

## ***CHAPTER TWO, Section B:***

# **THE CONTINUING DEBATE ON 'UNPRODUCTIVE LABOUR' – MARXIST ORTHODOXY VERSUS THE CLASSICAL SCHOOL**

### **Introduction**

In the present instalment I will further elaborate on the question as to how the labour performed in the military sector of the capitalist economy should be characterised. The corporations belonging to Department III in the hegemonic economy and elsewhere do employ a huge workforce worldwide, and this labour force includes both skilled and unskilled workers. Since the average skill level in manufacturing units of military corporations is high today, - the value of the labour power employed in the military sector should be assessed as high as well. These are some of the factors to be kept in mind in assessing the wastage of human resources that takes place in consequence of the huge production of weapons in the US and other 'developed' capitalist economies.

Against this background of existence of a highly skilled labour force, and of a high average value of the labour power in the military sector, I wish to discuss the way political economy characterises the labour performed in the given sector. Which current of economic theory helps us understand the wastage of human resources in Department III? For Karl Marx, any labour is '*productive*' that results in surplus value and the enlargement of the money capital of entrepreneurs. According to his definition, which betrays a capitalist bias, - the application of workers' labouring strength to manufacture weapons of mass destruction (i.e. of nuclear, chemical and biological weapons) should be considered '*productive*' too!

Below I will argue that the conceptualisation of '*productive*' and '*unproductive*' labour provided by the classical economists provides a better starting point for understanding the labouring activities performed in Department III, than does Marx's usage of the same terms. To demonstrate my point, I will contrast the views of the Marxist economist Cogoy with those of the classical economist John Stuart Mill. The latter classical economist did not try to conceptualise the work performed in the military sector, any more than did other theoreticians of the classical school. Yet his understanding that only such labour is productive that helps to increase society's wealth, serves better to visualise the wastage of labour resources in Department III, than does Marx's usage of the term.

### **Orthodoxy within Unorthodoxy: Cogoy's Attempt to Theorise Military Production**

Over a quarter century back, the Marxist economist Mario Cogoy published an essay in which he theorized the relationship between capitalism and military production. Strikingly, Cogoy's ignored the pioneering efforts which Rosa Luxemburg had made in the beginning of the 20<sup>th</sup> century to conceptualized militarism as a distinct 'province' of accumulation. Cogoy's efforts apparently were born from his discontent regarding the lack of a systematic Marxist critique of Keynesian state intervention in the capitalist economy. At the time, the Keynesian doctrine of state intervention in the business cycle was the creed of many Western policy makers, and had also spread its influence among Marxist economists. Cogoy's explicit

aim was to counter the impact of Keynesianism. In his view, Keynes had correctly posed the problem of effective demand, but the economic theory he formulated constituted 'an ideological justification for the use, by the state, of unproductive labour' (1).

Cogoy felt that Keynesianism needed to be countered through a creative development of Marxism, and to this end he critically reviewed and reformulated Marx's diagram on social reproduction. Here, Cogoy at first sight went well beyond Rosa Luxemburg's embryonic efforts (2). Whereas Luxemburg had stopped and broken off her analysis at the point where she identified the existence of a separate branch of production, Cogoy unhesitatingly identified the military sector as a Third Department, where 'unreproductive' commodities are manufactured. The commodities turned out by Department III (Cogoy here included both weapons infrastructural goods) are 'luxury goods in a social sense', since they do neither serve for the production of means of production, nor for the production of means of subsistence; they are neither sold to Department I nor to Department II.

Cogoy thus realised that the relationship of Department III to the Departments I and II (of **MP** and **MC**) is a non-reciprocal one. Further, Cogoy argued that the accumulation which takes place in Department III does not serve the accumulation of aggregate capital: all production taking place here is negative for capital as a whole. This conclusion of Cogoy's was mainly based on his estimate, that for financing production in Department III, the capitalist state appropriates a part of the revenue gathered by the entrepreneurs of the Departments I and II. His diagram suggests that those entrepreneurs surrender a part of the surplus value appropriated from the workers and owned by them, to the capitalist state. The state re-channelises a part of I (**s**) and II (**s**), which surplus otherwise could have been re-invested directly in additional constant capital **c** and variable capital **v** in the Departments I and II (3).

By thus reconstructing Marx's diagram, the author arrived at a very unexpected conclusion. Cogoy's attempt was unorthodox, since he squarely posed the existence of a Third Department – contrasting with the tendency by authoritative Marxist economists, such as Sweezy, to stick to Marx's scheme of two basic Departments (4). Still, Cogoy's overall conclusion sounded rather unlikely. He suggested that the accumulation which takes place in Department III does not serve the overall process of accumulation in society as a whole. Yet if the task of the state is to represent the common interests of the class of entrepreneurs, - why would it be interested in financing production in Department III? Why would it do so, if the outcome of this policy at all times is to hamper the reproduction process of aggregate capital?

### **Orthodoxy within Unorthodoxy: Cogoy's Concept of 'Unproductive Labour'**

It is not my purpose here to scrutinise the various aspects of Cogoy's diagram on social reproduction. Let me just state that his understanding of the state's method of financing military production is contrary to that suggested by Luxemburg, and by Adam Smith. Whereas Luxemburg and Smith presumed that the state gathers its financial resources for the purchases of arms primarily through imposing taxation on the working class, - Cogoy presumes, in line with the authors Sweezy and Baran (5), that they are gathered by tapping the revenue (the surplus/profit) of entrepreneurs (6). This explains by and large how he (falsily) presumes that the effect of accumulation in Department III is at all times negative for capitalism, i.e. is one of contraction for the process of capital accumulation in society as a whole.

What is most relevant for our present discussion is, however, the manner in which Cogoy interprets the concept of '*unproductive labour*'. His conceptualisation is an example of orthodoxy within unorthodoxy! Cogoy consistently refers to 'unproductive labour' when describing the production of goods which takes place in Department III. Yet he does so not to designate the use of labour power to manufacture wasteful goods, of goods which are intrinsically destructive in nature, - but to refer to labour which results in goods which cannot be changed into means of production or means of subsistence. He connects the concept of 'unproductive' labour entirely with the non-reciprocal relationship that Department III maintains with I and II, to the fact that these goods flow to a non-market actor, the capitalist state (5).

Cogoy's reformulation of the concept of '*unproductive labour*' thus is not too far removed from the way Marx employed the term. As stated previously - according to Marx all labour which results in surplus value should be considered 'productive labour'. Cogoy does not entirely agree: the labour performed in Department III results in surplus value for the owners of capital in III, he argues, and yet that labour is to be termed 'unproductive', since it does not serve to stimulate accumulation as a whole. It on balance hampers the accumulation of the combined Departments of the system. Quite clearly, then, although Cogoy's views appear to be very unorthodox, his definitions of 'productive' and 'unproductive' labour do not represent a break with Marx's capitalist usage of the terms, but constitute a basic continuation of Marx's usage of these terms.

In short, Cogoy's attempt to redevise Marx's diagram, however unconventional if compared with the view that was dominant within Marxist economics at the time, is not fully convincing from an anti-militarist perspective. While he correctly posed the non-reciprocal character of the relationships between III and I plus II; while he convincingly posed the need to bring out how the manufacturing of arms forms a distinct Department within capitalism, - he did not satisfactorily conceptualise the nature of arms' manufacturing itself. His definition of '*unproductive labour*' is a perfect example of orthodoxy within unorthodoxy, of the failure to overcome a deep bias within the tradition of Marxist economics.

### **'(Un)productive' Consumption and (Un)productive Labour in the Theory of the Classical Economist John Stuart Mill**

To illustrate why I speak of Cogoy's orthodoxy to characterise his conceptualisation of unproductive labour, I would like to once again refer to a classical economist, namely to Marx's contemporary John Stuart Mill. Just as Adam Smith, the founding theoretician of his own school of economic thought, Mill did not conceive of a production Department where the means for waging warfare are manufactured. He spoke of 'unproductive expenditures' by the state, and of 'unproductive labour' by members of the state's armed forces, but mainly to pinpoint the expenditures incurred, and the labour performed, in the course of actual wars (7). Cogoy's conceptualisation of a distinct Department III thus supersedes both the views of Marx, and those of the classical economists.

Yet Mill's concepts of 'productive' and '*unproductive labour*' and of 'productive' and '*unproductive consumption*' well expose Cogoy's orthodoxy, and form a contrast to the latter's conceptualisation. As to productive consumption, Mill does designate it to refer to the use of labour power and means of production to manufacture fresh goods, and also to refer to consumption proper, by those who contribute to the creation of society's wealth (workers, and

factory managers/staff): 'what they consume in keeping up or improving their health, strength and capacities of work, or in raising other productive labourers to succeed them, is productive consumption' (italics mine)(8). This counter-poses productive consumption to the consumption of luxury items, as in the theory of Marx.

But contrary to Marx, Mill connects both the concepts of productive consumption and of productive labour explicitly to the creation of material wealth. Defining productive consumption, Mill states: 'that alone is productive consumption which goes to maintain and increase the productive powers of the community, either those residing in its soil, in its materials, in the number and efficiency of its instruments of production, or in its people.' (9) Again, in defining productive and unproductive labour, Mill carefully refrains from expressing a capitalist bias. 'Productive labour means labour productive of wealth', and 'by unproductive labour, on the contrary, will be understood labour which does not terminate in the creation of material wealth.' (10)

Thus, Mill's statements help to illustrate the fact that there are classical economists, both preceding and contemporary to Marx, who avoided the tendency of equating 'productive' and 'unproductive' with all that is productive and unproductive for the owners of capital. This, unfortunately, has consistently been overlooked by economists who follow Marx, including also by the unorthodox essayist Cogoy. Cogoy could only have avoided a capitalist bias in his conceptualisation of labour performed in Department III, by putting his discussion of productive and unproductive labour in a broader context of the historical evolution of economic science. To conceptualise the labour that takes place in Department III, and to question it from an anti-militarist perspective, one may well start from the views of the classical economists.

### **Unproductive Labour and Consumption in the Military Sector of the Capitalist Economy**

How then to properly characterise the manufacturing which takes place in the military sector, in Department III of the capitalist economy? In the first instalment of this series, I have explained the metamorphoses which the capital of each entrepreneur undergoes, which metamorphoses Marx expresses in the formula  $M - C \dots P \dots C' - M'$ . Most of the metamorphoses which the capital of the corporations in the military sector undergo, are not basically different from the metamorphoses which capital in other Departments undergoes. Thus, the general formula mentioned just now applies to Department III, as it applies to the Departments I and II. In form at least, the process is broadly similar in all three Departments, although the fact that  $C'$  represents social waste and  $M'$  wasted money will need to be expressed.

Still, there is a huge difference in *content*, and this holds in particular to the content of  $\dots P \dots$ , i.e. the phase where means of production and labour power are put to work to manufacture new commodities. As explained before (11), in the Departments I and II, this phase is a phase of 'productive consumption', since the outcome is the creation of commodities, such as machinery and bread, which help to maintain and increase the overall wealth of society. In the case of Department III, this phase is one of '*unproductive consumption*' instead, for the commodities that emanate from phase  $\dots P \dots$  in Department III, do not add to society's wealth, but are wasteful in character, and moreover can be used to reduce (another) society's wealth.

Again, just as one can speak of unproductive consumption with reference to the capital-in-operation during the phase ... **P** ... of the production cycle in Department III, one can also speak of unproductive labour to pinpoint the use of labouring strength during the same phase of capital's transformation in Department III. For although the expenditure of the workers' energies results in new material goods, such as war ships and fighter planes, - these goods do not add one inch to society's (material and immaterial) wealth. On the contrary, since the function of these goods is to create havoc, to destroy, - the labour expended in building war ships and fighter planes should unequivocally be defined as 'unproductive'. Since the content of labour's produce is negative, the expenditure of labour itself is a waste.

In the case of Department III, we face a contradictory phenomenon. The manufacturing of arms cannot occur without the existence of means of production and labouring strength (**MP** and **L**), which both are the outcome of '*productive consumption*' in the past. They are the concrete and useful outcome of the manufacturing processes in the Departments I and II, where the content of ... **P** ... is productive since it helps to sustain life and the maintenance of a society's strength. In themselves, these commodities, the workers and the machines, of course do represent a part of society's true wealth. Yet the capital-in-operation in factories and companies belonging to Department III, is engaged in a process which can only be termed 'unproductive consumption', since the commodity (**C'**) that emerges from ... **P** ... in Department III is wasteful in nature.

### **Conclusion**

In this instalment I have once again sought to illustrate the need for the transformation of Marxist economic theory, by contrasting the view on the labour performed in the military sector by propounded by the Marxist author Cogoy with the views on '*productive*' and '*unproductive*' labour propounded by the classical economist John Stuart Mill. Cogoy endeavoured to conceptualise Department III, and he well identified some of its essential characteristics, such as its non-reciprocal relationships with I and II. Yet when explaining why the labour of the workers employed by military companies should be termed '*unproductive*', he stuck to Marx's definition-with-a-capitalist-bias, which definition entirely fails to bring out the wastage of labour resources and human skills taking place in Department III.

In contrast, John Stuart Mill's view on productive and unproductive labour, since it focuses labour's contribution towards the creation of society's (material) wealth, does allow us to identify the labouring activities in Department III as '*unproductive*'. The physical and mental capacities of the employees of military Corporations are a crucial part of society's wealth, they are surely no less precious than the labouring capacities of workers in other Departments. However, since the content of the labour performed in the sector - the building of Means of Destruction (**MD**) - is negative, that labour can in no way be termed productive. Both the *consumption* of means of production and labour power in the second phase ... **P** ... of capital's metamorphosis, and the labouring activities performed here, i.e. the application of the workers' strength to construct arms, are decidedly *unproductive* in nature.

### *References:*

- (1) Mario Cogoy, 'Werttheorie und Staatsausgaben' (Value Theory and State Expenditures -

in: Claudia von Braunmuhl, Klaus Funken and Joachim Hirsch, *Probleme einer Materialistischen Staatstheorie*, Suhrkamp Verlag, Frankfurt am Main, Germany, 1973, p.143);

(2) see Chapter Three of this study;

(3) Mario Cogoy (1973), op.cit., p.153/154 ;

(4) Paul Sweezy, *Theorie der Kapitalistischen Entwicklung - Eine Analytischen Studie uber die Prinzipien der Marxschen Sozialökonomie* (Edition Suhrkamp, Frankfurt am Main, Germany, 1972, Chapter V); in the context of his discussion on the 'war economy' Mandel does pose the existence of a third sector, which indeed he calls the sector of 'the means of destruction'; like Cogoy he assumes that the role of this sector is to stimulate contraction rather than expansion of aggregate capital ('contracted reproduction'); Mandel's position was innovative, yet unfortunately he did not systematically elaborate a theory of military production; see Ernest Mandel, *Marxist Economic Theory* (Merlin Press, London, 1968, p.332);

(5) Mario Cogoy, op.cit., p.154; Cogoy here presents the following diagram:

I)  $c + v + s + s + s$

II)  $c + v + s + s + s$

III)  $c + v + s + s + s$

which indicates that parts of  $s$  of I plus II - and subsequently of  $s$  (III)) are not re-invested in additional constant and variable capital in I and II, but accrue to III via the state. They are appropriated by the state as revenue, and then channelled towards III. Since the product  $C'$  of III does not flow towards I and II, Cogoy argues, it is not transformed into productive capital. As he states, ' $s$ ,  $s$ , are those parts of surplus value which do not function as capital (!), but as revenue. They are not transformed into productive capital, but are consumed and definitely separated off from the production process.'

(6) for the views of Paul Sweezy and Paul Baran, see their *Monopoly Capital. An Essay on the American Economic and Social Order* (Monthly Review Press, New York, USA, 1966);

(7) John Stuart Mill, *Grundsätze der Politischen Oekonomie*, Erster Band, Jena, 1913, p.114;

(8) John Stuart Mill, *Principles of Political Economy with some of their Applications to Social Philosophy* (John Parker, West Strand, London, p.64);

(9) *ibid*;

(10) *ibid*, p.57 and p.61;

(11) see Chapter One, Section A of this study.



