

A purely social conception of value and productive labour

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TABLE OF CONTENTS

ABSTRACT

INTRODUCTION

1. LABOUR AND VALUE

1.1 Labour in capitalist society

1.2 Value as indirectly social labour

2. THE DEBATE CONCERNING COMMODITIES AND PRODUCTIVE LABOUR

2.1 Traditional approaches

2.1.1 The exclusion of circulation and supervisory activities

2.1.2 The exclusion of immaterial services

2.2 An alternative approach

2.2.1 Principles

2.2.2 A reply to two objections

2.2.3 Relevance of the two concepts of productive labour

2.2.4 Productive labour and social classes

3. THE DEBATE CONCERNING MORE PRODUCTIVE, MORE INTENSIVE OR SKILLED LABOUR

3.1 Traditional approaches

3.1.1 The creation of value

3.1.2 The effect on the rate of surplus value

3.2 An alternative approach

3.2.1 Critical comments on the traditional approaches

3.2.2 Alternative principles

3.2.3 Physical exploitation and economic exploitation

4. THE DEBATE CONCERNING WAGES AND THE VALUE OF LABOUR-POWER

4.1 Traditional approaches

4.2 An alternative approach

4.2.1 Principles

4.2.2 Criticism of competing views

5. CONCLUSION

5.1 A short synthesis

5.2 Impact in the field of Marxist economic theory

5.3 Impact in the ideological and socio-political field

ABSTRACT

Value is defined as « indirectly social labour », i.e. labour which is recognized as socially useful through the sale of the product. This sole criterion is used to define commodity, which includes all goods as well as all services (on condition that they be sold).

The traditional distinction between production activities and circulation activities is abandoned : insofar as they consist of indirectly social labour, both types of activities produce commodities and value. A new distinction, however, is made between circulation activities (which require time) and circulation acts (which are instantaneous) : the former, which belong to production in the broader sense, can create value and surplus value; the latter, on the contrary, cannot.

The same criterion of indirectly social labour is used to question traditional conceptions of more skilled and more intensive labour. The latter do not create more value than average labour. But they are possible means of increasing labour productivity and are treated as such : if limited to a particular enterprise, they give rise to transfers of surplus revenue ; if generalized throughout the economy, they give rise to one form of production of relative surplus value. A new distinction is introduced between economic exploitation and physical exploitation, which may move in opposite directions.

The criterion of indirectly social labour is also used to question traditional conceptions concerning the « value of labour-power » and the relations between the latter and the money wage.

The non-conventional viewpoints adopted completely separate the issue of productive labour and that of social classes. At the level of economic theory, the viewpoints adopted combine the advantages of precision and simplicity : on the one hand, they make the theoretical approach more rigorous and coherent ; on the other hand, while justified on purely theoretical grounds, they present the additional advantages of making the theory simpler and allowing a much easier quantification of various key-concepts.

INTRODUCTION

The purpose of this article is to contribute to the unceasing debate concerning the Marxist concepts of value and productive labour.

On a *qualitative* level, the question is to determine which activities should be considered as productive. It is well-known that productive labour can be understood in two senses : in a broader sense, productive labour is labour which creates value and revenue ; in a narrower sense, which is specific to capitalism, productive labour is labour which creates surplus value and surplus revenue. Both in the broader and in the narrower sense, productive labour is always labour devoted to commodity production. Hence the question : do services constitute commodities in the same way as goods ? do all the activities in the market sector contribute to the production of commodities ?

On a *quantitative* level, the question is to know whether all activities considered as productive create the same quantity of value and revenue (of surplus value and surplus revenue). The problem here is that of differences in labour productivity, or in the intensity or skill of labour : does not the labour of a particular producer, relying on more advanced technology, on greater skill or intensity, create more value than the labour of another producer, whose labour employs less advanced technology, is less skilled or less intensive ?

Traditional Marxist approaches answer those two questions by considering, at least partially, the contents or concrete aspects of the activities carried out. The quality of productive labour is denied to a great number of immaterial activities, among which circulation and supervisory activities : due to their very nature, these activities are supposed to fall outside the commodity sphere. On the other hand, from a quantitative viewpoint, a certain conception of abstract labour as expenditure of energy results in considering that more intensive or skilled labour creates more value than average labour.

The approach adopted in this article, on the contrary, answers the two questions in a unified way and completely disregarding the contents or concrete aspects of the activities carried out. In order to determine which activities are productive, and also to determine the quantity of value created by any productive labour, only one criterion will be used : that of indirectly social labour, i.e. labour which is recognized as socially useful through the sale of the product. This same criterion will also be used to question another traditional approach, which considers labour-power as a commodity and the money wage as depending on a predetermined « value of labour-power ».

Section 1 gives a classification of labour in capitalist society and specifies the concept of indirectly social labour (§1.1). We then defend the idea that abstract labour (the common denominator of commodities, the

substance of value) is precisely this indirectly social labour (§1.2), which enables us to develop our approach of productive labour, both from a qualitative and a quantitative viewpoint.

The following sections oppose traditional Marxist approaches and our alternative approach on three issues : section 2 deals with productive labour on a qualitative level, section 3 deals with the quantitative problem, section 4 discusses the relations between wage and value of labour-power. The criticisms aimed at the traditional approaches give us the opportunity to explicit our approach and introduce new conceptual distinctions.

By way of conclusion, section 5 shows the advantages of our approach both on the level of Marxist economic theory and in the ideological and socio-political field.¹

1. LABOUR AND VALUE

1.1 Labour in capitalist society

Table 1 gives a breakdown of all labour according to the two essential criteria which define a capitalist economy, namely : the *market* (or non-market) character of the goods and services produced and the *waged* (or non-waged) character of the labour provided.

Table 1 : A classification of activities and production units

| | <i>Market production</i> | <i>Non-market production</i> |
|-------------------------|---|---|
| <i>Waged labour</i> | A. Enterprises using waged labour A1. Capitalist enterprises A2. Public enterprises (Live from sales) (Indirectly social labour, heteronomous labour) | C. Institutions of public interest C1. Public institutions C2. Private institutions (Live from public subsidies) (Directly social labour, heteronomous labour) |
| <i>Non-waged labour</i> | B. Independent enterprises (relying on self-employment) B1. Individual enterprises B2. Collective enterprises (Live from sales) (Indirectly social labour, heteronomous labour) | D. Non-professional sphere D1. Voluntary organizations D2. Households (Live from voluntary contributions) (Social or private labour, autonomous labour) |

Rectangles A and B comprise all enterprises producing for the market. Be they capitalist or not, aiming at profit or not, all enterprises in principle live from the sale of their products. Labour performed within them (by wage-earners, capitalists or self-employed) is *indirectly social labour*, i.e. labour which is recognized as socially useful only in an indirect way, through the sale of the products on the market. Labour performed there is at the same time *heteronomous* labour, i.e. labour the reproduction of which is subject to external norms : enterprises are indeed subject to the « market laws » (they can only subsist if they meet the purchasers' demand and are competitive with respect to rival firms).

Rectangle C comprises all institutions of public interest producing non-marketed goods or services. Be they public or private, they do not live from the sale of their products, but from public financing. Labour performed within them (by wage-earners) is *directly social labour*, i.e. labour which is recognized as socially useful in a direct way by the public authority financing them. Labour performed there is also *heteronomous* labour, in the sense that institutions are subject to public authorities' decisions (they can only subsist if they meet the criteria established by the latter, who may take very diverse criteria into consideration : the financial burden for the public authority, the social needs to satisfy, the partisan or personal interests of the politicians in power, etc.).

¹ The article draws substantially on Gouverneur J., *The Foundations of Capitalist Economy. An introduction to the Marxist economic analysis of contemporary capitalism*, Louvain-la-Neuve, Diffusion Universitaire Ciaco, 2005, 389 p. (see in particular chapters 1 and 2, as well as appendices 5, 6 and 7). The book can be ordered through the online scientific library www.i6doc.com (20 €). It can also be downloaded free of charge from the same website and reproduced freely.

In the non-professional sphere (rectangle D), households and voluntary organizations in principle live from unpaid labour and voluntary contributions. The labour provided may be *social* (useful to others than the producers themselves) or *private* (useful to the producers alone). Labour is *autonomous*, insofar as these production units are not subject either to « market laws » or to public authorities' decisions. They can subsist as long as voluntary contributions are maintained.

Table 1 tells us nothing about the nature of the production which is carried out. In fact, the same production, defined by the nature of the product, can appear in two or more of the different rectangles, even in all of them (this is the case for teaching and education, for example). A given production can also shift from one rectangle or item to another following changes in political decisions (privatization of public enterprises = shift from A2 to A1).

The table assumes that all labour performed in the professional sphere (rectangles A, B, C) is professional labour, and that all labour performed in the non-professional sphere (rectangle D) is labour provided free of charge. In reality, labour provided free of charge can be found at various points in the professional sphere : such is the case, for instance, of unpaid labour provided by family members in the small retail trade or by voluntary workers in hospitals. Conversely, professional labour can be found within the non-professional sphere : such is the case of waged members of voluntary organizations (D1). All these exceptions, however, do not affect the properties of labour performed in the respective spheres. Be it paid or gratis, labour performed in the professional sphere is heteronomous labour, subject to validation either by the market (indirectly social labour) or by public authorities (directly social labour). Be it paid or not, labour performed in a voluntary organization is autonomous labour, in so far as it need not be validated either by the market or by public authorities.

The table also assumes that each unit of production has only one source of income or finance available to ensure its continuation : market enterprises live from the price paid by the customers ; institutions live from public financing, which implies compulsory levies ; households – considered as production units – rely only on their members' unpaid labour ; and voluntary organizations live only from voluntary contributions (unpaid labour, subscriptions, grants). Reality often differs from this scheme, as the same production unit may have several sources of incomes in varying proportions². Actual realities are thus not as plain as theoretical distinctions : in particular it may be difficult, or even impossible, to draw a clear dividing line between market and non-market production³.

1.2 Value as indirectly social labour

If dissimilar commodities can be exchanged on the market, there must be in them a common denominator relevant to the market. We know that the latter is labour : not concrete labour, but abstract labour. *Concrete labour* is labour considered in its *material*, visible aspects : it differs from one commodity to another and from one category of workers to another, it is *specific* to each commodity and each category of workers. *Abstract labour* is labour considered *in general*, disregarding all its specific aspects. This abstract labour common to all commodities is also called *value*. We can thus briefly say that the necessary common denominator of commodities is their value⁴.

However, we should make clear what is meant by abstract labour. All authors admit – at least in principle – that abstract labour disregards all the *material* aspects which constitute concrete labour and which differ according to commodities and workers. We add that abstract labour should also disregard all the variable *social* aspects that define the status of the enterprise (capitalist, public, independent) and of the producer (self-employed, capitalist, executive, wage-earner without control over the production process, etc.).

In our opinion, abstract labour is labour taking into account *ONLY ONE social aspect* (less evident but no less real), namely its characteristic as indirectly social labour. If a carpenter, a steel factory worker, a bank clerk,

² Thus market enterprises may partly rely on public *subsidies* (railway companies for instance) and/or on member's *subscriptions* (football clubs), to say nothing of property *rents* (very important in the case of financial companies). Voluntary organizations may *sell* services to their members or to outside customers ; they may also take advantage of public *subsidies*. Various institutions require *individual payments* for services provided (education fees, registry office fees). And household production might possibly benefit from *public subsidies* (wages for housework).

³ Thus a day-nursery half financed by parents and half by local authority belongs equally to market and non-market production. An education centre belongs *predominantly* to non-market production if it is financed mainly by public subsidies, and *predominantly* to market production if financed mainly by private payment. And so on.

⁴ Many authors distinguish between value and abstract labour : value is a property of *commodities*, namely their capacity of being exchanged for one another ; abstract labour is a specific type of *labour*, namely indirectly social labour. Using this terminology, we should say that commodities have value because their common denominator is abstract labour. Abstract labour is the *substance* of value of the commodities, the other constituent aspects of value being its *magnitude* and its expression in the *form* of a price

an engineer and an executive contribute to producing goods or services sold on the market, they all perform *indirectly social labour*. This indirectly social labour is the real common denominator of commodities.

Since indirectly social labour is the common denominator of commodities, these can be defined in a precise manner : *commodities* are the *products of indirectly social labour*. Conversely, value can also be defined precisely : value is *labour devoted to producing a commodity which is then sold*. Creating value thus means performing indirectly social labour, i.e. taking part in the production of goods and services sold on the market. Several important consequences flow from this conception of value.

First, *all* labour performed in the market sector creates value, irrespective of the social characteristics of the enterprises and producers, and irrespective of the concrete nature of the commodities sold and the activities carried out. The enterprises may be capitalist, public or independent. The producers may be wage-earners, capitalists or self-employed. The commodities produced may be goods as well as services. And the activities carried out may have a technical or an administrative character, they may be more or less manual or intellectual, they may take place within any department of the enterprise : « production », « sales », « accounting », « general services », etc. (Thus, for instance, in the car industry : as far as value creation is concerned, the labour performed by foremen, book-keepers or sales agents does not differ from that performed by workers directly involved in the technical process of production : in both cases, it is labour performed on the initiative of the capitalist who engaged the wage-earners; in both cases, it is the sale of the cars which validates the capitalist's initiative and recognizes the labour performed as socially useful.) All the workers in the market sector thus take part in the production of commodities and value, and the production process carried out in the enterprises must be understood in a much broader sense than the mere process of transformation of input into output.

Second, we must stress that value implies both production *and sale*. Production by itself is not sufficient : before the commodity is sold, the labour-time expended in it does not count as value, but simply as private labour expecting social recognition. Only the sale of the commodity grants this social recognition and transforms the private labour embodied in a commodity into value. Thus, while it is correct to assert « no production, no value », it is equally necessary to add « no sale, no value »⁵.

Third, all the producers are on an equal footing as far as the *quantity* of value created is concerned. This flows from the very definition of value : value = abstract labour = indirectly social labour. For value creation to take place, it is necessary and sufficient that labour be indirectly social labour, i.e. that it contribute to creating a product which is sold on the market. One disregards (abstracts from) all the specific social features of the enterprise and the producer, as well as the nature of the products (goods or services), as well as the concrete characteristics of the commodities produced and the activities carried out. Since all the concrete characteristics of the activities carried out are disregarded, no account is taken – among other things – of the degree of mechanization, intensity and skill of labour.

Providing the products of labour are sold, we can therefore establish : 1h of labour of any worker = 1h of labour of any other worker = 1h of value. Thus the degree of skill and intensity of labour, the degree of mechanization of the production process, do not affect the quantity of *value created by present labour*.

Admittedly the degree of mechanization and that of skill and intensity do affect the value of commodities, but not the quantity of value created by present labour. Two points are worth recalling in this respect :

- More advanced mechanization and/or more intensive work imply the use of more means of production (machines and/or materials), while more skilled labour implies the use of more « means of training » (books, studies, etc.). Insofar as these means of production and means of training have to be *purchased* from other producers (assuming a pure market economy), 1h of more mechanized or more intensive or more skilled labour will result in *more past value* being transferred. This will affect the magnitude of value of the commodities produced (which is the sum of past value transferred and new value created), but does not mean that 1h of more mechanized or more intensive or more skilled labour would result in more new value being created.

- Similarly, a higher labour productivity means that more *use-values* are produced *per hour of labour* and that the *value per unit of commodity* is lower. But it does not in any way mean that more *value* would be produced *per hour of labour* : 1h of indirectly social labour always creates 1h of value, irrespective of labour productivity.

⁵ This insistence on the twofold role played by production *and by sale* constitutes the difference between value conceived of as « indirectly social labour » and value conceived of as « embodied labour » (independently of the commodity being sold). Both conceptions of value can be found in Marx.

2. THE DEBATE CONCERNING COMMODITIES AND PRODUCTIVE LABOUR

Both in the broader sense (labour which creates value and revenue) and in the narrower sense (labour which creates surplus value and surplus revenue) productive labour is always labour devoted to commodity production. Hence the question : do services constitute commodities in the same way as goods ? do all the activities in the market sector contribute to the production of commodities ?

2.1 *Traditional approaches*

2.1.1 *The exclusion of circulation and supervisory activities*

The analysis of productive labour traditionally makes a distinction between production activities on the one hand, and circulation and supervisory activities on the other. *Production* consists of all the operations which are technically necessary to result in a given product. These technical operations are meant in a broad sense : they include, not only the making of the product proper, but also transport, storage, maintenance, etc. *Circulation* comprises all the activities which secure transfers of rights of ownership or use over products or money, that is, activities which are made necessary by the commodity form of production : purchase of means of production and labour-power, sale of products, lending and borrowing of money. These activities are carried out either within specialized departments of production enterprises (« marketing », « finance », etc.) or within specialized enterprises (retailers, wholesalers and banks in particular). *Supervisory* activities are made necessary by the capitalist nature of production, with its class division : they are intended to enforce workers' discipline in the enterprise (labour of various executives and foremen).

According to traditional views, only production activities (in the market sector) are productive : they alone create commodities, value and revenue. On the other hand, circulation and supervisory activities are unproductive : they do not create commodities, value or revenue. As a consequence, the incomes earned in these activities, just like the wages earned in the sector of non-commodity production, involve deductions from the aggregate revenue created : this is the case for wages and profits of commercial and financial enterprises, and also for wages paid to employees devoted to circulation and supervisory activities within production enterprises.

The deductions required to finance circulation and supervisory activities, like those required to finance non-market collective goods and services, affect the rate of profit and potential for accumulation of the productive sectors. Insofar as the proportion of workers devoted to those activities increases, insofar as the proportion of workers devoted to technical production activities decreases, the economy as a whole comes up against limits to its growth.

2.1.2 *The exclusion of immaterial services*

The analysis of commodities at the beginning of *Capital* only considers the case of material goods. Similarly, subsequent analysis of the production process focuses on the making of material goods. Whereas this limitation can be explained by the historical context (market services were hardly developed during the nineteenth century), many authors have considered that the concept of commodity should by nature be restricted to material goods, as well as to services directly related to material goods. According to them, for instance, the transport and repair of objects can be classed as commodity production, whereas the transport of persons, or health care, or education, etc., cannot.

According to this approach, immaterial production activities are thus unproductive : they do not create commodities, value or revenue. The incomes earned in these activities also involve deductions from the aggregate revenue created in material market production. Insofar as the proportion of immaterial activities increases, the economy runs into additional limits to its growth.

2.2 *An alternative approach*

2.2.1 *Principles*

The traditional views summarized above define a commodity, and thus productive labour, taking account of the nature of the activities carried out. According to their advocates, the criterion of indirectly social labour (human labour validated by sale on the market) is not sufficient to define a commodity : an additional condition is that labour be devoted to technical activities of *production* (as opposed to circulation and supervisory activities), or even to technical activities of *material* production (as opposed to immaterial services).

The alternative view adopted here defines a commodity, and thus productive labour, using the sole criterion of indirectly social labour (which we consider as being the genuine abstract labour : see above, §1.2). If

any enterprise proves successful in selling its goods or services, *all* labour carried out in it counts as indirectly social labour and therefore contributes to the creation of commodities, value and revenue. This conception runs against traditional approaches in two ways :

- On the one hand, services are analyzed in the same way as goods : they are commodities insofar as they are sold. The concrete contents of the services do not matter, no more than their more or less material or immaterial character : a philosophy lesson, for instance, is less material than steel transport, but both are commodities if they are sold. And the labour producing these services is productive labour.

- On the other hand, circulation and supervisory activities in the market sector (irrespective of whether they are carried out in specialized enterprises or within « production » enterprises) equally constitute indirectly social labour. Producers involved in those activities also perform productive labour.

All commodity services, therefore, including circulation and supervisory activities, contribute to the creation of aggregate revenue. The development of such activities, in itself, involves no deductions from the aggregate revenue and no slowing down of the growth of the economy.

2.2.2 A reply to two objections

a) The alternative view we advocate considers that commodity services contribute to the creation of aggregate revenue (and of aggregate surplus revenue if they are produced in enterprises employing waged labour). Does this mean that activities like trade and finance can develop indefinitely, without prejudice to the system ?

The answer is negative, but not because such activities would be unproductive. If an excessive expansion of those activities is prejudicial to the economy, it is because *no* branch of activity can expand without taking account of the requirements of general interdependence, without taking account of the relations it maintains with other branches (from which it purchases or to which it sells means of production) and possibly with consumers (to whom it sells means of consumption).

b) The alternative view we support abolishes the traditional distinction between « production » and « circulation » activities : both are included in the concept of indirectly social labour (if products are sold). What remains then of the formula $M \rightarrow C_0 \rightarrow P \rightarrow C_1^+ \rightarrow M^+$ and of the thesis stating that revenue and surplus revenue are created in production (P) and not in circulation ($M \rightarrow C_0$ and $C_1^+ \rightarrow M^+$) ?

We must in fact introduce a distinction between circulation *acts* and circulation *activities*.

Circulation acts are juridical acts effecting transfers of rights of ownership or use over commodities and/or money. The transactions $M \rightarrow C_0$ transfer to the enterprise the right of ownership or use over means of production and labour-power (simultaneously, the sellers of the means of production and the wage-earners become the owners of the sum of money paid by the enterprise). The transactions $C_1^+ \rightarrow M^+$ transfer to the buyer or user the right of ownership or use over the finished product (simultaneously, the enterprise becomes the owner of the sum of money paid by the purchaser). All these transfers are *instantaneous acts* : they take place at a definite moment in time, which is determined by the contracting parties or by law (for example : at the moment of signing the contract, or of paying the price, etc.).

Though instantaneous acts, the transfers of rights imply a variable amount of labour, a certain number of varied activities : thus the purchase of labour-power (which is effected when signing the labour contract) implies varied activities such as organizing recruitment, establishing labour contracts, paying the employees engaged, etc. ; similarly, the sale of the finished product (which occurs for instance when the invoice is signed) is surrounded by multiple activities such as advertising, determining the sale conditions, invoicing, giving credit, recovering debts, etc. All these activities constitute *circulation services* or *circulation activities* : the latter may be defined as all activities carried out to implement transfers of rights, or again as all activities implied by circulation acts.

Once the distinction between circulation acts and circulation activities is established, the thesis concerning the source of revenue and surplus revenue remains perfectly valid. Circulation *acts* ($M \rightarrow C_0$ or $C_1^+ \rightarrow M^+$) do not create value or revenue, surplus value or surplus revenue : they do no more than transfer juridical rights over commodities embodying a certain value or over money symbolizing a certain value. Circulation *activities*, on the contrary, contribute to creating value and revenue, surplus value and surplus revenue : they are included in the process of production in the wider sense⁶.

⁶ In our opinion, the profits of the financial sector (banks, insurance companies) have a threefold origin : 1. the *surplus revenue* created by the employees of the sector (whom we actually consider as productive workers) ; 2. *transfers of surplus revenue* from other sectors, insofar as the financial sector enjoys a higher-than-average market power ; 3. *financial rents*, due to the mere ownership of financial assets (financial rents are comparable to ground rents, which derive from the mere ownership of land, independently of any labour).

2.2.3 Relevance of the two concepts of productive labour

The concept of productive labour in the narrower sense (labour which produces surplus value and surplus revenue) aims at determining the potential for profit and accumulation of capitalist economy. Does this mean that the broader concept ((labour which produces value and revenue) is without importance in an assessment of the potential for profit and accumulation ? Not at all, and for two reasons.

First, insofar as a (non-waged) activity is productive of value and revenue, it is « self-financing » : it involves *no levy on surplus revenue*. Let us consider, for example, the activity of doctors in the private sector : is their work productive of value and revenue or not ? If it is, the doctors' incomes derive from the value created by their labour. If not, these incomes derive from a levy on the wages and the surplus revenue created in society as a whole : they thus reduce the profit available and the scope for accumulation.

Next, insofar as a (non-waged) activity is productive of value and revenue, it can indirectly *increase profit* and thus help finance accumulation. Indeed, non-capitalist producers find themselves caught up in the market mechanisms and in the transfers of revenue involved : if they are less efficient or less strong than their capitalist competitors or customers, their labour (provided it is productive in the broader sense, that is, devoted to commodity production) creates value and revenue, but a part of that revenue will be lost to them and will feed an increase in profits and the potential for accumulation⁷.

2.2.4 Productive labour and social classes

The distinction between productive and unproductive labour does not involve the slightest moral judgement of the activities considered : a wage-earner working in an arms factory provides productive labour (if the arms are sold), the teaching staff of state schools provide unproductive labour (since the lessons are not sold).

Nor is the distinction in any way aimed at dividing wage-earners into two social classes, whose interests could be considered as contradictory (some creating surplus revenue, the others living off the surplus revenue created). In this respect, two points should be emphasized. On the one hand, *unproductive wage-earners perform surplus labour in the same way as productive wage-earners*. As in the case of productive wage-earners, the duration of their working day normally exceeds the working time necessary for the production of their means of consumption. If a steel worker and a civil servant work 8 hours and get the same wage, representing 3 hours of labour (necessary labour), both of them provide 5 hours of surplus labour. On the other hand, *the system gains by increasing the surplus labour of all wage-earners* : increasing the surplus labour of productive wage-earners means increasing the creation of surplus revenue ; increasing the surplus labour of unproductive wage-earners means reducing the levy on the surplus revenue and so increasing the profit available.

Though distinct from the point of view of the creation of surplus revenue, productive and unproductive wage-earners do not, however, constitute two opposed classes. All of them share the following features : they are obliged to sell their labour-power, they carry out activities which are considered indispensable (by the capitalists or public authorities) and they perform surplus labour which is profitable to the system.

A complementary observation concerning capitalists. Once we grant that the distinction between productive and unproductive labour is not bound up with the question of social classes, we will recognize a capitalist's labour as productive (of value and revenue) : capitalists' labour in commodity production takes part in the creation of value and revenue, just like labour performed by waged or self-employed producers (see §1.2). (However, the capitalists' contribution to the total revenue created is very limited, since their labour is only a tiny part of the total present labour carried out in the sector of commodity production.)

⁷ See Gouverneur J., *The Foundations of Capitalist Economy*, chapter VI, section 1, p. 145-150. To the extent that independent producers give up a part of the revenue they create, they actually find themselves in an *analogous* situation to the wage-earners : like the latter, they create more revenue than they get, they create more value than they consume. It is to emphasize this analogy that one can speak in such a case of the independent producers' « surplus revenue », « surplus value », « surplus labour » (in inverted commas).

3. THE DEBATE CONCERNING MORE PRODUCTIVE, MORE INTENSIVE OR SKILLED LABOUR

This section examines the problem of productive labour from a *quantitative* point of view : do all the activities considered as productive create the same quantity of value and revenue (of surplus value and surplus revenue) ? The problem here is that of differences in labour productivity, or in the intensity or skill of labour.

3.1 Traditional approaches

3.1.1 The creation of value

According to traditional approaches, *more productive* labour is labour which, without requiring a greater expenditure of energy on the part of the workers, produces more commodities in a given lapse of time (in a working day of 8h, for instance). In accordance with this definition, labour is (or becomes) more productive for reasons independent of the workers' efforts : the main reason for advances in labour productivity lies in mechanization and technical progress, but other factors may also have the same effect (better organization, for instance). On the other hand, *more intensive* and *more skilled* labour do require a greater expenditure of energy on the part of the workers : in the case of more intensive labour, additional expenditure of energy takes place *at the very moment* when labour is carried out ; in the case of more skilled labour, it takes place *prior* to labour, when the worker (alone or, more often, with the help of others' labour) makes the efforts needed to acquire or maintain the skill required.

1. Commodities are exchanged in proportion to their unit social value, that is, in proportion to the quantity of labour required under *average* conditions of productivity, skill and intensity prevailing at a given time. The average conditions of productivity can only be assessed within each branch of production. The average conditions of skill and intensity, on the contrary, must be considered both within each branch and on the level of the whole economy.

The unit social value of commodities is determined, in the first place, by the average conditions of productivity, skill and intensity prevailing *within each branch*. Commodities cannot be exchanged in proportion to the labour-time resulting from the *productivity* in each particular enterprise : for in such a case, it would be in each enterprise's interest to use the least efficient techniques, requiring more labour-time. Consequently – according to traditional views – one hour of more productive labour must count as a multiple of one hour of average productivity : it creates more social value ; conversely, one hour of less productive labour should count as a fraction of one hour of average productivity : it creates less social value. The same argument holds for labour *intensity* : assuming identical techniques, if commodities were exchanged in proportion to the labour-time provided by each individual producer, it would be in each one's interest to work lazily and slowly. As a matter of fact, one hour of more intensive labour involves a greater expenditure of energy and must count as a multiple of one hour of average intensity : it creates more social value. Similarly, more *skilled* labour also implies a greater expenditure of energy (during the process of training) : in order to induce producers to acquire the necessary skills, one hour of more skilled labour (called « complex labour ») must count as a multiple of one hour of average skill (called « simple labour »).

The unit social value of commodities is determined, in the second place, by the average conditions of skill and intensity prevailing *in the whole economy*. Suppose that the producers within each branch work with the same degree of productivity, skill and intensity. Suppose that 15h are required to produce one commodity B and 5h to produce one commodity C. Will the two commodities be exchanged in the ratio $1B = 3C$? This is only possible if the degree of skill and intensity is the same in the two branches. If labour is more demanding in branch B (if it is more intensive or requires higher skills in it), the exchange ratio $1B = 3C$ would divert producers from branch B to branch C. Consequently, more skilled or more intensive labour in a particular branch must count as a multiple of labour of average skill and intensity in the whole economy : it creates more social value than this average labour.

2. The foregoing referred to *differences* in productivity or skill or intensity between different enterprises or branches. What can be said concerning an *increase in the average degree* of productivity, skill and intensity in a branch and concerning an increase in the average degree of skill and intensity in the whole economy ? The answers given in *Capital* refer to an increase in productivity and in intensity :

- An increase in the average productivity of labour in a branch gives rise to an increase in the quantity produced, but not in the value created : for a given working time, labour will create more commodities, but no more value. The increase in productivity will actually reduce the present labour per unit and the unit value of commodities (past and present labour per unit).

- An increase in the average intensity of labour in the whole economy also gives rise to an increase in the quantities produced, but not in the value created (though there is a greater expenditure of energy). Just like a general increase in productivity, it will depress the unit value of commodities.

3.1.2 The effect on the rate of surplus value

1. If labour productivity or intensity *increase* in the whole economy (or at least in the branches producing, directly or indirectly, the wage-earners' means of consumption), the unit value of the latter diminishes. Assuming that labour-time and the real wage remain constant, necessary labour decreases and the rate of surplus value increases : this is one type of production of « relative surplus value »⁸.

2. If labour productivity or intensity *differ* between different enterprises within a branch, the unit individual value of commodities produced in more efficient enterprises is lower than the unit social value. These enterprises, by selling their commodities at a price above the unit individual value, obtain an « extra surplus value », which is commonly regarded as a case of « relative surplus value » production : assuming that the working day and the wage are equal in all the enterprises, the more efficient enterprises enjoy a higher rate of surplus value, due to a lower « necessary labour » on the part of their wage-earners. This « extra surplus value », however, is doomed to disappear when the competing enterprises imitate the methods used in the innovating ones.

3.2 An alternative approach

3.2.1 Critical comments on traditional approaches

a) According to traditional approaches, the common denominator of commodities and the substance of value lie in the *expenditure of energy* (considered in an abstract way, that is, without taking account of the specific type of commodity produced or labour carried out). Insofar as more skilled and more intensive labour involve a greater expenditure of energy, they create more value than less skilled and less intensive labour. Three observations can be made on this view.

- If the energy spent is to act as a common denominator, a unit of measure of it should be specified, at least on a theoretical level (the practical difficulty of actually calculating the expenditure of energy is not the point here). But what common unit of measurement could we use to compare, for instance, the energy spent by a more manual worker with that spent by a more intellectual worker ? These two types of energy are part of the material characteristics which define the concrete labour performed by each worker, they are not comparable with one another.

- If the energy spent is taken as the substance of value, it seems logical to consider an increase in the average intensity of labour in the same way as a lengthening of labour-time and to recognize that « absolute surplus value » is produced in both cases. This is the viewpoint adopted by most followers of traditional approaches ; in *Capital*, however, a general increase in the intensity of labour has no effect on the quantity of value created⁹.

- If we consider a capitalist system rather than a system of simple commodity production, the expenditure of energy plays no part in regulating commodity exchange. In a system of *simple commodity production*, commodities are exchanged as *products of labour*. The equilibrium of exchanges logically implies that the energy spent in each branch be taken into account : if the social value took account of the labour-time alone and disregarded the skill and intensity specific to each branch, the producers would leave the branches requiring more intensive or more skilled labour. In a *capitalist* system, however, commodities are exchanged as *products of capital*. The equilibrium of exchanges implies that the different branches obtain the same average rate of profit; otherwise, capital would leave the branches with a lower-than-average rate of profit. But it does not imply that the labour-time should be weighed by the degree of skill and intensity specific to each branch : capital will not move out of branches where wage-earners must carry out more skilled or more intensive labour. (The problem will rather be of attracting wage-earners to branches and occupations requiring more skilled or more intensive labour : depending on the balance of forces between workers and capitalists, it is possible – but not certain – that higher wages will have to be paid. This problem, however, is about wages and value of labour-power : it is different from the problem of the social value of commodities produced in different branches.)

⁸ According to traditional views, however, a higher intensity or skill of labour increases the number of means of consumption necessary for the workers (see §4.1) : this should logically limit the production of « relative surplus value ».

⁹ See Volume I, Part 4, chap. XVII : in the case of a general increase in the intensity of labour, only international intensity differentials affect the quantity of value created.

b) By regarding « extra surplus value » as a form of « relative surplus value », another definition of necessary labour is implicitly adopted (which does not coincide with the basic definition)¹⁰, and the distinction between surplus revenue and profit (which plays an essential role on the level of branches of production) completely disappears on the level of enterprises : the surplus revenue created in each enterprise is supposed to be equal to the profit obtained. The consequence is that the « rate of surplus value » is turned into a mere profit/wage ratio, it varies according to enterprises, depending on the profit obtained : even if all the working conditions were identical in the different enterprises (same wage, same working day, same skill and intensity of labour), wage-earners would be all the more (less) exploited as their enterprise would have more (less) profit ; in the extreme case of enterprises having no profit (like marginal enterprises only surviving thanks to subsidies), wage-earners would not be exploited at all !¹¹

3.2.2 Alternative principles

a) In our opinion, the common denominator of commodities (abstract labour, value) must disregard *all* the concrete characteristics of labour, including the degree of mechanization of the production process and the degree of skill and intensity of labour (see §1.2). These concrete characteristics cannot be the object of comparisons between different commodities or different producers. The only thing that remains comparable in all cases is the length of labour-time or, more precisely, the time during which the workers place their labour-power at the enterprise's disposal. If two workers are at the disposal of an enterprise during 8h and if the goods or services they contribute to producing find purchasers on the market, both workers have created 8h of value.

The quantity of value created is thus independent of labour productivity, skill or intensity. It only depends on two *purely social conditions* : 1) the time during which the worker is subjected to the enterprise and 2) the fact that the goods or services produced in the enterprise are validated by the market.

Labour-time being equal, more productive or more intensive or more skilled labour creates as much value and revenue as less productive or less intensive or less skilled labour. Labour-time and the wage being equal, both types of labour create the same quantity of surplus value and surplus revenue¹².

¹⁰ According to the basic definition, necessary labour is the labour-time during which the wage-earner creates a quantity of value equal to the value of his means of consumption. In the new definition, necessary labour becomes the labour-time during which the wage-earner creates a quantity of product that brings in a net revenue equal to the worker's wage : « necessary labour » (in the new definition) depends both on the productivity of present labour in the enterprise considered and on the selling price of the product. See Gouverneur J., *The Foundations...*, p. 316-318.

¹¹ a) In the analysis of « extra surplus value » in *Capital*, Volume I (Part 4, chap. XII), the situation of marginal enterprises is not taken into account : all the enterprises in the branch are on an equal footing, except for one more efficient enterprise (where the unit individual value is less than the unit social value). In the analysis of the whole hierarchy of unit individual values in *Capital*, Volume III (Part 2, chap. X), the problem of « extra surplus value » and inter-firm differences in the « rate of surplus value » is no longer taken into account.

b) Authors are usually reluctant to use the concept of individual value and prefer the expression « individual labour-time » (as against the « socially necessary labour-time » which determines the social value). The concept of individual value is nevertheless perfectly justified : if an enterprise succeeds in selling its commodities, the labour devoted to producing them is indirectly social labour (and thus creates value), no matter the degree of productivity of the enterprise. The concept of individual value appears explicitly in the chapter of *Capital* just referred to (Volume III, Part 2, chap. X), where it is distinguished from « market value » or « social value ».

¹² These principles clearly apply to the production of services, where simply waiting for the client may be more or less time-consuming. Consider for instance hairdressing. Suppose that the production process is identical in all salons, that each of them employs one wage-earner for 8 hours a day, and that it takes the latter 1 hour of present labour to care for a client (for simplicity's sake, we will overlook past labour). Suppose that the salons receive 6 clients per day on average : the unit social value of the hairdressing service is equal to 1.33h (=8h/6). Suppose now that a better-placed salon attends 8 clients daily, while a marginal one only attends 4 clients : *the daily value created per worker amounts to 8h in all the enterprises*, but the *unit individual value* (per commodity) is below average in the better-placed salon (8h/8=1h) and above average in the marginal one (8h/4=2h). (Price being the same for all the competing enterprises, the usual transfer of surplus revenue necessarily takes place : the first salon obtains a profit higher than the surplus revenue created in it, to the detriment of the marginal one where profit is less than the surplus revenue created).

b) An increase in the intensity of labour (or in its skill) is one of the ways of increasing labour productivity and so of reducing the value of commodities. It must therefore be treated in the same way as any other cause of productivity gains (development of mechanization in particular)¹³ :

- If it takes place in the whole economy (or at least in branches which contribute to producing the wage-earners' means of consumption), it gives rise to production of « relative surplus value ».

- If it takes place only in a particular enterprise, the latter will benefit from « extra surplus value ». But this additional profit is not created by the wage-earners employed in the more efficient enterprise : it results from a redistribution of the surplus revenue created in the less efficient enterprises.

Just as well as traditional approaches, this alternative approach accounts for the enterprises' drive to increase labour intensity. Moreover, it has the advantage of avoiding the contradictions, mentioned above, inherent in traditional approaches. For the alternative approach uses one and only one concept of necessary labour ; it maintains the essential distinction between profit and surplus revenue not only for branches, but also for enterprises ; and it recognizes the existence of exploitation in all the enterprises, including in the enterprises which do not make profit.

3.2.3 Physical exploitation and economic exploitation

In our view, wage-earners working more intensively do not provide more labour than wage-earners working less intensively ; in the market sector, the former do not create more value or revenue than the latter ; labour-time and the wage being equal, the rate of surplus labour or surplus value will be the same for all of them. Is it not « evident », however, that wage-earners subjected to more intensive labour are more exploited, that the rate of surplus labour or surplus value is higher in their case ? In order to meet this objection, which is based on straightforward common sense, we must establish a clear distinction between physical exploitation and economic exploitation.

Economic exploitation relates *economic* magnitudes which are *homogeneous* and comparable : either monetary magnitudes (surplus revenue, variable capital) or hours of abstract labour (surplus labour or surplus value, necessary labour or value of labour-power). From an economic point of view, wage-earners are all the more exploited as the rate of surplus value or of surplus labour is higher. The influences bearing on this rate (s') are the length of labour-time, the real wage and the average value of the means of consumption (MC) :

$$s' = \frac{S}{V} = \frac{\text{present labour}}{\text{real wage} \times \text{value per MC}} - 1$$

Physical exploitation, on the other hand, refers to *material* elements which are *heterogeneous* and not comparable : on the one hand, the length, difficulty and intensity of labour (which determine the wear of labour-power and negatively affect the wage-earners' living conditions), on the other hand, the real wage obtained as a counterpart (which positively influences the ability to recover one's labour-power as well as the wage-earners' living conditions). From a physical point of view, wage-earners are all the more exploited as they work longer, harder and more intensively and consume less : in extreme cases, they are exhausted by their work while being reduced to starvation wages.

The degree of economic exploitation and that of physical exploitation may move in the same direction or in opposite directions. *In the same direction* : thus, an increase in labour-time or a decrease in the real wage contribute to raising both the degree of physical exploitation and the rate of surplus value or of surplus labour. *In opposite directions* : thus, an increase in the real wage brings about a decrease in the degree of physical exploitation, but it may very well be accompanied by a rise in the rate of surplus value or of surplus labour (if the decrease in the average value of the means of consumption is stronger than the rise in the real wage) ; conversely, and contrary to straightforward common sense, a higher physical exploitation – in this case a higher intensity of labour – does not necessarily involve a higher economic exploitation.

From a socio-political point of view, wage-earners will react to the degree of physical exploitation rather than to the degree of economic exploitation : they immediately experience the former, while they may completely ignore the latter.

¹³ In practice, differences in the degree of mechanization are normally *combined* with differences in *skill* and *intensity* of labour. More advanced technology does in fact require higher qualifications on the part of the workers (engineers, technicians etc.) responsible for planning, directing and controlling the production process ; it also makes it possible to increase the intensity of labour by the mass of workers, subordinated to the machine and its rhythm. But these simultaneous differences in technology, in the skill and intensity of labour do not give rise to differences in the *creation* of value and surplus revenue : they only affect the hierarchy of the unit individual values and, in this way, the *distribution* of the surplus revenue created.

4. THE DEBATE CONCERNING WAGES AND THE VALUE OF LABOUR-POWER

4.1 Traditional approaches

Since the wage-earner's labour-power is *sold* (hired out) on the « labour market », it is traditionally considered as being a *commodity*. Just like any commodity, labour-power has therefore a value ; and just as the price of commodities is basically determined by their value, the price of labour-power (the wage) is basically determined by the « value of labour-power ».

Traditional approaches define the value of labour-power as the value of the « socially necessary » means of consumption, that is, the value of the means of consumption which enable the wage-earner to cover the different needs considered as normal in a given country at a given time. This conception implies that the « socially necessary » means of consumption can be determined *a priori*. Knowing them, as well as their average value, it is possible to determine the value of labour-power ; from the latter, it is possible to derive the equilibrium wage, around which the actual wage fluctuates (see table 2).

In the logic of these approaches, differences in equilibrium wages are accounted for by objective differences in the value of labour-power defined *a priori*. This is the way, for instance, wage differentials between skilled workers (engineers, executives, etc.) and unskilled workers are explained : the « socially necessary » means of consumption are more considerable in the case of the former, so the value of their labour-power is greater, and their wage is logically higher¹⁴.

Table 2 : Relations between wage and value of labour-power

| | | |
|--|---|---|
| 1. <i>Traditional approaches</i> | | |
| - Level of necessities → number of <i>necessary</i> MC | } | → value of LP → equilibrium wage → actual wage |
| - Overall productivity → unit value of MC | | |
| 2. <i>The alternative approach</i> | | |
| - Balance of forces → <i>actual wage</i> → number of MC <i>purchased</i> | } | → value of LP |
| - Overall productivity → unit value of MC | | |

Note : MC = means of consumption ; LP = labour-power

4.2 An alternative approach

4.2.1 Principles

Contrary to the prevailing view, we consider that the wage-earner's labour-power is not a commodity, for it is not the product of indirectly social labour (which is the precise definition of commodities : see §1.2). On the one hand, labour-power is not the result of an actual process of production : we cannot speak of a process of labour in which means of production and labour-power are brought together in order to create a new commodity, the wage-earner's labour-power¹⁵. On the other hand, and more fundamentally, the labour which contributes to the development and reproduction of labour-power does not constitute indirectly social labour, that is, labour whose social usefulness would depend on the sale of the labour-power : the labour provided within households (upbringing, health care, etc.) or in the institutional sector (education, for instance) *need not be validated* by the market ; and the labour carried out in the market sector to produce the necessary means of consumption *was already validated* when the latter were purchased.

Since labour-power is not a commodity, its price does not depend on a predetermined value and there is no equilibrium wage. The actual wage depends directly on the balance of forces on the labour market and will be found within two limits : the lower limit is given by the need to ensure the workers' physical reproduction, the

¹⁴ According to traditional approaches, differences in the intensity of labour also entail objective differences in the value of labour-power : a more intensive labour involves a more rapid wear of the labour-power, which must be compensated by additional means of consumption (more food to recover the energy spent, relaxation sessions to eliminate stress, etc.).

¹⁵ Most of the « means of production » would actually be the means of consumption used by the wage-earner. However, is it possible to think of an average technique of production ? Is there any competition penalizing the « producers » who use too many « means of production » and benefiting those who economize on them ? What would the « present labour » devoted to producing the « new commodity » (labour-power) consist of ? Do eating, reading, breathing, sleeping constitute present labour ? And would it be necessary to economize on this « present labour » ?

upper limit is given by the need to ensure the enterprises' profitability. The actual wage in its turn determines the wage-earners' purchasing power, that is, the number of means of consumption that can be *actually* purchased : according to this view, there is no need to define a priori what the « socially necessary » means of consumption would be. Knowing the means of consumption actually purchased, as well as their unit value, we can derive the « value of labour-power », that is, the value of the means of consumption actually purchased by the wage-earner (see table 2). All things considered, the wage does not depend on the value of labour-power : the latter actually depends on the former¹⁶.

In the logic of this alternative approach, wage differentials are accounted for by the respective balance of forces in which the different categories of workers are involved. This principle applies to wage differentials between men and women, between nationals and immigrant workers, between occupations (engineers and unskilled workers, for instance), between branches (energy and textile industries, for instance), between regions. All these wage differentials are due to the relative positions of strength or weakness of the workers concerned. These positions in turn are dependent on factors such as the political power of the groups concerned, the degree of unionization, the scarcity or excess supply of manpower, the profitability of the enterprise or branch, etc.¹⁷

4.2.2 Criticism of competing views

Wage differentials between skilled and unskilled workers (between engineers or executives and manual workers, for instance) are usually explained by « objective » factors, which overlook the actual balance of forces.

a) The first « objective » conception was mentioned above : it states that the value of labour-power is higher in the case of skilled workers, that the socially necessary means of consumption are more considerable as far as they are concerned.

This argument is only valid for a limited number of means of consumption, namely for those « means of training » (that is, the goods and services necessary to acquire and maintain the required skills) which have to be *purchased* by the wage-earner. The argument is not valid for the means of training which the wage-earner obtains free or almost free of charge from public authorities or from his enterprise. And the argument is completely irrelevant as far as current means of consumption are concerned : if « necessities » are greater for executives and engineers than for manual workers, it is only because the former benefit from a more favourable balance of forces in society, which enables them to enforce this broader definition of their « necessities ».

As a matter of fact, the executives' and engineers' higher wages are due to their relative strength vis-à-vis employers (compared to the relative weakness of unskilled workers). This more favourable balance of forces, in turn, is due to their strategic position in the enterprise, to the fact that they often carry out typically entrepreneurial tasks (command, organization, innovation, etc.) which are delegated to them ; it is also due to their relative scarcity, which they may deliberately maintain in order to protect their privileges.

b) A second argument focuses, not on the value of labour-power, but on the value *created* by labour-power : the skilled labour performed by executives and engineers would create more value than the unskilled labour performed by manual workers, which would justify the former obtaining higher wages than the latter. This argument does not hold : as far as the *creation* of value and revenue is concerned, all the producers are on an equal footing (see §1.2 and §3.2).

c) Among other arguments, the lack of incomes during years spent in education is put forward, as well as differences in responsibilities exercised. But the considerable income differentials observed over the whole professional life do more than make up for the later entry into professional life. As far as responsibilities are concerned, they cannot be compared with one another, and the argument can be reversed in many cases¹⁸.

¹⁶ Since labour-power is not a commodity, the concept of « value of labour-power » is irrelevant : strictly speaking, labour-power has no value. By continuing to use this concept, we simply conform to the current usage. Contrary to the current approach, however, we consider that the value of labour-power is equal to the value of the means of consumption *actually purchased* and that it therefore depends on the wage level.

¹⁷ In a society in which the dominant positions are practically monopolized by educated white men, it is tempting to justify the privileged wages of those who are educated or white or male by supposedly objective factors which gloss over the actual balance of forces. Explaining wage differentials by objective differences in the value of labour-power entails the risk of disregarding or underestimating this balance of forces.

¹⁸ Is the responsibility of engineers designing new locomotives greater than the responsibility of workers manufacturing them or of railwaymen driving them ? And if « everything is settled by the age of six » as regards child development, is not the responsibility of kindergarten teachers infinitely greater than that of university professors ? This would justify an exactly inverse scale of income...

5. CONCLUSION

5.1. A short synthesis

The abstract labour common to all commodities – the substance of value – has been defined *disregarding all the variable aspects of labour* : we first disregard all the variable *material* aspects that constitute concrete labour (including the degree of mechanization, the skill and intensity of labour) ; we also disregard all the variable *social* aspects that define the status of the enterprise (capitalist, public, independent) and of the producer (self-employed, capitalist, executive, wage-earner without control over the production process, etc.). Abstract labour is labour taking into account only one social aspect, namely its characteristic as indirectly social labour.

This radical conception of abstract labour puts on a equal footing all the producers involved in the market sector :

- On the one hand, all the activities in the market sector take part in the production of commodities, value and revenue (and of surplus value and surplus revenue in the case of wage-earners). No distinction is made between goods and services : provided that they are sold, both are commodities, and all the workers employed in the enterprises producing these goods and services perform productive labour. No distinction is made, either, between « production », « circulation » and « supervisory » activities : be they carried out in specialized enterprises or within « production » enterprises, « circulation » and « supervisory » activities equally constitute indirectly social labour, and producers involved in such activities also perform productive labour.

- On the other hand, provided the goods or services produced by the enterprises are actually sold, the quantity of value and revenue created is identical in all cases : in 1 hour of labour, any producer in the market sector produces 1 hour of value, irrespective (among other things) of labour productivity, of skill and intensity of labour.

Moreover, as a result of the definitions adopted for abstract labour (= indirectly social labour) and commodity (= product of indirectly social labour), the conclusion flows that waged labour-power is not a commodity and that the wage is not the monetary expression of a predetermined « value of labour-power ». Any wage is the direct product of a balance of forces ; and it is the wage that, through determining the worker's purchasing power, codetermines the « value of labour-power ».

5.2. Impact in the field of Marxist economic theory

Do the theoretical viewpoints adopted basically affect the analysis of capitalism ? Considering that it is the wage that influences the « value of labour-power » (rather than the other way round) does not affect in any way the core of Marxist analysis : the theory of surplus value remains fully relevant. Considering that more productive, more intensive or skilled labour does not create more value and revenue than any other labour does not in any way affect the theory of competition : enterprises keep the same interest in innovating, in maintaining a gap between the unit individual value and the unit social value of the commodities (the lesser creation of surplus revenue in these enterprises is compensated by a higher transfer of surplus revenue to their advantage). On the other hand, considering that all labour in the market sector is productive of value and revenue (and surplus value and revenue in the case of waged labour) results in broadening the potential for profit and accumulation of the capitalist system. This, however, does not solve the basic contradictions and problems of capitalism, among which the present market contraction due to neo-liberal policies and increasing inequalities in the distribution of aggregate revenue.

While justified only by conceptual consistency, the non-conventional viewpoints adopted present the additional advantages – as by-products, we might say – of making the theory simpler and allowing a much easier quantification of various key-concepts.

The theory is made simpler, in particular, by the fact that the sphere of productive labour (in the broader sense) coincides with that of market production (which does not mean that the latter is always perfectly clear : see end of §1.1). The theory is also simplified by the fact that there is no need to *a priori* define the wage-earners' « socially necessary » means of consumption and « value of labour-power ».

The statistical estimation becomes much easier since the quantity of value created does not depend on labour productivity, intensity or skill : it only depends on the length of labour-time or, more precisely, on the time during which the worker is subjected to the enterprise. Hence :

- It becomes fairly easy to calculate the sum total of values ($\sum \text{values} = \text{number of producers in market sector} \times \text{average labour-time}$) and thus the magnitude of the money equivalent of value (E), which makes the link between the sphere of values and that of prices and incomes : $E = \sum \text{prices} / \sum \text{values} = \sum \text{incomes} / \sum \text{values}$.

- Once E is known, the « value of labour-power » and necessary labour of any particular or average worker are obtained through dividing the money wage by the magnitude of E. Subtracting this necessary labour from the

labour-time, we obtain the surplus labour (surplus value) and can estimate the corresponding rate of surplus labour (or of surplus value).

- Multiplying by E the value or surplus value created (by a given worker or in a given enterprise or branch) gives the revenue or surplus revenue *created*. Comparing the latter with the wage or profit *obtained*, we can see immediately whether the distribution of the revenue created turns out to the advantage or disadvantage of the producer (or enterprise or branch) considered.

- Dividing the market price of a commodity by E gives the « labour-equivalent of the market price », which approximates the unit social value of the commodity. This approximation is all the more satisfactorily as one considers the value of a *whole set* of commodities (such as the means of consumption purchased by a wage-earner) and/or the *evolution* of value over a certain period of time (rather than the measure of value at a given time) ¹⁹.

5.3. Impact in the ideological and socio-political field

The viewpoints adopted in the field of economic theory also have some indirect impact in the ideological and socio-political field.

First, they establish a basic equality between all commodity producers as far as the creation of value and revenue is concerned. Fitted into market relations in any corner of the planet, a plot peasant, an unskilled industrial worker or a subordinate clerk *create* as much value and revenue – neither more nor less – as the most skilled expert or successful manager. The differences in the incomes each one *obtains* are basically due, not to some less or more important contribution to the creation of aggregate revenue, but to unequal power relations.

Second, the viewpoints adopted completely separate the issue of productive labour and that of social classes. Far from opposing productive wage-earners, unproductive wage-earners and independent producers, they rather suggest that all of them share common interests facing capitalists :

- Wage-earners in institutions of public interest (rectangle C in table 1) are as much exploited as wage-earners in the market sector, since they too provide surplus labour which the system seeks to maximize. For all of them, the degree of economic exploitation depends on the length of labour-time and the real wage obtained (given overall productivity and thus the average value of the means of consumption). For all of them, the degree of physical exploitation depends on the length, difficulty and intensity of labour (given the real wage).

- Contrary to wage-earners, independent market producers (rectangle B in table 1) are not subjected to direct exploitation within production. However, to the extent that they are less efficient or powerful than their capitalist competitors or clients, they give up, through the market mechanisms, a part of the revenue created by their labour (see footnote 7). They also are thus exploited by the system. For them also, the degree of economic exploitation increases with the length of labour-time, while the degree of physical exploitation increases with the length, difficulty and intensity of labour.

¹⁹ a) Let us note here that the unit value of the commodity is the most comprehensive and appropriate concept to estimate productivity. This is so because unit value takes into account *both* the present labour *and the past labour* required to produce a commodity. Unit value thus expresses *both* the efficiency with which workers produce the commodity considered *and the efficiency with which the means of production* are produced and utilized (this second aspect is ignored by most productivity measurements, which calculate the quantity produced per worker or per hour of *present* labour). The evolution of the *unit value of the means of consumption* (which is calculated by dividing the series of the consumer price index by the evolution of E) reflects the evolution of total labour productivity (of present + past labour) in the whole economy.

b) Concerning the statistical estimation of these concepts (E, unit value of the means of consumption, necessary labour, rate of surplus value) and concerning the different concepts of productivity, see Gouverneur J., « Productive labour, price/value ratio and rate of surplus value : theoretical viewpoints and empirical evidence », *Cambridge Journal of Economics*, 1990, vol. 14, p. 1-27, as well as Gouverneur J., *The Foundations of Capitalist Economy*, chapter VIII, p. 238-241, and appendices 3 and 4, p. 291-304.

c) An approximate but suggestive method to estimate E is explained in *The Foundations of Capitalist Economy*, chapter II, exercise 2.21, p. 77 : the magnitude of E can be roughly estimated from data on the *price of one hour of work as charged to customers*. The hourly rate charged to customers is obviously higher than the hourly wage paid to workers in the enterprises considered : the difference gives a direct (though approximate) idea of the reality of surplus labour. The contrast between the abundance of statistical data on hourly wages and their absence concerning the hourly rate charged to customers is therefore neither surprising nor innocent : behind the supposed neutrality of statistics, the dominant ideology fully plays its concealing role.