On advertising. A Marxist critique

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Introduction

There are several possible approaches to the study of advertising, mainly the psychological, the ideological and the economic. The first two have generated most of the literature on advertising, the ideological being carried on mainly from a Marxist perspective. The economic aspects of advertising have been analysed in economic literature mostly from a neo-classical perspective within the theory of the firm. It has been only recently that Marxian political economy has been used as a theoretical framework in the analysis of advertising.

In every social phenomenon there are a great number of determinants that relate to each other in a very complex way, and among them there are some whose analysis may lead to the best possible understanding of a given phenomenon. Some determinants are more significant for the explanation of the object of study, but this does not mean that the ones that are left out are of no interest, nor that the hierarchy given to the chosen determinants is ahistorical and therefore universal and valid for all social formations.

While acknowledging that the first two approaches have made important contributions to the understanding of some aspects of advertising and while accepting that advertising is politically and ideologically 'over-determined', we consider the economic as the determining element in the analysis of advertising. We will therefore locate the study of advertising within the framework of Marxian political economy. There are two possible ways of going about this.

The first inscribes the analysis of advertising within a political economy of mass communication which examines a specific mode of cultural production and reproduction in a social formation. The second locates advertising within the overall framework of political economy where the object of study is capitalist production and reproduction. The analysis undertaken here follows this second approach: our aim is to understand the different ways in which advertising becomes functional for capital and is subordinated to the general logic of capital reproduction and accumulation.

It has elsewhere been argued that advertising is the offspring of monopoly capitalism, that it has acquired a most important quantitative and qualitative role and that it is used for the promotion of goods and services. But this definition has to be further qualified.

In the first place, in 1979 thirteen countries accounted for 90% of world expenditure on advertising, the United States by itself accounted for 55 per cent of the total. When US advertising expenditure amounted to 50 billion dollars, in

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Great Britain, where capitalism was born, it was only 5 billion while Switzerland's expenditure was only 1.3 billion dollars, smaller than Brazil's.[1]

In the second place even though the increase of advertising expenditure in absolute terms has been impressive it has represented a more or less steady 2 per cent of the GNP in the United States. With respect to its qualitative rôle, it is true that advertising financing of the mass media shapes their form and content, but while this is true for the US and most Latin American countries, mass media systems in the rest of the world are mainly financed by the State or by a mixed system.

In the third place, the advertised products are not just goods and services but *consumer* goods and services, mainly non-essential products, which in 1979 accounted for approximately 80 per cent of the advertising expenditure in the United States. Furthermore, of these advertised products, more than 50 per cent were produced by leading corporations, usually multinational corporations (MNCs), which are also responsible for heavy advertising of this type of commodity in other regions of the world.

We could then qualify the definition of advertising as an offspring of capitalism but mainly used by US capitalism for the promotion of consumer goods and services.

The economic process is formed of three different moments: production, circulation and consumption of commodities, and of two main sectors: production goods and services (Department I) and consumer goods and services (Department II). By looking at the above definition of advertising we can see that it leaves out several processes:

(a) Advertising has nothing to do with the sphere of production of any good.[2]

(b) Advertising has nothing to do with the actual consumption of any advertised good.

(c) Advertising is restricted to the process of circulation of some consumer goods and services leaving out all Department I goods and consumer goods that are not advertised.

So when we analyse advertising we are analysing a very limited phenomenon which does not cut through all the different moments of the economic process and all the different commodities.

Therefore, one cannot derive conclusions on the general workings of the capitalist economy from a particular phenomenon that takes place at the level of the circulation of capital, and to be more precise, at the level of the circulation of some consumer goods.

On the economic analysis of advertising

In past years there has been a redirection of attention to the economic aspects of advertising,[3] even though this has been a positive shift, Marxian economic analysis of advertising has been heavily influenced by a Post-Keynesian and Post-Marxian periodization of a monopoly stage of capitalism (represented mainly by Baran and Sweezy) but whose main ideas were developed at the turn of the century by Hobson, Hilferding and Lenin.

Although the purpose of this paper is not to develop a thorough critique of the monopoly capitalism school (MKS), I would like to criticize two of its major theses which have been used as a framework for the analysis of advertising.

The first is the notion of competition and barrier of entry used by the MKS. This school maintains that there is a continuous increase in the monopolization of the economy that brings about a decrease in competition and a change in its form, from price competition to non-price competition, that is, to advertising and product differentiation.

> Price competition has largely receded as a means of attracting the public and has yielded to new ways of sales promotion: advertising, variation of the products, appearance and packaging, planned obsolescence, model changes, credit schemes and the like (Baran and Sweezy, 1976: 115).

This notion of competition is based on the assumption established by neo-classical theory that measures the intensity of competition by the number of firms in the industry. A great number of firms is assumed so that no firm has significant influence on the market. Competition is only related to the market, to the sphere of circulation, where prices are given by demand and supply curves. There is a very strong assumption that prices and quantities converge toward equilibrium via competition, any disequilibrium between demand and supply is eliminated via a smooth process of convergency of prices and quantities. This is called perfect competition. Any deviation from those assumed conditions leads to 'imperfect' or 'monopolistic' competition implying that leading firms would be able to influence prices and quantities.

The MKS maintains that the continuous monopolization of the economy is related to the creation of 'barriers of entry'. Bain (1956) listed product differentiation, measured by the amount of advertising expenditure of the firm, as one of the four main barriers to industry and free mobility of capital. Concentration in the economy allows collusion while entry barriers prevent new competitors from coming in, resulting in a decrease in potential competition and prices and profits above the average.[5]

> 'Advertising is a force toward monopoly. It sets the level of advertising high so that only the most successful firms can afford to compete . . . Therefore, advertising helps many firms sell products with higher than average rates of profit and prevent other smaller . . . firms from entering the market'. (Janus, 1982: 4–6.)

It is not the purpose of this paper to develop Marx's theory of competition[6] but it is important to stress that for Marx competition is not a self-contained starting point and does not apply exclusively to the sphere of circulation. Competition is the result of the self-expansion of capital. In production, the result of competion is a continuous increase in the productivity of labour. In circulation, it aims at improving the conditions for the realization of the produced commodities. Competition, therefore, is not determined by the number of competing capitals and is not eliminated or reduced if the number of competing firms decreases. There is no perfect or imperfect competition, competition is a lasting fight that cuts through all the spheres of economic life.

In the Marxian system competition is not only an equilibrating force but also a force that produces disequilibrium thus, the centres of gravity for prices, profits and values are changing averages, permanent fluctuations being the normal state of the economy.[7]

The second thesis of the MKS that I would like to review is related to the problem of demand. This school maintains that there is an endogenous tendency towards stagnation in the monopoly stage and that therefore artificial ways of stimulating demand have to be found. It is then suggested that advertising, by stimulating aggregate effective demand can neutralize the tendency of monopoly capital to stagnate and thus enable the system as a whole to avoid crises of realization.

In order to criticize this argument it is necessary to distinguish between demand curves for the firm and aggregate social demand, that is, demand from a micro and a macroeconomic perspective.

Demand curves for the firm—demand for a specific commodity—can be affected by advertising. In circulation, competition between capitals deals with enlarging the market share and creating better conditions for the realization of commodities. When advertising helps to reallocate demand from commodity A to commodity B, all other things being equal, there is a shift in consumer expenditure that obviously can affect profits, but aggregate social demand remains unaltered.

According to Baran and Sweezy advertising increases aggregate effective demand by paying wages to unproductive workers in the advertising business, but as we will see later, advertising capital in fact allows for a general reduction of unproductive wages. Advertising is also supposed to increase consumption to the detriment of savings and increase investment in plant and equipment by creating demand for the advertised commodites.

Together with government expenditure and militarism, advertising is seen as a very important mechanism against stagnation in monopoly capitalism.

The influence of this school can be appreciated in Janus's summary of the economic function of advertising:

> Advertising has fulfilled several important functions in conditions of monopoly capitalism: (1) it allows competition to take place at the level of marketing rather that at the level of production (2) it helps to increase (*sic*) the turnover time for capital, yielding higher profits; (3) it artificially stimulates demand by enabling the system as a whole to avoid crises of realization. (Janus, 1982: 3.)

It thus becomes necessary to clarify the nature of effective demand and the concept of social need in Marx.

Marx divides social production into two departments: means of production or Department I, and means of consumption or Department II, and it is on this basis that it is possible to analyse productive and individual consumption, that is, demand.

The demand for Department I goods is always the demand of the capitalist, of the producer. The demand for Department II goods is always the demand of consumers, and these in turn are divided into workers and capitalists. But workers' consumption is not exogenously determined, workers' demand is determined by the capitalist investment in wages or variable capital.

Capitalists buy the machinery needed for production, hire workers who then buy back their subsistence goods from the capitalists, and capitalists buy consumption goods for the capitalist class itself. Therefore, social demand originates entirely within the capitalist class through its investment in production goods and wages and through its consumption.

This is what Marx means when he says that social demand

> is essentially subject to the mutual relationship of the different classes and their respective economic position, notably therefore, to, firstly, the ratio of total surplus value to wages, and secondly, to the relation of the various parts into which surplus value is split up (profit, interest, ground-rent, taxes, etc.). (Marx, 1977: 181.)

But for social demand to be effective it has to be expressed in money terms, workers represent as much demand as their wages allow and capitalists as much demand as their profits allow. For the capitalist class, generally speaking, effective demand is greater than its real needs. For the working class, the discrepancy lies between their effective demand and their real needs, the latter not only quantitatively outstripping the former but also containing qualitatively concrete needs of a different kind.

Advertising therefore, could attempt to increase capitalists' consumption: they can consume V-8 juice *and* Coke *and* milk, but it can only modify consumer behaviour of the working class: workers either drink V-8 juice *or* Coke *or* milk.

As long as commodities are products of capital, their demand and supply depend on capitalist relations of production. It seems therefore rather unlikely that advertising could significantly affect aggregate social demand and productive investment given the fact that both are determined by:

(1) The existence of different classes and sections of classes which divide the total revenue of society and make up the demand created by revenue.

(2) An overall structure of the capitalist production process where there is a supply and demand created among producers.

And it is less likely that advertising could prevent a realization crisis by reallocating the demand of some non-essential consumer goods on a short-run basis. Advertising can 'locate' the demand for the advertised commodity but in no way can advertising *create* that demand.

Thus, the MKS framework even though on a superficial basis might seem adequate to explain the economic function of advertising, once we go beyond this phenomenon, it leaves too many questions unanswered. For example, should we assume that because there is no advertising of producer goods there is no competition in this department? Why is advertising mainly a consumer goods and services phenomenon? Why is it that large corporations have such advertising expenditure? Why is advertising so high in the US and its sphere of influence compared to other regions of the world? What then is advertising and what framework should be used for its analysis?

Commercial capital and costs of circulation

It is within the theoretical framework given by Marx for the analysis of commercial capital that the study of advertising has to be undertaken. Advertising is a cost of circulation, it has to be located within the debate on productive and unproductive labour, and it has to be understood from the point of view of the process of capital reproduction.

In the analysis of productive and unproductive labour there are three different levels of abstraction, the inability to differentiate between them and has led some authors to propose that advertising is productive labour (Hunt, 1980).

At the first level Marx deals with the process of production where labour appears as either productive or unproductive, productive labour being labour that creates surplus value.

In a second level of abstraction Marx deals with the process of circulation and here he shows that not all labour that operates in the sphere of circulation is unproductive. On the other hand he shows that unproductive activities can be further differentiated as reproductive (or indirectly productive) and unreproductive.

Lastly, there is the level of the process of social reproduction where State expenditure and unreproductive labour can still be further differentiated.[8]

For the purpose of our analysis we will concentrate on the second level but in order to get there we will briefly deal with the distinction between productive and unproductive labour.

Productive labour is labour that creates surplus value. The labourer must be a wage-labourer and his labour power should be directly incorporated into the production process of capital to maintain, reproduce and increase the invested capital.

The importance of the definition of labour as productive is that in capitalist production there is a social relation between labour and capital. Labour power is exchanged for variable capital. This reproduces for the worker the value of his labour power while as a value creating activity it valorizes capital and confronts the worker with the commodities so created and transformed into capital.

As far as the definition of productive and unproductive labour is concerned the nature of the commodities into which labour is materialized is totally irrelevant. They can be 'material' use-values or services and they can be destined for reproductive or unreproductive consumption. The characterization of labour as productive or unproductive is not in the nature of labour or of the produced commodities but in the nature of the social relationship of labour to captial.

So far Marx made clear that within the process of production we can differentiate between productive and unproductive labour and that productive capital is thus defined as capital aimed at the self-expansion of value, which is accomplished by the exploitation of productive labour. But the periodical renewal of productive capital implies its reproduction, and at this point the process of circulation is integrated into the object of study by Marx, and the analysis moves to the sphere of circulation. . .

> . . . Here we have been dealing only with *productive* capital, that is, capital employed in the *direct process of production*. We come later to capital in the *process of circulation*. And only after that, in considering the special form assumed by capital as *merchant's capital*, can the question be answered as to how far the labourers employed by it are productive or unproductive.
>
> (Marx, 1977: 413, Marx's emphasis.)

Marx divides costs of circulation into two types[9]:

(a) Those costs which arise from processes of production which are only continued in circulation, i.e. storage, transportation, etc. The productive character of these activities is concealed in the process of circulation and they may constitute an addition to the selling price of the produced commodities, although the labour spent in these activities may not add anything to their use value. These activities have a double character, they appear as a continuation of a process of production within the process of circulation and for the process of circulation, and second, they can form independent branches of production and thus separate spheres of investment of productive capital.

(b) Those costs related to activities which result from the mere change of the form of value, i.e. time for buying and selling, accounting, storage for speculation, etc. The labour time spent in these activities does not create any value or any surplus value and is therefore carried on by unproductive workers.

These activities are costs of circulation which add nothing to the converted values. They constitute a deduction from surplus value and because a part of total capital must function only in circulation, it reduces proportionately the dimension in which the advanced capital functions productively.

To summarize: the difference between costs of circulation due to continuing processes of production and 'pure' costs of circulation is that the first, because they are the result of a process of production, add value to the commodities even though they do not 'physically' affect the use-values and when separate and independent they become a branch of investment of *productive* capital. The second type of cost do not add any value to the price of the commodities and remain unproductive activities even when they become independent spheres of investment of capital. In the first case, labour is productive because it produces surplus value for a capitalist while in the second case labour bought by the new independent capital remains unproductive. Here lies the genesis of commercial capital.

It is important to underline that although unproductive, these activities are a necessary element of the reproduction of capital and with division of labour they tend to become independent and to be carried on by other capitalists as their main activity. The separation of these activities does not turn them into productive ones if they were not so before.

Analysed only from the level of the process of production, unproductive labour appears unnecessary and as a burden on surplus value because it constitutes a deduction from it. But the conversion of commodities into money and of money into commodities is a necessary function of industrial capital for the continuation of the process of reproduction.

Costs of circulation are analysed by Marx in terms of the process of circulation and reproduction, . . . 'All these costs are not incurred in producing the use-values of commodities, but in realising their value. They are pure costs of circulation. They do not enter into the immediate process of production, but since they are a part of the process of circulation they are also part of the total process of reproduction' (Marx, 1977: 289).

Advertising is then a 'pure' cost of circulation, it is capital functioning in the sphere of circulation, the process of circulation being a phase of the total process of reproduction. And although necessary for reproduction, the labour time spent in advertising the commodities does not create any surplus value, the profit appropiated by the advertising capitalist being only a portion of the surplus value produced by the total productive capital.[10]

Advertising

One of the main circulation costs generated by capitalist competition in the sphere of circulation is the so-called 'sales effort' which has two main manifestations: advertising and sales personnel (although the difference between them is mainly one of form and not of content). We would like to underscore three phenomena related to advertising.

(1) The first one has to do with the advertising of consumer goods and services. In the production goods sector, because the market is a reduced market and the price of each produced commodity is very high, direct sales efforts are more effective. For consumer goods the situation is different. Producers have to reach millions of consumers, it is a mass market and the price of each produced commodity is lower, they therefore require more effective and cheaper selling methods than a door-to-door salesperson. Obviously, as we will see later, the mass media fit in perfectly.

On the other hand, the process of accumulation of capital and the need to increase productivity due to competition in the sphere of production in both departments creates a *relatively* expanding market for Department I but not necessarily so for Department II, thus increasing competition in the consumer goods sector (see Mandel 1974, Arriaga 1980).

This phenomenon manifests itself in relatively higher levels of advertising for consumer goods compared to production goods. Therefore, in order to be able to get an adequate understanding of the reality of competition in the sphere of circulation for the overall economy it is necessary to quantify all sales efforts: advertising expenditure, wages and salaries of sales personnel, propaganda, bribes, etc. To concentrate only on advertising distorts our understanding of reality.[11]

(2) The second phenomenon has to do with the level of advertising for the different firms. To be able to do a lot of advertising a lot of commodities have to be on hand. Unproductive labour in the sphere of circulation is seen by Marx as an intermediate operation connected with calculating and realizing values.

> It is labor whose magnitude therefore depends on the quantity of the produced values that have to be realized, and does not act as the cause, like directly productive labor, but rather as an effect, on the respective magnitudes and masses of these values. The same applies to the other costs of circulation. To do much measuring, weighing, packing, transporting, much must be on hand. The amount of packing, transporting, etc., depends on the quantity of commodities which are the object of this activity, not vice-versa. (Marx, 1977: 300.)

It is therefore totally irrational to expect a small corporation which only produces for a local market to invest a considerable amount of money in advertising its commodities. The levels of output and the nature of the market determine the required level of advertising and mass marketing of the commodities. It is thus possible to explain why large corporations need and are able to afford high advertising expenditures: it is cost efficient.

(3) The third point has to do with the overall advertising expenditure. The larger the scale of production, the greater the quantity of commodities to be sold, the greater are the unproductive expenses giving rise to a division of labour. As long as production is on a relatively small scale, industrial capitalists themselves can be in charge of their marketing and sales. As the scale of production grows it becomes more efficient to have separate branches of investment to deal with the realization of commodities. Thus, mainly as a result of economies of scale, advertising is set apart as a different sphere for the investment of capital.

This takes us to advertising capital. The advertising capitalist, by devoting all his time to these activities and because he performs this function for several individual capitalists at the same time, reduces society's time and capital spent in the realization of commodities compared to what would have been spent had every individual capitalist been responsible for his own sales and marketing.

Advertising capital presents several advantages to the industrial capitalist:

(a) The capital devoted exclusively to this sphere is smaller than it would be if the industrial capitalist were to carry on the advertising of his commodities on his own.

(b) Less time has to be devoted to the process of circulation.

(c) Less capital has to be laid out to pay unproductive workers. Because these workers do not produce any surplus value, what the industrial capitalist wants is to cut these expenses of circulation down to a minimum.

Although it is true that advertising expenditure has increased considerably over the past thirty years, what the above means it that if it were not for advertising capital, advertising or sales expenditures would be considerably higher than they are. It is useless to condemn advertising expenditure *per se*, advertising has to be understood in terms of the overall circuit of capital where production is a determinant moment. If there is high advertising expenditure it is because the circulation of the produced commodities so requires it.

It is important to point out that a low advertising expenditure does not necessarily mean that less resources are being devoted to the circulation of commodities. In order to have high levels of advertising expenditure there must exist a State policy favourable to the financing of the mass media by advertising as in the case of the United States and almost all Latin American countries. In countries where the mass media are totally or partly financed by the State as in most European countries, advertising expenditure might seem low compared to United States figures. It thus becomes important to compute both advertising *and* other sales efforts expenses in order to get a real estimate of the amount of capital devoted to the circulation of commodities in a given social formation.

Baran and Sweezy argue that their 'sales effort' category in monopoly capitalism is conceptually identical to Marx's costs of circulation except for the fact that they have acquired a quantitative and a qualitative rôle never imagined by Marx. The problem in their analysis lies in the rôle assigned by Baran and Sweezy to these circulation costs. It was never argued by Marx that costs of circulation were a determinant factor of aggregate effective demand, level of income and occupation, investment or savings and consumption. At no point did Marx suggest that these costs of circulation were related to the concentration and centralization of capital, to the number of competing capitals or to the need of consuming generated surplus.[12]

Advertising has to be analysed in terms of the reproduction of capital; it has to be understood as a phenomenon of competition at the level of the circulation of capital, related to the sphere of circulation of consumer goods. For Marx, competition is competition among capitals in the production, realization and distribution of surplus value. Production, circulation and consumption are not sequential and independent processes, they are a contradictory unit of different moments, one of them-production—being determinant over the others in capitalist production. Therefore, one cannot make generalizations on the workings of the capitalist economy from a very particular phenomenon which takes place at the level of the circulation of some goods.

Advertising and mass communication

So far we have been able to clarify one way in which advertising becomes functional for capital and is subordinated to its logic: as a form of the commercialization process for consumer goods industries. But in order to effectively achieve this, advertising needs the mass media.

At this point it becomes important to clarify that one cannot equate private ownership of the media nor their financing by advertising with capitalist production. In that sense one can find media owned by private capital whose activities are not carried on for the purpose of expanding capital or public broadcasting systems financed by advertising that are not a source for the creation of surplus value. Capitalist exploitation of productive labour for the purpose of capital's self-valorization is the only possible source of extraction of surplus value. It is the relationship between capital and labour which is the one that determines the nature of the process of production within the mass media.

If advertising has become such an important phenomenon in the past fifteen years it is not so much because of its economic implications—almost insignificant in terms of the overall economy—but because the needs of some producers of consumer goods and services have been allowed, through their advertising expenditure, to determine the development, growth, content and form of the mass media stystems which are a part of the culture of every social formation.

In societies where the mass media are financed by the State, regardless of the level of monopolization of the economy or of the presence of multinational corporations, advertising is not only economically insignificant but its effect on culture is almost nil compared to mass media systems financed by advertising.

What we then see is that when advertising finances the mass media cultural production related to them finds itself in a double bind.

On the one hand, the media capitalist by buying or producing cultural goods (like music, news, film, etc.) that go as inputs into the process of production of a business service, subordinates the cultural commodity to the satisfaction of the needs of the advertiser to market his commodities. On the other hand, advertising finance, by guaranteeing a steady or expanding outlet for some cultural commodities, *helps* to transform those branches of cultural life related to the media into profitable spheres for capitalist investment, contributing in another way to the subordination of cultural production to the logic of capital.

Advertising not only performs a specific function for consumer goods capital but can also be analysed in terms of its implications for cultural production and as a solution to problems generated inside the mass media themselves. Advertising finance is sometimes actively sought be the mass media to help achieve economies of scale and increases in the productivity of labour that facilitate higher levels of profitability, a rate of profit at least as high as in any other industry being a precondition for capital to exploit any sphere of economic life.

These are all important issues that fall beyond the scope of this paper but that a political economy of culture must take into account: advertising affects cultural production in more than one way.

In a great number of studies on advertising and the cultural industries it seems that capital just happens to penetrate cultural activities or advertising just happens to finance the mass media. It is important to emphasize that historically the State has been the main source of financing for the cultural life of a social formation, whether by direct patronage of the arts, or by subsidies to the mass media, or through public education.

What determines a State policy favourable to advertising as in the case of the United States and almost all Latin American countries? What determines the shifts in State policy as has been the case in some European countries? Is it a contradiction at the level of the State? Is it a contradiction at the level of the process of accumulation? Or both? Is it imposed by outside or is it internally generated in each social formation? Or both? Which is the dominant pole in each contradiction and how is it shifted as a social formation develops?

These are questions which must be posed by a political economy perspective and, hopefully, answered over the next decade.

Notes

1. INRA: World Advertising Expenditure, 1980.
2. For the sake of simplicity we will not deal with the materials consumed or the processes of production of the advertisement itself.
3. See Ballón (1974); Castaño (1971); Bernal Sahagún (1974); Esteinou (1981); Holzer (1976); Montoya (1981); Janus (1982); Portales (1981); Schiller (1973, 1976), Smythe (1981) among others.
4. For a discussion of the theoretical background and empirical evidence of the Post-Marxian theory of monopoly differential profits and prices see Semmler (1981, 1982) who makes a thorough critique of this argument.
5. Marxist studies on advertising lack a strong empirical background or rely on very simple statistical presentations. Most of the empirical validation of their hypotheses has been taken from non-Marxist authors and studies like Bain (1956); Stigler (1961, 1963); Comanor and Wilson (1974); Backman (1967); Borden (1942); Dunning (1967).
6. The notion of competition in Marx has been analysed by Clifton (1977); Weeks (1978); Semmler (1981, 1982); Shaikh (1978, 1979).
7. We will not deal with the formation of prices and values in the Marxian system which has nothing to do with the neo-classical demand-supply approach.
8. See Semmler, 1980.
9. Marx's original headings for these costs of circulation were: (a) costs from processes of production in circulation: storage, transportation, etc.
   (b) costs from a mere change of form: selling and buying, accounting, etc.
   Engels, while editing Marx's manuscripts II and IV changed the headings and created different categories:
   I Genuine costs of circulation
   II Storage
   III Transportation.
   Marx's original classification seems more clear, we will therefore use Marx's instead of Engels' (see Marx, 1978: 153).
10. Costs of circulation require some additional capital: constant capital consisting of offices, paper, postage, etc., and variable capital used for the employment of commercial workers. Advertising capital, as all commercial capital, participates in the levelling of surplus value to the average profit. The general rate of profit contains a deduction from surplus value due to commercial capital, such that, the larger the commercial capital in relation to industrial capital, the smaller the rate of industrial profit and vice-versa. The case of commercial capital advanced being similar to that of industrial fixed capital (see Marx 1977).
11. Unfortunately, data on advertising, wages and salaries of sales personnel are not available for all years and they are not adequately disaggregated to easily separate them into Departments of production.
12. One should make it clear that Marx was very careful to point out that profit is the precondition for these unproductive expenditures (Marx, 1977: 299).

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