

What's Wrong with Exploitation?

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—Dedicated to the memory of Ralph Miliband, fighter for freedom and justice

1. Introduction¹

Marx regards capitalism and all class societies as exploitative and holds exploitation to be deeply wrong.² But what is his objection to exploitation? On what I call the Canonical View, dominant classes exploit subordinate ones in wrongfully taking from them surplus or (in capitalism) surplus value which, in virtue of being produced by subordinate classes, is rightfully theirs.³ The surplus is whatever part or value of material production is left after replacing that used up in production itself. The Canonical View has two parts: (a) a conception of exploitation as wrongful transfer of surplus and (b) an account of that wrongfulness as injustice. I consider the most powerful version on which the injustice is theft.⁴

I argue, first, that the Canonical View is a mistaken interpretation of Marx in its account of the wrongfulness of exploitation. Part (a) is correct,⁵ but part (b) is not. Normatively, Marx is concerned with freedom rather than justice, the emancipation of labor rather than the rights of property—even of producers' property rights. Second, I argue that Marx is right that freedom is an independent concern, if not right to dismiss justice. My positive conclusions are, third, that if class societies, including capitalism, are exploitative in Marx's sense, i.e., involve unnecessary unfreedom, they are objectionable, whether or not they are also unjust, and, finally, that they are indeed thus exploitative.

Others have located unfreedom as the central evil of exploitation (Holmstrom 1977; Reiman 1987; Buchanan 1982). What is novel here is not that claim but, first, its elaboration. I offer a detailed account of the kinds of unfreedom involved rather than taking unfreedom as a primitive. Second, I defend the independence, indeed the logical priority, of freedom with respect to justice as a reason to condemn exploitation. Third, I show how concern with different sorts

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of freedom structures Marx's explanatory account. A brief preview of the main results as applied to capitalism will orient the discussion. The story applies, *mutatis mutandis*, to other sorts of class society. Capitalist exploitation

- (a) presupposes coercion, denying (i) workers' positive freedom, their effective power to realize their wants, and (ii) their negative freedom, their freedom from coercion, because they lack productive assets and so must sell their labor power to live;
- (b) causes domination of workers in production, which, normatively, denies their negative freedom at work and, descriptively, occurs because it maximizes surplus value transfer;
- (c) causes alienation of workers, in virtue of (a) and (b); in Marx's terms, it denies their capacity for freedom as self-determination or "real freedom," their need to undertake labor for purposes they set for themselves.

These charges depend on a theory of exploitation as forced surplus (value) transfer, which explains basic tendencies of capitalism, including the three evils connected to freedom. The theory also explains, partly in terms of these evils, systemic tendencies towards fundamental change, i.e., class struggle. Finally, I present a novel argument that this theory does not depend on a labor theory of value.

2. Surplus Transfer or Surplus Labor?

At least two sources of contention arise in locating Marx's objections to exploitation. They derive from the fact that he characterizes it in technical and descriptive terms. Exploitation (*Ausbeutung*) in human relations is a normative notion, meaning, roughly, taking wrongful—although not necessarily *unfair*—advantage of others. But, for Marx, to say that one group is exploited means that it does forced, uncompensated surplus (value)-producing labor for another group.

The first problem concerns whether to emphasize that the exploited do surplus-producing *labor* or that they do labor which is *surplus-producing*. I favor the latter, but some writers reject part (a) of the Canonical View as well as part (b). Holmstrom treats exploitation as "forced, unpaid surplus labor" (1977, 355–359), rather than forced surplus transfer, where surplus labor is labor over and above what is necessary for maintaining the producers themselves. The issue here is the correct descriptive account of exploitation. The surplus labor account has one virtue the surplus transfer account lacks. It avoids questions about who is entitled to the surplus and focuses attention on the conditions of labor, which, as I will argue, ought to be our concern. But this virtue does not outweigh its several defects.⁶

First, this account has the odd result that producers who do no surplus labor—say because they receive its full value due to high wages—are not exploited. Marx rejects higher wages as a remedy for exploitation. That would be "nothing

but better *payment for the slave*, and would not win...for the worker...human status and dignity” (1975b, 280). The surplus transfer account is no better, Holmstrom might say. With high enough wages or enough redistribution there is no net transfer, so no exploitation. This reply would be a mistake. My view rests on *forced* transfer, not *net* transfer. Producers who get back what they are forced to transfer are still exploited in virtue of having been forced to transfer it. This will not hold if we make noncompensation a necessary condition for exploitation. If we do, though we get the curious result that if two producers are forced to transfer surplus, but just one is fully compensated, then only the other producer is exploited. Exploitation is more plausibly regarded as a description of the process to which producers are subject—forced surplus transfer—than of its outcome. That said, however, Marx would insist that noncompensation is the standard case and indeed the point of exploitation (see section 8). The point of the thing is not, however, the thing itself.

Holmstrom’s account, further, leaves it unclear what *is* wrong with exploitation. Fully compensated producers do no surplus labor, but may be forced to work, dominated, and alienated. If these are not wrongs of exploitation, what then is wrong with it? Holmstrom might drop noncompensation and say that exploitation is just surplus labor that is forced in some sense. But then (and in any case) Holmstrom must divide the unfreedoms producers suffer in surplus labor from those they suffer in necessary labor, which will be, implausibly, unobjectionable, or if objectionable, not so in a way tied to exploitation. Holmstrom might reply that the wrong is that if exploitation occurs producers suffer more unfreedom than they otherwise would even in necessary labor. But that is only what is wrong with the class subordination *associated* with exploitation. For Holmstrom, what is wrong with (surplus labor) exploitation itself can only be that the surplus labor is forced.

This is, however, a rather attenuated charge: the wrong of exploitation itself is only in the unfreedom involved in the forced surplus labor and not in the total unnecessary unfreedom involved in production under class conditions. My account is more robust: labor under class conditions involves wrongful unfreedom whether it is surplus or not. This seems more plausible since the same things are wrong with both surplus and necessary labor under class conditions. Coercion, domination, and alienation do not become unobjectionable or even nonexploitative at 2.15 p.m., when the day’s surplus labor is done and the necessary labor begins.

The surplus labor account faces an explanatory as well as a moral puzzle. There is no reason to count as surplus that labor done from 8.00 a.m. to 2.15 p.m., rather than that done from 10.45 a.m. to 5.00 p.m. This choice is arbitrary; indeed, it is arbitrary, given some proportion of necessary to surplus labor, to say of each working minute, hour, week, or month that the first (or last) *n* percent of it is surplus. But if exploitation is supposed to be a causal property with real effects, its absence or presence ought not be arbitrary in this way.

Holmstrom's account is also needlessly complicated. She has three independent wrongs, not clearly connected to each other or to the function of exploitation—which is, after all, surplus transfer, since exploiters do not want work done for the sake of its being done but for what they get out of having it done.⁷ To conceive of exploitation as forced surplus transfer is theoretically neater. We have one main normative objection to capitalism, exploitation *qua* unfreedom, taking the forms of coercion, domination, and alienation. Moreover, exploitation so conceived is tightly tied to its function.

Buchanan defends the surplus labor against the surplus transfer interpretation, which he attributes to Nozick (1974). He sees three defects in the latter. First, it “erroneously restricts Marx’s conception of exploitation to the wage labor process” (Buchanan 1982, 44). But surplus transfer does not imply the existence of wage labor.⁸ Slaves and serfs can transfer surplus. Second, “Marx explicitly rejects any such definition in the *Critique of the Gotha Program*” (ibid., 45). No: he rejects an account of the *wrongfulness* of exploitation as injustice (section 3)—but not a definition of exploitation as forced surplus transfer. Buchanan conflates parts (a) and (b) of the Canonical View. The same mistake underlies his third objection, that the surplus transfer conception makes the ills of capitalism distributive. Marx can treat exploitation as forced surplus transfer while holding the problem to be not with the distribution of the product but the conditions of the transfer—not with justice, but freedom.

3. Is Exploitation Theft?

The first problem concerned part (a) of the Canonical View: whether exploitation is a matter of surplus transfer. The second problem concerns part (b). It is not evident that anything is wrong with surplus transfer as such, even from producers to nonproducers. Rejecting the Lasallean slogan that “every worker must receive the ‘undiminished...proceeds of labor,’” Marx says that the deductions before workers get a share must include “*funds for those unable to work*, etc., in short, for what is included under so-called official poor relief today” (1989, 85).⁹ Something more must hold for surplus transfer to be exploitation, or there is no objection to capitalist appropriation. What that something might be is the question. Marx says both that exploited labor is forced and that it is uncompensated. Whether one attributes to him the Canonical View or mine depends on which feature is stressed.

Marx’s notion of exploitation is framed in apparently distributive terms, as somehow-objectionable surplus transfer, so we tend to seek the objectionable feature in the distribution itself. Exploitation becomes a problem of justice. Who, we ask, is entitled to the surplus? This is natural, given the appeal of a labor theory of property entitlements (LTP)—roughly that I am entitled to what I produce if no one has a prior claim on it. It is hard to resist the move from saying that class societies transfer surplus from producers to nonproducers to saying that

nonproducers take what they are not entitled to, committing something like theft, as reflected in the Wobbly anthem, “Solidarity Forever”:

They have taken untold millions that they never toiled to earn,
But without our brain and muscle not a single wheel would turn.¹⁰

Nonetheless, the move should be resisted, and Marx resists it, though not for the best reasons.

One reason that it should be resisted—not Marx’s—is that the Canonical Argument sketched above is invalid. Put explicitly the argument looks like this:

- (1) Producers create a surplus *S* to which no one else has a prior claim.
- (2) Producers are entitled to what they create as long as no one else has a prior claim to it (the LTP).
- (3) So producers are entitled to *S*.
- (4) In class societies, nonproducers receive *S*.
- (5) So nonproducers in class societies receive what producers are entitled to.
- (6) So nonproducers in class societies are thieves (or at least act unjustly) in receiving *S*.

Even if we grant premise (2), the conclusion obviously does not follow. Where does *theft* enter? The argument can be made valid by adding the following premise:

- (7) Receiving what others are entitled to is theft (or at least unjust).

But then the argument is unsound because (7) is false. One way to see this, and to locate the real issue—freedom—is to consider why gifts are OK, when they are, on the LTP.¹¹ If I am entitled to a coat because I made it, you may still receive it justly, not because you are entitled to it, but because I give it to you. That isn’t theft, nor do you exploit me in receiving the coat.

The reason is that the transfer is free and unforced. If you simply took the coat by force, that would be theft. The problem with surplus transfer in class societies is that in general it is arguably not free and unforced. In slave and feudal societies that is clear enough. Producers hand over the surplus *or else*. Marx argues that this is true, despite appearances, in capitalism. Workers must produce surplus value for capitalists because they are propertyless. They do it or starve. Having no real choice due to alterable social arrangements, Marx says, workers are coerced. Their transfer of surplus is unfree and the unfreedom is unnecessary if, as Marx thinks, it would not occur in a feasible socialist alternative. That is why Marx refers not to surplus transfer or receipt, neutral terms, but to “expropriation” (1967a, 763–64, 774). I offer a defense of Marx’s claim in sections 6 and 7.

This suggests a way to repair the Canonical Argument. Replace “receive” with “expropriate” throughout, add the necessary premises about what expropria-

tion involves, and state that surplus transfer in class societies satisfies it. Cohen's (1988) Traditional Marxian Argument, considered in section 8, is a version of this approach as applied to capitalism. The approach would be stronger if it could invoke a theory of justice which avoids the problems of the LTP (Waldron 1988) while preserving the tight links the LTP establishes between producing something and having entitlements to it. While I agree that, pace Marx, injustice without unfreedom might well ground a charge of exploitation, I criticize this approach in sections 4 and 5. My points will be that unfreedom without injustice is sufficient to ground such a charge (so that appeal to injustice is not necessary) and that freedom is a prior consideration, at least with respect to justice in property entitlements.

Marx's own grounds for rejecting the Canonical View are different and worse. One reason to think that view is not his is a lacuna in his account, or what would be a lacuna on the Canonical View. To make out that uncompensated appropriation of surplus is theft he would need a theory of property entitlements like the LTP. Without this it is unclear that dominant classes rob subordinate ones in appropriating the surplus the latter create. But Marx has no such theory. This is not an oversight.

Why not? Because Marx consistently rejects talk of justice or rights.¹² This is a second reason not to ascribe the Canonical View to him. Natural rights, for Marx, reduce to private property rights and are expressions of an atomized, "natural" civil society composed of "*independent* and *egoistic* individuals" (1975a, 167, 168), which society is in fact contingent and alterable, and neither natural nor desirable. Attacking rights in general, he dismisses the idea of a "fair distribution" as "obsolete verbal rubbish" and condemns "ideological nonsense about right and other trash" (1989, 87), since "conceptions of justice [*Rechtsbegriffe*]¹³...arise from economic [relations]" (ibid., 84). In capitalism, workers receive what they are entitled to—the value of their labor power—in the only sense he admits that the notion of entitlement has any application, a juridical one relative to a mode of production. In the wage transaction, "Equivalent has been exchanged for equivalent" (1967a, 194).¹⁴ His dismissal of justice as merely relative, so lacking in normative force, threatens to render merely ideological all normative considerations, including those pertaining to freedom. I think that these arguments are not good (Schwartz 1993a), but their iteration is a reason not to attribute the Canonical View to Marx.¹⁵

Geras (1986) objects that Marx often uses terms like robbery, theft, and plunder which imply injustice. But such talk can be explained away. First, Marx thinks that exploitation often *does* involve theft by prevailing standards. In discussing "primitive accumulation," e.g., Marx attempts to dynamite, by appeal to history, the idea that inequalities of wealth are due to differences in talent and industry. "In actual history it is notorious that conquest, enslavement, robbery, murder, briefly force, play the great part" (1967a, 714). This is an *ad hominem* attack on Lockean justifications in their own terms, not an endorsement of

hypothetical “clean” inequalities, or Marx would not have put it at the end of *Capital*, vol. 1, after explaining the production of surplus value in a quite different way. Theft occurs and is exploitative, but it is not the primary way in which class-based modes of production are exploitative. Marx of course regards conquest, etc., as morally wrong, but his own objection to them is, as he states quite plainly, that they involve force—not injustice.

Geras objects that many of Marx’s uses of such expressions cannot be taken *ad hominem* (ibid., 29–37). If so, these should not be regarded as representing his considered view. We must throw out *something*, either his official views of justice or his use of terms like theft, implying Canonical criticisms of exploitation. It is no less question-begging to throw out the former than the latter. Indeed, it is more so, for then we must read into Marx something like the LTP, which he denies, as well as explaining away his rejection of justice in general. Interpretive economy suggests that we throw out any Canonical uses of “theft” and its cognates. A deeper reason to do this is that he has a theory of exploitation on which unfreedom rather than injustice does the normative work, to which I now turn.

4. Freedom as a Good

The revised Canonical Argument, with premises about justice, misses something deep and important which Marx locates. This is the evil involved in unfreedom. The evil involved in injustice is distributive. On the Canonical View, class societies have patterns of ownership which violate the just principles of distribution of property, whatever they may be. The evil of unfreedom, however, is not primarily distributive. Unfreedom is an evil because freedom is a good, other things being equal, independently either of its distribution or, with an important qualification, of property entitlements. Marx’s objection to exploitation is that it involves unnecessary unfreedom. If it also violates entitlements or maldistributes freedom (which Marx would deny), those would be at most additional objections. I defend these claims and explain their significance in section 5, but first it will be useful to discuss why freedom is a good and when unfreedom is an evil.

Although Marx’s account of freedom is quite rich (section 6), he tends, quite rightly, to take its independent goodness as obvious. This need not mean taking it as primitive nor does it depend on Marx’s skepticism about justice. The liberal tradition, after all, values justice but also tends to regard freedom as independently good (e.g., Raz 1986). We do want to know *why* freedom is a good. Thus Rawls says that it is instrumental to the pursuit of our ends (1971, 541–548) and Mill defends it as promoting “the permanent interests of man as a progressive being” (1978, 10). Marx might endorse either explanation. His own is based on a complicated eudaimonistic theory of the self-realization of human nature through free labor. If some such answer is right, freedom will not be (only) an intrinsic good, but also good because it promotes some such further end.