

# ***Productive Labour in the Information Sector***

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## **ABSTRACT**

**Background** *This article addresses the question of productive labour in the information sector. Based on Marxian political economy, it provides a critical assessment of Dan Schiller's (2007) arguments on productive and unproductive labour. Unproductive labour, it argues, is not something a) unnecessary, b) morally inferior, c) outside of a wage relationship, or d) unprofitable.*

**Analysis** *Following an orthodox Marxian interpretation, this article claims that unproductive labour is a category that revolves exclusively around the concept of surplus value, and that this recognition is vital to understanding the type of labour that takes place in those businesses whose main commodity is information.*

**Conclusions and implications** *The article ends with a more sophisticated account of how to apply the category of productive labour to the information sector.*

**Keywords** *Productive labour; Information sector; Marxian political economy*

## **RÉSUMÉ**

**Contexte** *Cet article traite de la problématique du travail productif dans le secteur de l'information. Sur la base de l'économie politique marxiste, les arguments autour du travail productif et improductif de Dan Schiller ont été évalués de façon critique. Je soutiens que le travail improductif n'est pas quelque chose a) d'inutile b) ni moralement inférieur, c) ni exempt d'un rapport de salaire, d) ni lucratif.*

**Analyse** *Suivant une interprétation marxiste orthodoxe, je postule que le travail productif est une catégorie en rapport exclusivement avec la production de plus-value et cette reconnaissance est vitale pour comprendre les types de travaux qui se réalisent dans les secteurs où la principale marchandise est l'information.*

**Conclusions et implications** *Pour conclure j'apporte une explication plus sophistiquée pour appliquer la catégorie de travail productif au secteur de l'information.*

**Mots clés** *Travail productif; Secteur de l'information; économie politique marxiste; Marxiste et communication.*

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## Introduction

This article aims to contribute to the application of Marxian political economy to the field of mass communication and information studies. It adds to past Marxian debates such as those about exploitation in social media between James Reveley (2015) and Christian Fuchs (2010, 2011); those about audience labour on the internet between César Bolaño and Eloy Vieira (2015), Bolaño (2015), and Fuchs (2015); and those about value and rent between Fuchs (2012), Adam Arvidsson and Elanor Colleoni (2012), and Jakob Riggi and Robert Prey (2015). Based on an orthodox Marxian interpretation, this article critiques Dan Schiller's (2007) claims about productive labour in the information sector. This topic is not a trivial one. Nicholas Garnham (1990) already noted that productive labour is a central question that needs to be addressed in order to "understand the structure of our culture, its production, consumption and reproduction and the role of the mass media in that process" (p. 44). Although many scholars (see Bolaño, 2015; Fuchs, 2015; Lebowitz, 1989; Schiller, 1996, 2007; Smythe, 1977) have addressed this matter, no one, it seems, has engaged in a detailed explanation based on Karl Marx's (1990, 1991, 1992) *Capital* volumes I–III. This article aims to fill this gap. The primary purpose is to provide an orthodox Marxian interpretation on the question of productive labour in the information sector while drawing directly from the three volumes of Marx's *Capital*. The secondary purpose is to endorse the claim that Marxist theory should be studied in a systematic and careful manner in order to produce high-quality critical communication research (see Fuchs & Mosco, 2012).

The point of entry is the first chapter of Schiller's (2007) book *How to Think about Information*. This book was chosen because it offers a heterodox view about productive labour in its application to information. It is well known that Schiller challenged the Marxist orthodoxy to address some issues in communication studies. However, it is still valuable to approach the question of productive labour based on an orthodox perspective. This article challenges Schiller for moving too far away from traditional Marxism when addressing the topic of productive labour.

First, the work in which Dallas Smythe (1977) introduces the question of productive labour is summarized. Second, Schiller's (2007) arguments on productive labour are critiqued while drawing from the three volumes of Marx's (1990, 1991, 1992) *Capital*. Schiller's (2007) representation of unproductive labour as a) unnecessary, b) morally inferior, c) outside of a wage relationship, and d) unprofitable is refuted. By analyzing Schiller's arguments in the same order that he presents them, this assessment of their flaws takes into account the way they are logically constructed. This orthodox critique is thematically organized under each of the misconceptions in order to provide didactic simplicity. Third, a more sophisticated account is offered on how to approach productive labour drawing from a strict Marxist interpretation and how to apply it to the information sector. The article ends with a brief conclusion.

## Dallas Smythe and productive labour

It was one of the founding fathers of the political economy of communication who began the discussion of productive labour. In his influential article "Communications: The Blindspot of Western Marxism," Smythe (1977) introduces and builds on the concept of productive labour in relation to the audience commodity. After explaining the

audience commodity, he asks: “is the production and consumption of the audience commodity for advertisers a ‘productive’ activity in Marxian terms?” (p. 14). Although Smythe never uses the orthodox Marxian concept of “productive labour,” it is clear he is referring to it since he develops his argument by critiquing the work of Paul Baran and Paul Sweezy (1966), who suggest that advertising is mainly a cost of circulation, unproductive of surplus value. Smythe opposes Baran and Sweezy’s claim by explaining how the mass media produces content—a “free lunch”—to hook and hold people as the audience and sell them to advertisers as a way of creating demand. By comparing the advertisement expenditure—\$25 billion—in the US in 1973 with the personal consumption expenditure—\$800 billion—Smythe (1977) claims that producing the audience commodity is a value-added and profitable activity. For Smythe, the reduced cost of creating demand—three percent of the sales price—is evidence of the efficiency of producing the audience commodity and thus of its productive trait. In sum, it is the function of producing audiences to sell to advertisers, and thus making profit that makes the mass media a productive activity. Smythe (1977) even adds a moral character: “The denial of the productivity of advertising is unnecessary and diversionary ... [an] inappropriate attempt at reconciliation with Capital” (p. 16). Thus, it is Smythe’s seminal text that implicitly frames productive labour as useful, profitable, and moral, and unproductive labour as useless, unprofitable, and morally inferior. This is the source of the confusion through which Schiller (2007) builds his argument about productive labour in the information sector. But as is shown in the following section, productive and unproductive labour in Marxian terms have nothing to do with usefulness, profitability, and morality.

### **The fallacies of productive and unproductive labour in the information sector: An orthodox critique of Dan Schiller**

#### *Fallacy #1: Unproductive labour as unnecessary*

Following Smythe (1977), Schiller (2007) presents the concept of unproductive labour as something unnecessary, as something that has no economic role. He does so by declaring that political economy tradition dismisses an economic role for information by conceptualizing it as unproductive. Schiller (2007) argues, “Yet the third major way of thinking about information ... dismisses an economic role for information altogether. This line of reasoning holds that activities such as advertising, market research, law, financial services, and other intensive-information pursuits are simply non productive” (p. 8). The fallacy here is not that political economy dismisses information as unproductive but that unproductive labour is presented as something unnecessary with no economic function. This fallacy is produced in the form of a presupposition by appealing to common sense. In this regard, Norman Fairclough (1992) notes that presuppositions are very difficult to challenge. However, beyond Schiller’s intent of unquestionably presenting the notion of being unproductive as lacking an economic role, this conceptualization is incorrect. In Marxism, unproductive activities are not useless. On the contrary, they are vital operations for the production process in which the creation of value and surplus value occurs. In order to counter this mistaken position, it is necessary to briefly review and explain Marx’s circuit of capital.

Marx (1992) identifies capital as a three-stage process of the circulation and valorization of value. The first stage is the act of circulation, when the capitalist transforms his value in the form of money into a commodity. This is the capitalist's act of buying commodities; this includes, on the one hand, the means of production, and on the other, labour-power. This is represented by  $M-C$ , where  $M$  stands for money and  $C$  stands for commodity. The second stage is the process of productive consumption, where the production process takes place by bringing together the means of production and labour-power, thus producing new commodities. By exploiting labour-power, the production process results in the formation of surplus value in the form of commodities of higher value. This stage is represented by  $P$ . Its outcome is commodities impregnated with more value. The third stage is again an act of circulation, where the increased value of mass of commodities is transformed back into money. This is the capitalist's act of selling commodities. It is depicted as  $C'-M'$ , where  $'$  stands for an increase of value both for the value of the mass of commodities and the value of money. Its outcome is valorized money, that is,  $M'$ . These three stages are represented by the formula  $M-C...P...C'-M'$ , which is called the circuit of capital (Marx, 1992). In this regard, Marx (1992) emphasizes that "Capital, as self valorizing value, does not just comprise class relations ... it is a movement, a circulatory process through different stages" (p. 185). Marx assigns great importance to the two acts of circulation  $M-C$  and  $C'-M'$  that enclose the production process  $P$ , where value and surplus value are created and objectified into commodities. He explains that these acts of circulation do not produce value but transform value into different forms or states. "The change of state costs time and labour-power, not to create value, but rather to bring about the conversion of value from one into another" (Marx, 1992, p. 208).

So, although the acts of circulation involve time and labour-power, there is no production of value, only the transformation of the form or state of value. In  $M-C$ , money value is transformed into commodity value. In  $C'-M'$ , the value of the mass of commodities impregnated with surplus value is transformed back into valorized money value. No value is actually created, thus no new value is imbued into commodities. "Those circulation costs that proceed from the mere change in form of value, from circulation in its ideal sense, do not enter into the value of commodities" (Marx, 1992, p. 214).

As David Harvey (2013) further clarifies, Marx's idea when presenting the circulation time is "that value and surplus value cannot be produced through acts of exchange. From this it follows that the time and labour expended on circulation in the market is unproductive" (p. 91). So, the concept of unproductive labour within the circuit of capital is about value and surplus value. It is not related to the lack of utility, as Schiller (2007) presents it, but to the lack of producing value and surplus value. In this regard, Marx (1992) is adamant in characterizing the labour activities within the sphere of circulation as economically vital for the production of value and surplus value that takes place in the production process. "This labour ... behaves somewhat like the 'work of combustion' involved in setting light to a material that is used to produce heat. This work does not produce any heat, although is a necessary moment

for the combustion process” (p. 208). While the circulation process does not produce value, it is necessary for the production of value.

Moreover, when Marx (1992) considers the act of circulation as performed by a merchant capitalist, he reaffirms the usefulness of the unproductive acts of circulation.

He expends his labour-power and his labour time in the operations C – M and M – C. He performs a necessary function, because the reproduction process itself includes unproductive functions. He is useful because a smaller part of society’s labour-power and labour time is now tied up in these unproductive functions. (pp. 209–210)

It is interesting to note that in this passage the usefulness of unproductive functions is such because they are part of the reproduction process itself. Finally, in Marx’s crisis theory, it is during the circulation sphere that crises within the capitalist mode of production arise. As Ernest Mandel (1992) states, crises are mainly problems of the realization of value, when consumers do not have enough purchasing power to buy commodities at their value. “The ultimate reason for all crisis always remains the poverty and restricted consumption of the masses” (Marx, 1991, p. 615). In fact, John Maynard Keynes’ monetary policy tries precisely to solve this circulation problem already identified by Marx as rooted in the disproportions between production and consumption in the capitalist mode of production (Mandel, 1992). Consequently, the labour expended in transforming money to commodities and commodities back to money is unproductive not because it is useless or unnecessary but because it does not create value or surplus value (Harvey, 2013). The unproductive operations M–C and C–M are essential in the capitalist economy because they comprise two moments of circulation within the cycle of capital where value changes its form in order to a) provide the means of production and labour-power to start the production process P, and b) transform the commodities of higher value back into money, which facilitates buying the means of production and labour-power again to start a new cycle of production. Thus, unproductive labour in Marxism is not only useful but a vital activity in the cycle of capital.

*Fallacy #2: Unproductive labour as morally inferior*

After presenting unproductive labour as useless, Schiller minimizes unproductive activities by using negative evaluative forms in direct contrast to productive activities. He again follows Smythe’s (1977) artificial sense of morality assigned to productive labour, “the distinction between producers and nonproducers has persisted down to the present as a widespread mistrust of ‘parasitic’ paper-pushers and other members of information-intensive occupations” (Schiller, 2007, p. 9). In addition, Schiller (2007) uses particular word choices to put unproductive activities in a negative light, such as “surplus eaters” and “social wastage.” He states, “To the older strata of ‘surplus eaters’—unproductive participants in the economy—are added a host new ones: corporate and government bureaucrats, bankers and lawyers, advertising copy writers ... . All are part of a vast social wastage” (p. 9). These word choices create the false impression that unproductive activities are morally inferior to productive ones. However, in Marxism the classification of productive and unproductive labour is not about morality

but about their functioning within the capitalist mode of production. “When Marx classifies certain forms of labour as productive and others as unproductive, he is not passing moral judgement” (Mandel, 1992, p. 41). “In Marx’s definition, there are no observations about ethics or morals” (Bolaño, 2015, p. 80). Schiller’s misrepresentation of unproductive labour raises two problems. On the one hand, it glorifies productive activities, and on the other, it puts both concepts in opposition. However, from a Marxist perspective, productive activities are neither morally higher nor do they stand in opposition to unproductive ones.

Schiller’s notion of unproductive labour as something horrible drives him to the unreasonable position of celebrating productive labour. But to be clear, being a “surplus eater”—a metaphor used by Schiller (2007) to minimize unproductive labour rather than to explain its reappropriation function—or a producer of surplus value is equally dreadful. In Marxism, the production of surplus value through productive labour is regarded as immoral, unjust, and oppressive. Marx (1990) states that productive labour is “not merely the production of commodities, it is, by its very essence, the production of surplus value” (p. 644). Now, what is the problem with a labour process that aims to produce surplus value? The main issue is that the production of surplus value is not the result of commodities sold above their value or commodities bought at less than their value. The production of surplus value is achieved at the expense of workers. Surplus value, which in Marxism means exactly “excess labour” or “unpaid labour,” arises from the degree of exploitation of the worker. In this regard, Marx (1990) claims “The rate of surplus value is therefore an exact expression for the degree of exploitation of labour-power by capital, or of the worker by the capitalist” (p. 326). Therefore, an activity whose purpose is the production and appropriation of “unpaid labour” cannot be superior to an activity that reappropriates “unpaid labour” without producing it. In terms of their implications, both productive labour, i.e., the production and appropriation of surplus value, and unproductive labour, i.e., the reappropriation of surplus value, stand as equally unethical. Moreover, in Chapter 10 of *Capital Volume I*, Marx (1990) describes at length the health hazards that workers are exposed due to “the voracious appetite for surplus value” (376):

the production of surplus value ... not only produces a deterioration of labour-power by robbing it of its normal and physical conditions of development and activity, but also produces the premature exhaustion and death of this labour-power itself” (p. 376).

Capital, as a process of the valorization of value that aims to produce surplus value, “attains its objective by shortening the life of labour-power” (p. 376).

So what is the good thing about being a productive worker? Marx (1990) is clear on this: “To be a productive worker is therefore not a piece of luck, but a misfortune” (p. 644). In addition, it is interesting to note that in Marx’s (1991) view, unproductive commercial workers stand in a better position than productive ones. “The commercial worker proper belongs to the better-paid class of wage-labourer” (p. 414). In consequence, productive labour is neither good nor morally superior to unproductive labour. Schiller’s suggestion is incorrect. By obscuring the exploitative nature of productive labour, Schiller unintentionally presents productive labour as worthy.

Besides portraying productive labour as morally superior, Schiller (2007) puts productive and unproductive labour in opposition, as mutually exclusive. Although he does not do it literally, he does so by describing them as contraries. By using expressions such as “the dichotomy between productive and unproductive labour,” (p. 10) he obscures the complimentary role of productive and unproductive activities in the context of the capitalist mode of production. As the process of capital consists of three stages, where stages one and three comprise circulation acts based on unproductive labour, and stage two comprises a productive act based on productive labour, then these two types of labour cannot be opposite and must be complementary. Both productive labour and unproductive labour are part of the process of capital. The circuit of capital  $M-C \dots P \dots C'-M'$  clearly shows that the unproductive activities in the extremes of  $M-C$  and  $C'-M'$  that are involved in the transformation of money value to commodity value and back again—from increased commodity value to increased money value—are complementary to the process of productive consumption in the middle. Although the unproductive activities in the extremes of the circuit of capital do not produce value but rather transform value into a different form—from money value to commodity value—these acts of unproductive labour cannot be regarded as the reverse of the productive labour that takes place in the middle of the circuit and produces value and surplus value. It is a mistake to logically oppose two different types of activities that are essential to the purpose of capital, which is the production of surplus value. In this regard, both productive labour and unproductive labour complement each other in robbing workers of unpaid labour within the cycle of capital. An opposed act would be one that counters the theft of unpaid labour—i.e., surplus value—from workers. But in the case of the circuit of capital, both productive and unproductive labour work in tandem to benefit the capitalists at the expense of the working class. As Mandel (1992) illuminates:

There is an indissoluble unity between the production of value and surplus value on the one hand, and the circulation (sale) of commodities, the realization of value, on the other. ... the one cannot take place without the other. (pp. 15–16)

Therefore, productive labour and unproductive labour are not mutually exclusive; on the contrary, they are mutually dependent.

### *Fallacy #3: Productive labour as wage labour*

Schiller (2007) presents productive labour as the result of a wage-labour relationship and the production of profit for the capitalist. After quoting a long passage from Marx's (1990) fragment *Results of the Immediate Process of Production*, he defines productive labour as an activity that needs only a wage labourer producing a commodity to enrich a capitalist. This definition is partial and misleading. However, the error is a difficult one to identify because Schiller supports his definition after quoting a passage from Marx, where he certainly identifies productive labour as a wage-labour relationship that produces money for a capitalist. So what is wrong? Mainly it is that Schiller is not aware that Marx's examples in this passage are circumscribed to the process of production. Marx's examples—the singer, the schoolmaster, and the literary proletarian—are activities located in the process of production, not in the sphere of circulation.

Neither the singer, the schoolmaster, nor the literary proletarian work for the capitalist to facilitate the transformation of commodity value back into money value or vice-versa. As mentioned, this passage is taken from the fragment *Results of the Immediate Process of Production*, particularly the section “Productive and Unproductive Labour,” in which Marx deals at length with the process of production. Why is this important? Because in Marxism the labour expended on circulation in the market is unproductive, whereas the labour expended on production is productive. The wage labourer who works in the process of production is not only productive because he is in a wage relationship but because his labour is located in the process of production. In this passage, Marx is addressing productive labour within the process of the production of capital, which from Marx’s point of view, is where it really belongs. Here, the process of production is already assumed, so Marx does not need to emphasize that those activities must be done within the process of production to be regarded as productive. Therefore, this passage cannot be used, as Schiller (2007) does, to extend the definition of productive labour as a wage-labour relationship to those activities that take place out of the process of production. Let us examine this in more detail.

Marx (1990) begins the section *Productive and unproductive labour* by stating:

Since the immediate purpose ... of capitalist production is surplus value, labour is only productive ... if it creates surplus value directly, i.e. the only productive labour is that which is directly consumed in the course of production for the valorization of capital. (p. 1038)

The sentence “the only productive labour is that which is directly consumed in the course of production” makes clear that he is dealing with the process of production, not with those activities that take place in the realm of circulation. Then, Marx (1990) adds, “The only productive worker is one whose labour = the productive consumption of labour-power” (p. 1039). Here he again makes the productive worker equivalent with the productive consumption of labour-power, where productive consumption means the process of production. In addition, when detailing the definition of productive labour, he adds, “his labour, is directly incorporated into the production process of capital as a living factor” (p. 1040). But in the following sentence this issue is completely clarified: “Productive labour is merely an abbreviation for the entire complex of activities of labour and labour-power within capitalist process of production” (p. 1043). Here, Marx limits the notion of productive labour to the process of production in exclusion to the process of circulation.

After quoting Marx, Schiller (2007) proceeds in presenting the information sector as productive just by addressing the wage-labour relationship that has taken place throughout history. He says, “Information services were not, however, to be left permanently to the realm of self-employment” (p. 11), and then continues, “complex historical processes have empowered capital to impose wage relationships on many formerly exempt categories of social labor” (p. 11). It is clear that Schiller’s argument is mainly driven by the wage relationship. He weaves his intellectual thread around wage until he declares, “Drawn into the giant firm or entering the employ of specialized service corporations, formerly self-employed professionals were instead increasingly transformed into directly productive wage labourers” (p.11). As already shown, this is

incorrect. In Marxism, wage-labour status does not make a worker a productive one. Marx (1990) knew perfectly well that wage labour could exist outside of the realm of production. “Every productive worker is a wage-labourer, but not every wage-labourer is a productive worker” (p. 1041). In addition, the following quote even explains Schiller’s flaw.

Now the fact that with the growth of capitalist production all services become transformed into wage-labour, and those who perform them into wage-labourers, means that they tend increasingly to be confused with the productive worker, just because they share this characteristic with him. (p. 1042)

Here, Schiller’s misinterpretation is clearly explained by Marx himself. In his own words, Schiller’s confusion is due to the expansion of the capitalist mode of production, which transformed information workers into wage labourers. Schiller’s (2007) question, “Can these millions of wage earners continue to be thought of merely as unproductive labourers?” (p. 14) can thus be answered with a straightforward: yes, why not? What is the problem with labelling millions of wage earners as unproductive workers? This is provoking only in Schiller’s mind, which seems to be horrified by the dubbing of workers as unproductive.

#### *Fallacy #4: Productive labour as profitable*

Schiller presents productive labour as the result of the production of profit for the capitalist. He follows Smythe’s (1997) claim that producing audiences for sale to advertisers is productive merely because it produces profit. This misconception is a very difficult one to avoid because it appears to be common sense; if an activity makes profit then it must be productive. Schiller (2007) states “Labor is productive, in other words, if it creates a surplus for a capitalist over and above the wealth that it consumes in order to be capable of producing at all” (p. 10). Schiller avoids the concept of “surplus value,” which in Marxism means “unpaid labour,” and circumscribes productive labour to profit. He makes this clear by saying, “No matter how repellent the function of a given kind of labour, it is productive if it ‘is taken over by capital’ so as to contribute to accumulation by means of the wage relationship and market exchange” (Schiller, 2007, p. 10). Then, Schiller (2007) begins to describe the information sector as one that produces profit for the owner in order to support his claim that this sector is based on productive labour, “their labor not only contributed to the value of the automobile, to put it another way, but also, more importantly, produced a surplus for the owners” (p. 11).

Schiller continues with historic data on the amount of investment that takes place in the information sector and its immense contribution to the overall economy, “these transnationals, by far the most important source of demand for the high-tech capital investments described above, are employing these investments precisely to unify, control and further expand their productive profit-making activities on a global scale” (p. 13). In addition, he supports his claim based on the number of workers the information sector employs, “Heavily concentrated in the United States ... information-services employment became one of the fastest-growing segments of the labor force” (p. 14). In sum, Schiller identifies and characterizes productive labour mainly as an ac-

tivity that produces wealth and economic expansion. However, from a Marxist perspective this argument is incorrect. Although productive labour is somewhat related to profit, it cannot be explained only in terms of profit. In fact, a capitalist can make more profit by engaging in unproductive activities than productive ones. For example, the currency trade and the derivatives market in the financial sector have grown and become enormous sources of profit in the last several decades (McNally, 2011). These financial activities are regarded as unproductive by Marx (1991), however, because they are speculative activities that do not produce surplus value. In Marxism the main element used to discriminate between productive and unproductive labour is surplus value, which, while being the substance of profit, is not the same thing as profit. In this regard, Schiller wrongly assumes that all profits made in the information sector derive from surplus value, that is, from productive labour, which is not accurate. Since this issue is a cornerstone to understanding what productive labour is from a Marxist perspective, it is necessary to delve into it with more detail and context.

Marx's distinction of productive and unproductive labour is related to his critique of classical political economists. He critiques Adam Smith and David Ricardo for suggesting that surplus value is produced during the sphere of circulation. Marx (1992) states that Smith and Ricardo's principles about value formation, which "derived straight from the examination of industrial capital, cannot be applied to commercial capital" (p. 441). In order to clarify this matter, Marx divides the capitalist class among different types in relation to their activities within the circuit of capital. He distinguishes industrial capitalists, commercial capitalists, interest-bearing capitalists (bankers), and capitalist landowners. Marx argues that value and surplus value are produced only by industrial capitalists during the process of production within the cycle of capital. For Marx, "value and surplus value cannot be produced through the acts of exchange. Value is created in production, and that is that" (Harvey, 2013, p. 91). Regarding those activities performed during the acts of exchange by commercial capitalists, Marx (1991) states, "Commercial capital is nothing more than capital functioning within the circulation sphere. ... But in the process of circulation, no value is produced, and thus also no surplus-value" (p. 392). So, if merchants, wholesalers, and retailers employ workers to make profit, in Marx's view this kind of labour is still unproductive labour because it neither produces value nor surplus value (Harvey, 2013). Profit is not the main factor that determines whether labour is productive or not. But then, what exactly determines the productive quality of labour? What is productive labour after all?

As Mandel (1992) explains, productive labour revolves around the concept of surplus value. He says, "For capital as a whole, only that labour is productive which increases the total mass of surplus-value" (p. 42). On the contrary, "All wage-labour which enables an individual capitalist to appropriate a fraction of the total mass of surplus-value, without adding to that mass ... is unproductive, because it does not augment the total size of the cake" (p. 42). In this definition there are five vital elements worth noting. First, productive labour is related to the total social capital, the total size of the cake, not to individual capital. Second, productive labour is about surplus value not about profit, as Schiller suggests. Third, it is implied that capitalists can somehow appropriate surplus value without producing surplus value. Fourth, wage labour is not

exclusive to productive labour, as Schiller puts it. And fifth, productive labour is not about replacing the amount of surplus value already contained in a commodity but rather increasing the total mass of surplus value in existence. Mandel (1992) then adds, “Only within the realm of commodity production, then, is productive labour performed. No new surplus-value can be added in the sphere of circulation” (p. 42). This is so because only in the realm of production can the condition of adding to the total mass of surplus value be achieved. While in the process of circulation, value and surplus value are only transformed, it is in the process of production that value and surplus value are produced afresh by wage labourers (Marx, 1992). And here is the importance of Mandel’s (1992) key point that “all that happens there [in unproductive activities] is the redistribution or reapportionment of previously created surplus-value” (p. 42). This is the key concept to understanding unproductive labour. Unproductive labour is an activity that does not directly produce surplus value but rather reappropriates surplus value previously created from another capitalist. So, from the perspective of the total mass of surplus value in society, unproductive labour is not an activity that contributes to the mass of surplus value but rather one that distributes it by reappropriating it.

With this definition in mind, let us analyze an advertising agency as an example of unproductive labour in the information sector. Within the circuit of capital, an advertising agency can be regarded as a commercial capitalist. Its role within the circuit of capital is to facilitate the transformation of commodity value back into money value by shortening the circulation time, thus hastening the turnover of capital. It therefore functions in the sphere of circulation, specifically in the third stage,  $C'-M'$ , where the increased mass of value contained in commodities  $C'$  must be transformed back into valorized money value  $M'$ . In this context, the advertising agency’s job is to perform an operation on behalf of the industrial capitalist in order to aid in the transformation of commodities back into money. With this goal in mind, the advertising agency produces an informational commodity—a stunning marketing campaign—to attract consumers’ attention and help the industrial capitalist sell his commodities. Now, in Marx’s (1991) view, the time expended on marketing activities does not add value or surplus value to the commodities produced by the industrial capitalist. “All these costs are incurred not in the production of commodities’ use-value, but rather in the realization of their value; they are pure costs of circulation” (pp. 402–403).

Marx is right that the marketing campaign does not add value to the commodities of the industrial capitalist. There is nothing strange about this assertion. In addition, Marx (1991) states that, “Since the [commercial capitalist], being simply an agent of circulation, produces neither value nor surplus-value ... the commercial workers whom he employs in these same functions cannot possibly create surplus-value for him directly” (p. 406). This means that graphic designers, models, photographers, filmmakers, sound technicians, and all the wage labourers who participated in the marketing campaign do not produce surplus value directly for the advertising agency. Now, since wage labourers do not produce surplus value for the advertising agency, and thus the advertising agency cannot appropriate surplus value from its employees, how does the advertising agency make a profit? Marx (1991) explains that commercial capital

makes money by reappropriating surplus value as a share in profit from the industrial capitalist rather than by producing it, “[commercial capital] appropriates a portion of this surplus-value by getting it transferred from industrial capital to itself” (p. 407). This reasoning might sound like a sophism but actually is very accurate. The profits of advertising agencies are traditionally set on a 15-percent commission on the cost of ad space or time that is offered by the media (Sissors & Baron, 2010). “The agency bills the advertiser the gross amount, but pays the media 85 percent, the net charge—this is a privilege granted to formally recognized advertising and media agencies” (Sissors & Baron, 2010, p. 380). Now, for those companies who are not willing to pay the 15 percent commission rate (Katz, 2003), advertising agencies offer a negotiated fee or performance mechanism that ties the advertising agency’s profit to sales (Sissors & Baron, 2010). Therefore, beside the particular method applied, it is clear that advertising agencies do not enrich themselves by exploiting their wage labourers—that is, paying a wage that is not equivalent to the mass of value produced by the commercial employees. The “[commercial employee’s] wage does not stand in any necessary relationship to the amount of profit that he helps the capitalist to realize” (Marx, 1991, p. 414). Thus, the profit made by advertising agencies does not come directly from the value created by their workers but from the reappropriation of the surplus value already produced by an industrial capitalist. To be clear, although commercial employees produce value, the total amount of value does not explain the amount of profit made by the advertising agency. These profits stand in relationship to the amount of value reappropriated from an industrial capitalist, not to the amount of value produced by its employees. That is why Marx states that commercial capitalists gain profit as a result of a reappropriation of value rather than the production of value.

Now, if the advertising agency does not make profit on the basis of surplus value, why does it still need to exploit its workers? The answer Marx (1991) gives is a simple one: by exploiting its workers, commercial capital can be used to appropriate more surplus value at less cost. As the amount of profit of a commercial capitalist “depends on the amount of capital that he can employ in this process, and he can employ all the more capital ... the greater the unpaid labour of his clerks” (p. 407), the commercial capitalist is therefore compelled to exploit its workers in the same way an industrial capitalist does. After all, it is due to the exploited commercial employees that the advertising agency can re-appropriate more surplus value from the industrial capitalist. “Their unpaid labour, even though it does not create surplus-value, does create his ability to appropriate surplus-value” (Marx, 1991, p. 407).

Going back to Mandel’s clarification of productive labour, it can be seen that an advertising agency does not comprise productive labour. Although an advertising agency may make a lot of profits, it does so by reappropriating a share of the surplus value already produced by its industrial capitalist clients instead of producing and appropriating fresh surplus value from its own employees. Since marketing and advertising are organized as for-profit capitalist enterprises, they tend to be confused with productive labour activities; however, they are one of the many modes of appropriating surplus value without producing it (Foley, 2013). So, rather than increasing the total mass of surplus value in society—i.e., the total size of the cake (Mandel, 1992) or the

pool of surplus value (Foley, 2013)—an advertising agency appropriates a fraction of the total mass of surplus value without adding to that mass. In this case, there is only a redistribution of a quantity of previously created surplus value. Its workers are then unproductive because “the unpaid labour of the commercial employee creates a share in that surplus-value for commercial capital” (Marx, 1991, pp. 407–408) rather than producing and adding to the total mass of surplus value in society. To conclude, Schiller’s characterization of productive labour as profit and economic expansion is inaccurate.

### **How to approach productive labour in the information sector**

This section offers a more nuanced account of how to approach the question of productive labour in the information sector. However, due to space limitations, it is a preliminary statement. This question cannot be addressed unless a different theoretical stance is taken. Rather than defining information as a commodity plain and simple, it is more functional to define it in terms of its mechanisms in the appropriation of surplus value. Information predominately takes the form of a commodity in a capitalist economy, as Schiller (2007) correctly points out, but its means of appropriating surplus value are not one and the same. As Harvey (2006) explains, the appropriation of surplus value can happen in different ways: a) as profit on productive capital, b) profit on merchant’s capital, c) interest on money capital, and d) rent. These four different mechanisms or means of appropriating surplus value can also be found in the commodities of the information sector. While some informational commodities appropriate surplus value on productive capital, others appropriate surplus value on merchant’s capital—such as the above example of the advertising agency—while others do on money capital and others on rent. If these diverse mechanisms in the appropriation of surplus value are correctly identified and taken into account, the question of productive and unproductive labour in a particular information industry can be better solved.

Academic publishers such as Elsevier, Springer, and Wiley-Blackwell produce information as a commodity to make profit. These publishers, which account for 42 percent of all the articles published, coerce academics to surrender their intellectual rights as a condition of publication (Peekhaus, 2012). Through the transfer of intellectual property rights, monopoly rents can be realized (Harvey, 2002). “Intellectual property rights secure the power of owners of highly sought-after knowledge or information ... and the like, to appropriate part of the pool of surplus value by controlling access to them” (Foley, 2013, p. 8). As Brice Nixon (2014) puts it, “The copyright holder is a cultural ‘landlord’ who does not accumulate capital through the sale of commodities but rather through the granting of access to a privately owned cultural resource in return for payment, i.e. through rent” (p. 729). Academic publishers are cultural rentiers. Now, if the free labour done by academics is taken into account (Peekhaus, 2012), as well as that done by wage labourers, it becomes clear that the labour involved in this industry does not stand in relationship to the amount of profits. The 30 percent and 40 percent profit margins enjoyed by these oligarchs do not reflect the magnitude of added value these companies claim to produce (Peekhaus, 2012). In this case, the production of information as a commodity appropriates surplus values on rent rather than on productive capital, money capital, or merchant’s capital. As rentiers, these companies’ profits

do not come directly from the value created by academics or wage labourers but from the reappropriation of the surplus value already produced by libraries, universities, research centres, and other capitalists. Their profits do not stand in relationship to the amount of value produced by their wage labourers. Thus, wage labourers at Elsevier, Springer, and Wiley-Blackwell do not engage in productive but rather in unproductive labour. Academic publishers comprise an unproductive information sector. Although deeper analysis is necessary, this kind of approach, which situates the question of productive and unproductive labour around the mechanisms in the appropriation of surplus value, offers a more sophisticated way to approach the topic of productive labour in the information sector.

### Conclusion

Productive labour in Marxian political economy revolves around the production of surplus value. It consists of wage-labour activities that enable individual capitalists to enrich themselves by directly producing and extracting surplus value—i.e., unpaid labour—from their workers. The capitalists pay a wage that is not equivalent to the mass of value produced by their employees. They make an amount of profit in inverse relationship to the wage and in direct relationship to the surplus value they are able to extract from their employees. In this regard, Schiller (2007) fails to appreciate the distinctions fundamental to Marxian political economy between the production, transformation, and appropriation of value and surplus value. Since surplus value can be transformed and appropriated without being produced, some capitalists are in a position of making profits without directly producing surplus value—i.e., unproductive labour. Schiller's failure to recognize these distinctions comes from his unfamiliarity with *Capital* volume II (Marx, 1992) and *Capital* volume III (Marx, 1991). His analysis is restricted to *Capital* volume I (Marx, 1990), in particular the fragment *Results of the Immediate Process of Production* (see Marx, 1990) in which Marx deals only with the production of surplus value. He does not touch on the process of the transformation of value and surplus value from *Capital* volume II (Marx, 1992), or the process of the appropriation of surplus value by commercial capitalists, interest-bearing capitalists, and capitalist landowners from *Capital* volume III (Marx, 1991). Thus, the nuanced, deep, and complex insights on value and surplus value within the whole circuit of capital and the many capitalists are absent in his examination of the information sector. This theoretical gap is problematic. As Harvey (2010) points out, to understand the grand narrative of Marx's *Capital* it has to be read as a whole, not in excerpts, abstracts, bits, or pieces. It is thus Schiller's failure to address the concept of value and surplus value within Marx's grand narrative that drives him to make inaccurate claims about productive and unproductive labour. This is a case of theoretical weakness, one of the main ailments in communication research as Maria Lopes (1999) correctly points out. This deficit is predominantly acute with respect to Marxian political economy (see Fuchs & Mosco, 2012). Since Marxism has been largely marginalized and distorted and lacks a solid institutional base in communication studies (Erdogan, 2012), theoretical inaccuracies in Marxian analysis are commonplace among communication scholars. This orthodox critique shows that more Marx is required in academia. There is a need for institutionally including Marx in commu-

nication and media studies at research universities. Following Christian Fuchs and Vincent Mosco (2012), this article claims that Marxian political economy is vital to the production of high-quality critical communication research in information-intensive capitalist societies.

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