of exploiters." Put simply, to make profits, capitalists need workers as part of the productive process. It is this need that gives workers the potential to exert influence within or against capitalism.

From the position of workers engaged in global production, to apply Wright's logic to an increasingly globalized capitalism, is to stress the need for political action beyond the national boundaries of any particular working class. For workers and capitalists alike, globalization was significant because the shackles that bound capital to individual nation states were removed. This process greatly altered the balance of power in favour of the capitalist against the worker. Critical to Wright's argument about the power the working class has to exert influence is the ability of the working class to control its own labour, the right it has to withhold that labour, or the ability it has to determine the level of exertion in performing that labour (2001:29). The critical point is that this power was greatly diminished when it became possible for capital to simply shift production to a more favourable location with a more compliant workforce. Indeed, capitalists need not shift their investment in

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response to the threat of workers withholding or decreasing the intensity of labour, capitalists are also able to shift production simply in search of greater profits.

At the heart of power that capitalists have in a globalized production setting, is the discipline that is exerted on the working class through its fractured nature. The potential willingness to withhold or slow down production from one group of workers is nullified by the willingness of another group of workers to work should the opportunity arise. Far from confronting capitalists and capitalism and attempting to exert influence, the dynamics of global capitalism have led to a situation where workers are far more inclined to accept compromise working longer hours, for lower wages in worse conditions. To examine the dialectical opposite of Wright's view of the power held by the working class in capitalism, as much as the capitalist needs the worker, within a capitalist society, the worker needs the capitalist in order to meet their material needs. The worker, above everything, needs to be employed.

If the compromising situation workers of the early 21st century find themselves in is ever to be altered, it is the subjective strength of the workers that will have to change. Global solidarity amongst workers involved in globalized production would be significant as it would reassert the bargaining position of the workers. If capitalists lost the ability to force workers to bargain against one another for work, then the dynamics of global capitalism would be entirely changed. The important question that flows from this strategic point however, is in relation to who would be involved in such a solidaristic relationship. In considering aggregate groups of workers, the most obvious concept around which a basis for solidarity can be formed, is the notion of the working class.

In accounts that see workers of the world as a singular whole, what brings the majority of the people in every country together as part of the working class is the wage relation. This position is held by Marx and Engels in the Communist Manifesto, but equally it is held by numerous modern theorists both Marxist and non-Marxist alike. The

Communist Manifesto can be seen as one of the first such theories, with Marx and Engels (2011) writing of the capitalist age that “National differences and antagonism between people are daily more and more vanishing, owing to the development of the bourgeoisie, to freedom of commerce, to the world market, to uniformity in the mode of production and in the conditions of life corresponding thereto.”

Empire by Hardt and Negri is one of the most prominent contemporary examples of such thinking. Hardt and Negri suggest that a qualitative change has occurred within capitalism. Specifically, they propose that the prior age of rival imperialist powers has been replaced by an era with only one power (Hardt and Negri, 2000:9). As a result of this, they consider the world as being divided into two global opposing social forces, the empire and the multitude, with those outside the capitalist class forming the multitude. Commenting on the alignment of global social forces, Hardt and Negri (Ibid:393) suggest “Empire creates a greater potential for revolution than did the modern regimes of power because it presents us, alongside the machine of command, with an alternative: the set of all the exploited and subjugated, a multitude that is directly opposed to empire, with no mediation between them.” Implicit in the approach of Hardt and Negri is the assumption of identity along working class lines. In their eyes therefore, differences between workers either do not exist, or are irrelevant to their approach which is centred on a global ‘multitude’ of immaterial workers.

In terms of non-Marxist analysis, Freeman, argues firstly that there is a global labour pool which is in competition with each other for the existing amount of capital in the form of investment in wages. He thus describes waged workers as being in an identical situation or as he puts it “on the same economic page (Freeman, 2006:1)”. From a Marxist perspective, Robinson and Harris (2000:17) take a similar view, suggesting “global class formation has involved the accelerated division of the world into a global bourgeoisie and a global proletariat” as a result of globalization.

Robinson and Harris add an additional stipulation in

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order to define who makes up the global proletariat, that of being involved in the globalized production process. As will be discussed later in this article, defining who is actually involved in production is a contestable matter. Further than this, there is the issue of who is involved in global production. Given the polarizing argument of Robinson and Harris, what is implicit in their analysis is that everyone who isn't being drawn into the global bourgeoisie is being drawn into the global proletariat, which in the end leads to the suggestion that all waged workers have an objective identity of interest.

This position is echoed by Negri (1973:126-9) who suggests that "...we can now say that the concept of wage labourer and the concept of productive labourer tend towards homogeneity", leading to "the new social figure of a unified proletariat." Summarizing this position, Wright (2002) comments that: "In short, all moments of the circulation process, and even reproduction, were seen to be productive of value; the distinction between productive and non-productive labour was obliterated."

In discussing how Marxist theoreticians have generally defined class, Wright (2005:12) suggests, "It is common when people think about variations in the rights and powers over various factors of production to treat these rights and powers as having a simple, binary structure: you either own something or you do not." The origin of such a position comes from Marx and Engels (2011), who himself envisaged the capitalist age as dividing the world into two opposing classes, the bourgeoisie and the proletariat.

In attempting to define how the proletariat comes into being, Marx (2011) suggests "the labourer instead of being in the position to sell commodities in which his labour is incorporated, must be obliged to offer for sale as a commodity that very labour-power, which exists only in his living self." The reason that the labourer is obliged to sell their labour power is, according to Marx, that they do not own means of production. By contrast, the bourgeoisie must have means of production as well as the ability to sustain

itself while the commodity is produced and its value realized on the marketplace (Ibid).

This raises a question about who the bourgeoisie is, and what material circumstances exist that this status might be obtained. A narrow definition of the bourgeoisie sees them as only the class which owns literal means of production, such as factories, or capital employed in finance through stocks and bonds and that the proletariat is anyone who lacks the former. Despite the persistence of this view, I am proposing that it be subject to criticism. In Marx's time it is relatively easy to see how one could consider a polarization thesis whereby there were two distinct classes confronting each other, one with all the money and the other with all the labour power. Marx did not and could not have accounted for some factors such as wages that run far beyond a subsistence level, enabling the accumulation of capital in the form of assets, land and superannuation as well as access to credit.

The problem with such a simple binary class analysis is that it masks the material differences between workers in different places, instead treating them as a homogenous mass with the same economic circumstances and the same political goals. There is a tendency of thought within orthodox Marxism that every individual country has a bourgeoisie and a proletariat, and that the proletariat constitutes the majority of every country's population. An example of this approach is to be found in Buhle (2001:53) who contends that as 80% of the US labour force are 'non-supervisory employees' that as a result the majority of Americans are 'working class'. When the interconnectedness of the global economy is considered, the logical outgrowth of such thinking is that there is a global bourgeoisie and a global proletariat, confronting one another as Marx had imagined.

The result of such thinking is that there is little appreciation of the differing material conditions of workers around the world, as well as their differing political formations. There is a persistent assertion of the identity of interest of workers throughout the world, however it appears

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that this assertion lacks a structural base. It is not until this assumption is questioned that it becomes possible to inquire into the nature of the relationship between workers in the global North and the global South.

The potential for globalized resistance to capitalism is often assumed as early as when Marx (2011) wrote that “Labour in a white skin cannot emancipate itself where it is branded in a black skin.” Few have dared to question why this might not be the case. While Marx expresses a noble sentiment, the vast differences that exist between workers in the global North and those in the global South tend to contradict the notion that workers on either side of this structural divide share common interests or aspirations.

By contrast, there are arguments which stress a distinction between productive and unproductive labour as a defining feature of class. Poulantzas (1975:210) argued firstly that not all waged workers form part of the working class, just because all members of the working class according to Marx are waged workers. According to Poulantzas, the distinction that determines whether or not waged workers are part of the working class is whether they are involved in productive labour in its Marxist sense. For most Marxists, productive labour has nothing to do with the utility or content of the product, but simply that the labour in question produces surplus value.

It is on the basis of the productive/unproductive distinction that Poulantzas excludes many forms of waged work from the working class. For instance, Poulantzas says “labour...contributing to the realization of surplus value, is not productive labour; wage earners in commerce, advertising, marketing, banking and insurance do not produce surplus value and do not form part of the working class (Ibid).” More broadly, Poulantzas disqualifies all services labour in general suggesting that such labour does not produce surplus value. It is the argument of Poulantzas that services involve the exchange between revenue or income and labour power. In the case of services, Poulantzas argues that labour power is being purchased in order to consume it directly, rather than to consume it in a

process that produces surplus value.

A position which holds that all persons earning a wage form part of the working class is open to perverse conclusions, and in this sense, Poulantzas' work remains valid. For instance, in 2006, football players in the English Premier League, were found to earn an average yearly salary of 676,000 pounds per year before bonuses (Harris, 2006). While this is an extreme example, the point that it illustrates is that the wage relation alone is insufficient to determine someone's class position. It seems unreasonable to not take account for the fact that wages which go beyond subsistence consumption and allow for the accumulation of large sums of money would have some impact on the class character of the recipient of those wages.

Contrary to the position of Poulantzas however, there are some forms of what are termed "services" which actually produce commodities which are enduring in nature, such as intellectual property. This does not discount the fact that the majority of occupations classified under the services sector are those which do not produce surplus value. A more accurate way of characterizing the division between productive and unproductive labour is by establishing a dividing line between labour that is both productive of capital and productive of surplus value as the defining feature of whether a labourer constitutes part of the working class. An approach that attempts to invalidate the difference between productive and unproductive work fails to grasp the reality that in general, unproductive work is only possible because of the material base created by productive work.

3. Productive and Unproductive Labour

What labour counts as creating value, is a seemingly innocuous but central element which is still the subject of a great deal of debate. The following section will review competing perspectives on the question of the production boundary and draw links between these differing views and the logical consequences these have for analyses in political economy, and also for global labour strategy.

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The orthodox definition of the production boundary is that entailed in the 1993 United Nations System of National Accounts (SNA) (United Nations Statistics Division, 1993). The SNA defines the production boundary as

- (a) The production of all individual or collective goods or services that are supplied to units other than their producers, or intended to be so supplied, including the production of goods or services used up in the process of producing such goods or services;
- (b) the own-account production of all goods that are retained by their producers for their own final consumption or gross capital formation;
- (c) the own-account production of housing services by owner-occupiers and of domestic and personal services produced by employing paid domestic staff.

It is not my intention to become involved in a discussion about the various international metrics with which productivity is measured. My reasoning behind citing the UN SNA is that it is indicative of a particular view of what is productive labour. In comparison with views to be later analyzed, this view of productive labour is a broad view as it suggests that every socially necessary activity aside from personal consumption adds value to an economy (Studenski, 1958:12). A view of production which includes all goods produced and services provided for a party other than the producer, implies that every good or service which incurs a transaction is productive. All such contributions therefore expand the total social wealth. By contrast to this, classical political economy had always maintained a distinction between activity that was productive and non-productive, and this position was one that represented “the mainstream of economic thought for almost a century (Kendrick, 1970:20).”

The initial shift away from this view and towards the view that all socially necessary activities are productive activities coincides with the rise of neoclassical economics (Bach,

1966:45). Such a view judges whether an activity is productive by whether or not someone is willing to pay for that activity to take place (Ibid). Eisner for example, states that “the basic criterion used for distinguishing an activity as economic production is whether it is reflected in the sales and purchase transactions of a market economy (Eisner, 1988:1612).” In developing national accounting measures in the lead up to, and during the Second World War, Keynes and economists of his ilk merely aggregated these prices on a national scale (Korzeniewicz et al, 2004: 540). In doing so, they did not question the received wisdom from neoclassical economics about the basis by which an economic activity becomes classed as productive or non-productive (Shaikh, 1996:4).

Some Marxist literature has criticized the notion that all factors in a political economy also produce value including Gerdes (1977:39), Benetti (1976) and Benetti, Berthomieu and Cartelier (1975). Harvey summarizes these criticisms and suggests that the view that all activities in a political economy produce value amounts for an apology for the existing distributional state of affairs. If each factor involved in production is only getting what it creates, then the status quo is justified, exploitation is not occurring, and class struggle or government intervention should be limited to that which ensures that fair competition takes place within a market framework (2006:41).

The following constitutes an argument against the position that all factors create value, even to the extent of arguing against the notion that all labour creates value. By extension, I will demonstrate that distribution of value between factors amounts to the exploitation of those factors that are productive of value, with the non-productive sectors beneficiaries of this exploitation.

There are a number of views both historic and contemporary which make a clear distinction between productive and unproductive labour. These positions are important as they provide alternatives, which may improve understanding of the global political economy and/or contribute to different or improved views about global labour strategy.

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The first political economist whose work I will address is Adam Smith who in making a distinction between productive and unproductive labour wrote:

"There is one sort of labour which adds to the value of the subject upon which it is bestowed; there is another which has no such effect. The former, as it produces a value, may be called productive; the latter, unproductive labour. Thus the labour of a manufacturer adds, generally, to the value of the materials, which he works upon, that of his own maintenance and of his master's profit. The labour of a menial servant, on the contrary, adds to the value of nothing...(Smith, 2009:196)."

Smith makes an explicit distinction between the production of tangible commodities and the provision of services and goes on to suggest that the production of commodities is productive labour, whereas the provision of services is unproductive labour. This position leads Smith to be criticized by those who view all forms of labour as productive, such as McKenzie of the US Libertarian think tank, the Cato institute who claims that: "...Smith suggested that both "productive" workers (who generally seem to fit the description of goods workers) and "unproductive" workers (who generally seem to fit the description of service workers) must be maintained by the "annual produce of land and labour of the country (McKenzie, 1987)."

He goes on to suggest that "Smith failed to recognize that services are as valuable to consumers as the goods they buy, that services are often just as much goods as "manufactured goods" are, and that services facilitate the production of both goods and other services (Ibid)." By contrast, Smith stresses that commodities must be physical in order to satisfy his definition of productive activity, suggesting:

"But the labour of the manufacturer fixes and realizes itself in some particular subject or vendible commodity, which lasts for some time at least after that labour is past. It is, as it were, a certain quantity of labour stocked and stored up to be employed, if necessary, upon some other occasion. That subject, or what is the same thing, the price of that

subject, can afterwards, if necessary, put into motion a quantity of labour equal to that which had originally produced it (Smith, 2009: 197)."

Here Smith takes his distinction between productive and unproductive labour a step further by defining productive labour as only that which produces a tangible, durable and vendible commodity. In relation to this, Savran and Tonak (1999:136) suggest that Smith is actually confusing two different factors in the provision of services and how they may or may not be forms of productive labour. Firstly, they raise the idea that a wealthy person may employ for instance, a personal tailor, a worker who clearly produces physical goods. This person does not create commodities for sale, and therefore does not expand capital and as will be demonstrated later their labour is not productive. Secondly, they raise a situation whereby persons are capitalistically employed in order to produce services in which case they are producing a commodity for sale, even if that commodity is immediately consumed by the purchaser of that commodity (Ibid). As will be demonstrated later in this section, such persons perform productive labour.

In contrast to Smith and the classical economists, the distinction between productive and unproductive labour for Marx is embedded in his analysis of surplus value, and relies heavily on the distinction between labour (the actual work of a worker) and labour power (the ability for a given worker to work) and also on the historical specificity of capitalism as a mode of production where commodities are produced for their value in exchange as opposed to being produced for immediate consumption.

For Marx, the concept of surplus value illustrates a process by which the labourer exchanges his labour power for a wage, which maintains the labourer (and thus future labour power). The labourer then goes on to produce with their labour by manipulating instruments of production and raw materials, creating a use value in the form of a commodity, which has an exchange value which is greater than that paid for maintenance of his labour power. It is thus that the capitalist who invests in the process of production is able to convert this surplus value into profit by

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exchanging commodities produced by the labourer into money. The above process can be expressed as $M - C (LP+MP)...P...C' - M'$ (Harvey, 2006:69).

M (Money) is used to purchase C (commodities) in the form of MP (means of production) and LP (labour power). The productive process then occurs (P) which creates a new commodity (C'), which is then sold for a greater sum of money than the initial outlay (M'). The difference between M' and M constitutes surplus value. The most important feature of this process is that the source of this surplus value is labour. In Marx's (2011) words, "the value of labour power and the value which that labour power creates in the labour process, are two entirely different magnitudes'. It is based on this productive process that Marx (Ibid) arrives at his definition of who is a productive labourer:

"That labourer alone is productive, who produces surplus-value for the capitalist, and thus works for the self-expansion of capital...Hence the notion of a productive labourer implies not merely a relation between work and useful effect, between labourer and product of labour, but also a specific, social relation of production, a relation that has sprung up historically and stamps the labourer as the direct means of creating surplus-value."

The underlying reason that Marx's definition of productive labour is more expansive than that of Smith and the classical economists is due to his definition of the commodity. Marx's view of commodities includes some services as well as physical goods (Ibid). In going beyond the purely physical, Marx's concept of production is able to incorporate more possibilities than Smith's.

To compare Marx's idea of a commodity as a thing which satisfies a human want, to Smith's idea of a commodity as a durable, tangible and vendible object is to illustrate the difference between the two approaches. Smith's definition of a commodity is narrower, excluding anything that is not physical in nature. In considering something such as intellectual property for instance, if Smith's approach was followed to its logical conclusion he would necessarily conclude that intellectual property is not a commodity as it

is not tangible. Marx's idea of a commodity, on the other hand, is able to accommodate non-tangibles as commodities and is thus the more expansive of the two approaches. Smith's narrower idea of what a commodity is leads to a narrower idea of what productive labour is, and the converse is true for Marx who's only real criteria for whether an activity falls under productive labour or not is that an activity satisfies a human need or want, and valorizes capital. A distinguishing feature of Marx's idea of productive labour is that, owing to his view that productive labour creates surplus value, it is specific to capitalism.

In examining Marx's view of productive labour, at this point it is useful to more closely examine the concept and its relationship to capitalism so as to avoid future misunderstandings about the types of labour that are productive/unproductive. Savran and Tonak (1999:120) first use the concept of 'productive in general' to define those forms of labour that are productive irrespective of whether they take place in capitalist societies or non-capitalist societies. They see an understanding of labour that is productive in general to be important to the understanding of labour that is productive of capital, suggesting that "because insufficient attention has been paid to a general definition of productive labour under all socio-economic formations that all economic activities under capitalism itself have come to be instinctively regarded as productive (Ibid)."

Savran and Tonak, set out the forms of economic activity which must be carried out in every society so as to "assure biological and social reproduction of the members of society and of the socio-economic formation itself (Ibid:121)." They make a distinction between five spheres of human activity including production, circulation, distribution, reproduction of the social order and social/personal consumption. The initial four concepts were developed by Marx (1973:88-100) in his Grundrisse, with the fifth being developed by Shaikh (1999:148) to distinguish between consumption which leads directly to production, and consumption proper. To establish what labour is productive, the first step is to examine each of these spheres and determine firstly if they involve labour at all, secondly if they involve labour that is

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productive in general, and finally if they involve labour that is productive of capital.

Firstly, it is possible to eliminate personal and social consumption as this activity does not involve labour. As Savran and Tonak observe, consumption “is an activity common to all living species and does not involve labour which is the *differentia specifica* of the human race (Ibid:121).”

With regard to distribution of the product, Savran and Tonak see this as the outcome of the relations of production in any given society. It is important to note that distribution of the product is in no way specific to capitalism however, as for instance in a slave society when a slave is fed by its master, then the product is being distributed. As Savran and Tonak note, distribution of the product is “predicated on the expenditure of labour on the part of the direct producers but is not itself an act which involves labour (Ibid:121).” As it does not involve labour, it is not productive in general, and therefore cannot be productive of capital.

When it comes to circulation as well as reproduction of the social order, the picture becomes more complicated. Circulation, which can be defined as the “sphere of the various metamorphoses between the commodity-form and the money-form (Ibid)” is not specific to capitalist society. Despite this, this sphere takes on special importance within capitalist society as production shifts more to commodities for exchange rather than for use values immediately consumed. What differentiates the circulation sphere from the previously discussed consumption and distribution spheres is that at least in some cases, labour is taking place (Ibid).

An example of this in capitalist society can be seen in a retail sector worker (assists in turning commodities into money), or a purchasing manager (assists in turning money into commodities). Labour is not necessarily performed however, nor is this sphere unique to capitalist societies and an example of this is in the form of a merchant who predates capitalism and performs no labour. In similar fashion, the sphere involved with reproduction of the social order, can

involve labour. Examples of this come in the form of public servants, soldiers and police officers. While these are examples of labour within the sphere of reproduction of the social order, there are also examples where labour is not performed such as religious leaders (Ibid).

Leaving aside the activities in which labour is not performed, the next question to answer is whether or not those actually performing labour in these sectors are productive in general. The answer, according to Savran and Tonak, is in the negative and the reasoning behind this can be shown by comparing and contrasting these forms of labour with those in the production sphere. What sets apart workers in the production sphere is that they are “involved with the creation of use values...through the transformation of nature (Ibid).” By comparison, those involved in circulation or reproduction of the social order “carry out, within the context of a given social division of labour...tasks which flow from a historically determined set of socio-economic relations among human beings (Ibid).” As such labour in both the circulation and reproduction of the social order spheres are considered to be unproductive labour.

The next level of sophistication is that which considers labour specifically within capitalism. The importance of productive labour specifically within capitalism was recognized by Marx who observed that “since the immediate purposes and the authentic product of capitalist production is surplus value, labour is only productive, and an exponent of labour power is only a productive worker, if it or he creates surplus value directly, i.e. the only productive labour is that which is directly consumed in the course of production for the valorization of capital (2011).”

The above position, expressed by Marx, enables a clearer explication of labour that is productive of capital, as opposed to labour that is productive in general. Firstly, as mentioned by Savran and Tonak, “the labour of self-sufficient peasant households and domestic household labour is not productive of capital (Savran and Tonak, 1999:125)” as capitalist production is based around the production of surplus value, embedded in commodities. In addition to this petty commodity producers equally cannot be regarded as

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capitalistically productive as they own small means of production and sell products rather than labour power.

In addition to productive workers who are not productive of capital, fall workers who are productive and yet are a form of wage labour paid out of revenue. An example of such workers could include a nanny or a butler, the menial servants described earlier by Smith. Such workers sell their labour power, however they do not create surplus value. While Savran and Tonak suggest that such workers are employed by capitalists (Ibid:127), it is also possible to understand these workers to be employed as a result of the surplus of other workers who have earned more than what is required for subsistence and who choose to purchase such services. It is this example which corresponds most closely to the criticisms of services I mentioned earlier from classical political economists such as Smith in that revenue consumed by purchasing services is revenue not only not utilized in the process of production, but revenue wasted as it consumes potential capital rather than expanding capital.

To review this analysis of productive and unproductive labour and particularly labour that is productive of capital, it is useful to recall the cycle of capital.

M-C...P...C'-M'

The effect of the above analysis is to suggest that only at the stage where the initial commodities are consumed through the process of production (C...P...C') is labour productive of capital. The mere exchange of money into commodities (M-C) or commodities into money (C'-M'), however necessary it may be, is not productive of capital, nor is the use of M' to purchase personal services.

The above analysis carries with it an important implication for the other 'spheres', one that cuts to the essence of Marxist theory. At the core of the Marxist conception of capitalism is the wage labourer who confronts the capitalist with nothing to sell but his labour power. The capitalist purchases the labour power from the labourer and the labourer performs labour, and through the process of production creates value equal to cost of the labour power the capitalist paid for. Over and above this, the labourer

creates surplus value, which the capitalist then uses to expand capital.

The non-productive spheres described by Savran and Tonak introduce a new layer of complexity into the Marxist understanding of capitalism. Labourers are confronting capitalists with labour power, and yet they are being employed by capitalists despite not producing surplus value. This raises two important questions, firstly, if the labour of these labourers is not a source of value, then why does the capitalist employ them at all? Secondly, if the labour of these labourers does not produce any value, in the long run, where does the value which is exchanged for their labour power come from?

In the first instance, the answer is that the capitalist must realize the value of a commodity through sale and under the prevailing historical conditions which involves an additional layer of labour above production. As noted by Harvey, capital, is a process of accumulation, and ceases to be capital if it is not circulating (Harvey, 2006:84). As a result of this, it becomes necessary for capital to employ wage labour in the sphere of circulation. The social and historical necessity to bring a commodity that has been produced and turn it into money however, does not make this labour productive. The capitalist merely trades off the loss in value necessitated by the employment of an unproductive worker as against the greater loss in that a commodity would not be sold and in doing so, realizes the surplus value created through the initial production of the commodity.

If the premise is accepted that the circulation worker produces no value, and only realizes surplus value through the sale of commodities, the question then becomes one of where the value comes from that remunerates this worker. If the premise is accepted that only labour which is productive of capital creates surplus value, then the answer therefore is that the circulation worker is paid out of the surplus value which is extracted in the process of commodity production.

In a similar way, workers involved with the reproduction of the social order are paid out of the surplus value extracted

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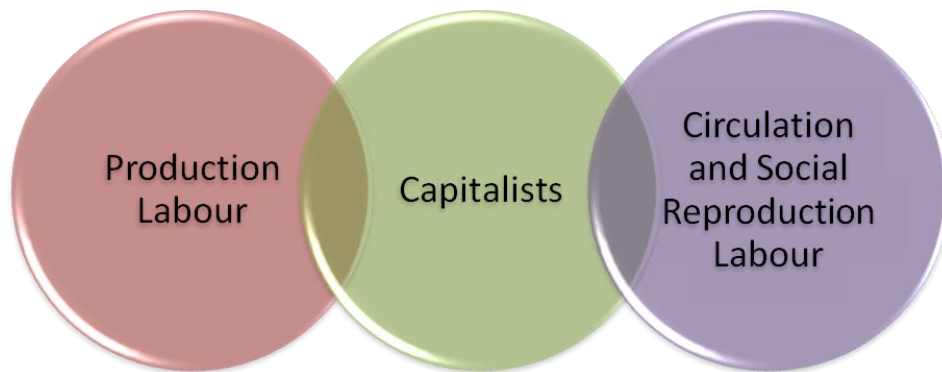
in the process of commodity production. This process is somewhat more complicated than that involved in the circulation sphere as the value required to sustain this sphere is acquired primarily through the collection of taxes. In terms of the taxes appropriated from capitalists and workers in the circulation sphere, this value is surplus value extracted from the production sector to begin with. The more complicated question is in terms of income tax extracted from the production sector worker as in many cases, income tax appropriated goes into programmatic spending which directly benefits the production workers themselves, making it difficult to conceive of such a situation as a form of exploitation. Despite the desirability, or even necessity of such a situation, it follows that if productive labour is the sole source of value, and that the sphere involved with the reproduction of the social order creates no value of its own, then this sphere exists due to the extraction of value from the production sphere.

What follows from this is that as a whole, both circulation labourers and social reproduction labourers have a stake in the maximization of surplus value extraction from the production sphere. The upper limit at which labourers in these spheres can bargain for better wages is determined by the amount of surplus value extracted from the production sphere. The following Venn diagram provides a pictorial representation of the political economy of the distribution of value, although one that is not to scale.

Production labourers have an interest in minimizing the amount of surplus value extracted by capital. In doing so they directly challenge the amount of value that is able to be accumulated as capital but also the amount of value that can be distributed to the circulation and social reproduction sectors. By contrast, capitalists as a sphere have an interest in maximizing the amount of value extracted from the production sphere but also minimizing the amount of value they must spend on circulation and social reproduction. Finally, circulation and social reproduction workers have an interest in maximizing the amount of surplus value extracted from the production sphere, but then minimizing the amount of value that returns to capital by maximizing their wage share. The relationship between the three spheres is

expressed in figure 1.

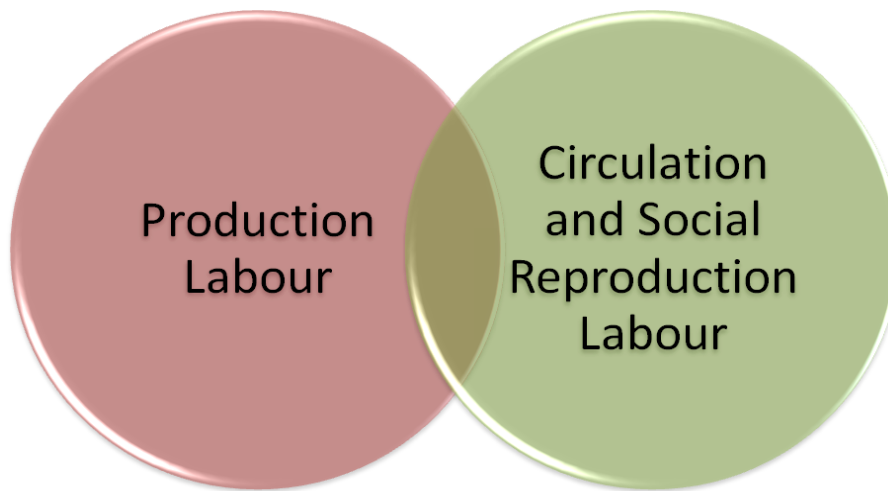
Figure 1 – Distribution of value between spheres



It is theoretically possible to imagine a situation whereby the middle circle for 'capitalists' does not exist, such as if all companies were under a form of socialized ownership with all profits to be distributed in the form of wages without any expansion to the capital base as depicted in figure 2. Such an illustration draws out the contradiction between the circulation/social reproduction spheres and the production sphere. What is evident is that the less surplus value extracted from the production sphere, the less value is available to compensate the circulation and social reproduction spheres.

Figure 2 – Hypothetical Distribution of Value between Spheres if no Capitalist Sphere

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In summary, Table 1 lists the various types of labour discussed in this section and the source of the value that compensates that labour.

Table 1: Types of labour and the source of the value compensating labour power	
Type of Labour	Source of Value
Capitalistically Employed Production Labour	Reproduces its own value through “necessary labour time” then produces surplus value
Household Labour/Subsistence Labour	Reproduces its own value, as no commodities are produced, cannot produce surplus value
Petty Commodity Producers	Not capitalistically employed and thus cannot produce surplus value, may reproduce or exceed own labour power value with product
Circulation Labour	Compensated out of surplus value extracted from production sphere
Social Maintenance Labour	Compensated out of surplus value extracted from production sphere

To conclude this analysis is to say that all non-productive labour as well as capital accumulation is made possible through the productive labour that takes place in the sphere of production, and the exploitation of productive labourers. This position carries a number of important conclusions. Firstly, the productivity of labourers in the productive sphere is underrepresented by the SNA as within the prices that are credited as the result of non-production labour is hidden value from the productive sectors. In terms of national accounting, the macro implication of this is that countries

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with larger sectors involved in capitalist production have their economic performance underreported.

The extension from this is that countries with production sectors which produce goods for export are actually exporting surplus value, with that surplus value being hidden in the prices of intermediate as opposed to final sale. This effectively hides the value that was produced by the production sector by making the claim that the value was somehow generated in circulation.

What this means is that there is a material basis for a contradiction between the productive sector workers who are involved with the creation of value, and the workers associated with social consumption either in the form of circulation or of social maintenance, whose work and whose wages are paid out of the surplus value produced by the productive labourers. This is because a reduction in the rate of surplus value, an increase in the productive sector wage share, would necessarily lead to a decrease in the share afforded to the other spheres of labour as well as the share to capital. Capitalists as a social class therefore, share a temporary identity of interest with the workers involved in social consumption to maximize the exploitation of productive labourers. This remains the case even if the social consumption workers are involved with a separate divergence of interest with the capitalists who employ them, and an ensuing conflict over the distribution of surplus value that has been created through the process of production. This structural contradiction acts as a disincentive to acts of solidarity between workers of the global North and workers of the global South, but also between production and consumption workers as a whole. In Marxist terms, this means that the capitalists, the productive workers and the social consumption workers may each be classes in themselves.

In testing the theory that there is a contradiction between production and non-production workers, it is necessary to closely examine the general characteristics of certain kinds of work. In making a distinction between production

(production) and non-production (distribution and social maintenance) workers, Shaikh and Tonak create a space for a deeper analysis of the characteristics of various types of labour by providing concepts to be employed in analysis. It then becomes desirable to examine the various kinds of labour, production, distribution and social maintenance and to see if the material differences between these kinds of labour are the basis of a contradiction.

As explained earlier, in this paradigm, production is defined as: “the creation or transformation of objects of social use by purposeful human activity (Shaikh and Tonak, 2007:22).” This definition of production encompasses all manufacturing, but also some services such as “transportation, entertainment, lodging, cooking (Ibid:40)” and others. The key criterion by which an activity is judged as productive is whether or not the activity in question creates a commodity and whether or not it valorizes capital. An activity can stop being productive if it ceases to do either of these, such as if somebody labours in order to create an object for their own personal consumption, or if a worker labours as a personal servant and is paid out of revenue.

With the various spheres of labour defined, the question becomes that of what relevance such an argument has in terms of analysis of the global political economy. Even if one accepts that the circulation and social reproduction spheres do not produce value and rather appropriate a part of the value produced through productive labour, the question may be raised as to why we should be concerned with these spheres of labour.

The circulation and social reproduction spheres become interesting as an issue within the global political economy when these spheres come to dominate the capitalist sector of any particular country. Considering this, any of the worlds economies can be thought of as either a production economy or a consumption economy. A production economy includes those countries where the majority of the capitalistically employed labour force is involved in the sphere of production. By contrast, a consumption economy includes those economies where the majority of the capitalistically employed labour force is involved in social consumption,

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whether it is circulation or social maintenance.

A discussion such as this raises two related questions in terms of understanding the global political economy, and in particular how to understand specific countries and their workforces within the global political economy. Firstly, in relation to the treatment of countries with large levels of population (even a majority of the population) involved in subsistence production and secondly, the treatment of countries with a large state sectors relative to countries with a small state sector.

In terms of countries with a large part of the workforce employed in subsistence production, by virtue of being subsistence producers, these persons have no impact on the capitalist sphere of production. The archetypical subsistence producer creates sufficient use values to sustain their existence without an increase or decrease in their standard of living, as implied by the term subsistence. According to the view of productive labour described earlier by Savran and Tonak, subsistence labourers are productive in general as they produce use values but they are not productive of capital as they do not produce surplus value. As they neither produce nor consume surplus value, subsistence producers typically have no impact on the global political economy in a purely distributional sense.

With regard to state employees, the real question again relates to that of commodity production. As Savran and Tonak note, “the secular expansion of the state sector (Savran and Tonak, 1999:138)” has meant that in many cases the state takes responsibility for a variety of activities under capitalism, and thus state employees become a significant subject of focus. What is also noted is that the fact that an activity occurs under the auspices of the state says nothing about whether that activity is productive or not. State activities, it is argued, can be grouped under three main headings: those involved in reproduction of the social order, those that provide social services those involved with either fully or partially state owned corporations and those that provide social services (Ibid). In the case of reproduction of the social order, it is clear that this does not meet the criteria of ‘productive in general’ (ibid). As no

commodities are created, no surplus value can be produced. By contrast, in the case of the state owned corporations, these are capitalist firms which are managed by the state, meaning if employees of these firms produce commodities they are also producing surplus value and are productive of capital.

The more complicated case comes in the form of the provision of social services. There are some social services such as healthcare or education which create new use values. Savran and Tonak suggest that whether or not these commodities are on the market determine whether or not they are productive or unproductive (Ibid:139). With regard to this, I feel that Savran and Tonak are contradicting their earlier position that only that labour which is productive in general can be productive of capital. If social services can be a commodity on the capitalist market place, by extension this means the work of social services workers is productive labour. If these commodities are taken off the capitalist market, all that can be said is that they are not productive of capital, not that they are unproductive in general. The reason for this is that these forms of labour create new use values.

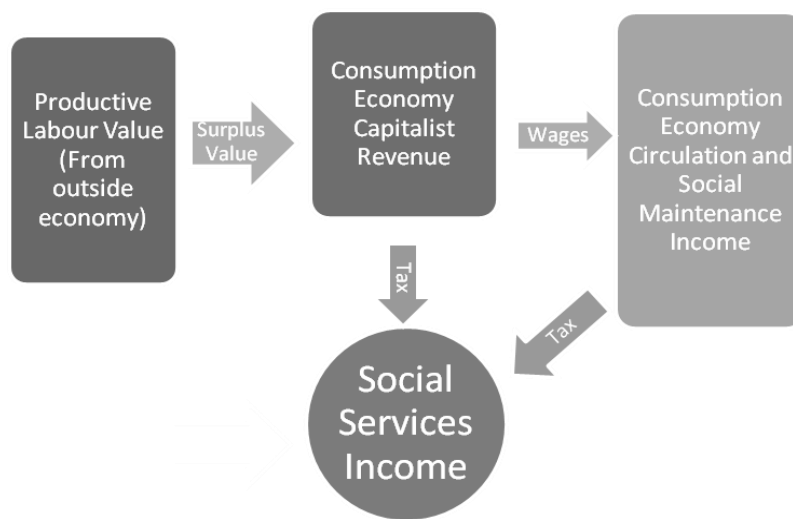
Still more complicated to understand are situations where social services are provided as part of a welfare state. In these cases the labour is not productive of capital, leading to the initial conclusion that the labour is productive in general and thus would have a neutral impact on the global political economy. When considering that this group derives its income from taxation however, the picture becomes somewhat murkier.

As taxation is typically corporate taxes from capitalists and income taxes from workers, it remains to be established whether or not these workers benefit from this exploitation of the productive sector. This requires an examination of the source of the value that is being taxed. In a consumption economy where the majority of all occupations are unproductive, it follows that the majority of all income is derived from the exploitation of productive sectors elsewhere in the global political economy, either domestically or internationally, meaning social services workers are receiving

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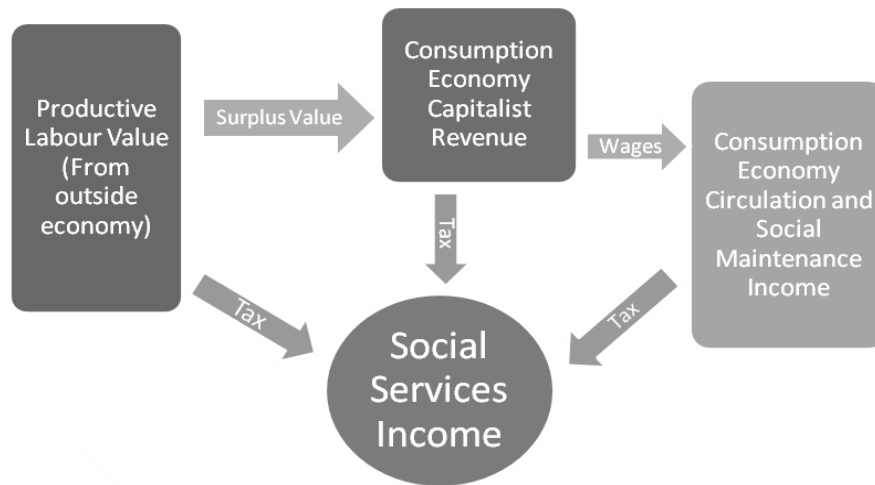
second hand surplus value. Figure 3 demonstrates how despite not being unproductive, the income of Social Services labourers may be partially generated from the surplus value extracted from the productive labourers. The example in figure three is of a consumption economy.

Figure 3 – Sources of Social Services Income in a Consumption Economy where Social Services are under socialized ownership



By contrast, and as demonstrated in Figure 4, social services workers in a production economy would receive their income partly through the taxes paid by productive labourers, and partly through the surplus value generated by productive labourers as both capitalist profits and income taxes from circulation and social reproduction workers generate their income.

Figure 4 – Social Services Income in a Production Economy where Social Services are under socialized ownership



In both cases, it can be seen that social services workers, irrespective of whether they are productive of capital or not can benefit from the increased exploitation of the productive labourers. This can generate either potentially larger capitalist profits or circulation/social maintenance incomes, which when taxed form the economic base of social services income.

Having addressed these issues, a broad picture of the global political economy is established by way of various typologies of labour which can be divided into four basic camps. Firstly there is the camp that neither exploits productive labour nor is exploited itself including subsistence producers, household workers, domestic servants and petty commodity producers. Secondly, there is the camp which exists solely due to the exploitation of the productive sector including capitalists, but also circulation and social maintenance workers. Thirdly, there is the social services workers whose contingent peculiarity as being part of a welfare state have led them to accumulate surplus value from productive labourers while being productive in general themselves by creating new use values. Finally, there are productive labourers who through the productive process generate surplus value which is used to sustain the incomes of all the other sectors.

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The reason why consumption economies are interesting units of analysis is that there can be only two theoretical explanations for why the majority of the productive forces in these economies can be employed for the purposes of consumption. They are not mutually exclusive, but have far reaching political implications both in terms of the domestic politics of that particular economy, and in terms of the global political economy. In particular the question of the extent to which workers have an identity of interest on a global scale will determine the potential for unity against capital. For the purposes of demonstration, it is possible to identify two ideal situations, noting that the reality is likely to be far more complex than this.

The first situation is where a country has the majority of its productive forces employed in the sphere of social consumption through the exploitation of a sector of the domestic workforce. This hypothetical situation is one where the productive sector of the workforce is exploited to the extent that the surplus value produced through the exploitation of this sector is sufficient to firstly pay for the social consumption of the distribution and social reproduction sectors. A society such as this would most likely feature a dual economy where workers due to special conditions (such as being slaves or illegal workers) are exploited to a degree which is impossible under free market conditions.

The second situation is where a country has the majority of its productive forces employed in the sphere of social consumption due to the appropriation of value from workers in other countries. Leaving aside the possibility of direct plunder, the mechanics of which are simple to understand, trade and the multistage realization process are mechanisms through which a transfer of value from the production economy to the consumption economy occurs.

Shaikh and Tonak discuss a two-stage realization process by which a commodity passes through the phase of production before being sold to the distribution sphere and then sold for consumption at a final price. In their example, Shaikh and Tonak ask us to imagine a commodity with a total value of \$2000. In describing the process by which the

commodity came to be produced and sold to the “distribution” sphere, Shaikh and Tonak describe how the surplus value of production labour ends up being transferred to the distribution sector (Shaikh and Tonak, 2007:46). First, the production price of the commodity includes \$400 of materials which went into production, as well as \$200 of wages and \$400 in surplus value which is realized upon the sale of this commodity to the distribution sphere. In addition to this, Shaikh and Tonak demonstrate that an extra \$200 is spent on the constant capital of the warehousing and retailing facilities, \$400 in distribution worker wages and an extra \$400 in surplus value realized upon the final sale of the commodity at \$2000.

This additional surplus value originated, despite being realized at the site of consumption, was initially extracted from the production sector but hidden in the price mechanism. The structural position of the retailer within the process of production and consumption gives the retailer the ability to bring the commodity to sale on the market, and thus the ability to realize a certain portion of the surplus value inherent in the commodity. The point made by Shaikh and Tonak is that the actual surplus value extracted from the production sphere is \$1400. Given the distribution sphere cannot create value, it is paid for out of the production sphere’s surplus value.

Considering the global division of labour, this example takes on a particular relevance. Recalling the ideal type production economies and consumption economies, if the total global social wealth generated by production was \$2000 as per the example of Shaikh and Tonak, and the consumption economies receive \$1400 of appropriated surplus value, then there are clear exploitative consequences that flow from the global division between productive and unproductive labour.

4. Conclusion

The structural divisions outlined in this article are likely to have a significant impact on the ability of productive workers and unproductive workers to maintain long term

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political alliances due to the objective misalignment of their goals. Instead, there is an apparent division in the 'global' working class between the global North and the global South.

A case must also be answered as to why, within class analysis, people with vastly different incomes and life chances are treated as if they were the same. When money is capital, invested to employ people and make profit, it is thought of differently than if the same amount of money results from an income far above the subsistence wage. The mere assertion of a pan-working class identity masks the material base of divisions within the working class. Class can be a viable framework to understand global inequality, however, the portrayal of the working class as a homogenous bloc is unrealistic in the context of substantial inequality between workers and global economic arrangements which produce these differences.

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