

The idea of unproductive labour: from Petty to nowadays

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2. Pre-modern labour

Before the modern age, labour could not be chosen neither changed. It was a moral and social duty, due to one's birth (social class and family). It was also despised.

Humanists, then Protestants affirmed the dignity of labour and legitimised wealth and enrichment.

When labour began to get free, mercantilists - who aimed at development - looked for activities which produced a greater social wealth. Since then, the idea of productive and unproductive labour was always connected with the perspective of development.

3. Origin of the idea: William Petty

Petty compiles numerous lists in which he ranks jobs or sectors of production, from the more productive to the less ones.

Then he used a flexible and relative concept of productive labour. For ex. many sectors are little productive because they usually have too many people employed in them (like jurists, literates, priests).

Petty first uses the concept of accumulation as storing up, on the basis of durability (for ex., gold, buildings, furniture, textiles, etc.).

Then he passes to accumulation in the economic sense: he includes among the most productive jobs research in natural sciences (like Davenant later) and production of wage-goods.

4. The debate after Petty (unknown to nearly all historians of economic thought)

Some authors tend to make Petty's concept more rigorous - but also more rigid - by dividing works in productive (whose products are material) and unproductive (intellectual jobs; Public Administration: Petyt, Cary; commerce: Locke, Muñoz).

Other authors look for a right proportion among sectors (Bellers, Cantillon, Vanderlint); especially for professionals (Child, Pollexfen) or in the P.A. (Plumard, Justi).

Others consider commerce as productive (Forbonnais, Ward, Hume).

Some authors distinguish three levels: workers who produce nothing; those who reproduce just what they consume; workers who produce more than what they consume (Dalby Thomas).

5. Enlightenment

In the 17th century mercantilists were in favour of low wages, both for disciplinary reasons and to foster accumulation. However towards the end of the century and in the 18th c. economists noticed that luxury trade and export were no more sufficient to carry on accumulation. Then they started to praise the increase in consumption, either for the growing middle classes (professionals, public administrators, skilled workers) or for workers in general (through high wages). High wages increased productivity because allowed workers to acquire skill thanks to education and training. Then the consumption of productive classes is considered an investment. On the contrary, most authors criticised the luxury of the aristocrats, because it subtracted wealth from investment.

6. Antonio Genovesi

Genovesi has an evolutive vision: economic growth is also civil and cultural growth. He criticises the Aristotelian division between natural and artificial (false) needs. All needs, he says, are at the same time natural and cultural (also the Scottish school says this).

The increase in productivity is due to the increase of both skilled labour and consumption.

At the highest level of development, the more refined jobs (arts, research) become productive.

Genovesi also puts forward the concept of indirectly productive (works useful for accumulation).

The Petty-Genovesi tradition: a) is based on use values (empirical approach);

b) does not use concepts like capital, investment, surplus;

c) disappears soon after.

7. Quesnay: production of surplus (nature + labour)

He considers as productive the labour which produces a surplus (then its productivity level is measurable).

Exchange only happens between equal values, then it does not produce wealth.

This holds not only for commerce, but also for manufacture, which is an exchange between present and future goods (it is mere transformation).

The surplus is generated by nature through labour applied to it.

He establishes a (irrational) difference between productive works and socially useful works (like manufacture).

The consumption of landlords is the driving force of the economy (like Boisguilbert and Cantillon)

8. Smith: labour exchanged with capital

The issue of productive labour is central in Smith's system, it is not casual (as Cannan and others believed).

Smith opposes income expenditure and capital expenditure (investment); waste and saving. He considers as productive the labour which adds value to a material good (also through commerce); and the labour which is exchanged with capital (not with income).

Non material labour is not productive, because it cannot be accumulated.

Then Smith sees only the division of labour and saving as the driving forces of accumulation (due to the influence of industrial revolution). He neglects skilled labour (which however is the secular driving force of accumulation).

In Smith the preoccupation prevails to fight against aristocracy's unproductive luxury and its numerous menial servants, in order to increase productive workers.

9. Smith's followers

The industrial revolution caused a dramatic drop in wages (at the subsistence level) and in workers' skill (labour more and more elementary). These two aspects also became the postulates of the classical school.

About productive labour, in the classical school there are three main approaches: a) authors who agree with Smith; b) those who criticise his thesis about material labour; c) those who attack the distinction itself between productive and unproductive labour (all labour is productive).

Among the authors of the first approach, there are Bentham, Canard, Sismondi, J.Mill, Tracy, Hodgskin, etc.; above all Ricardo. Rau, who uses again the concept of indirectly productive (for public jobs).

The theories of underconsumption explain the periodical crises with an excess in production.

10. Underconsumption: reducing investment

Thus they ask to slow down accumulation. Lauderdale wants less investments and more consumption.

Sismondi says that we must hinder investment to protect workers from unemployment and poverty.

Malthus states that it is necessary to increase unproductive labour and unproductive consumption.

Against this view, other authors maintain that there is a productive outlet for the surplus (but they don't manage to prove it).

Ricardo first answers using Say's law. But such a law is suspected to beg the question. Moreover it is incompatible with the Ricardian concept of surplus.

Then Ricardo provides another answer: the outlet is the increase in population. However this increase is hindered by the limited natural resources (Ricardo shared this Malthusian view).

Marx answered that the outlet for the surplus is the increase in machines (constant capital) according his schemes of enlarged reproduction. However this drives to a decrease of productive labour.

11. Critics of the idea that only material labour can be productive

G. Garnier, Storch, Blanqui, McCulloch, Chalmers, Ganilh, etc.

Their main argument is that professional labour is useful for accumulation (they actually overcome the separation between useful and productive labour).

But they neglect the Smithian definition of productive labour: it is exchanged with capital, not with income. Conclusion: all jobs are productive (the doctor produces health, etc.).

J.S.Mill keeps the “exchange with capital” criterion. He says that intellectual labour can be productive, but only if it makes material labour more productive.

12. Marx: labour which produces profit

... useless work (i.e. production of luxuries) included. Marx left a great number of notes on this theme, but he never reached a definitive conclusion.

Marx is the most rigid, even more than Smith. Unproductive labour includes: commerce, independent workers, public workers, in fact even intellectual labour. In theory, there can be productive intellectual labour but its quantity is negligible (in Smith there is a double definition). - Indirectly productive means unproductive.

However, because of the tendency of the rate of profit to fall, productive labour diminishes (and unproductive middle classes increase).

Like Malthus, Marx “forgets” Smith’s aim to increase productive labour at the expenses of the unproductive.

Finally the classic distinction productive/unproductive labour fails because it does not consider investment in human capital (intellectual labour) as an outlet of the surplus.

13. Utility-value approach

Origin: Graslin (1767); Condillac (1776): subjective value. Lauderdale, Dunoyer, L. Say, Thünen, Longfield, J. Garnier, Senior, A. Walras, Bastiat, etc.: all labour is productive.

J.B.Say: but it is possible that professionals are in excess.

Neoclassic economists: all works are productive because all produce an income. The production of wealth is viewed as an individual - not a social - process. The surplus disappears. The object of economics is price formation, not development.

14. End of 19th century and 20th c.

The 2nd industrial revolution gives a central role to technical labour. Valenti, Taussig, Bordolillo, Spann: intellectual labour is productive.

In the 1930s, and later with the birth of the welfare state, there is a strong influence of the State in the economy.

The concept of unproductive labour is applied to development economics (Myint, Bladen).

Marxist debate in the 1960-1970s: traditional approach (Balibar, Altvater, Bettelheim, Carter, Fine-Harris, Bacon-Eltis, etc.) and a new view about intellectual and public labour (Cazzaniga, Driver, Nagles, Gillman, Gough, etc.). It continues up to now: a few interventions, very ideological.

The advent of post-industrial economy, based on human capital and on individual productivity, puts in evidence that the new view is right. However now all jobs are productive. Which means that Petty’s distinction is useless again.

15. Crisis of the 21st century

According to some “Smithian” authors of today, in the present crisis unproductive labour is widespread again. This happens in most traditional sectors, with supply in excess (food, clothing, cars, household appliances, broad- and telecasting, buildings, etc.); in financial speculation; in the inefficient bureaucracy; etc.

In rich countries there is a very high productivity (due to information technologies, etc.) and a saturation of demand. This generates unproductive labour and unemployment. Whilst, in poor countries, there is lack of investments and of effective demand; low level technology and low level productivity; disguised unemployment (which is another form of unproductive labour).

Can the two parties meet? This can be the true end of unproductive labour.