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CRITICISM OF ARGUMENTS ON SERVICE LABOUR AND NATIONAL INCOME

By Isao HASHIMOTO*

I

This is supplementary to my previous essay "The Productive Nature of Service Labour", *The Kyoto University Economic Review*, Vol. 36, No. 2, October 1966. In that paper I expressed my opinion about various arguments relating to the productive characteristics of service labour, which (see the forementioned essay for the detailed discussion) can be summarized briefly as follows:

There are two opposing opinions among Marxian scholars in this country, centering on the intricate problem of deciding whether service labour should be regarded as productive or not — one holding that service labour is fundamentally unproductive and the other holding that, although it is unproductive when viewed from "*the general viewpoint*" conceived from the labour process in general, it can be productive labour when viewed from "*the historical viewpoint*" under capitalist production.

The key for solving these arguments depends upon the way of comprehending the mutual relationship between "the general viewpoint", i.e. viewpoint of the use value and "the historical viewpoint", i.e. viewpoint of the surplus value. The approach to this problem in pursuit of this relationship was found to have been made from the following two viewpoints. The first — the process of the historical development under capitalist production and the second — the process of logical development in Marx's *Capital*. As a result it was made clear in the first case that the subjection of labour to capital had historically been furthered and consequently the "mystification of capitalist production"¹⁾ had been introduced. In the case of logical development, it was shown that "the inversion of relationship"²⁾ had taken place from the social viewpoint — the viewpoint of industrial capital to the individual capitalist's viewpoint — the viewpoint in individual capital.

Therefore, it is quite natural that on the one hand service labour was considered to be productive labour from the general viewpoint and yet the same service

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1) K. Marx, *The Results of the Direct Process of Production*, Transl. by T. Tan, 1949, p. 106.

2) K. Marx, *Theorien über den Mehrwert*, I, 1962, Dietz, S. 353, *Theories of Surplus Value*, Moscow ed., p. 377.

labour on the other hand had to be taken as if it were productive labour from the historical viewpoint, that is, circumstances under which capital had subjected labour and service labour was obliged to be performed under capitalists = the viewpoint of competition by individual capitalists, i.e. the viewpoint of individual capitalists. Consequently it leads to the conclusion that service labour is after all substantially unproductive labour and that it is only because of the process of "mystification" and "the inversion of relationship" in capitalist society that service labour is likely to *appear* to be conceived to be productive. It is on the basis of this conclusion that the present paper is written to state my criticism of the major problems of the forementioned conventional arguments.

II

The first problem to be taken up is concerned with "Is there not any discrepancy between the viewpoint prescribed in Marx's *Theory of Surplus Value* and the viewpoint in *Capital*?" and "How should the relationship between the two, if any, be comprehended?" The way service labour is described in *Theory of Surplus Value* provides strong grounds for such a view as the assertion that service labour is also productive labour. For example, this view is maintained in *National Income* by Prof. Hiromi Arizawa and Prof. Takahide Nakamura³⁾. Nevertheless it should be noted that this view has frequently been ignored in a number of essays, with only a few exceptions such as a very excellent and clear-cut elucidation of this problem by Prof. Mitsuteru Fukuda⁴⁾ and a noteworthy essay by Prof. Hisazo Asobe⁵⁾.

Now, in short the historical viewpoint of productive labour, i.e. the aspect from the viewpoint of surplus value is frequently emphasised in *Theory of Surplus Value*. Quoting one example, "productive labour in its meaning for capitalist production, is such wage labour that is exchanged against a variable capital and that not only reproduces this part of capital but can also produce surplus value for the capitalist"⁶⁾. On the other hand, in *Capital* is held "the general viewpoint", i.e. the aspect from the viewpoint of the use value. For instance, in the "labour

3) Hiromi Arizawa and Takahide Nakamura, *National Income*, 1955, p. 34.

4) Mitsuteru, Fukuda, "Productive Labour and Unproductive Labour", *Economic Studies*, Vol. 21, No. 4, p. 67.

5) Hisazo Asobe, "Productive Labour and Service Labour", *Mita Economic Journal*, Vol. 50, No. 12, p. 7: Quoted as follows: "We have no choice at first sight to conclude that there is a contradiction between the original viewpoint described in *Capital*, Vol. 1, Part III, Chapter 5, and the historical viewpoint in *Theory of Surplus Value*, Vol. I. It would seem impossible to make any appropriate criticism of the contention of regarding labour engaged in immaterial production as that engaged in production of value of the basis of the Marxian interpretation of Smith's view, unless some further explanation about this superficial contradiction should be made."

6) K. Marx, *Theorien über den Mehrwert*, S. 115.

process in general" in Section 1, Chapter 5 of Part 3, Vol. I of *Capital*, Marx says, "if we examine the whole process from the point of view of its result, the product, it is plain that both the instruments and the subject of labour, are the means of production, and that labour itself is productive labour"⁷). Now, our immediate problem depends on whether it is possible for us to comprehend the historical viewpoint of *Theory of Surplus Value* and the general viewpoint of *Capital* without any contradiction or not, in particular how should we comprehend the statement made in *Theory of Surplus Value* to the effect that even service labour is productive as long as it is hired by a capitalist, "producing some profit to capital"⁸).

In this connection the first point we must specially note is the fact that the emphasis on the aspect of productive labour in *Theory of Surplus Value* is placed not on the natural form of labour but on the social form of labour, that is, on the historical aspect in the meaning of capitalist production or the viewpoint of surplus value. This idea can well be illustrated in the same book by the fact that frequent references are made to service labour, such as actors⁹) hotel waiters or waitresses¹⁰), writers¹¹), etc. Moreover, it is emphasised that even service labour is productive as long as it is labour that can be "exchanged for capital and can produce a commodity"¹²), and that it has nothing to do "for the time being" with the content of that particular labour, i.e. whether any particular labour happens to be labour engaged in the field of material production or in the field of service production¹³). However, our attention should be invited to the term "for the time being"¹⁴). For instance, there is a statement in the Supplement to

7) K. Marx, *Das Kapital*, I, S. 189, *Capital*, Moscow ed., I, p. 335.

8) K. Marx, *Theorien*, S. 129.

9) *Ibid.*, S. 120.

10) *Ibid.*, S. 122.

11) *Ibid.*, S. 365.

12) *Ibid.*, S. 136.

13) Prof. Kikuji Ida admits the following interpretation: although the problems of service labour are discussed after the analogy between education and factory in *Theory of Surplus Value*, "I can find no good reasons to believe that the complete study of service labour under the system of capitalist production is being undertaken there." I agree with him on this point. But his criticism of the social viewpoint gives rise to some intricate problems (Kikuji Ida, "About Transportation Expense — Study of Circulation Expense", Pt. 2, *Rikkyo Economic Studies*, Vol. 15, No. 2, 1961, p. 196).

14) The serious doubt relating to the meanings of the term "for the time being" — zunächst — can be seen in Mitsuteru Fukuda, "Productive Labour and Unproductive Labour", *Economic Studies*, Vol. 21, No. 4, p. 20. However, I do not think that the professor's view about this terminology is sufficient. It seems that he holds that the historical aspect from the viewpoint of the surplus value must have been taken up "for the time being" to start with, and thereafter "the second subsidiary definition" must have been brought in, which should be "the general viewpoint". Nevertheless it is natural that, if the general viewpoint is to be taken afterwards — in the process of "aufsteigen", it should be done so only to provide some critical grounds for insisting that service labour is unproductive labour from the social viewpoint of industrial capital. Putting it another way, the reason why the problem of "the content of labour", i.e. the general viewpoint

Theory of Surplus Value, arguing that service labour cannot be productive when it is simply exchanged for money out of some private income. In other words "the mere exchange of labour for money does not transform labour into *productive labour*, and it is plain enough that the content of the labour makes no difference for the time being."¹⁵⁾

This would, of course, raise no problem when service labour might be described on the abstract level of logical development of "capital in general", but it would mean that the content of labour would become a matter of grave concern when service labour would be described on the more concrete logical level, when one would be more closely observing what might be actually happening. In other words it goes without saying that the physical difference between productive and unproductive labour will become more and more distinctive in the process of logical development, as Marx said, "This physical difference tends to become greater and greater — inasmuch as capital tends to subject the whole of production, or inasmuch as all commodities tend to be produced not for direct consumption but for the mere transaction of business"¹⁶⁾.

As a result "productive labour would be viewed in the light of a second, different and subsidiary definition which is entirely different from the decisive characteristic which take no account whatsoever of the content of labour"¹⁷⁾. Thus second, subsidiary definition commands greater importance on the more concrete logical level — not on the logical level of "capital in general" but on the level of "competition". Indeed "the problem how labour is materialized is by no means a trifling matter.....from the viewpoints raised afterwards" as stated by Marx in his *Grundrisse der Kritik der politischen Oekonomie*¹⁸⁾, because

has to be taken is to provide some critical grounds from the viewpoint of capital in general to prove that such labour that can produce surplus labour can only be productive labour. Therefore, it is not right to think that the general viewpoint is applied as such in its original sense of the word.

Now, I can suggest that the situation of "the general viewpoint" can be summarized in accordance with the methodology of economics — *aufsteigen* — at the following three levels: First (the most abstract and substantial) level — The general viewpoint is to be taken (See *Capital*, Vol. I, Book 3, Chapter 5). Second Level — The historical viewpoint in the form of capital in general from the viewpoint of the surplus value: Chiefly those viewpoints held in *Theory of Surplus Value*. Third Level — The general viewpoint (which is different from that referred to at the first level, but something else of "an und für sich") is to be taken to provide some critical grounds for providing that such labour engaged in the field of material production, that is to say, labour under industrial capital is different from service labour in "the content of labour" and also that service labour can only be regarded as productive from the individual capitalist's viewpoint, hence unproductive from the social viewpoint.

15) K. Marx, *Theorien*, I, S. 367.

16) *Ibid.*, S. 124.

17) *Ibid.*, S. 373.

18) Actors are productive labourers not in the sense of reproducing some play but in the sense of increasing the employer's wealth. However, it makes no difference whatsoever to the relation as to what particular kind of labour is to be performed, or in short the process how labour is to be materialized. Yet it will be not such a trifling matter when viewed from the viewpoints raised afterwards." Marx, *Grundrisse der Kritik der politischen Oekonomie* (Rohentwurf), 1953, Berlin, S. 234.

there is no necessity to presuppose service labour since industrial capital is presupposed as only one capital at the logical level of "capital in general". On the contrary, at the logical level of "competition", because a great number of individual capitals appear, competing against each other, it becomes a prerequisite of necessity to provide the more concrete "second, subsidiary definition" as prescribed in the analysis of commercial capital in *Capital*, Chapter 6 of Book III, for service labour, i.e. "commercial labour which is bought by a commercial capitalist is immediately productive for him."¹⁹⁾ Nevertheless it is on the condition that service labour is productive from the viewpoint of individual capital and at the same time unproductive from the social viewpoint, i.e. capital in general. However, it must be admitted that this trend grows more distinctive as its analysis is made at a more concrete level, and that service labour indeed has something substantially different from labour engaged in the field of material production, even on the level of the social viewpoint or the logical level of capital in general. Even though it is admitted in *Theory of Surplus Value* that service labour is productive, service labour is of the same nature as labour engaged in the field of material production only when service labour is exchanged for some capital or inasmuch as it can be regarded as wage labour, and service labour is at best only productive in the limited relation with an "individual capitalist".

Carefully studying service labour in the light of *Theory of Surplus Value*, we should by no means overlook such a delicate comment as "labour which is productive in relation to the buyer, for example labour of actors in relation to the theatre manager"²⁰⁾ or "those teachers who are not productive labourers in relation to their students, but who are productive labourers in relation to their employers."²¹⁾ In brief the view held in *Theory of Surplus Value* is that of the abstract level of capital in general and yet even on this level the peculiar features of service labour are potentially displayed, and we should be careful not to fail to note that it is only conditionally that service labour could be regarded as productive.

III

On the other hand the proofs that the view held in *Theory of Surplus Value* is concerned with the logical level of capital in general can be established in the light of 'The Plan for Systematic Criticism of Economics' as follows. In the first place, the fact that *Theory of Surplus Value* is concerned with capital in general, i.e. the logical level of industrial capital can clearly be sought in the "Plan Manu-

19) K. Marx, *Das Kapital*, III, S. 333, *Capital*, Moscow ed., III, p. 296.

20) K. Marx, *Theorien*, I, S. 135.

21) *Ibid.*, S. 374.

scripts of Part I and III of *Capital*” which is said to have been written in January 1863 by K. Marx. The contents of Part I A of the Plan may be quoted as follows.

Classification of the Productive Process of Capital

- (1) Introduction, Commodity, Money
- (2) Transformation from Money to Capital
- (3) Absolute Surplus Value
- (4) Relative Surplus Value
- (5) Combination of Absolute and Relative Value, Relations between Wage Labour and Surplus Value, Labour’s Formal and Substantial Subjection to Capital. Productivity of Capital, Productive and Unproductive Labour
- (6) Re-Transformation of Surplus Value to Capital, Original Accumulation, Colonisation Theory by Wakefields
- (7) Result of Production Process
- (8) Theories on Surplus Value
- (9) Theories on Productive and Unproductive Labour

In the first place, in this Plan the ‘theories on productive and unproductive labour’ are discussed at the end of ‘The Production Process of Capital’ of Part I of *Capital*, and Part I exactly corresponds to Volume I of the current edition of *Capital*, which was conceived on the logical level of capital in general.

In the second place, the same idea can be seen in the Plan of “The Criticism of Economics” which is said to have been written a little earlier in 1858–62. In this Plan capital in general is divided into three: — (1) The Production Process of Capital, (2) The Circulation Process of Capital, and (3) The Unity of the Two, or Capital and Profit, each roughly corresponding to the three volumes of the current edition of *Capital* respectively, with *Theory of Surplus Value* being discussed at the end of “The Production Process of Capital”. Judging from these facts, it can easily be seen that *Theory of Surplus Value* was planned to be involved in Volume I of the current edition of *Capital*. Although these two Plans might have undergone some modifications afterwards²²⁾, it can be seen that the logical level was concerned with capital in general—the viewpoint of industrial capital, i.e. the process of direct production, when Marx took up the discussion of productive labour in his *Theory of Surplus Value*.

In the third place, one of the most decisive proofs that *Theory of Surplus Value* is concerned with the logical level of capital in general is the very last sentence that closes the discussion of productive labour in the Supplement to *Theory of Surplus Value*. There Marx closes as follows:²³⁾ “Here we have still been dealing

22) It is indicated in a letter addressed to Engels dated 31st July, 1865 that *Theory of Surplus Value* was put out of the framework of *Capital*.

23) K. Marx, *Theorien*, I, S. 376.

only with *productive capital*, that is, capital engaged in the direct process of production. We deal later with capital in the *process of circulation*, and only then, in considering the special form assumed by capital as merchant's capital, would the answer be given to the question to what extent are those labourers employed by it productive or unproductive"²⁴).

Therefore, on the three foregoing grounds I have attempted to prove that the view held in *Theory of Surplus Value* is that of the abstract and logical level of dealing with capital in general, and that the view held in *Capital* contains a viewpoint which includes the most substantial idea of the labour process in general and in which the ideas are developed from the abstract level to the concrete level in conformity with the principle of "aufsteigen". Consequently it has been proved that the view held in *Theory of Surplus Value*, when reviewed in detail, does not contradict my conclusion stated in my previous essay, "The Productive Nature of Service Labour".

IV

Furthermore, another ground for viewing service labour as productive labour can be seen in the idea that the field of service labour is not only coming to play more and more part on a capitalist basis, as capitalism makes headway, but is also becoming more and more extended. In other words the reason why service labour was excluded from the analysis by Marx in *Theory of Surplus Value* is, to cite one example, the view held by H. Arizawa and T. Nakamura contending that "because of the comparatively small proportion of capitalist service production, in relation to the whole of capitalist production in those days, it must have been

24) "The problem of ascertaining the extent to which labour working under commercial capital could be productive or unproductive" leads to the two points at issue from the standpoint of the current edition of *Capital*. The first point is mentioned in 'Commercial Capital', Vol. III, Part 4, to the effect that "commercial labour bought by commercial capital can also be regarded as productive labour in direct relation to commercial capital." (See *Das Kapital*, III, S. 333.) This means that the fact that it can be productive "only in relation to the individual capitalist" has been illustrated from the viewpoint of the second subsidiary definition when competition is discussed. The second point is concerned with the following view which can be seen in "Expense of Circulation" in Vol. II, Chapter 6, where such expenses as transportation, storage and pure circulation are distinguished. According to this view labour engaged in transportation can contribute to the value of commodity, but in the case of pure circulation cannot do so. Speaking of storage expense, when storage is prerequisite not only for the capitalist system but also for any other social system, it can contribute to the value of commodity, but in a case where storage is required as a result of investment inherent in the capitalist system, it cannot do so. This view is well worth noticing as one of the illustrations describing the nature of labour in capitalist society from the super-historic and super-systematic aspect of labour in general. Let that be as it may, there still remain doubts as to which of two the forementioned aspects can unlock the tangled problem of *Theory of Surplus Value*. It may be added that the studies of Marx's "Commercial Capital" are made occasionally case by case in Notes No. 15-18. The study of the theory of value is again taken up from No. 18 (See *Theorien*, III, S. 640), which presents us with many unsolved problems.

excluded only to make the analysis simple for the sake of convenience"²⁵). This view, however, seems to present some problems for the following reasons: —

In the first place, it is true that the capitalist basis of service production in the days when Marx was writing his *Theory of Surplus Value* in 1860's, was such a small part that "it had never raised a problem worthy of one's consideration"²⁶). But, if any logical analysis is to be made at all, it should be done on the supposition that capitalisation had been going on not only in the field of material production but in all fields, and in fact *Capital* was written on the assumption of such a capitalist society. Consequently it is impossible to accept the idea of exclusion from logical analysis "for the sake of convenience" only because of the slow process of service labour being conducted on a larger scale in those days. The reason why only a few references are made to service labour in *Theory of Surplus Value* is chiefly because of the high level of logical abstraction, presupposing the logical level of capital in general as already pointed out. Marx made the following statement in his *Theory of Surplus Value* that "In analysing the essential relations of capitalist production, it can be presupposed that the world of commodities, the entire field of material production — material production of wealth — has been subjected to the mode of capitalist production"²⁷).

In the second place, it is true that service labour was inclined to develop and expand up to the scale of enterprises²⁸), but we cannot simply accept "including service in national income", on the basis of the foregoing fact. The reason for that is because it is possible to presuppose that the idea of service labour to be regarded as wage labour had already been completed when the logical analysis was made as already discussed, and moreover "the second subsidiary definition", i.e. the physical difference, is a problem having nothing to do with the actual gravity of such service labour being conducted on an ever greater scale, and is an aspect of the logical process. Consequently, is it not right to think that, since the historical development in which the capitalist commercial basis permeates not only into the field of material production but gradually into the field of service labour standing face to face with the logical development, it should become prerequisite to call for "the second subsidiary definition" of productive labour in the logical development.

In the third place, even if such views were accepted that because service labour participating in capitalist enterprises begins to increase in quantity such a quan-

25) Hiromi Arizawa and Takahide Nakamura, *National Income*, 1955, p. 36. Besides Mr. Akira Matsubara expressed his opinion in saying that he agrees with this view "as an important statement" (Akira Matsubara, "National Income and Wages in Marxian Economics", *Waseda Shogaku*, No. 137, p. 41).

26) K. Marx, *Theorien*, I, S. 374.

27) *Ibid.*, S. 373.

28) Fujiya Morishita, "National Income & Productive Labour", *Keizai Hyoron*, March 1949, p. 19.

titative development brings about a qualitative change in the nature of service labour, and that the aspect of productive labour becomes mandatory in the monopolistic stage of capitalism, the grounds for doing so are not clear. Why is it that labour once viewed as unproductive on the level of industrial capital should be transformed into "productive"? Even though it were historical truth that service labour tends to develop into the form of wage labour, it would be something different from logical grounds. In other words it seems that the logical reason has been left out here as an unsolved problem.

V

Our next consideration will be turned towards the relationship between productive labour and national income. The various forementioned views contend that "it is essential to include service labour in national income as a consequence of the expansion of service activity" and "it is impossible to grasp the whole national economy"²⁹⁾, if this idea is ignored. It is well known that the controversies centering on the productive characteristics of service labour came to be roused in connection with the problem whether it should be included in national income or not. But from the fundamental viewpoint, apart from the problem of the dual technical calculation, we can see that two entirely separate problems are mixed up in conventional disputes. One is the problem of deciding whether service labour produces national income or not: that is to say, it is the problem concerned with an economic viewpoint whether to regard service labour as productive or not. And the other is the problem concerned with the technique of calculation to decide whether income yielded by service labour should be included in calculating national income or not. These two problems should be clearly distinguished.

Speaking of the first problem of the economic viewpoint, service labour should be considered as unproductive labour. Service labour neither produces use value nor any value at all. Therefore, it is unproductive from the social point of view and it produces no national income. As to the second problem of the technique of calculation, the income yielded by service labour should be included in calculating national income. But the reason for doing so is not because service labour is viewed as productive labour. If the grounds were straightforwardly mentioned it is because there ought to be a strict difference at the abstract level between the two separate problems, i.e. the concept of the economic viewpoint and the technique of calculation.

The reason is because labour yielding national income should be of such nature

29) H. Arizawa and T. Nakamura, *op. cit.*, p. 36.

that produces some new value: in other words such that produces some material wealth. Its annual new value, as is widely known, is divided into the value of labour (v) which is composed of wages and surplus value (m). In particular $v+m$ is the new value, which constitutes national income. This idea is the view held based on the viewpoint of industrial capital, i.e. the social viewpoint — capital in general. The aspects at these levels are, broadly speaking, analysed in Volumes I and II of *Capital*. As pointed out by V. I. Lenin³⁰), it is because its essence can be grasped most clearly at this abstract level that national income can not be comprehended if separated from the process of reproduction of total social capital³¹). But of course it is the aspect at a very abstract level and surplus value is transformed into profit and rent at the abstract level in Volume III of *Capital*. Marx says, “national income is composed of wages, plus profit and plus rent — in short total income. Nevertheless, this is also an abstraction —”³²). All the value produced under industrial capital by such labour engaged in material production is going to be redistributed to various capitalists or to labourers other than industrial capital, as the level of abstraction proceeds further to that of phenomena of the material. The results of such redistribution present themselves as most experimental phenomena. These phenomena are none other than what we are perceiving as experimental objects.

It is in relation to these phenomena that the statistical and technical problem of how to calculate national income arises. Therefore, when national income is to be calculated, what must be counted should cover not only profit of industrial capital, but also capital in all fields such as, for instance, profit of capital yielded by service activity under commercial capital, bank capital, etc., not to speak of wages of labourers engaged in such activities, because income of such service labour is without exception a derivative form, a transformed from and a phenomenal form of the income yielded from productive labour under industrial capital. As asserted by H. Koziol³³), I should conclude that original income yielded by productive labour and derivative income as a result of its redistribution should by all means be distinguished.

30) V. I. Lenin, *Development of Capitalism in Russia*, Vol. 1, p. 82.

31) It is quite agreeable that Mr. Haruo Kaneko places emphasis on the combination of the view of social reproduction in his remarkable essay, but the ground on which he criticizes the views held by Palitseff, Prof. Nonomura and Prof. Yamada involves disregarding and mixing up the social aspect and the individual capitalist aspect (Haruo Kaneko, “Productive Labour and National Income”, *Keizai Hyoron*, Dec. 1959, p. 124).

32) K. Marx, *Das Kapital*, III, S. 895. However, what is meant here by “abstract” involves the criticism of bourgeois theory which deals with income by means of concealment of exploitation.

33) Helmut Koziol, *Zur marxistisch-leninischen Theorie des Nationaleinkommens*, 1953, S. 33.