THIN THEORIES OF EXPLOITATION

(Theories of exploitation II)

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This working paper consists in the second part of survey of recent "theories of exploitation". Another working paper in the same series contains the introduction and the first part*.

Here is the full table of contents :

* Even more than the first part, this second part owes a lot to conversations with G.A. Cohen, Jon Elster, Andrew Glyn, John Roemer, Hillel Steiner and Robert van der Veen, as well as to their published and unpublished work. Earlier versions of this paper were presented at the Universities of Liège (Dec. 1981) and Louvain-la-Neuve (May 1982), where I benefited from many stimulating comments.

II. THIN THEORIES OF EXPLOITATION

9. Exploitation without class ?

The foregoing discussion has displayed the close connection between the standard Marxist concept of exploitation and the concept of class (defined in terms of ownership rather than control). Firstly, exploitation presupposes the existence of class. In the case of capitalism, for example, constant reference was made to the capitalists (defined as labour hirers - which they can be because they own means of production) and to the workers (defined as labour sellers - which in many cases they have to be because they do not own means of production),while the self-employed were left outside the universe to which exploitation was relevant. Secondly, the standard notion of exploitation must be defined in such a way that the existence of classes - under capitalism, the fact of waged labour - implies the existence of exploitation, except in the extreme case in which capitalists make no profits (or use them all to boost the workers'future consumption). We have seen above (section 6) how a breakdown of such a class-exploitation correspondence (with the standard value definition of exploitation in a trading universe) made a reformulation of the notion of exploitation imperative.

Being (practically) coextensive with the notion of class, one may wonder whether the notion of exploitation is superfluous. I shall argue that it is not. Firstly, whereas class concepts are purely qualitative, exploitation admits of degrees : the same class relationship can correspond to very different degrees of exploitation - however the latter is measured. Secondly and more importantly, exploitation may serve to denote what it is about class societies[1] which is unacceptable from a Marxist angle, and to what extent it is present . If this is so, it is important to ask the further question : What is it that makes exploitation in the standard sense - the appropriation of part of the

1. Qua class societies in the sense specified above. Other unacceptable features may of course be associated indirectly with class relations, e.g. if ownership of the means of production tends to go together with control of the production process (see section 2 above).

workers' product by another class - an unacceptable feature ? I shall now proceed to review various answers to these questions in the form of thin definitions of exploitation, i.e. more general definitions which focus on one particular aspect of the standard definition and thus enable us to view the latter (and hence class relations)as a particular embodiment of a shortcoming which may also be found in classless societies (petty commodity production, socialism). If this shortcoming is indeed what makes standard exploitation unacceptable, and if the point of the standard notion of exploitation is to denote what it is about class relations that is unacceptable, then using the label "exploitation" for the more general notion is no doubt legitimate.

A. The labour-wastage approach

10. Exploitation as labour wastage

One aspect of exploitation in the standard sense is that workers work more than what is socially necessary to produce (or, in the trading case, to acquire through exchange) what they consume. In their analysis of exploitation under socialism, Morishima and Catephores (1978 : ch.3) propose a generalization of the standard definition which focuses on this aspect. Restricting myself (as they do) to the case of a "self-contained universe", I shall present a slightly extended version of their approach.

Given our (average/production) definition of value, the workers'total labour time (in the self-contained case) is equal to the value of the total (net) product. And the standard definition of exploitation certainly requires that there be a difference between the value of this product and the value of the workers'consumption bundle[2].

2. In a broad sense which may include what they buy out of transfer payments, social consumption and the consumption prospects of later generations of workers (see sections 3-4 above). In their explicit definition of necessary labour (consumption for the satisfaction of needs + replacement investment + investment to match population growth + stock for evening out economic fluctuations), Morishima & Catephores (1978:71-73) are more restrictive than this. Their actual analysis, however, amounts to adding to the standard necessary product (replacement investment + subsistence consumption) any extra consumption by

However, there will only be exploitation on the standard sense if this difference is appropriated by the capitalists. But it need not be. Under a more general definition of exploitation, it is possible to assert that there is exploitation as soon as the difference between the value of the total product ($\lambda.Y$) and the value of the workers'consumption bundle ($\lambda.B$) is positive, whether or not any part of it enters the capitalists'consumption. Some of the goods produced may not go into either the workers' or the capitalists'consumption, but instead remain unsold or consist in products which though sold (thanks to compulsory taxation), do not "give direct benefits to the citizens" (perhaps weapons, administration, etc)[3]. If R represents the part of the social product which is actually realized and U the part of R which "directly benefits the citizens", then the extent of exploitation (in the broadened sense) is given as the sum of three components :

(1) $(\lambda.Y - \lambda.R)$ (unrealized value)

(2) $+(\lambda.R - \lambda.U)$ (useless production)

(3) $+(\lambda.U - \lambda.B)$ (capitalist appropriation)

In words : the extent of exploitation is given by the sum of the labour time wasted on goods which are left unsold, the labour time wasted on goods which are sold but which no one really wants, and the labour time wasted (from the workers'point of view) on goods which are consumed by the capitalists.

Next, our concept of exploitation as wasted labour (from the worker's point of view) can be further extended by turning from the difference between total labour time ($\lambda.Y$) and useful labour time ($\lambda.U$) to the difference between the time spent producing what contributes to the workers' welfare ($\lambda.B$) and the labour time really required to achieve their current level of welfare (what I shall refer to as $\lambda^{**}.B^{*}$). First of all, there will in general be a substantial difference between the time spent in the average on the production of a particular item (i.e. its value according to our definition) and the time spent producing it with the most productive technique available - where productivity is defined as the reciprocal of embodied labour time. Even under perfectly competitive capitalism, the technique adopted at equilibrium will not

3. Only the latter component is taken into account by Morishima & Catephores (see ibid. 73). The distinction with (social) consumption goods, needless to say, is not often easy to make.

always be the most productive one, as profit maximization does not generally coincide with labour time minimization[4]. Furthemore, even when the techniques are so chosen that the workers' consumption bundle B is produced at the lowest possible labour cost, the workers may still be wasting some of their labour time because of a suboptimal specification of B. A different combination of consumption goods might have been chosen which would have given them the same level of material welfare, while requiring less of their time to be produced[5]. Consequently, two further components can be added to our broadened concept of exploitation : the waste deriving from a misallocation of labour in the labour process and the waste deriving from a misspecification of the combination of goods which contribute to the workers'welfare.

The first of these two additional components is closely connected to the issue of so-called unproductive labour, which is often raised by Marxists in order to show that the extent of exploitation is considerably higher than profit figures may suggest. There are three main ways of interpreting unproductive labour (or three main potential components of it)[6]. In a first sense, it consists in labour which is unproductive of value because it does not produce commodities. Being performed within public institutions or the household, it does not produce goods to be exchanged on the market. It is obvious enough that neither State labour nor domestic labour necessarily constitutes a waste from the workers'point of view. And unproductive labour in this sense is therefore irrelevant in the present context. Secondly, however, unproductive labour may be said to be labour which does not produce "value" (in the minimum, not the average definition), in so far as it exceeds the labour time required to produce the goods it produces with the least labour-expensive technique available. This sense of unproductive labour, which is obviously relevant to a conception of exploitation as labour wastage, corresponds exactly to the first of the two additional components mentioned in the previous paragraph. Finally, the third and most widespread sense of unproductive labour refers to those activities (supervision, prestige expenses, bank services, advertisement, etc.) which are required for

4. See ibid. 77. In Morishima & Catephores'framework, this aspect can also be introduced as the difference between total labour time and the value of (i.e. the minimum labour time embodied in) the total product.
5. See ibid. 75-76.
6. See De Vroey (1982:51-56) for a useful survey of definitions of unproductive labour. The classification used below diverges slightly from his.

the "production" (in a broad sense) of the goods in a capitalist context, but are dispensable in an (ideal) socialist society. When such unproductive labour exists, there is a difference between the labour time actually spent producing the workers'consumption bundle and the labour time which would be spent producing the same bundle of goods under a different mode of production, where supervision, advertisement, etc. can be dispensed with. This difference, clearly, provides us with a further component of exploitation as labour wastage[7].

In order to summarize the last two paragraphs, let us call λ^{*} the vector of average labour times after deduction of all activities (supervision, advertisement, etc.) which can be dispensed with once capitalism is abolished. Let us call λ^{**} the vector of labour times (leaving out the dispensable labour just mentioned) corresponding to the set of available techniques which minimizes labour expended. And let us call B^{*} the vector of consumption goods which gives workers the same level of welfare as their current consumption bundle B, while requiring less labour time to be produced (after deduction of dispensable labour time in the two senses just mentioned) than any other bundle yielding the same level of welfare. The three additional components of exploitation introduced in the last two paragraphs can then be presented as follows :

(4) + $(\lambda.B - \lambda^{*}.B)$	(dispensable activities)
(5) + $(\lambda^{*}.B - \lambda^{**}.B)$	(suboptimal techniques)
(6) + $(\lambda^{**}.B - \lambda^{**}.B^{*})$	(suboptimal consumption bundle)
(T) = $(\lambda.Y - \lambda^{**}.B^{*}$	(total labour wastage)

11. Managerial exploitation, or why Morishima's definition won't do

All six components listed so far may well be present in a capitalist society. The first two and the last two components, moreover, may also be present in a socialist society. Only components (3) and (4) apply specifically to a class society : (3) corresponds to the standard definition of exploitation (of a class by another) and (4) is added to (3) by

7. One might think of subsuming it under component (2) above (useless product). But it seems better to restrict the latter to final goods, while the component under consideration here only covers means of "production" (in a broad sense).

those who insist on taking unproductive labour (in the most usual sense) into account in computing the rate of exploitation. Consequently, it may well seem that we have thus found a convenient general definition of exploitation (as labour wastage) which at the same time can be applied outside the domain of the standard definition, can show how the latter corresponds to a special instance or component of a broader notion and, most importantly, provides a plausible answer to the question of what is wrong with (standard) exploitation. What is wrong with the latter, i.e. with the appropriation of part of the social product by the capitalists, is that it widens the gap between the workers'actual labour time ($\lambda.Y$) and the amount of labour time which is strictly necessary for them to achieve the level of material welfare they currently enjoy ($\lambda^{**}.B^{*}$). In other words, (standard) exploitation must be suppressed because its suppression will enable the workers either to work less while preserving their current level of material welfare, or to increase the latter without needing to work more. The underlying ethical imperative would simply be that (working) men should be provided with the best possible material basis for the development of their potentialities. As this imperative also underlies other important aspects of Marxism, such as its emphasis on the development of the productive forces or its critique of formal (as opposed to real) freedom, it may well seem that our broader definition of exploitation (as labour wastage) captures exactly what Marxists find objectionable about (standard) exploitation, and is therefore fully adequate.

I believe, however, that this is not the case, and that Morishima and Catephores themselves (unwittingly) point out the reason why it is not. After having discussed various kinds of "impersonal" exploitation under socialism - components (2), (5) and (6) above -, they undertake to discuss another kind of exploitation which is sociologically more similar to standard capitalist exploitation because of its <u>interpersonal</u> nature. What they call <u>managerial exploitation</u> is present when the managers' real revenues (their real wages, inclusive of their privileged access to public goods) are "excessive" or "out of all proportion to the importance of their special services". In order to give this notion a precise formulation, suppose the efficiency of the economy, as measured by the workers' labour time for a given output, is responsive to the managers' material incentives, i.e. that unit values fall as the managers' real revenues (consumption bundle M) rise. With a given technology, it is then in principle possible to determine an optimal level of managerial remuneration M^+ and the corresponding vector of labour times $\lambda^+ = \lambda(M^+)$, such that $\lambda^+.(B + M^+)$ is lower than the labour time that would be spent producing (jointly with the workers' consumption bundle) any other level of managerial real income : increasing the managers' rewards would not increase efficiency sufficiently for the fall in λ to compensate the rise in M, while decreasing their rewards would depress efficiency to such an extent that the rise in λ would more than offset the fall in M. The difference between the current value of the useful output (U = B + M) and the amount of labour corresponding to this optimal choice then constitutes a specific component of exploitation under socialism (which can be added after (1) and (2), (5) and (6) being reformulated accordingly) :

(7) $\lambda.(B + M) - \lambda^+(B + M^+)$ (managerial exploitation)[8]

This (unconsciously ?) quasi-Rawlsian [9] treatment of managerial exploitation fits very well into the general conception of exploitation as labour wastage developed in the previous section. However, it compellingly suggests that a similar treatment should be applied to capitalist exploitation. Why not recognize that giving part of the social product to the capitalists, just as giving part of it to socialist managers, may have a favourable effect on the time required per unit of product.

8. This is a simplified account of Morishima & Catephores (1978:81-83). In the remainder of the chapter, they argue that, in a socialist economy, the usefulness of managers will tend to decrease (due to growing work discipline), while their supply for a given level of reward will keep increasing (due to improved educational opportunities) - in such a way that their optimal (and actual) levels of reward will approach the level of the workers' standard of living (see ibid. 84-88). The shrinking of the optimal wage differential, however, does not imply the withering away of managerial exploitation, since the latter does not consist in differential reward but in (upward or downward) deviation from the optimal level of differential reward.

9. It would be fully congruent with Rawls' (1971) difference principle if it were agreed that, if the managers' wage level fell below the workers', one would have to reverse the perspective and declare that there was exploitation (or injustice) as soon as the workers' wage level deviated from the level which would minimize the managers' labour time !

After all, a very common argument in favour of capitalism holds precisely that the drive for profits promotes innovation and boosts efficiency. And Marx himself emphatically asserted that capitalism, in its early stages, had a tremendous impact on the development of the productive forces[10]. Consequently, the general conception of exploitation as labour wastage seems to impose, in the case of capitalist exploitation, the same dynamic perspective as was used in the case of managerial exploitation, and hence the replacement of our component (3) by component (7), where M would now be interpreted as the capitalists' revenues (not used for reinvestment to boost the workers' future consumption) : the extent of exploitation by the capitalists is no longer given by the difference between total labour time (on useful products) and labour time embodied in the workers' consumption bundle , but rather by the difference between (actual) total labour time and the amount required to produce the same consumption bundle for the workers jointly with the capitalists' consumption bundle, when the latter is set at a level which is optimal from the workers' point of view : lower profits (for the capitalists' consumption) would depress efficiency in such a way that workers would have to work more to achieve the same real income, while higher profits would not boost efficiency to such an extent that the labour time required to produce the correspondingly increased total output would shrink.

The trouble with this implication of the general conception is precisely that it does not coincide with the standard definition. It is easy to imagine (say, under early capitalism) a situation in which there is a substantial amount of exploitation in the standard sense (huge profits are booked), while there is no capitalist exploitation qua labour wastage (the level of profits is optimal from the angle of workers' consumption). And it is equally possible to conceive the opposite situation in which profits are abolished, when in fact the workers' labour time (for the same consumption level) would be reduced if they were not[11]. Consequently, there is no necessary link between exploitation in the standard definition and labour wastage. In so far as the general definition of exploitation as labour wastage was an attempt to point out what was intrinsically wrong about (standard) exploitation, it has clearly failed, and the legitimacy of its claim to the term "exploitation" is thereby

10. See Roemer (1982c:31-32) for a development of this point.
11. See also Roemer (1982, ch.10 : 10-14 and 1982e : 14) for an argument to the effect that only "socially unnecessary" exploitation can be condamned on the ground that it impedes the self-actualization of man by depriving some of them of the material resources they would need to lead a fulfilling life.

seriously shaken. If there is something intrinsically wrong about (standard) exploitation - as there must be, if the concept is a key element in Marxist political philosophy -, it must lie elsewhere. And a different generalization of the concept may therefore be more fruitful.

B. The unequal-exchange approach

12. Exploitation as unequal exchange

Morishima and Cathephores make themselves in passing an alternative suggestion. "The actual contract, they write, is therefore (because workers exchange T hours of labour for the value of a commodity bundle which corresponds to an amount of labour smaller than T) always _unfair_ and _not on equal terms_ between the capitalists and the workers, although on basis of superficial observation the capitalist looks as if he paid for the whole amount of labour performed, because he hires the worker on the free market" [12]. It is thus suggested that what is fundamentally wrong about (standard) exploitation is not the wastage of labour (as far as the worker's material welfare is concerned), but rather the fact that the workers are cheated or robbed by the capitalists. The workers give more than they receive. The exchange is intrinsically _unequal_. It seems promising, in this light, to try and construct a general notion of exploitation as unequal exchange in some sense, which will cover, as a special case, standard capitalist exploitation, while also applying, for example, to petty commodity production and to the "exploitation" of poor countries by rich countries.

In order to characterize such a general notion, let us start by contrasting _equal exchange_ with _gift_ on the one hand and _theft_ on the other. Both gift and theft are unilateral interpersonal transfers, the obvious difference between them being that the former is voluntary while the latter is not. Between gift and equal exchange, one can easily conceive of an intermediate case : what is sometimes labelled a _benefit_ i.e. the voluntary transferof something (say money) in exchange for something else (say a boy scout calendar) which is known to be of lesser value. The symmetric situation between equal exchange and theft would then correspond to _exploitation_, i.e. the involuntary transfer of something (say,

12. Morishima & Catephores (1978:41-42). My emphasis.

the use of one's labour power) in exchange for something else (say, one's wage) of lesser value. The key difference between "voluntary and "involuntary" unequal exchange is that the benefactor would not be willing to receive in exchange for what he gives something equivalent to it, while the exploited would[13].

It is important to notice that this characterization does not restrict exploitation to involuntary unequal exchange in a narrow sense for which we may want to use the term <u>extorsion</u>. The beneficiary of exploitation may take advantage of his victim by restricting the latter's opportunity set, i.e. by removing an opportunity which is better for the victim but worse for the beneficiary. This corresponds to extorsion, as exemplified by slavery and (arguably) feudalism. But the beneficiary of exploitation may also take advantage of his victim by expanding the latter's opportunity set, i.e. by offering him an opportunity which is better for both parties [14]. Unequal exchange taking place in such a context (as it does under capitalism), though "voluntary" in some sense, is still "involuntary" in the sense required by the previous paragraph, and can therefore be labelled "exploitation". We may even want to extend the scope of "involuntary" unequal exchange to cover situations where the victims would <u>not</u> be willing to give <u>less</u>, but where this unwillingless derives from (what we believe to be) illusions. Believing as they did that Pharao was God, the Egyptian peasants working for him were benefactors

13. This way of characterizing exploitation is proposed by Steiner (1980: section 1). A tricky intermediate case arises with public goods. Suppose several people live together in a house and one of them does all the cleaning because the threshold beyond which he cannot tolerate dirt is lower than that of the others. Should we say he is exploited ? The unequal exchange is certainly involuntary on his part, but it is not too involuntary on the part of the "exploiters" ? See also footnote 38 below.
14. See Elster (1982a:section 1), who argues that only the latter case corresponds to exploitation. For unequal exchange to be exploitation, he says, it must have an <u>economic cause</u>, i.e. be both self-interested (thus excluding benefit) <u>and voluntary</u> (thus excluding extorsion). Having to consider a protection racket exploitative does not seem sufficiently embarrassing, however, to warrant denying exploitative status to precapitalist extorsion.

rather than exploited workers, unless (perhaps) we rule that the voluntary nature of their labour would have vanished, had they known the truth [15]. If we prefer not to indulge in such speculations and stick to a stricter understanding of what is to count as "involuntary", we must realize that a great deal of what is usually treated as precapitalist exploitation will be left out as a result.

In any event, there is another restriction (on the type of unequal exchange which may qualifiy as exploitation) which is at least as important. What is wrong about (standard) capitalist exploitation is not just that it is involuntary unequal exchange, but that it consists in the involuntary unequal exchange <u>of labour</u> (or its product). If I find a stamp and sell it to a merchant far under its value, I may be badly cheated, but not exploited (even in the extended sense we are in the process of characterizing). And by living off my wife's inheritance (<u>not</u> her wages), I may be getting from her much more than I give her without exploiting her at all. Moreover, as standard capitalist exploitation is a <u>recurrent</u>, systematic process, it seems better to exclude from exploitation in the broader sense incidental or occasional unequal exchange. To take an extreme case, plundering can constitute a form of exploitation if it is a regular feature of the relation between two groups [16], not if the victims are taken at random. We thus have the following general definition. <u>Exploitation</u> is a recurrent process whereby someone's labour (or its product) is involuntarily exchanged against something which is worth less (at the limit, nothing).

<u>13. Inequality of what ?</u>

This immediately raises the question of how this "worth" is to be defined for the general definition to generate standard capitalist exploitation as a special case. Two obvious candidates can be ruled out straight away because they do not fulfill this condition. Take, first of all, the purely procedural definition of equal exchange as <u>any exchange</u>

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15. See, in this connection, Godelier's (1978:179-181) discussion of the Peruvian peasants'unextinguishible "debt" towards the Inca.
16. See Bettelheim (1969:325), who points out, however, the shaky nature of this form of exploitation.

taking place in the absence of coercion, whatever its terms[17]. As analyzed by Marx, capitalist exploitation will typically take the form of equal exchange in this sense. Hence, if a general definition of exploitation is supposed to tell us what is (intrinsically) wrong with capitalist exploitation, we are evidently on the wrong track.

Things are hardly improved if we turn, next, to a definition of equal exchange by equal gains from trade. To illustrate the notion, take the following example. Suppose I want to buy a particular house for no more than £ 20000, while its owner would not sell it for less than £ 15000. There is a wide range of settlements which would be mutually advantageous, but exchange would only be "equal" if the selling price on which we settled was roughly halfway between the two amounts mentioned[18]. In most cases of (standard) capitalist exploitation, exchange is unequal in this sense. But the "victims" of this inequality are nearly always the capitalists, and not the workers. It is in general much more vital for a worker to get a particular employment than for the capitalist to hire a particular employee. Consequently, in so far as we are trying to capture what is intrinsically wrong with capitalist exploitation, we are again on the wrong track. Note, incidentally, that we are also on the wrong track as far as our attempt to cover the "exploitation" of poor by rich countries is concerned. Although the (poor) sellers of jute, sisal and other typical Third World agricultural exports are not gaining much (compared to their next best use of land), the (rich) buyers are not gaining much either (compared to their next least expensive alternative purchase). And it is therefore by no means obvious that the rich countries tend to gain more than poor countries from international trade[19].

17. This corresponds, roughly, to Steiner's (1980:section III) "liberal" characterization of exploitative circumstances : though there must be no coercion directly involved in the exploitative exchange itself (in Elster's terms, extorsion is not exploitation), there must be some involved in the circumstances which make that exchange the best alternative for its victim. This may be because the exploiter (B) forcibly prevents some third party (W) from trading with the exploited (R) on terms more favourable to the latter, or because some authority (e.g. the State) prevents both B and W from offering more than they do in exchange for R's goods or services.
18. See Barry (1979:65). Another example is the distribution of benefits deriving from Ricardian comparative advantages : international trade is "fair" or "equal" if these benefits are about equally shared. See Emmanuel (1969:137-139).
19. Barry (1979:66-67). As the whole approach turns out to be irrelevant, no precise indication need be given as to how the "gains from trade" of different individuals or countries are to be measured or compared.

There is, however, a third way of understanding equal exchange : in terms of objective value, or socially necessary labour. Restricting ourselves at the moment to the case of a self-contained universe, we have seen above (section 3) how capitalist exploitation involved an excess of socially necessary labour performed by the workers over the socially necessary labour embodied in their consumption bundle. This feature of capitalist exploitation results (under certain conditions) from the fact that workers sell capitalists the use of their labour at a wage rate which does not give them the full value of the net product. However, its existence does not presuppose the institution of a labour market. Unequal exchange in this sense - i.e. as a form of economic cooperation in which some systematically command less, and others more, socially necessary labour than they perform - may also be present under petty commodity production, i.e. in a market economy without labour exchange.

More precisely, take the case of a private-ownership exchange economy, in which every producer minimizes his labour time subject to three constraints : he cannot use more than one unit of labour power (no labour market), the cost of his inputs cannot exceed his wealth (no credit market) and he must produce enough to be able to afford the subsistence bundle at going prices (subsistence constraint). It can be shown that, at equilibrium, the total labour time is $\lambda.B.N$ (as many times the value of the subsistence bundle as there are producers) and that the wealthier producers do less than their share ($\lambda.B$, the total labour time divided by the number of producers) of this amount, while the poorer producers do more than their share[20]. The underlying mechanism is that those who can afford more means of production will concentrate on more capital-intensive production (or, alternatively, on production requiring scarce primary factors other than labour, say land) and will therefore benefit from the fact that the relative equilibrium prices of more capital-intensive products (or products which embody more non-labour primary factors) deviate upwards from their relative values. Consequently, poor producers will exchange more value against less value, and the amount of socially necessary labour embodied in the subsistence bundle will be smaller than

20. See Roemer (1982d:10-14) for the relevant proof, and Roemer (1982f: 20-23) for further discussion.

the amount of socially necessary labour time they perform while being larger than that performed by rich producers. Hence, despite the absence of classes[21], poor producers are exploited and rich producers exploiters, i.e. they are the victims and the beneficiaries (respectively) of unequal exchange, as defined in the previous paragraph.

It is possible, at this stage, to further broaden the notion of unequal exchange in such a way that there may be exploitation under petty commodity production even when commodities are exchanged at their values. There is unequal exchange, in this broadened definition, as soon as the labour time actually performed by some producer exceeds the socially necessary labour time embodied in his consumption bundle. In other words, a producer is exploited (resp. an exploiter) because the "individual value" of his products is higher (resp. lower) than their "social value", or, more simply, because he is slower (resp. faster) than average at producing them. This may be the case because he uses an antiquated (resp. particularly efficient) technique, because he is less (resp. more) skillfull than average, because the land on which he works is less (resp. more) fertile than average, etc. Whereas the exploitation of the less well endowed by the better endowed (as discussed in the previous paragraph) derives from differences in the means-of-production requirements of the various branches, this exploitation of the less productive by the more productive derives from differences in efficiency levels within each branch.

Under capitalism, the exchange of unequal amounts of socially necessary labour (due to differences in capital intensities or in the use of non-labour primary factors) or of actual labour (due to difference in productivity) still exist, but they no longer directly affect the workers' revenues. These are now determined by the labour market, and if the latter is competitive, each kind of work will earn the same wage throughout the economy. Deviations of equilibrium prices from values (due to inter-branch differences) will now show, with the same rate of profit in all branches, in unequal rates of exploitation : the amount of surplus value

21. Unless classes are defined in terms of the degree of capital-intensity of the activities operated by the various producers (see Roemer 1982e: 8-9). Whether classes are defined in terms of labour hiring/selling or in terms of ownership or control of the means of production, however the economy considered here has at most one class.

extracted per unit of living labour is higher in highly capital-intensive branches than elsewhere. Deviations of actual labour times from values (due to inter-firm differences), on the other hand, will show in deviations from the general rate of profit : assuming wage levels are unaffected, less productive firms will earn less, and more productive firms more, than this rate, with limits imposed by the necessity to make some profit at one end, and capital mobility at the other. In both cases, we thus have fluctuations in the degree of standard capitalist exploitation. But in neither case is a qualitatively new type of exploitation (as unequal exchange) generated.

However, a new type of exploitation - the "commercial exploitation of poor countries by rich countries" - does seem to be generated, as soon as one allows wage levels to diverge, as in Arghiri Emmanuel's theory of unequal exchange. Emmanuel himself distinguishes three types of "transfers of surplus value". There are those due to differences in capital intensities (to which those due to differences in non-labour primary factors might be added), those due to differences in productivity (which are not, strictly speaking, transfers of surplus value, unless one is willing to speak of "individual values") and finally those due to differences in wage levels, for which he reserves the term unequal exchange[22]. Unequal exchange, in this narrow sense, derives from discrepancies between equilibrium prices and what they would be if wage levels were equal in all countries, just as the other two types of "surplus value transfer" derive from discrepancies between equilibrium prices and values and between actual labour times and values, respectively. Its extent is given by the increase in the poor countries'purchasing power which would result from an equalization of wage rates[23].

Emmanuel's concept, thus presented, raises serious difficulties. First of all, it is hard to overlook the fact that in many cases, if wages were as high in the poor countries as in the rich ones and if the terms of trade were correspondingly adjusted, the poor countries would be able to

22. Emmanuel (1969:205; 1975:351). For this reason, it is exegetically incorrect to interpret the "unequal exchange" literature in terms of a model in which different capital/labour ratios play a central role, while differences in the subsistence wage are only a marginal "imperfection". (Roemer 1981b:40).

23. See Emmanuel 1975:351,407).

export, if anything, much less than they currently do. By how much should we say that the tea pickers are exploited by the tea drinkers if the net effect of increasing their wages is not to boost their purchasing power, but to throw them out of work ?[24] Secondly, what is Emmanuel's unequal exchange an unequal exchange of ? In his comment on Emmanuel's book, Bettelheim (1969:297-298) defines its central notion as any exchange of less value (or socially necessary labour) for more value. But Emmanuel emphatically rejects this interpretation. He points out that, although countries with higher wages also tend to have more capital-intensive industries, there is no necessary connection there. Consequently, there may well be unequal exchange in his sense in a situation in which equilibrium prices are proportional to socially necessary labour times : when Katanga copper (capital-intensively produced with cheaper labour) is exchanged for Belgian shoes (labour-intensively produced with more expensive labour), there _is_ unequal exchange despite the fact that (conceivably) _equal_ quantities of socially necessary labour are exchanged. Instead, Emmanuel asserts, unequal exchange involves the exchange of goods which embody unequal amounts of costly factors, among them labour _and_ capital[25]. The problem then becomes how to weight these various factors. Does not the formation of equilibrium prices take adequate account of how precious the various factors are at a given time and place, and hence how much weight they should receive ? Certainly not, since this would make unequal exchange (at equilibrium) a conceptual impossibility. Rather, Emmanuel's counterfactual equalization of wage rates precisely corresponds to the assertion that, however the weight of the other primary factors may vary from one place to another, (socially necessary) labour is always worth the same, in the sense that it should entitle its performer to an identical reward. But if this interpretation is correct, there is a much simpler and general way of formulating the same intuition, which also solves the first difficulty mentioned above.

24. As pointed out by Barry (1979:64,67).
25. See Emmanuel (1975:351-352).

14. From commutative to distributive injustice

It is possible to preserve what is essential in the notion of exploitation as unequal exchange by looking at the world economy as a cooperative venture, a complex exchange of contributions towards the production of a joint output. For this complex exchange to be fair or just, so the underlying principle goes, the output must be distributed to each according to the labour, or perhaps the socially necessary labour, he put in it. Those who get less than what they should receive in this ideal distribution can be said to be the victims of an unequal exchange, or exploited, by those who get more than what they should receive in this ideal distribution [26]. One obvious consequence of this characterization is that (pure) capitalists are always exploiters, however the part of the output they receive in profits (for their own consumption) is measured and whatever the unit of analysis. The workers' exploitation status, on the other hand, may depend on whether their contribution is measured in terms of actual labour or of socially necessary labour, on whether the part of the total output they receive is measured in terms of socially necessary labour or market prices and, above all, on how far the "cooperative venture" taken as the unit of analysis is supposed to stretch[27].

If contribution is measured in terms of actual labour performed (which means that more productive labour should not get a higher reward than less productive labour), if rewards are measured in terms of purchasing power (rather than labour embodied) and if the unit of analysis is the whole world in so far as it is involved in international trade, it obviously follows - in agreement with Emmanuel's thesis - that the poor countries'workers are always exploited, while the rich countries'workers are in many cases exploiters : their wages correspond to a part of the (trading) world's purchasing power which is more than proportional to the number of hours they work[28]. However, this notion

26. This corresponds, very roughly (and with a particular theory of distributive justice in mind) to van der Veen's (1980:1) or Elster's (1982c:2-3) characterization of exploitation as a form of distributive justice.
27. Both the capitalists' and the workers' status also depends, obviously, on how one deals with net investment, savings, State activities, etc. (see sections 3-4 above).
28. Emmanuel does not say that the rich countries'workers are exploiters, but Bettelheim (1969:327,331-332) makes this implication explicit, and Emmanuel's (1975:414-415) reply implicitly endorses this conclusion.

of unequal exchange (as distributive injustice within the framework of a joint economic venture) does not only apply to the relations between poor and rich countries. Within each capitalist country and even each capitalist firm, exploitation now has two components : the appropriation of profits by capitalists and the discrepancy between the actual wage structure and what it would be if wages were strictly proportional to labour times[29]. Whoever gets a part of the country's output or of the firm's revenues which is more than proportional to the amount of work he contributes is an exploiter. Whoever gets a part which is less than proportional is exploited[30].

Clearly, when phrased in this way, this general conception of exploitation as unequal exchange easily carries over from capitalism to socialism. Indeed, it simply coincides with a violation of the principle which Marx (1875:20-21) puts forward, in his critique of the Gotha Programme, as the principle which should govern distribution in a socialist society : "To each according to his labour", where the length of labour time is multiplied by a coefficient expressing work intensity (not efficiency or skill). Things, however, are not so simple. Even leaving investment aside, Marx (1875:19) maintains that part of the social product should be subtracted from distribution according to this contribution principle, and devoted to what he calls "the social satisfaction of needs" and a "fund for those unable to work". Moreover, as society nears the ultimate stage of communism, the contribution principle ends up being replaced by what can be called a needs principle : "From each according to his capacities to each according to his needs" (Marx:1875:21)[31]. Does not our conception of exploitation as unequal

29. van der Veen (1980:30-31) makes a similar point.
30. De Vroey (1982:56) makes room in passing for such a distinction between exploiting and exploited workers. Note that, even if everyone is better off (due to incentive factors) under the actual distribution than under a distribution according to labour time, not everyone is an exploiter according to this definition (as Elster 1982c:II may suggest) : what determines the exploitation status is not whether one has more or less than one would have under a "proportional" distribution, but whether or not one has more than a "proportional" share.
31. I am here taking for granted that a sensible interpretation can be given to the concept of (objective) need. For discussion of this point, see Elster (1978:3; 1982c:19-21).

exchange (or as a violation of the principle that the proceeds of economic cooperation should be distributed according to the labour each put in it) imply that exploitation persists under socialism and that it is paramount under communism ? It does not, because of the distinction made at the very beginning of section 12 above between "involuntary" and "voluntary" unequal exchange, between exploitation and benefit. Socialist and communist workers are not exploited by the needy -i.e. by those who get, in view of their larger than average needs, a share of the social product which is more than proportional to their labour contribution - for exactly the same reason as we are not cheated at a charity banquet. The extent to which the social product of a socialist society is distributed according to needs reflects the extent to which concern about the fairness of exchange is displaced by altruism. And under communism, which is altogether beyond the "circumstances of justice", concern about not being "cheated" vanishes completely, there is no involuntary unequal exchange and hence no exploitation.

Exploitation, in this light, can be characterized as a departure from distribution according to labour which cannot be justified in terms of a redistribution according to needs. This can be formulated more precisely with the help of a function defining iso-income curves in the needs-labour space. For each level of need, this family of curves defines a set of non-exploitative income-labour combinations, between which the needy individuals may choose. Income-labour combinations which lie below the non-exploitative income curve characterize exploited workers, while income-labour combination which lie above that curve characterize exploiters[32]. For this characterization to be adequate, it is obviously essential to specify the shape of the iso-income curves and thereby the weight to be given to each principle. In particular, it would be good if one could show why this weight should change in such a way that one can gradually move from a qualified rule of the contribution principle (at the "socialist" stage) to an unqualified rule of the full-blown principle of need (at the communist stage).

32. See Elster (1978:3; 1982c:20-21). Leroy (1982:ch.3) proposes a different combination of the two principles : while the contribution principle requires, essentially, that wages be strictly proportional to labour time multiplied by a coefficient of irksomeness (pénibilité), the need principle requires transfers to operate in such a way that the income of no household is lower than half the average.

One possible anwer can be sketched as follows[33]. Given a desired rate of growth, the Marxian ideal requires socialist planners to distribute as much as possible according to needs. What is possible is limited, however, by the fact that work quality may not have developed sufficiently to turn work into man's "first need", i.e. to make material incentives unnecessary. In order to achieve the desired rate of growth, part of the product may therefore have to be distributed according to the labour performed. As the quality of work improves, this part tends to shrink, until it vanishes altogether in a communist society[34]. Which discrepancies count as exploitative, in this perspective, is not determined once for all, but depends on how much altruism a society can afford at a given stage of its development.

Even without giving up the idea that only workers can be exploited and that labour performed is the only relevant consideration in defining fair terms of cooperation (i.e. in characterizing equal exchange), variations can be introduced in the concept of exploitation by modifying the way in which labour-based entitlements are estimated. Instead of just looking at length and intensity, one may also - as already mentioned - take productivity into account. This would give us "To each according to his socially necessary labour" or, conceivably, "To each according to the marginal product of his labour"[35]. Or one may want to allow for

33. This is a highly simplified version of van der Veen (1980:13-22).For a more elaborate formal treatment, see also van der Veen (1982).
34. Note that the principle "To each according to his labour" does not hereby become a matter of sheer expediency. Whichever distribution maximizes output (by best allocating material incentives) would be better than distribution according to labour time, for the purpose of maximizing the absolute amount allocated according to need with a given desired rate of growth. The "labour principle" is chosen because it defines fair exchange (as long as the circumstances of justice are with us), not because it defines the terms of cooperation which best promote the eventual rule of distribution according to need.
35. This does not need to imply that there may be exploiters without anyone being exploited (when all workers get more than their marginal product, while profits are lower than the "marginal product of capital") : the principle asserts a proportionality between rewards and marginal products of labour. It thereby differs from the "neoclassical" theory of distribution, which would symmetrically allow for capitalists to be exploited by workers. (See Robinson 1942:21-22; Elster:1978:8-11 and 1982c:15-16 for further discussion of "neoclassical" exploitation).

non-exploitative pay differentials based on the training time embodied (in the form of skills) in currently performed labour. Or else, more plausibly perhaps, one may want to introduce coefficients reflecting how strenuous, dangerous or boring the job is : "To each according to how long he works and how unpleasant his work is"[36]. More remote is a quasi-Rawlsian variant which can be formulated as follows : a departure from "To each according to his labour (in one of the senses just mentioned) is exploitative unless those who thus get a share which is less than proportional to their labour contribution are better off than they would be if everyone was rewarded according to his labour. Clearly, we are here back, through a very different path, to Morishima & Catephores'"managerial exploitation" discussed above (section 11). As argued there, such a characterization of exploitation cannot be considered an adequate generalization of the standard notion, as it implies that profit-making capitalists may not be exploiters[37].

15. Why unequal exchange won't do

Let us sum up. Understanding commutative injustice ("unequal exchange") as distributive injustice within the framework of a cooperative venture (unfair distribution of the proceeds of cooperation) has enabled us to construct (different variants of) a general conception of

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36. See for example Leroy's proposal (fn 31 above). Instead of dealing with job "quality" (or, negatively, job "irksomeness") as an element of the entitlement base, one could consider it an element of what is to be distributed:for example, those who work longer will be given more income and/or more pleasant work. This is the track followed by van der Veen (1980:22-24,28-29) who proposes, however, that work quality should be distributed not according to work length, but in such a way as to maximize the quality of the "worst" job (an analogue of Rawls' difference principle).

37. Note that such a quasi-Rawlsian concept hardly makes sense in terms of "equal exchange", and that the same would be true of the violation of any distribution principle which does not exclusively stipulate proportionality to some sort of contribution (e.g. utilitarianism, the unaltered difference principle, egalitarianism). Moreover, distribution principles which give any weight to non-labour contributions (e.g. "To each factor according to his marginal product" or "To each according to his desert", where abstinence or risk-taking are viewed as deserving) are excluded on the ground that they may (counterintuitively) have to make us say that non-workers are exploited. On "Rawlsian exploitation", see Elster (1982c:11).

exploitation which (1) agrees with the usual notion in the case of standard capitalist exploitation, (2) extends the standard notion to allow for the possibility that some salaried workers may be exploiters under capitalism, (3) in particular makes room for exploitation of the poor countries' working class by the rich countries'working class and (4) reflects the principle of distribution under socialism without needing to imply that the extent of exploitation is very high under communism. Finally, it also agrees with unequal exchange (of socially necessary labour or of actual labour) in its simplest form, as instantiated by a subsistence economy based on petty commodity production : producers who exchange more labour for less (due to differences in capital intensity, productivity, etc.) have to work more to get the same subsistence bundle and therefore necessarily get a share of the social product which is less than proportional to their labour time[38].

Does this mean that we have found the general concept we were looking for ? We certainly have a plausible hypothesis about what Marxists may find unacceptable about standard capitalist exploitation : what is wrong with the latter, as well as with a wide range of other situations in both class and classless societies, is that some people get more and others less than what the labour they have performed entitles them to get. On the other hand, we loose the "face to face" aspect of standard exploitation. Being exploited, in our general definition, does not imply any direct interaction with the exploiters. It is perfectly conceivable, for example, that some exploited petty commodity producer only trades with other exploited petty commodity producers,or that an exploited Third-World worker only has dealings with a hardly less exploited Third World capitalist. However, the notion that some sort of interaction must be present, however indirect, is maintained (otherwise, there would be no economic cooperation or exchange). The face-to-face nature of interaction may be important if the concept of exploitation is to play an important explanatory role, but arguably not if it is just meant as a normative concept.

38. A different kind of situation covered by our general concept is related to what Olson (1965:22-36) calls the "exploitation of the large by the small", referring to the tendency for the largest member of a small group to provide goods which will also benefit the other members without costing them anything (see Elster 1982c:13-14). Olson (1965:29 fn47) himself justifies the choice of the term "exploitation" in this case because it is "commonly used to describe situations where there is a disproportion between the benefits and sacrifices of different people". See also footnote 13 above.

A more serious shorthcoming of exploitation as unequal exchange (qua normative concept) is brought out in Barry's critique of Emmanuel's theory. Barry agrees that it is a perfectly intelligible view of the requirements of international justice that being born into one country rather than another should not determine one's fate to the extent that it does now. But it is perverse, he claims, to try and capture such requirements in a criterion of fair exchange[39]. To support this claim, he uses the following example. Suppose we have two bands of hunters, with the "dominant" one controlling access to the most productive area (where it takes half the time for the same catch). Either the dominant band allows access to the other in exchange for a share in the catch - in which case there would be unequal exchange and exploitation in the sense elaborated above. Or they forbid access - in which case there is neither unequal exchange nor exploitation[40]. The problem, within the present context, is not that the subordinate band is better off under the exploitative arrangement. As mentioned before, Marxists are by no means committed to the claim that what is wrong with exploitation is that it makes the worst off worse off than they would otherwise be. The problem is rather that the reason why the "exploitative" situation described above is unacceptable to a Marxist is exactly the same as the reason why its "non-exploitative" variant is. It would actually be very odd if the ethical status of the situation was fundamentally altered as soon as any amount of exchange, however small, was initiated between the two bands (in such a way that their economic activities become a "joint venture"). Hence, whatever is wrong with the "exploitative" situation must also be wrong with its "non-exploitative" variant. Let us now turn to a third "thin" theory of exploitation which actually entails this view.

C. The Property-Relations Approach

16. Capitalist exploitation as wealth-based inequality

John Roemer's ingenious reformulation of the Marxist theory of exploitation can be viewed as starting from Marx's repeated claim that capitalist exploitation is the product of the capitalists'monopoly over the means of production[41]. It effectively proposes to redefine capitalist

39. Barry 1979:64,76.
40. Ibid. 74-75.
41. See for example the passage quoted in Part I, footnote 8.

exploitation accordingly, as whatever results (as far as the distribution of income and/or labour time is concerned) from the unequal distribution of (produced or non-produced) means of production - or, more compactly, as means-of-production-based inequality[42]. The use of such a definition implicitly involves a comparison between the distribution of labour time (in a subsistence economy) or of income (in an accumulation economy) which actually prevails and the distribution which would prevail if the means of production were divided equally, everything else being kept unchanged (including the induced motivations to work or innovate). Capitalist exploitation can thus be given the following game-theoretical definition : a coalition A is exploited under current property relations if, by withdrawing with a per capita share of the means of production, it would do better for its members (in terms of labour time) while its complement would do worse, and an exploiting coalition is one which would do worse for its members under the alternative of withdrawing with a per capital share of the means of production, while its complement would do better[43].

In the simplest models of capitalist exploitation, anyone who is exploited according to the standard notion is also exploited according to this property-relations definition (as well as the unequal-exchange one)[44]. In more complex models, however, discrepancies may arise, as both the property-relations and the unequal-exchange definition look at the situation more broadly than the standard one (which focuses on what goes on between labour-sellers and labour-hirers).Roemer gives the following two examples. Firstly, take the case of a single-commodity ("corn") subsistence economy with two technologies ("farm" and "factory"),with which it takes 16 and 8 hours, respectively, to produce the subsistence bundle. Suppose further that all agents are endowed with the same amount of means of production ("machines" for the

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42. Strictly speaking, this formulation is incorrect. If the ownership of means of production is inversely correlated with the other determinants of income, its unequal distribution actually has an equalizing impact on income distribution. It is more likely, however, that there is either independence or positive correlation and the expression used above can therefore be used as a not-too-misleading shorthand. In any case, Roemer himself does not use such directly causal formulations, but only the counterfactual ones to be introduced below.
43. See, for example, Roemer (1982c:5; 1982f:5). In the latter, more recent formulation, Roemer stipulates an additional condition which will be discussed shortly.
44. For a proof of the equivalence (under perfect competition, with a homogeneous technology) between the property-relations and the standard definition, see Roemer (1982c:9-12).

factory), but that some (1/3 of the total) work for 12 hours in the factory with both their own and the others' machines, while the others (2/3 of the total) earn profits in exchange for lending their machines (each of them gets the product of two hours of factory work) and supplement their profits by working for 12 hours on the farm. The members of both groups work for the same time and earn the same subsistence bundle. Neither is exploited according to either the production-relations or the unequal-exchange definition : the members of both groups are obviously rewarded according to the length of their labour, and if they withdrew with a per capita share of the means of production, they would all have to work for 4 hours in the factory and for 8 hours on the farm in order to produce their subsistence bundle. But the first group is obviously exploited by the second according to the standard, micro-focused definition[45].

Secondly, suppose that some of the workers (the peasants) work on the farm with the less effective technology (16 hours/day), while the others (the factory workers) are hired to work for a lesser time (say, 10 hours/day) in the capitalists' factory, in exchange for the subsistence wage (corresponding to 8 hours of work with the factory technology). Clearly, such a situation can only be stable if the labour market is less than perfect (Unions, or perhaps sheer distance, prevent the peasants from competing with the factory workers and thus from bringing down the latter's higher hourly income). The difference between the standard notion and the property-relations approach, here, is even more striking. With the standard notion, the factory workers are unambiguously exploited, while the peasants are not. According to the property-relations definition, on the other hand, supposing they would have to work

45. See example 2 in Roemer (1982f:9-11). Note, however, that the factory workers do not work for more hours than is socially necessary (i.e. required in the average) to produce their consumption bundle (half the consumption bundles are produced with the 8h/day technology and half with the 16h/day technology, which makes an average of 12 hours), and hence that they would not be exploited according to one variant of the standard definition discarded above (section 6).

for 12 hours if they withdrew with their per capita share of the means of production (which is the case if, as in the previous example, there are only enough machines to enable every agent to work with them for 4 hours a day), not only are the factory workers not exploited, but they would actually be exploiting (jointly with the capitalists) the peasants[46].

This last example does not only show how the property-relations definition differs from the standard one, but also how it differs from the unequal-exchange one. As no exchange is taking place between the peasants and either the factory workers or the capitalists, the former cannot possibly be exploited by the latter according to the unequal-exchange definition - whereas they are, as we have just seen, according to the property-relations approach, at least in its original formulation. In a recent paper, however, Roemer (1982f:5-6) proposes to call "unfair treatment" what he previously called "exploitation" (as defined in the first paragraph of this section) and to reserve the latter term for situations in which the group which treats its complement unfairly would not only be worse off if it withdrew with its per capita share of the means of production (see old definition), but also if it withdrew with its own endowments of means of production (additional condition). For unfair treatment to be exploitation, in other words, the exploiters' welfare must somehow depend on the presence of the exploited. Consequently, in the last example, the peasants are unfairly treated but not exploited, since the welfare of the factory workers and capitalists would in no way be worsened by the peasants'withdrawal. This additional condition is fulfilled as soon as exchange takes place (whether on the labour market or on the commodity market) : what would be the point of trading if welfare (on both sides) were not enhanced as a result ? In what follows, however, I shall stick to the unmitigated formulation of the property-relations approach, on the following grounds. Firstly, it has been assumed throughout that the point of trying to elaborate a general or thin definition of exploitation is not to capture as well as possible common (Marxist) usage, but rather to explicate what is wrong (from a Marxist angle) in standard exploitation and to single out the wider class of situations in which that feature appears. Secondly, there is no reason to believe

46. See example 6 in Roemer (1982f:16-18). Roemer (1982e:21-23) stresses the contrast between the micro (labour market) nature of the standard approach and the macro (general equilibrium) nature of his.

that what is wrong in unfair treatment cum dependence is any different from what is wrong with unfair treatment (in the above sense) tout court, namely the fact that some gain from the unequal distribution of the means of production. It is sounder, therefore, to stick to the more general definition of exploitation as a means-of-production based inequality[47].

17. Causal formulation versus counterfactual formulations

Strictly speaking, however, this is not how Roemer defines his (original) concept of exploitation. He prefers to define it directly in terms of the withdrawal game. This preference, I shall argue in this section, is the source of a host of problems which can easily be avoided if we adopt instead the causal formulation with which we started the previous section. Take, first of all, the problem created by economies of scale, which Roemer (1982e : 24; 1982f : 6) hints at himself. With increasing returns, it will often happen that no one is exploited nor exploiting, since the welfare of any coalition and that of its complement may be worsened by withdrawal with per capita shares. With decreasing returns to scale, on the other hand, it will often again turn out to be impossible to single out the exploiters and the exploited, since any coalition and its complement may become better off when withdrawing with their per capita shares. Only with constant returns will the withdrawal game always yield definite results. (One implication of this would be that there can hardly be any exploitation in small groups - say, a couple -, where economies of scale are paramount). A related problem arises from complementarities. Take the case of a category with very specialized skills, which they are currently able to market against a decent income (think of dwarves employed as clowns). If they withdrew with their per capita share of the means of production, they would certainly become worse off than in the initial situation (however little their share was in the means of production). Under no condition, consequently, could such a category be said to be exploited under current circumstances, however high the profits "extracted" from its labour.

47. With the qualification mentioned in footnote 42 above.

Secondly, there are those cases in which withdrawal cuts economically relevant forms of <u>interaction</u> which are <u>not</u> reducible to exchange. Elster (1982a : 8-9) gives the following example. Two self-sufficient societies (R,S) with identical levels of means of production per head are sufficiently close to be able to look at each other. Watching S's lazy life style makes people in R work harder (because of their puritan religion) than they otherwise would. Watching R, on the other hand, makes people in S work (even) less hard (in disgust for such an abhorrent way of life). Given appropriate assumptions on leisure-income trade-offs, it follows that withdrawing with one's per capita share of the means of production would make R worse off and S better off, and hence - with Roemer's definition - that the hard-working members of R are currently exploiting the lazy members of S. Clearly, if the withdrawal test was supposed to reveal the impact of an unequal distribution of the means of production, something must have gone wrong on the way.

Thirdly, and most decisively, take the case of the old, the young,the sick, the handicaped and even the unemployed, i.e. various categories which do not derive their income from productive activities but from subsidies they are granted by the rest of society. With the possible exception of the "unemployed" - i.e. those who do not work although they could work -, all these categories would in all likelihood be worse off if they withdrew with a per capita share of the means of production (because they could not handle the latter), whereas the rest of society would almost certainly become better off. Consequently, the young and the old, the sick and the handicaped would usually be <u>exploiting</u> (in Roemer's definition) the rest of society, along with capitalists and land owners. And so would the least productive among the unemployed (those who cannot get a job because they are too weak or too dumb or chronically depressed), while the most productive among them (the vigorous, skilled and enterprising ones who only fail to find a job because of the silly way in which a capitalist economy is run) may even in some cases be <u>exploited</u> by the rest of society (when the latter would loose from withdrawal with per capita share, because the redistribution of assets would more than compensate what they would save by discontinuing the payment of unemployment benefits) even without doing any work[48]. One could presumably deal with the old and the young by stipulating that welfare levels have to be assessed over whole lifetimes. But what about the permanently handicaped or the (poorly productive) permanently unemployed ? What is wrong, from a Marxist point of view, with granting them allowances ?

One could attempt to solve each of these difficulties separately by introducing additional conditions or by weakening those already introduced[49]. But it seems much wiser to solve them all in one go. This can be done in two distinct ways. Firstly, one can give up the counterfactual formulation as a definition of exploitation, while keeping it as a characterization of exploitation under conditions to be specified[50]. The general nature of the problem can best be displayed as follows : "If A (unequal endowments of means of production) had not been present, B (say current distribution of incomes) would not have been present" is neither necessary (because of preemptive causation) nor sufficient (because of epiphenomena) for "A causes B" (here, for exploitation defined as means-of-production-based inequality)[51]. More specifically : "If some coalition had withdrawn with a per capita share of the means of production, it would have been better off and its complement worse off" is neither necessary (cf economies of scale and complementarities, where this is false even in the presence of exploitation in the causal sense) nor sufficient (cf the examples of ideological interaction and subsidized categories, where this is true even in the absence of exploitation in the causal sense) for the coalition to be negatively affected by the unequal distribution of means of production, i.e. to be the victim of exploitation defined as means-of-production-based inequality. The causal

48. When dealing with the unemployed,Roemer (1982f:20) takes for granted that withdrawal with per capita share would make them better off while leaving the others worse off, while withdrawal with initial endowments would leave the others better off. (Hence, in the language used there, the unemployed are unfairly treated, though not exploited). But non of these assumptions is generally true.
49. For example, by stipulating that there must be a relation of "dominance" between the exploiter and the exploited (which there is not, for example, between the handicaped and the taxpayer). See Roemer 1982d: 2).
50. As Roemer would now say. See in particular Roemer (1982e:23) : "His (Elster's) central point is that the counterfactual technique of the withdrawal criterion can never fully capture the kind of causality which we think of as necessary for a diagnosis of exploitation. I agree : as a fully general, philosophically satisfactory definition, the game-theoretic approach falters".
51. Elster (1982a : 7). What is inside the brackets is my responsability.

formulation compactly expressed by the latter phrase can then be taken as the definition of exploitation, while the game-theoretical counterfactual formulation can still be used to characterize exploitation in models with (1) constant returns to scale, (2) no complementarities of the kind mentioned above, (3) no economically relevant interaction but through a perfectly competitive market (no ideological interaction, no subsidies, no taxes, no gifts).

Alternatively, one could stick to a counterfactual formulation, though one which would not involve withdrawal with per capita shares, but only the equalization of endowments within present society. In all counterexamples listed above, what went wrong is that the equalization of assets effected by the withdrawal was unavoidably accompanied by such irrelevant phenomena as a change in scale, the loss of benefits from complementarity, the elimination of ideological interaction, and the interruption of transfer payments. This need not be the case, however, if the counterfactual equalization of assets does not involve any such splitting, as is perfectly conceivable. An agent could then simply be defined as exploited if he would do better after equalization than before (everything else being kept unchanged), while an exploiter would be someone who would do worse after equalization than before. Except in the limiting cases where incomes are not determined by the market or where ownership of the means of production does not confer any advantage on the market place, one can of course expect that whoever has an endowment which is larger than average will be an exploiter according to this definition, while anyone more poorly endowed than the average will be exploited (however much he earns because of his skills or other people's generosity).

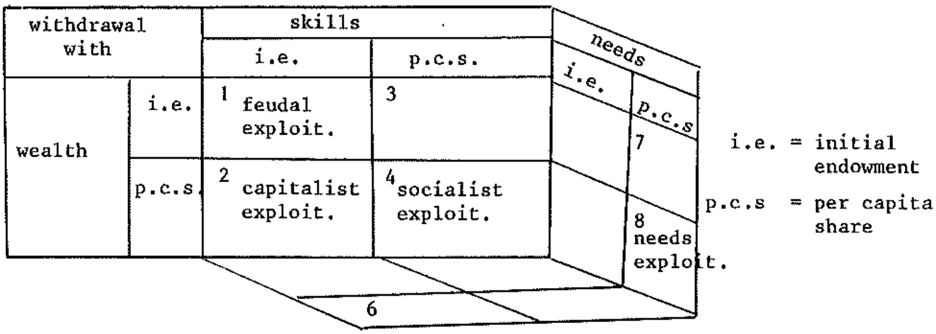
18. Feudal exploitation, socialist exploitation, needs exploitation

One advantage of Roemer's approach to capitalist exploitation (whether in his own counterfactual formulation, in a causal formulation or in the alternative counterfactual formulation just offered) is that it easily lends itself to generalization, in several directions. First of all, by modifying the withdrawal conditions, Roemer defines feudal exploitation as follows. A coalition is feudally exploited if it can improve its lot by withdrawing with its own initial endowments, i.e. if there is a positive difference between what it would get (in terms of leisure or income) if it withdrew with the means of production owned by its members (and then organized optimally) and what it actually gets (at equilibrium) under the current arrangement[52]. The choice of the label rests on the hypothetical premise that the serfs would have been better off with the land they personally owned but without the corvée (as well as without the services, if any, the lords used to perform "in exchange" for the latter)[53]. But the same label is also supposed to cover, for example, compulsory redistribution in favour of a bureaucratic elite in a country in which all have an equal share of the means of production. Consequently, Roemer (1982c:19-20) also suggests the more general term status exploitation. Roemer shows that, just as his characterization of capitalist exploitation is equivalent, under some conditions, to the standard Marxian concept, his characterization of status exploitation converges, as the number of agents approaches infinity, with the notion of neoclassical exploitation, in the sense of a failure to reward factors according to their marginal products : someone who could improve his lot by withdrawing with his assets is someone who is not rewarded according to his marginal product, and vice versa[54].

Secondly, by modifying withdrawal conditions in a different direction, one can define what Roemer calls socialist and needs exploitation. A coalition is socialistically exploited if it can improve its lot by withdrawing with its per capita share of all endowments, whether in alienable (means of production or wealth) or inalienable (skills) assets. A coalition is needs-exploited if it can improve its lot by withdrawing with its per capita share of all endowments and needs (family

52. See Roemer (1982c:5-7;1982d:36-38).
53. See Roemer (1982c:6-8). The evidence which Roemer cites in favour of this premise (scores of serfs ran away into towns, even without their land) is very weak indeed. Firstly, one would also need to show that they did not regret the move; and secondly, if they did not, this would only show that their level of satisfaction was higher, not that they were "better off" in the objective sense required by a theory of exploitation - as Roemer himself forcefully argues elsewhere (see Roemer 1982c: 26-30). A similar objection holds against the evidence that serfs rebelled countless times against feudal rule.
54. A status-exploitative allocation is, by definition, one which is not in the Debreu-core of the economy (i.e. some coalition can improve its lot by withdrawing), while a neoclassical-exploitative allocation is one which is not in the Ostroy-core of the economy (i.e. some coalition can worsen its complement's lot by withdrawing), and the two cores converge as the number of agents increases. See Roemer 1982c:22-24.

burdens, handicaps, etc.)[55]. The first label is justified by the fact that, in a competitive economy in which the means of production are collectively owned, differential reward according to skill can still be expected to develop. The second label is self-explanatory. The four types of exploitation can then be located in the following three-dimensional table.



The difficulties mentioned in the previous section in connection with the withdrawal characterization of capitalist exploitation (economies of scale, etc.) also affect the withdrawal characterization of the other types of exploitation. Here again, therefore, it is better not to use the game-theoretical formulation as a definition, but only as a secondary characterization in particular contexts. Causal definitions can be used instead. Feudal exploitation then corresponds to whatever results (as far as the distribution of income and/or labour is concerned) from the use of force, i.e. from interference with people's voluntary transactions, or, more compactly, to force-based inequality. Socialist exploitation corresponds to whatever results from

55. See Roemer (1982c:18 and 1982:ch.10,23-24).

the unequal distribution of wealth and skills, or to asset-based inequality. And needs exploitation corresponds to whatever results from an unequal distribution of wealth, skills and needs, or to endowment-based inequality[56].

Strictly speaking, the four (causal) concepts of exploitation thus defined are logically independent. It is possible for a coalition to be exploited in any one of the four senses without being exploited in any of the others. However, there is an important difference. Capitalist and feudal exploitation are really independent of each other : it is easy to imagine the former without the latter (marginal-product remuneration in a capitalist society) and the latter without the former (taxation for the privileged in a socialist society). But while it is also easy to conceive of needs exploitation without socialist exploitation (a strictly egalitarian society) and of socialist exploitation without capitalist exploitation (collective ownership of the means of production with a competitive labour market), it is more difficult to imagine a plausible situation in which there is capitalist exploitation without socialist exploitation, or socialist exploitation without needs exploitation[57]. Such situations can only arise when the impact on incomes of wealth inequalities is exactly compensated by the impact of skills inequalities in the opposite direction (for the first combination) and when inequalities of assets exactly match inequalities of needs (for the second). Clearly, therefore, needs exploitation can only be removed if socialist exploitation is, and socialist exploitation can only disappear when capitalist exploitation has done so.

At first sight, the fact that these relations hold between capitalist, socialist and needs exploitation are perfectly consistent with the rest of Roemer's approach, and in particular with his claim that "society appears to adopt progressively stricter criteria for what kinds of inequalities shall be considered exploitative"[58].

56. In all three cases, "inequality" must be understood with the qualification mentioned in footnote 42 above.
57. This is different from looking for a situation in which someone is capitalistically exploited without being socialistically exploited or socialistically exploited without being needs-exploited (a much easier job).
58. Roemer (1982c:16). See also Roemer (1982e:11-12), where the same trend is expressed in terms of a narrowing of the range of assets which can legitimately be appropriated.

But note, first of all, that feudal exploitation does not fit symmetrically in this progression. Furthermore, the existence of these relations is inconsistent with Roemer's analysis of inequalities under actually existing socialism : his discussion of whether there is capitalist exploitation should preempt his discussion of whether there is socialist exploitation[59]. Finally, applying the definitions to particular cases often gives counterintuitive results. For example, wealthy capitalists with average skills but more needs than average are needs-exploiters - a label which should suggest that they are taking advantage of their having less needs than average[60].

These three difficulties immediately prompt a suggestion. In addition to feudal, capitalist, socialist and needs exploitation - which can be relabelled, for the sake of clarity, status, wealth, assets and endowments exploitation -, we can introduce two new exploitation concepts : skills exploitation simply corresponds to whatever results (as far as the distribution of income and/or leisure is concerned) from the unequal distribution of skills(box 3 in the diagram), while needlessness exploitation corresponds to whatever results (as far as the distribution of material welfare is concerned) from the unequal distribution of needs (box 5 , the hidden one, in the diagram). Wealth exploitation, skills exploitation and needlessness exploitation are really independent of each other, and they relate symmetrically both to status exploitation and to endowments exploitation. Consequently, the inconsistency mentioned in the previous paragraph can easily be removed (by substituting skills exploitation for socialist exploitation), while the counterintuitive implications vanish (the capitalists referred to are endowments-exploiters, but not needlessness exploiters). Further, the historical trend can now be rephrased in terms of a ban on an increasing number of types of exploitation : status exploitation, wealth exploitation, skills exploitation, needlessness exploitation, but also - to the extent that they cannot be subsumed under status exploitation - "juvenile",sexual or racial exploitation[61].

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59. See Roemer (1982c:20-21 and 19-20).
60. Such counterintuitive examples are hidden in Roemer's discussion because he analyses socialist exploitation in a context in which wealth is equalized, and needs exploitation where both wealth and skills have been equalized.
61. Such exploitation is to be subsumed under status exploitation to the extent that income inequalities associated with age, sex or race constitute departures from marginal-product remunerations. But it is not to the extent that such inequalities match differences in "productivity" (due to a lack of experience, to career discontinuities resulting from pregnancies or to discrimination on the part of the shop's customers). In the latter case, income discrimination according to age, sex or race escapes the ban on status exploitation.(But perhaps the ban on skills exploitation can be phrased sufficiently broadly to cover it ?)

19. What is wrong with exploitation ?

The most general definition of exploitation which emerges from Roemer's approach is as the distributive outcome of the use of force <u>or</u> differential endowment (i.e. as status or wealth or skills or needlessness exploitation). In so far as the aim remains to pinpoint what is wrong with standard exploitation, however, the first component of this definition is better left out. Not only is status exploitation (force-based inequality) absent from standard exploitation, but if and when Marxists find anything wrong with it, whatever it is they find wrong with it (e.g. restrictions of personal freedom) will be different from what they find wrong with standard exploitation[62]. Further, I shall also discard the last subcomponent (needlessness exploitation), mainly because it requires some ill-defined notion of "material welfare" (out of a given income), but also because it is not clear how significant it is (handicaps should be taken care off via skills exploitation, and family burdens could be got rid of by adopting a more individualistic point of view). This leaves us with wealth exploitation and skills exploitation. Providing we can show that whatever is wrong with the former (itself a generalization of standard capitalist exploitation) must also be wrong with the latter, the concept of assets exploitation, which covers both, provided us with the adequate "thin" notion we are looking for.

Before turning to this issue, however, let us briefly clarify the nature of the relations between the three thin definitions considered. Note, first of all, that both the unequal-exchange and the property-relations approach would converge with the labour-wastage one if they were to be presented in a version which was categorically excluded. If the criterion of fairness defining "equal exchange" were determined by some analogue of Rawls' difference principle and if the impact of asset redistribution on incentives were allowed to be taken into consi-

62. I assume that exploitation through forced labour (slavery, corvee system) can be treated as inequality resulting from the unequal distribution of the ownership of labour power (and hence assimilated to skills exploitation), while exploitation through taxation can either be treated in the same way (if it is a tax on labour) or be assimilated to wealth exploitation (if it is a tax on means of production).

deration by the property-relations approach, exploitation would become, roughly, a matter of being better off or worse off (for the least advantaged). And this must be ruled out within the present context on the ground that standard capitalist exploitation would no longer necessarily be a subcase of the thin conception under consideration - as it is not of exploitation qua labour wastage.

Next then, what is the relation between the unequal-exchange and the property-relations approach in versions which are not excluded on this ground. What is the relation, in other words, between saying that someone is exploited because his income is less than proportional to his labour contribution (i.e. he is the victim of unequal exchange) and saying that he is exploited because his income suffers from the unequal distribution of wealth or skills (i.e. he is the the victim of an assets-based inequality)[63]. Firstly, there is the difference already mentioned by way of transition from one approach to the other (section 15) : whereas the unequal-exchange approach is, by definition, restricted to exploitation within a universe interconnected by exchange (of labour power or other commodities), the property-relations approach is not so restricted. However, this difference is smaller than it may seem. Not because it is easy enough to move from distributive injustice within a cooperative venture to distributive justice tout court (which would loose the key idea of unequal exchange as unfair treatment). Rather because the property-relations approach still requires some kind of interaction between the exploiters and the exploited (though not exchange in any form). It is essential to Barry's counterexample (section 15) that it is the appropriation of part of the territory by the dominant group which prevents the subordinate group from earning more (or working less). If on a remote planet whose very existence will never be known

63. Note that, if the property-relations approach is not to fall foul of the same objection as the labour-wastage one, assets exploitation must be defined as wealth exploitation or skills exploitation (rather than as aggregated-assets exploitation). Take the case of a father owning some means of production and earning his income out of his son's waged labour with them. There is standard capitalist exploitation and wealth exploitation , but if both means of production and abilities (including those eroded by old age) were equally distributed, the father may well turn out to be no worse off -hence no aggregated-assets exploitation.

by mankind some beings enjoy very high standards of living without hardly doing a thing, should we say that they are exploiting us ?[64] Between interaction and exchange, however, there remains a difference.

Equally important is a second difference. Whereas the unequal-exchange approach defines exploitation as the violation of a patterned distribution principle ("To each according to his labour"), the property-relations approach rather defines exploitation as a "distortion" (of whatever income distribution would otherwise prevail) stemming from a particular source, which is the unequal distribution of assets. This has a number of significant consequences. One is that the former approach (once all ambiguities are dispelled) is more restrictive than the latter : the absence of assets-exploitation is perfectly comptabible, for example, with both distribution according to length-of-labour and distribution according to length-and-unpleasantness-of-labour. Further, non-workers could never be exploited in any admissible version of the unequal-exchange approach (where entitlement is always somehow based on labour performed), while they can be assets-exploited. Someone with a smaller-than-average share of society's means of production may well earn a (modest) living from letting them out without working himself. And he would be better off if assets were equalized. Finally, the distributive impact of gifts, bequests, thefts, mistakes and other pattern-disturbing happenings is perfectly compatible with the absence of assets exploitation, while it is not with the absence of unequal exchange (qua violation of the labour-contribution principle). This must be qualified, however, in the case of gift and other forms of voluntary redistribution (e.g. subsidies to the needy), as only involuntary unequal exchange constitutes exploitation (see section 12). Consequently, as pointed out earlier, distribution according to needs, which must prevail in a communist society, is no more a form of exploitation in the unequal-exchange than in the property-relations perspective.

Beyond these differences, both approaches have in common the assumption that what is wrong with standard capitalist exploitation is

64. Similarly, both past and future generations may conceivably suffer (compared to us) from an unequal distribution of assets. But while we may plausibly be charged of exploiting later generations, who would think of accusing us of exploiting our ancestors ?

not a matter of efficiency or welfare (even for the worst off) - as the labour wastage approach has it -, but rather a matter of justice. But what is justice ? Let us consider the property-relations approach first. "Justice, Roemer (1982c:28) ,suggests may be a category applicable to questions of desert, which may be quite independent of questions concerning efficiency and welfare". Hence,assets exploitation must be wrong or unjust because assets-based inequalities are undeserved. Why are they undeserved ? Presumably because inequalities in assets are also undeserved . This immediately raises three serious difficulties. Firstly, if something is undeserved as soon as external circumstances or biological constraints play a role in our acquiring it, one may wonder if one ever deserves anything. Surely,even our ability and our will to work are undeserved in this sense, and it would therefore be equally unjust to distribute the social product according to labour performed. Secondly, are asset inequalities really undeserved ? The wealth someone has may be the reward of his past work, and he may have worked hard to develop his skills. Roemer (1982f :28-29) replies to this kind of objection that in any case original accumulation did not occur in this way and that inherited ownership would not be justified by this argument. But this is a weak reply, as it implies that there is nothing fundamentally wrong with assets exploitation (nor with standard capitalist exploitation) : when the assets on which the inequalities are based have been acquired as the result of the exploiter's labour, exploitation is perfectly all right[66]. Thirdly, one may also challenge the assumption made above that income derived from undeserved assets is itself undeserved. Why not admit that abstinence and boldness should be rewarded ? Do not those who save instead of consuming and who take the risk of investing instead of hoarding deserve a return on what they have saved and invested[67] ? Clearly, as

65. See Nozick (1974:214) and the whole of his critique of the thesis that the distributive effects of natural differences should be nullified (ibid. 216-224).
66. This corresponds exactly to Plekhanov's quote at the beginning of Cohen (1977:5), used to illustrate a typical situation which is just from the "bourgeois" point of view, but not in a Marxist perspective : "Let us now suppose that I have sold the product of my own labour for money, and have used the money to hire a labourer..."
67. As Roemer (1982f:2) himself puts it : surplus labour would then simply be the just insurance premium which the risk-averse worker pays to the risk-loving capitalist.

Roemer (ibid. 30-31) correctly points out, one should not infer from the fact that someone is willing to invest a larger proportion of his income than another that he is less risk-averse and therefore deserves a reward : being wealthier, he may simply be at a different point on the same risk schedule. But the basic point remains : however undeserved the assets, the use one makes of them may still be "deserving".

The unequal-exchange approach, on the other hand, simply needs to decree that only labour entitles people to a share of the current social product (whatever titles one may have to the output of past production and to natural resources) : equal labour contributions generate entitlements to equal incomes, and in the absence of labour contribution one is entitled to nothing, however hard one may have worked in the past, and however abstinent and bold one now is in the use made of the income of past work. Why such a privilege given to labour ? Perhaps because it is at the same time necessary to the social product and a burden to those who perform it ? An adequate answer would presuppose that the concept of labour be properly clarified. (What about useless paid activities ? What about work - say, reading a paper on exploitation - which one enjoys so much that one would have it as a hobby if it were not one's work ?). In any case, answering the question of what is wrong with exploitation seems less tricky in this unequal-exchange approach than in the property-relations perspective. Perhaps the best way of making sense of the latter as an attempt to formulate a general definition of exploitation which would single out what is wrong with standard capitalist exploitation, is by looking at it as converging (possibly within a broader universe) with the unequal-exchange approach : it would consist in singling out increasingly subtle ways in which labour contributions (the only legitimate base of desert) are prevented from shaping the distribution of material welfare (leaving voluntary redistribution aside). If this is correct, and if the property-relations approach is right against the unequal-exchange one in extending the universe within which exploitation can take place beyond what is knit together by exchange, it thus turns out that both approaches are simply step-wise approximations of a general conception of exploitation as distributive injustice, defined as violation of the principle "To each according to his labour" (where what is to be shared is the output of current production, where who is to share it is any inhabitant of a universe made interdependent, if not by exchange, at least by appropriation, and where labour may refer not only to the length of time spent working but also to how unpleasant the work is). Is this too trivial a conclusion for such a long paper ?

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