THE NEW READING OF MARX (NRM).
More irrelevant than immaterial.

Recently I read a worthwhile PHD dissertation on immaterial production, value and its measurement by F. H. Pitts, titled: *Marxian value theory and the 'crisis of measurability': a case study of work in the creative industries in the UK and the Netherlands.* The link to this dissertation follows, https://purehost.bath.ac.uk/ws/portalfiles/portal/187951922/PITTS_Frederick_PhD_Thesis.pdf

This thesis is difficult to read because Mr Pitt intersperses too many quotes which tends to break up the threads of his argument. These quotes, because of their multitude are disruptive. On the positive side, because this dissertation is so well researched and comprehensive, it gives the reader a journey through most of the back alleys of "academic Marxism". It takes in the grand tour of "postoperaismo" thinking, followed by post-capitalist thinking, which gave rise to dreamers like Paul Mason with his immortal machines bearing priceless gifts.

This thesis is about measuring intangible and creative labours.

Like all young Marxists and PHD students, it was necessary for Mr Pitt to pass through the "rites of passage" or what is the same thing the esoteric distinction between concrete value and abstract value together with their interactions. I for one follow Marx's dictum, that knowledge is practical and our understanding of value as it arises, circulates and is realised, forms the basis for developing an objective pricing system in the lower phase of a liberated Communist society.

Mr Pitt subscribes to the New Reading of Marx (NRM). The closest he gets to defining it succinctly is to be found on page 186 of his dissertation: "*What the New Reading of Marx brings to Marx is an understanding of value not as a property that things have, but as a relationship between things. It is a category of social mediation that mediates relations between people as relationships between things and quantities. Value is therefore a social category. This allows us to rethink the critique of political economy."*

This is most awkward. Value is not a property that things have, instead it is only a social category. Of course, value is a social category. It belongs to a market society, one where society is divided by production and only united through the act of exchanging the results of that production. In such a society, the labour of the producers takes the form of the value of the products being exchanged and through which they connect. But this means that these "things" must have a property. The first words spoken by Marx as he begins Das Kapital, the heading to Chapter 1, contains the words *"…the substance of value…"* Substance incorporates properties. Marx is quite clear, commodities have two properties, use value and exchange value. This is not a semantic point. The whole edifice of modern vulgar economics is its infatuation with use value, that is value seen from the consumption side. The study of use value, Marx correctly defines shortly thereafter, belongs to a special study, the commercial knowledge of commodities and not to political economy. This is something which this dissertation concerns itself through its investigation of the creative sector, namely advertising.

It is these properties, specifically exchange value, that determine the proportions commodities exchange against each other. Or if we use the universal solvent of labour, money, the prices at which commodities circulate. This is different to the primary question: how can commodities exchange against each other in the first place, which belongs to the domain of abstract labour. The whole science established by Marx is to determine these proportions or what is the same thing, price movements. No easy matter. If we are dealing with abstract labour, that is labour stripped of its specificities and rendered average, and for this to happen we must assume commodities circulate as products of labour, these proportions will be set by the socially necessary labour time expended on their production.

Abstract labour is the ideal form of labour. Marx could use it because it exists. It is formed when the aggregated value produced by productive labour, in say a year, is divided the number of hours expended on its production. It is thus the simple average producing the general form of labour stripped of variation. It is this simplicity which allows two things. Firstly, to reveal that the exchange of commodities is the exchange of undifferentiated labour. Secondly, to provide Marx, as any other scientist, with the freedom to describe the capitalist social relation in its pure and uncluttered form. This is true for Volumes 1 & 2 where Marx deals with capital in general and where all exchanges are equal so that the value given up in the commodity form is received back in the money form.

The first real change occurs in Chapter 10 (not 9) of Volume 3 where Marx restores something which has been deliberately removed, weighting. He recognises that simple averages do not exist in the real world. Instead movements are governed by weighted averages. He recognises that in every industry, individual producers have different costs of production. Some are more efficient while others are not. Additionally, their outputs differ which in turn amplifies the differences in efficiencies. As a result, if the weight of production favours the more efficient producers, what Marx called a preponderance of efficient producers, this will drag down the weighted average below the simple average and vice versa.

It would be very rare for weighted averages and simple averages to coincide because this assumes that the balance between more efficient and less efficient producers is perfectly balanced. A simple average price can therefore not hope to capture the total labour time expended on that product. Only the weighted average labour time can . When this weighted average labour time is multiplied by the number of products produced it always yields the total expenditure of labour time for that product. Marx called this market value, and once we deal with market value we are no longer talking of abstract labour because we are no longer describing simple averages.

Abstract labour is the ideal form of labour, while market value is the real form of labour. I have called the weighted average labour time, universal labour time to distinguish it. I would like to use the opportunity here of emphasising the distinction between abstract and universal labour which I have sometime neglected to do before. Universal labour time is, as I have shown, the foundation of an objective pricing system in the lower phase of a communist society. Abstract labour time cannot be.

Thus, as soon as we introduce the reality of weighting, the proportions that commodities exchange would be different. Those industries with an above average weighting of skill, as required by their technique of production, would be providing a commodity of a higher value than would be the case if we simply assumed all skills were average. Thus, when Mr Pitt quotes the following from Marx to describe socially necessary labour time: "*the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in that society"* we would have to add in the words weighted before average. (page 100)

This is really important. In his dissertation Mr Pitts refers to Taylor, father of Taylorism and the tormentor of the working class. "*Sohn-Rethel, grasping that there is no 'inherent' (1978, p.49) relationship between expended labour and its appearance in the value-form, analyses how the Taylorist restructuring of work-time and its measurement make this disconnect clear." (*Page 30.) Of course, the disconnect exists but not necessarily the one posited by the author. Taylor was examining one factory, whose weight of production in the industry is unknown. Changes he effected in this factory impacted the industry, yes, but not immediately because the weight of this effect is unknown. Therefore, and theoretically he could double productivity, that is halve the time taking to produce this product, but its effect on the market price of that product would have been buffered by production in other factories yet to adopt this new technique. There is thus a delay. The market price is not halved. In time of course, when the weight of change is sufficient, that is when most of the competitors have adopted this technique or gone bankrupt by not adopting it, then labour time and market price will coincide (everything else, especially the price of inputs, remaining the same).

Weighting not only exists within an industry resulting in market value, but it exists between industries as well. Some industries, because of necessity, have a higher technique of production as standard, while others have lower techniques. In the more advanced industry, the level of skill on average will be higher than in the other industry. Thus, if the weight of production is equal between the two industries, but the weight of skill is higher in the former, than the value emanating from that industry will be qualitatively higher. This has already been said. Of course, once we aggregate all the productions, these variations fall away, and we are left with only the weighted average for the economy as a whole. Once this average has been determined, industries can be measured against it, to determine whether they stand above or fall below this average. Thus, weighted average labour time is the real measure of production.

So how does this clumsy and chaotic mode of production regulate socially necessary labour time? How are weighted average labour times levelled out in a capitalist system? Through competition, that is the force exerted by the movement of capital. Competition is not some mysterious force despite it dominating the consciousness of capitalist class and dividing the working class. Capitalist society is divided by production. Production is undertaken by millions of independent sets of producers of differing size making discrete investment decisions. Capitalist society in turn is only united through the act of exchanging the resulting products. Thus changes are felt only at the time of exchange.

Competition is a mere reflex. Its stimuli is the discrete changes in production elsewhere in the economy. Thus, competition executes in the market, changes that have already occurred in the realm of production. (Of course, market conditions can also be affected by changes in the demand side.) This is why it is an irresistible force, not because of itself, but because it is a reflex. Dropping a stone in a pond may create a wave that could upend a toy boat, but while the wave may be the immediate cause of this upending, its existence is predicated on the dropping of the stone.

However, we are still assuming commodities circulate as products of labour which is not the case in a developed capitalist economy. Before traversing from commodities circulating as products of labour to circulating as products of capital it is worth summing up the difference between concrete, ideal and real. I have often used the human face to explain these differences. An ideal (general) face would be a simple blending of all the racial and ethnic features that comprise human faces and which distinguishes them from all other animal faces. The real human face would imply a shift in this blended face to conform to the balance of population sizes (weights) to incorporate the 1.4 billion whites, the 1.4 billion Hans, the 1.3 million Africans, 1.2 billion Indo Aryan, and the smaller groups. Thus, the skin shading of the universal face incorporating these weights would differ from the ideal face comprising the simple average of all the shades. And of course, the concrete face would be each and every one of the individual faces that make up the global population, all 7.7 billion of us, each with its specific and subtle variations which distinguishes one face from the other. It means that while all faces are similar, no two are identical.

Only in Volume 3, and then not consistently, does Marx deal with circulation as it occurs in a capitalist society. Commodities are now treated, as they should be, as products of capital whose prices are determined by the movement in the rate of profit which acts as the compass for investment. He now introduces a new weighting, the technical composition of capital, the weight of means of production relative to the weight of labour power.

Now market prices are stretched or squeezed by the gravity well created by the composition of capital. This wrenches market prices away from market values in order to reward investments proportionally. From each capitalist's investment, to each capitalist an aliquot share of the profit, that is the wind in the sail of capital that moves it here or there. Thus, the final element which governs the proportions commodities exchange is reintroduced, prices of production. As a result, the pricing system of capitalism becomes fully formed.

It is this movement of capital that makes capitalism workable and dynamic. It is this movement of capital that sets universal labour times, and it does so in a chaotic manner that befits society's first industrial society. And here Mr Pitts pre-occupation with abstract labour trips him up. The biggest force compressing and stretching market prices (of production) away from market values is the composition of capital and the effect it has on the price at which commodities must circulate to make the profit system work. This means it plays the dominant role in governing the proportions, yes the proportions, that commodities exchange against each other. It is the pricing system of capital.

Mr Pitt is therefore not convincing when he claims Marx rejected the "quantitative relation" between commodities. *"Thus, Marx, as the critical theorist of capitalist society par excellence, can be seen not as an advocate of quantity but as its fiercest critic."* (Page 104) Why because in doing so Marx would have had to abandon the investigation into prices, because prices after all, governs the proportions commodities exchange against each other. It is a long journey, hundreds of pages to move from simple price to market prices of production. To say instead, as Mr Pitt does, that commodities have no properties but are crystals of abstract labour, is to identify the beginning of the journey not its end.

The New Reading of Marx, eloquently detailed by Mr Pitt, by reference to its exponents, is wrong, if not infantile. I would define NRM as the New Revision of Marx. Like all revisions it is based on an incomplete or one-sided understanding of the greatest theoretician of all time, Marx.

What is immaterial production.

There is only one definition of immaterial production that is valid. Immaterial production is production that is consumed as soon as it is produced. For example, a singer at a concert sings, the audience enjoys, and when the singer finishes, silence follows. The audience leaves with a joyous memory no doubt, the lucky ones recalling the sounds, but no trace of that expenditure of labour remains.

This means that what most economists describe as immaterial production, is most definitely material production. Let us return to the singer. If she not only sings at concerts, but records her songs, her production is material. Now it is possible for people to enjoy her music without ever being in her presence. If it is recorded on vinyl which can be lovingly stroked, no one would contest that. If it is on a more boring CD it could still be stroked though this is unlikely. But because it streamed, on the internet, in 1s and 0s suddenly it has become immaterial. But how can this be. Digital recordings such as this still require servers, they still require fibre optics, they still consume electricity and they still require a player. They still require an infrastructure, different in form to earlier infrastructures, but still serving the same purpose, joining the producer to the consumer.

The only thing that is different is the cost of production. The actual cost of streaming music is many times cheaper than the cost of producing, transporting and storing vinyl records. But that is all. Mr Pitt recognises that most immaterial production has a material substrate when he quotes Caffentzis: *"The immaterial labour thesis is wrong, he contends, because 'services, cultural products, knowledge and* *communication are "material goods" and the labour that produces them is material as well', although, he admits, 'it might not always be tangible'"* (page 99)

He then goes on to make the following point that the measurement of immaterial production resides not so much in the realm of concrete labour (the production of the material substrate) but in the realm of abstract labour. "*But, as I will go on to show, such a critique of immaterial labour misses the mark. The problem with immaterial labour is not that it elides the material substrate of labour, but that that it focuses too much on transitions in the material substrate of labour- of changes in the character and composition of the physical activities of concrete labour, and not enough on the significance of this activity under capitalism- which is to say, that its results appear in the value-bearing form of commodities, and the implications this presents for we think about labours relating to one another as 'labour'. The crucial thing here, then, is not concrete labour but abstract labour. The immateriality ascribed to contemporary labour and its products by postoperaists is insufficiently accommodating of the true immateriality that consists at the heart pf abstract labour. And Caffentzis's critique of postoperaismo on this point makes what is essentially the same mistake- an inability to conceptualise labour in its specificity under the law of value, which is to say, as abstract labour."* (page 99).

Let us render this practical because immateriality is being misused. Abstract labour is not immaterial, it is material. What has been rendered immaterial, in the mind of the buyer and seller, is the differences in their labour. But how to measure the duration and productivity of an idea? As the dissertation recognises capitalism has to deal with this problem as well. Let us be a bit more focused in what we mean by an idea. We refer to an idea here, as being devoted to producing a use value. The purpose of this idea is directed at society not at oneself, either directly through being applied to a use value created in imagination, or indirectly, by enhancing future technical standards. Only then can it be described as intellectual labour.

Let us turn to venture capital and Silicon Valley or Old Street. There is a saying in Silicon Valley that the route to success is through failure. Thus, of the thousands of ideas only tens will make a profit, but unless these ideas are explored, what works will not be found. How does capital measure this huge expenditure of labour? It does so negatively, via the loss of capital. And here we are no longer dealing with abstract labour, but as it is modified by market prices of production which may not coincide with particular values.

Thus, as in all matters capital, it is a question of profit or loss. At some point this loss becomes unacceptable and the project is terminated. It is a bit like gold panning. If there is too much gravel and not enough nuggets of gold, then the miner would die of starvation.

It is this loss of capital that underpins Mr Pitts emphasis on abstract labour which we will allow for the time being. Much of the intellectual labour in Silicon Valley is financed by the body of pre-existing value in the shape of venture capital. He is also right to say that this has always been the case. From its early days, capitalism always incorporated intellectual labour. What has changed is that with the rise in capacity, technique and productivity, the element of intellectual labour has been boosted within the body of labour. Capitalism has always paid negatively for intellectual labour in the hope and expectation of there being a positive reward arising from its endeavours. And we can say with certainty that this is the case: in general the profits derived from intellectual labour forming new commodities, has always exceeded the losses incurred by intellectual labour, which we can refer to here, as the cost of Research and Development. In other words, the amortisation of the idea (R&D) is repaid through the resulting sale of the use values at which time additional profits are also realised.

Research & Development however is not open ended. Here we find the interplay between corporate sponsored research and government sponsored research, between research funded out of capital and research funded out of tax. From this perspective it is tax funded research that is more blue-sky, more detached from immediate applications to use values. But as any university researcher will confirm, research grants are only forthcoming after review of the "idea" and are not freely handed out. Thus, intellectual labour has always been measured, not by production itself, but by the losses it incurs prior to production, that is negatively rather than positively.

Only later when intellectual labour is incorporated in the new commodity, which is being produced and sold, is it measured positively instead of negatively. This the moment the idea comes of age, the moment it becomes part of the labour of society, the realm of abstract labour. Only then can it be determined whether it was a profitable outlay of capital.

While it is true that intellectual labour cannot be measured directly in the form of Taylor time. It can be measured indirectly by labour time, that is by the consumption of the pre-existing labour time of society in the form of capital or tax. Its expenditure is thus time constrained and regulated by profit. In the end intellectual labour itself feasts on concrete labour. Scientists, engineers, artists have to eat, be clothed and housed just like the rest of us, as they await their Eureka moment. Immaterial processes can thus be measured and will continue to be measured through their consumption of the material use values needed to sustain the thinker. Intellectual labour power has a value similar to all other forms of labour power. And its cost to capital will always be part of the capitalists' profit and loss ledger.

In summation. Intellectual Labour, in so far as it is still in the process of formulating or developing a useful idea, is a cost to capital. (In the lower phase of a communist economy it will be a cost to society.) So soon as the resulting idea is translated into production forming commodities, it becomes a benefit to capital. Only then can intellectual labour be verified as being a cost well spent.

Productive labour.

There are two forms of creative labour that we need to separate out. The first is the creative labour tied to production and the second is the creative labour tied to circulation. The former helps shape the commodity while the latter helps move it from the warehouse into the bag of the consumer (advertising and marketing). The former is productive labour and the latter is unproductive. The cost of the former is found in the Trading Account and the latter in the Profit and Loss Account. The former adds value while the latter consumes value.

Research and Development does not have to occur within the corporation. Some of it is outsourced to specialist companies in order to tap their expertise. But this input is correctly taken as Research and Development, it falls within this budget, which is then amortised (the price is increased by this process of amortization) when the products are sold. This may be seen as immaterial etc in the hallowed halls of academia but in the more basic offices of the corporation, they are seen as ultimately adding value. And let us not forget that in 2018, US R&D consumed $560 billion versus advertising's £189 billion, a three-fold difference in expenditures.

The problem with Mr Pitt it seems is that he does not follow his own advice. He uses the example first deployed by Marx: "*Following Marx's advice that one can best understand the ape from the vantage point of its highest stage of development in the human being*…" (page 21) but fails to comply with it. Marx's earlier writings can be best be understood from the vantage of his final writings. Here I refer to Section 4 of Volume 3 where Marx deals with Commercial Capital and the costs of circulation.

Marx is crystal clear. Circulation is a cost to production. This is as true today as it was hundreds of years ago when petty producers weighed up forsaking work for a day in order to take their wares to market each week, as against using a middleman to sell their goods allowing them to work that extra day. A simple financial exercise. If selling through a middleman cost less than the value produced by an extra day's work, they would be stupid to not use the middleman. And the middleman would be stupid to raise his total commission above the value produced by the petty producer in a day.

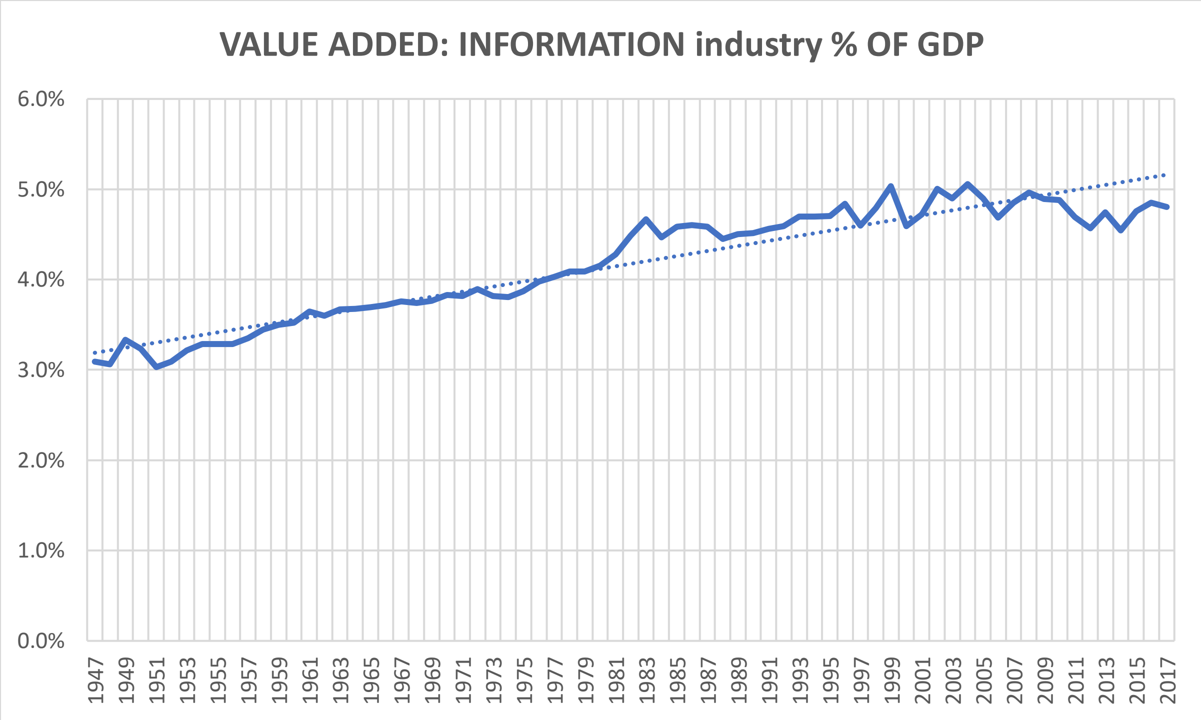
Thus, the petty producer would sell his products to the middleman for a price lower than that which he could obtain on market day. In other words, he discounted his price. This is as true today as it was then, but because it has become a custom no longer conscious, its origins are forgotten. Instead it appears, and competition has the habit of inverting things, that merchants are adding a selling margin to the cost price they obtain from industry, when in fact they are only replacing that which has been deducted already, the discount. And the extent of this discount which appears as a margin is determined as in all things capitalistic, by the rate of profit. If the margin is over large such that a rate of profit above the average is obtained, it would pay industrialists to become merchants and vice versa. That is why Marx insists that the equalisation of the rate of profit must include both industrial and commercial capital.

This does not concern Mr Pitt. Like all New Readers he is of the opinion that because advertising/marketing is essential to connect the producer with the consumer, that it is part and parcel of the metabolism of capitalism, it is productive labour. That without it, industrial labour could not become part of the labour of society, because it would be rendered unsellable. And labour that is not sold is wasted labour. In effect, Mr Pitt is using the use value of this creative industry to determine whether or not it is producing productive labour. Despite his protestations, he is using the wrong property of the product to attach value to. The real pity is that he never needed to if he understood the difference between measuring intellectual labour negatively and positively.

It is worth adding, with reference to the advertising industry that there is a great irony. While most of the advertising industry does not produce surplus value because its labour is not commoditized, it does help to redistribute the surplus value produced by others through convincing consumers to spend on an overpriced product. But it can only do so fleetingly. As the saying goes: "even fashion goes out of fashion".

Two things stand out. Firstly, the growth of the creative sector has been over-egged. What has changed is that it has become more centralised in the form of digital corporations such as Facebook and Google. This concentration in key urban areas has created the impression of vast growth when that is not the case. Forgotten is the destruction of tens of thousands of smaller corporations, many rural and regional such as local papers, which previously dispersed creative talent.

This is brought out in the graph below. The information industry first breached 4% of GDP in the early 1970s, prior to the internet, since which time it has only risen by an additional 1%. In fact, since 2005 it has actually retreated. The latest data for 2018 is an incremental rise of just 0.1% leaving 2018 still below trend.



(Source: BEA Interactive tables, GDP-BY-INDUSTRY, Value Added tables.)

The second point of course is that use value cannot determine whether labour is productive or not. Mr Pitt really becomes entangled in his abstractions. *"I therefore situate the creative industries at a pivotal position crucial for the understanding, in Chapter 8, of the particular economic context in which they sit. Their pivotal role relates to their endowment of goods and services with a sellability that, by when successful, renders in retrospect the labour expended in their production socially valid as productive of value. This it does by effecting successful exchange, which, as we have seen in Chapter 1, is the criterion for social validation."* (page 114) So value is created retrospectively, because without advertising or marketing, sellability cannot take place. In short, marketing and advertising should be treated in the same way as storage and distribution costs which (a) preserves the value of the commodity by preserving its usability and (b) transports it from producer to user.

Mr Pitt has trouble dealing with transport costs. But transport costs are a cost of production. This may seem strange when capitalist accounting treats transport-in differently to transport-out costs. Transport-in costs are taken as production costs while transport-out is taken as a selling expense. However, the problem is solved when it is recalled that generally, one capitalist's transport-out is another capitalist's transport-in. Thus, transport costs, other than to a customer carried by say Amazon, is part of the selling price because of its prior inclusion in the manufacturing cost price.

But this is not the main concern. It is this retrospective validation that needs to be addressed. And for this to happen a detailed understanding of productive and unproductive labour is needed. The capitalist social relation, or what is the same thing the circuit of capital, is characterised by two exchanges. The purchase followed by the sale. It begins with money going out followed by money coming in. This expresses the process whereby social labour via the medium of money is converted into private labour for the purposes of production, which in turn must be reconverted back into social labour again via the medium of money for the purposes of consumption.

The first exchange, where money goes out, is the purchase of the factors of production in the market. By combining the factors of production, the capitalists sets production in motion and is rewarded with a stock of new commodities. The second exchange occurs when these commodities are sold resulting in money coming back in. If the money coming in exceeds the money going out, if there is surplus money, the capitalist will have made a profit.

Marx called workers who produce surplus value in the form of surplus money, productive, because they produced profits. That and this alone. And in order for there to be profit, there needs to be the two exchanges on either side of production, and not only that, but the value of the second exchange must exceed the value of the first.

Let us deal with this concretely by returning to our singer before she loses her voice. The singer sings, but does she produce profits. *Scenario 1.* She is hired by a pub to sing in the expectation that she will attract more patrons, thereby increasing the sale of drinks and crisps. In this case her labour, singing, is not sold. The pub owner will be satisfied if the additional profit derived from enhanced drink sales exceeds the cost of her wage for the evening. At this point she is still an unproductive labourer because her labour is not sold despite her capacity to sing being bought. Therefore, only one exchange.

Scenario 2. Our singer's reputation is soaring. She is now so popular that the pub owner is able to sell tickets to hear her sing. Entrance to the pub on the nights she performs is by ticket only. His sales now comprise not only the revenue derived from selling drinks but the additional revenue from the sale of tickets. If the sale of the tickets exceeds the cost of hiring her, then the pub owner directly makes a profit from her singing. Abracadabra she is now a productive worker. Her labour-power has been bought and her labour sold.

Now it gets complicated. Her fame increases to the point where she is able to go on tour. Being an astute manager, she organises her own tour. She hires venues and a small troupe of helpers. So, there is money going out via the first exchange. There is also ticket revenue coming in but only because of her labour. As far as the Tax Authorities are concerned she is a sole trader and the office of national statistics classifies her labour under the heading "unincorporated business".

There can be no doubt that she is producing value. Her beautiful singing is being monetised via ticket sales. Her private voice is being socially consumed. But is she producing profits? This is impossible, because there is no purchase of her labour power. She cannot buy her own labour power. There is thus only one sale, the sale of her labour in the form of singing. Therefore, strictly speaking, she is not a productive labourer because she cannot produce a profit even while producing a huge income.

This is not a semantic discussion. It has bedevilled the national accounts and stretched the imaginations of the architects of the modern system of national accounts in the nineteen forties. Today the revenue of sole traders is not designated a wage. In other words, regardless of what she earns from the tour, it is considered "proprietors' income" rather than a wage. If a sole trader employs workers and sells their labour rather than their own labour, as a commodity, then proprietors' income would include surplus value and therefore profits in the normal way. How much of proprietors' income or even partnership income is surplus value is indeterminable from the national accounts. It only serves to confound calculations aimed at deriving a national rate of profit.

Which brings me to the final point. It is often said that the labour of the creative industries and internet providers is so intangible it cannot be measured or when it is, it is mis-measured. Mr Pitt says it can be measured because it forms part of the abstract labour of society. But to become part of the abstract labour of society, it must first be converted into social labour which means it has to be sold. No problem says Mr Pitt, this kind of labour is so useful it must be considered productive regardless of whether it is sold or not. Of course, this is substituting use value for exchange value.

Mr Pitt, though does have a point. Immaterial production can be measured, but not positively only negatively, through cost price not selling price, through the consumption of value not the production of value. This may seem confusing, so it is best explained by recourse to examples such as Facebook and Google. Both Google and Facebook offer “free to click”, “free to view”, and “free to use”. In other words, they are not selling the labour of their workers because they are giving it away for free. Because the labour of their workers is not sold, it is not producing additional value regardless of how much of it is material and how much of it is immaterial.

This is a lot of labour. Google employed 85,000 workers in 2018 and Facebook 52,000, both full and part-time. That is about one in a fifteen hundred employed workers in the USA. What would the effect be if this labour was sold at market value? US statistics reveal that the value added by the 160 odd million workers (ignoring whether or not they were productive or unproductive for this exercise) was $112,431 on average in 2018. If the labour of these two corporations’ 137,000 workers was converted into value through sale, it would therefore add $131.5 billion of new value.

How do these two corporations manage to provide free services and not go bankrupt? They are able to do so because of the advertising revenue they are able to attract, so called digital advertising. Facebook derives 98% of its revenue from advertising and Google around 90%. It is this advertising revenue which involves stealing our data, that allows them to offer free services.

Where does this advertising revenue come from? It comes from the likes of Proctor and Gamble (the biggest), Kimberley Clark, Ford Motor Company, Microsoft, Pfizer and so on and so forth. This advertising stream represents surplus value produced in these corporations transferred to the likes of Google as revenue. To the managers of Proctor and Gamble this advertising is a cost, an expense, something that appears on the Loss side of the Profit and Loss Account reducing its gross profit. Thus, Google’s gains is Proctor and Gamble’s loss. In terms of productivity it is not measured by how much new value is produced but by how little old value is consumed.

Now that the growth in digital advertising has screeched to a halt, both corporations are trying to reinvent themselves by finding and producing things to actually sell.

Thus, from the perspective of the economy as whole Google and Facebook currently do not add value. The term “added-value” is a misnomer because it does not distinguish value actually produced as against value transferred between sectors. This is one of the failings of the system of national accounts.

Thus, it is the social relation that bars the likes of Google from producing value which includes abstract labour. Exactly the opposite of what Mr Pitt and the new readers of Marx claim, or should we say mis-reader what Marx, is saying. I will finish with a final example to make this crystal clear. We move away from our singer to another group of creative workers, a film crew. They alternate between shooting advertising clips which will be viewed, inter-alia, in cinemas and shooting films for sale. To show any of their advertising clips, they have to pay the cinema for screenings. Thus, from the perspective of the marketing company commissioning this clip, there is only money going out. First for the production costs, and, secondly for the screening costs.

However, when they are contracted to help shoot a film, everything changes. Now they have something to sell. Cinemas have to pay for the film to be screened, rather than being paid to screen the advertising clip. Money comes in rather than goes out. Whereas the crew were unproductive labourers when making the advertising clip now they are productive labourers when producing the film. The film generates new money while the advertising clip costs old money generated in another sector of the economy. But mark, the concrete labour of the film makers has not changed. Making an advertising clip or a film employs the same techniques and means of production.

However, if we were to measure their productivity a problem arises. Generally, it would appear they are less productive when shooting an advertising clip then when shooting a film. There is a very good reason for this. When they shoot an advertising clip their output is measured by the value they consume. When they shoot a film, their output is measured by the value they produce. For argument sake let us say that the following holds true. The monthly cost price is $1 million, while the average mark-up is 25%. Thus, in the case of making a film, the monthly selling price will be $1.25 million. Assuming 100 film makers, their individual output when making a film would be $125,000 whereas when they make an advertising clip their monthly output could be $100,000 because buyers are aware of prevailing cost prices. A difference in productivity of 25% arises. Only now do we see the import of Marx's category - productive labour.

The same applies to the advertising agencies Mr Pitt deals with. Why are they called agencies in the first place? Because traditionally they acted as agents. The commissioning company in this case acts as the principal. The output of the advertising agency belongs to the principal. It is thus production for use by the principal. There is no sale of a commodity merely a service rendered by agent to principal. Once the pitch has been made and accepted by the principal, and if the commission is sufficiently large, a contract is drawn up which specifies that the copyright belongs to the principal, not the agency.

The relationship between agent and principal is claustrophobic. The agent is tied to the principal and in thrall of the principal. This makes for a very controlling relationship which often leads to sharp practices by the agent. These are very well described by Mr Pitt when he investigates agencies in the UK and the Netherlands.

The matter is somewhat more relaxed in other areas of creative labours. In the sphere of Research and Development ideas are often turned into commodities and patented. Companies in this field sell to more than one buyer. They have a stronger hand and as a result the atmosphere in their companies is not so febrile. Competition is executed in the normal way.

The difference can also be explained by reference to the film makers, whose productivity differed when measured by selling price or cost price. In the case of these advertising agencies who do not produce commodities, there is no possibility of adding profit to cost price. Rather the opposite happens, the profit margin is obtained by squeezing cost price below the expected stream of revenue which is often fixed. This revenue can be assumed to be less than the revenue that would obtain if these services were sold as commodities, because the difference is made up by surplus value.

This method of generating a profit margin is always fraught in the absence of a sale, as the failure of large UK corporations who are contracted to the state, has shown.

In summation, a commodity is never defined by its use value, or its useful life. It can be radioactive isotopes with half-lives measured in thousands of years, buildings measured in tens of years, cars measured in years, or a fleeting song. The key is whether the labour of private producers is socialised through exchange. Marx was never confused by the distinction between material and immaterial production. It is his critics and revisionists who are confused by it. A material product will never become a commodity unless it is surrounded by the two exchanges that mark the start and end point of the circuit of capital. An immaterial object will always become a commodity if it is embraced by these two exchanges.

Conclusion.

It is true that there has been enormous recent changes in the work forces of particular countries and in the nature of work. Less so when we view the situation globally. In the 10 years to 2018 nearly 180 million additional workers were employed. Most of them in the less developed capitalist world. https://www.ilo.org/ilostat/faces/oracle/webcenter/portalapp/pagehierarchy/Page27.jspx?subject=EMP&indicator=EES_TEES_SEX_ECO_NB&datasetCode=A&collectionCode=YI&_afrLoop=1933062602155515&_afrWindowMode=0&_afrWindowId=m8x2ft4cm_1#!%40%40%3Findicator%3DEES_TEES_SEX_ECO_NB%26_afrWindowId%3Dm8x2ft4cm_1%26subject%3DEMP%26_afrLoop%3D1933062602155515%26datasetCode%3DA%26collectionCode%3DYI%26_afrWindowMode%3D0%26_adf.ctrl-state%3Dm8x2ft4cm_78 And the majority were unskilled or at best semi-skilled. The majority of the global working class continues to be trapped in low paid menial work. The weight of work remains drudgery. For these workers, creative work is a mere whisper in the wind.

Nevertheless, the advent of the internet has produced the biggest cultural revolution in capitalist society since the invention of electricity itself. It has also fostered new means of exploitation. There is more distance exploitation at the expense of proximate exploitation. Call centres and distribution employ as many workers as mines employed miners previously. The difference is that unstable employment and lack of community has eroded the solidarity that existed previously, not the nature of the work.

And of-course new technical possibilities have arisen. The movement of production has always been driven by rising productivity, and its reward, the cheapening of production. In a capitalist society this is convulsive and cannot fully be utilised because the drive for profits is obstructive. However, we should not become confused by these developments. So soon as the labour of the individual becomes part of the labour of society that labour is transformed into a cost. In a society whose object is exchange, that cost is represented by the value of the commodity.

The importance of understanding abstract labour, universal labour, concrete labour, and how profitability modifies these simple and not so simple categories, is to describe the movement of prices in relation to actual costs of production (weighted average labour times). This is not an academic exercise, but preparatory work for a future objective pricing system based on liberated producers made possible by their common ownership of the means of production .

One thing is certain, a failure to understand the interplay of value and price in a capitalist society today, would be to lose oneself in the future. Mr Pitt is one such person. Despite his dissertation being a remarkable piece of research, he ends up tripping over himself. Immaterial production can be measured through abstract labour. But only if we draw a strict distinction between whether it is measured by the consumption of existing social labour or the production of new social labour. As we saw in the case of the film makers, despite the same expenditure of labour, they yield different measures of productivity. The advertising agencies that he investigated, in the main, do not produce commodities, but commissioned services for a principal. They too are penalised by the productivity of their workers being measured negatively.

In the end the material substance of a product is irrelevant. Even if immaterial production is growing at the expense of material production, it does not change the social substance of that product. What is decisive is whether the labour of the individual, whatever its form, is converted into social labour through sale. A doctor in the NHS can make a diagnosis similar to a doctor in private practise. Two lives may be saved. What can have a higher use value than that. But in the former case the NHS doctor has not turned her/his diagnoses into a commodity while the private doctor has. Mr Pitt tries to square the circle by using the essentiality of the creative industries, there use value, to render them productive when their social context forbids this. He did not have to this if he truly understood the distinction between productive and unproductive labour.

Brian Green, June 2019.