

WHAT (IF ANYTHING) IS INTRINSICALLY WRONG WITH CAPITALISM ?*

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Unlike most of the other contributions to this volume, my paper is not concerned with exegetical issues. True, the question I address is directly inspired by the Marxist tradition and several of the answers I am about to consider are recognizably Marxist. But I will make no claim to discovering nor reconstructing Marx's answer to that question. The latter is a question which I have long asked myself and which I find of the utmost importance, for reasons which go far beyond sheer academic interest. What I want to know about it is not what Marx said about it. Nor what he would have said about it, had he said all he thought and only what he thought. Nor what he would have thought about it, had he been fully consistent. What I want to know about this question is, simply, the right answer to it.

Unlike most of the other contributions to this volume again, this paper bluntly takes it for granted that it does make sense to ask normative, ethical questions about capitalism. As some of the other contributors to this volume have neatly shown, the general issue of whether normative discourse makes sense is an interesting and complicated issue as far as the interpretation of Marx's thought is concerned¹. But as a point of substance, not of Marxology, there is not the slightest doubt in my mind that it does make sense to raise normative questions and to take normative stances — in particular about capitalism. And I will now proceed to do so without further apology.

1. The question and the strategy

What, then, is wrong with capitalism, i.e. with a social system organized on the basis of the private ownership of the means of

production and a "free" labour market? Somewhat more precisely, what is *intrinsically* wrong with capitalism? In other words, is it possible to identify a feature

- (i) which is necessarily present in capitalism (it is impossible to conceive of a capitalist society without it) and
- (ii) of which it can cogently be argued that it is ethically unacceptable?

For the answer to this question to have any bite for the purposes of social criticism, we must add a further desideratum. We can only be satisfied with a feature

- (iii) which is not necessarily present in all other conceivable social systems, in particular in (ideal) socialism — presumably the most relevant alternative to capitalism in this context.

There are several features of capitalism which may be worth trying on this threefold filter, for example inefficiency or irrationality, domination or alienation. But there is one which looks more promising than any other. Exploitation does not only appear most frequently in ethical condemnations of capitalism. It has also been defined as precisely as one may wish and, it would seem, in a way which makes it plain

- (i) that it is intrinsic to capitalism,
 - (ii) that it is ethically unacceptable, and
 - (iii') that it is necessarily absent from socialism, which entails
 - (iii) that it is not necessarily present in all conceivable societies.
- It is therefore on exploitation that I will concentrate in this paper.

The strategy I propose following consists in two steps. I first define unambiguously, with regard to a simple reference situation, what I will call "standard exploitation", which corresponds approximately (in such a situation) to what is generally called "exploitation" in the Marxist tradition and which uncontroversially fulfils (i) and (iii') above. I then ask what is wrong with exploitation thus defined, in an attempt to identify a further feature (which we may, but need not, be able to label "exploitation" in some broader sense) which would simultaneously be

- (i') intrinsic to standard exploitation, and
- (ii) ethically unacceptable.

If such a feature can be found, the intrinsic wrongness of capitalism will have been demonstrated — since any feature which fulfils (i') also fulfils (i) —, but not necessarily in a "biting" way — since what is intrinsically wrong with an exploitative system can also be present (and to the same extent) in a non-exploitative system. On the other

hand, if no such feature can be found, then there is nothing wrong with exploitation as such, and what seemed the most promising course in our quest for a clean ethical condemnation of capitalism will have proved misguided.

2. *Standard exploitation*

For the sake of simplicity, let us restrict our attention to a fictional society in which there are two non-overlapping categories of people, workers and non-workers. The workers produce all the goods available in this society. One part of these goods simply serves to replace the means of production used up in production. The remainder will be called the *net product*. Within this very simple context, what does it mean to say that the workers (as a whole) are exploited by the non-workers (as a whole). In other words, can we work out a set of necessary and sufficient conditions which would capture adequately the standard intuitive notion of exploitation, as applied to this simple reference situation ?

I submit that the workers can be said to be *exploited in the standard sense* if and only if part of the net product is appropriated by the non-workers. Let us call *surplus product* this part of the net product, and let us call *surplus labour* the part of the workers' labour which produces the surplus product. Therefore, my proposal can equivalently be formulated more compactly: standard exploitation consists in the extraction of surplus labour. But what does it mean that the non-workers "appropriate" the surplus product or "extract" surplus labour ? Does it mean that they consume the corresponding goods ?

As it is here understood, appropriation does not imply consumption any more than consumption implies appropriation. Part of the net product may be appropriated by the non-workers without being consumed, for example if they use it as net investment, i.e. to expand future production. And non-workers may also consume part of the net product without appropriating it in the required sense, for example if they happen to be disabled, children. Theravada Buddhist monks or members of a beloved royal family. If the workers unanimously and freely choose to allocate part of the product to such non-workers, without expecting anything in exchange, there will be consumption by non-workers, but not appropriation or extraction in the sense required to characterize standard exploitation. (In real-life situations, there may of course be consider-

able uncertainty as to whether the choice is genuinely free — is not love for the rulers subtly instilled by the rulers? — and genuinely altruistic — won't the monk who receives my alm help improve prospects for my next life? But this does not invalidate the distinction.)

Does standard exploitation thus defined fulfil the three criteria set out in the previous section? It definitely meets criterion (i): by earning profits, capitalists necessarily appropriate part of the net product. Even if they accumulate all the profits they earn, they standardly exploit the workers, since we did not stipulate that they should consume the surplus product, only that they should appropriate it. And despite the fact that they do not coerce the workers into working for them (unlike slaveowners and feudal lords), they do extract their surplus labour, they do appropriate their surplus product. For the workers would not be willing to let the capitalists have part of what they produce if it were not in exchange for access to the means of production which, by definition, the capitalists own. Standard exploitation, therefore, is intrinsic to capitalism. One cannot conceive of the latter without the former.

Under (ideal) socialism, on the other hand, the means of production are collectively owned by the workers, who decide how much of the social product should be allocated to accumulation and common needs and how the rest should be distributed among the citizens². Of course some non-workers may get part of the product — the young, the old, the sick, perhaps even the housewives and the tramps (if any is left) —, but only by virtue of the workers' benevolence, not because they have anything to offer in exchange. They may consume, but could not appropriate. Standard exploitation, consequently, is ruled out under (ideal) socialism. And criterion (iii) is met.

The real problem is with criterion (ii). What is it exactly that makes standard exploitation ethically unacceptable? Which defensible ethical principle does it unavoidably violate? Quite a few distinct answers have been proposed.

3. *Expropriation*

The most obvious answer appeals to a "creator-keeper" principle. The workers produce the whole product and are therefore entitled to it. They are entitled, as the Gotha Programme (criticized by Marx) put it, to the "undiminished proceeds" of their labour.

If such a principle is valid, clearly, standard exploitation is illegitimate, since appropriation of the surplus product by non-workers would necessarily violate the workers' right over the whole product. It would expropriate what is legitimately theirs. This "Ricardian-socialist" conception of what is wrong with exploitation³ can be challenged in two ways. One may question the truth of the statement that (a) workers are the sole creators of the product. And granted that they alone create the product, one may still challenge the claim that (b) whoever is the sole creator of something is entitled to the whole of it. In other words, one may question the underlying ethical principle (b) or its relevance to this case (a).

To the claim that workers, and only workers, create the product, one may object that capitalists also contribute to it⁴. Current production would not be possible without the current stock of capital. And capitalists, by definition, are those who provide this capital. One may argue, of course, that capital is just past labour, congealed labour, and hence that workers, taken as an inter-generational whole, produce the lot and are therefore entitled to the lot⁵. But this will not do. For there is a difference between living labour and capital, namely that the latter presupposes a certain amount of "waiting", of "abstinence", of "saving" and possibly of "risk". And this is precisely what the capitalists' specific contribution consists in.

Alternatively, one may attempt to argue that there is a crucial distinction between contributing to the creation of something and participating in its creation or, as Cohen puts it, between a "productive act" and an "act of producing"⁶. Even if capitalists contribute to production, they do not participate in it. Even if capital is productive, only workers produce. The causal role they play in bringing the product about may be equally important. What matters is the form this contribution takes: only labour involves active participation, which implies at the very least physical presence and some expenditure of energy.

Let us suppose that this distinction does the trick⁷, and hence that (a), if carefully formulated, is correct. It follows that whenever there is standard exploitation, people who do not participate in the creation of the product appropriate part of it. This only implies that there is something intrinsically wrong with standard exploitation if those who do participate in the creation of the product are entitled to keep the whole of it, i.e. if (b) can be sustained. But can it? Imagine two worker-controlled, autarcic societies, one of which

enjoys a much higher standard of living than the other (with the same quantity of labour performed), due to the fact that it happens to have easy access to energy (plenty of oil in its soil). Is it so obvious that its workers are fully entitled to the whole product, of which they are the sole creators? Does not the fact that their productivity is heavily influenced by natural conditions shatter the ethical plausibility of such a principle? I believe that it does and that so does the fact that productivity is also heavily affected by the current level of capital accumulation or by inherited technology.

To put it differently: having shown that standard exploiters take part of the social product away from its sole creators does not amount to showing that they are doing wrong, because the "creator keeper" principle is unacceptable. No one in his right mind (i.e. in reflexive equilibrium) would endorse it. Since there is (therefore) nothing intrinsically wrong with not letting those who created something keep it, this cannot possibly constitute what we are looking for, namely a feature which would make standard exploitation, and hence capitalism, intrinsically wrong.

4. Unequal exchange

A second possibility is that standard exploitation may be wrong because it necessarily involves some sort of unequal or unfair exchange. Let us look at an economy as a complex form of cooperation or exchange, to which individuals make contributions and from which they draw benefits. Assuming that contributions and benefits are measured in such a way that the sum of all contributions is equal to the sum of all benefits, a principle of equal exchange can state that each should contribute exactly as much as he receives. One way of measuring both contributions and benefits is in terms of labour value or of socially necessary labour. We then get the usual surplus value definition of exploitation. A victim of unequal exchange is someone who contributes more socially necessary labour than he gets back, for example embodied in the goods he purchases with his income. And a beneficiary of unequal exchange is someone who contributes less socially necessary labour than is embodied in the part of the net product which he is allotted⁸.

Because of the numeraire chosen to measure contributions, it is obvious at once that only workers can make strictly positive contributions and that non-workers, therefore, necessarily benefit from unequal exchange as soon as they get any part, however small,

of the net product. Standard exploitation, therefore, entails unequal exchange in the sense specified. And if such unequal exchange is ethically wrong, so is standard exploitation, and hence capitalism⁹. Equal exchange of labour value, unfortunately, does not make sense as an ethical principle of income distribution.

To start with, as soon as equilibrium prices (or exchange values) cease to be strictly determined by amounts of socially necessary labour (or labour values), there is no justification for sticking to labour values as the measuring rod for each individual's benefits. For one thing, how much labour value is embodied in the goods a worker buys with the wage he earns will then depend on what choice he happens to make. If he purchases goods whose relative exchange values are far smaller than their relative labour values (due to the fact that they require a much smaller amount of capital and natural resources than the average commodity), they may well end up beneficiaries rather than victims of unequal exchange¹⁰. In order to remove this unwelcome sensitivity of the concept of unequal exchange to subjective consumer preferences, one could redefine it in modal terms: a victim of unequal exchange would not be someone who buys goods embodying less labour value than he has contributed, but rather someone who could not possibly buy (with his income) goods which embody as much labour value as he has contributed¹¹. By smuggling in an essential reference to (equilibrium) exchange values, and not just to labour values, this move implicitly concedes that where the "law of value" fails to apply, (equilibrium) exchange values provide the appropriate standard. As soon as living labour is no longer the sole scarce productive resource, competitive prices are far better than labour values at telling us how precious a given part of the social product is, and hence at measuring the benefits drawn by each agent from economic cooperation.

As far as the measurement of contributions is concerned, labour values are no less inappropriate -- though for quite different reasons. First of all, assessing how much labour value each worker contributes to production is a very tricky business. Not only because skilled labour should create more value than unskilled labour and hence because an adequate reduction procedure of complex to simple labour is being presupposed. But even more because how much value a worker contributes in a given time depends on how productive he is compared to other workers producing the same goods. And while this productivity can in principle be assessed in the case of workers who independently produce identifiable products, it cannot, even in

principle, in the general case in which goods are the joint products of a large number of operations by a large number of workers. Consequently, it is in most cases impossible to say whether the socially necessary labour performed by a particular worker (or group of workers) was smaller or larger than the number of hours he actually worked, or than the value embodied in the goods he consumes^{1 2}. Secondly and more fundamentally, choosing socially necessary labour, rather than actual labour, as an ethical principle of distribution, is highly questionable. Why should someone who happens to be less skilful than average, or to work on particularly poor land, or in a firm using obsolete machinery, be morally entitled for that reason to a smaller part of the social product? Surely, if work is relevant at all to the determination of how much a particular worker is entitled to, it should be the work he has actually performed and not the work which would have been necessary to someone with average skill to produce the same goods under average technical conditions.

5. Disproportionality

Unequal exchange (of labour value), it thus turns out, neatly fulfils criterion (i'), but badly fails with criterion (ii). In the process of showing this, however, an alternative suggestion has emerged. I have argued above that actual labour was more suitable than socially necessary labour as a basis for entitlement to the social product. And I have also argued that equilibrium prices were more suitable than socially necessary labour as a standard for assessing how much any part of the social product is worth. So, why not replace the requirement that each should get back just as much socially necessary labour as he has contributed, by the demand that each should receive a part of the social product (measured in price terms) proportional to the labour he has contributed? In other words, why not discard the notion of equal exchange and adopt instead (as Marx does, for the lower stage of communism, in his critique of the Gotha Programme) a principle of proportionality between income and labour contribution? Standard exploitation is as obviously an instance of disproportionality in this sense as it is an instance of unequal exchange, and criterion (i'), therefore, is easily fulfilled.

As far as criterion (ii) is concerned, proportionality between labour contribution and income is definitely more satisfactory than

equal exchange. But not quite satisfactory yet. Just think of a situation in which there are widely different kinds of labour: some labour is pleasant, interesting and safe, while some other labour is unattractive, boring and dangerous. Would it not be deeply unfair to reward both sorts of labour at the same rate? Surely, some way of weighting different kinds of labour must be found if "To each according to his labour" is going to be at all plausible as an ethical principle. And what criterion could be found for this purpose other than the average disutility associated with each kind of labour? The proceeds of production, so the underlying principle should go, are to be distributed according to desert, and desert is determined by how much disutility each contributor to production has had to suffer¹³.

In the process of trying to meet (ii), however, we have now ended up violating (i'). For if disutility is the standard by which one must assess how much different labour contributions deserve, it is hard to see why non-labour contributions, providing they involve any amount of disutility, should not be treated in the same way. Saving, "abstinence", taking risks, may involve incomparably less disutility than most kinds of labour. And the fact that not everyone can save (just like the fact that not everyone can provide certain sorts of labour) may often mean that those who can, manage to cash incomes which far exceed what would reflect the disutility they underwent. Nonetheless, it is conceivable that non-workers receive a strictly positive income without receiving more than what they deserve. In such a situation, standard exploitation would be present. But according to the very principle to which we have been led, there would be nothing wrong with such exploitation. Even though there may be something wrong with all its observed instances, therefore, there would be nothing intrinsically wrong with standard exploitation.

6. Endowment-based inequality

John Roemer's (1982a) "game-theoretical" definition of exploitation provides an alternative way of trying to meet the criteria of adequacy we have set ourselves. He defines a group as capitalistically exploited, roughly, if and only if it would be better off, and its complement worse off, if it withdrew with its per capita share of the means of production (abstracting from incentive effects and economies of scale). And he shows that under some conditions — basical-

ly, perfect competition, equilibrium, identical preferences —, this definition is equivalent to some version of the unequal-exchange definition discussed above¹⁴. Under those conditions, therefore, standard exploitation entails capitalist exploitation in Roemer's sense. Under those conditions, in other words, non-workers who appropriate part of the net product would necessarily be worse off (and their complement better off) if they withdrew with their per capita share of the means of production. Or again, it is only possible for non-workers to appropriate part of the product, under those conditions, because they own more than their per capita share of society's wealth. Our criterion (1') is met: if Roemer's capitalist exploitation is demonstrably wrong, so is standard exploitation.

As soon as any of the conditions mentioned above is not met, however, this no longer holds. When free competition is dropped, for example, non-workers may be able to appropriate part of the net product through coercion, rather than by providing means of production. In order to cover this case, Roemer introduces the concept of feudal exploitation: a group is feudally exploited if and only if it would be better off (and its complement worse off) if it withdrew with its initial endowment of means of production (abstracting again from incentive effects and economies of scale)¹⁵. In order to meet (i') beyond the case of free competition, we could then weaken capitalist exploitation into capitalist-or-feudal exploitation. If the former is not intrinsic to standard exploitation, the latter may still be.

But it is not, at least as soon as disequilibrium situations are taken into account. For instead of assuming the form of interest on capital advanced, standard exploitation might take the form of purely entrepreneurial profits. Some of these may only be available to individuals owning a sufficient amount of wealth. Hence, withdrawal with per capita share would make these individuals worse off, and for this reason, they can only be capitalist exploiters in Roemer's sense. But take the case of a man who sees that it is more effective to gather fifty men to raise an obelisk than to use scaffoldings to build it vertically. Just for having this idea, and without needing any capital, he may earn huge entrepreneurial profits (by producing at much lower cost than traditional obelisk builders). Of course, such profits will not last forever (the new technology will spread, or the workers employed by the innovator will realize they no longer need his services), and at equilibrium they will be completely eroded away. Nonetheless, as the Austrian School has been at pains to

emphasize, they are central to the working of a capitalist economy, while being irreducible to the performance of skilled labour¹⁶. When the appropriation of the surplus product by non-workers is based on the perception of opportunities, rather than on wealth ownership or coercion, Roemer's withdrawal games are unable to capture it as a special case. If one allows for disequilibrium situations, therefore, standard exploitation may be present in the absence of feudal-or-capitalist exploitation. The latter is not intrinsic to the former.

Furthermore, even under equilibrium conditions, standard exploitation need not derive from wealth ownership or coercion. For suppose wealth is equally distributed, but preferences for leisure vary across individuals. Some members of the society concerned may be lazy, or disabled, or scornful of worldly goods. And they may therefore be content to earn a modest living out of the interest they get from lending their share of wealth to others. Despite the fact that all are equally endowed (and hence that no one can take advantage of his superior wealth position), the latter are standardly exploited by the former. Indeed, such a situation could even arise if the non-workers had less than average wealth. They would be standard exploiters, and still withdrawing with their per capita share of social wealth would make them better off, i.e. they would be capitalistically exploited in Roemer's sense¹⁷. This shows that (equilibrium) standard exploitation may derive from differences in preferences as well as from differences in wealth or from coercion. Even at equilibrium, therefore, standard exploitation may be present while capitalist-or-feudal exploitation is not. And even if it can be shown that there is something wrong with the latter, it would not ipso facto show that there is something intrinsically wrong with the former.

7. Inequality of opportunities

There is worse still, for our current purposes. Even if it had been the case that capitalist exploitation in Roemer's sense (or any disjunction including it as an essential element) was entailed by standard exploitation, it would not follow that the latter is unacceptable. For there is, as Roemer puts it, a "clean path" to capitalist exploitation. Suppose the initial distribution of wealth (as well as of skills in the widest sense) is absolutely egalitarian. But some people are harder-working and/or thriftier than average, while others

are lazier and/or more extravagant. At the start of the next period, wealth will be unequally distributed, and some will earn less than others for this reason (whether or not they regret having worked so little or consumed so much in the previous period). Assuming the differences in time preferences and in preferences for leisure are not the result of any perverse process, what could possibly be wrong with such capitalist exploitation, i.e. with an inequality of income which derives from an inequality of wealth, but from one which is itself generated by fully free choices starting from equal endowments?¹⁸

Of course, one can attempt to tackle this difficulty, as Roemer does, by redefining (unjust) capitalist exploitation as an inequality stemming from an unequal distribution of INITIAL wealth (or, more generally, of initial endowments, whether of an alienable or inalienable nature)¹⁹. But, first of all, it is by no means certain that this leads us to an ethical principle that is any more defensible²⁰. And in any case, this would further widen the gap between standard exploitation and what is supposed to be wrong with it. Standard exploitation by someone who "started" with less than average wealth, for example, could never be capitalist exploitation in this modified (and narrower) sense, even if the standard exploiter now extracts an immense amount of surplus labour, due to the fantastic amount of wealth he happens to have ("cleanly") accumulated.

8. Nothing wrong with exploitation ?

What, then, is intrinsically wrong with exploitation, with the extraction of surplus labour, with the fact that some people manage to appropriate part of the net product without doing any work? We have seen that it cannot be the fact that such people expropriate what truly belongs to the workers as its sole creators (§3). Nor the fact that they contribute less labour value than they receive (§4) or that their income is larger than what they deserve (§5). Nor the fact that they owe this income to their ownership of the means of production or to coercion (§6), nor to superior opportunities "at the start" (§7). For of each of the named features it can be said either that it need not be present when standard exploitation is (disproportionality, unequal opportunities), or that there need not be anything objectionable about it (expropriation, unequal exchange), or both (endowment-based inequality)²¹.

So, if the features examined are the most serious candidates

for the job of pinpointing what is intrinsically wrong with exploitation, we must face squarely the possibility that there may be nothing wrong with exploitation as such. This would of course not rule out that some instances of exploitation might be ethically unacceptable, nor even that all actual instances of exploitation might be so. But they would not be ethically unacceptable because they are instances of exploitation, but for some other reason. And if we are not to be misled onto the wrong target, it is important that we should be aware of this.

Moreover, *if* exploitation is the most serious candidate for pinpointing what is intrinsically wrong with capitalism, we must also face the possibility that there may be nothing wrong with capitalism as such. Again, this would not rule out that actually existing capitalism might be ethically unacceptable. But if it is, it would then not be so because of its capitalist nature. This too, if true, would be important to know. And for reasons which go far beyond sheer academic interest.

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NOTES

*The author is a Research Fellow of the Belgian National Fund for Scientific Research. His paper sketches some of the arguments presented more fully in a forthcoming book on "What is wrong with Capitalism?". An earlier version of it was presented at the Conference on "The problem of justice. An emancipatory approach from a Marxian perspective", Ghent, 23–24 March 1984. Warm thanks are due to S.M. Balu, Norman Geras, Koen Raes, Robert van der Veen, Allen Wood and other participants, for the stimulation of (sometimes highly) critical comments.

¹See esp. Wood (1981) and the papers by Geras, Raes, van der Veen and Wood in this volume.

²If a bureaucratic elite took all these decisions, instead of the workers as a whole (or their democratically elected representatives), standard exploitation could of course be present. Suppose, however, that the decisions are taken by the workers but that a minority of them disagrees, for example, with the decision to give part of the net product to some category of non-workers. Do the latter exploit

the minority workers, given that these workers also disagreed with the constitutional decision which laid down the procedure for taking such decisions? (This case is in part analogous to that of a capitalist who earns profits which he neither consumes nor accumulates but donates to his old mother (herself rather wealthy). Who exploits the workers? The old mother or her son? The son, presumably. But does this commit us to maintaining that, in a workers' democracy, the majority exploits the minority?)

³See, for example, Dobb (1973: 137–138) on Hodgskin and Thompson.

⁴Indeed, Marx (1880: 359) himself seems to hold such a view: “I present the capitalist as a necessary functionary of capitalist production, and show at length that he does not only “deduct” or “rob” but forces the production of surplus value, and thus helps create what is to be deducted.”

⁵This line of argument is suggested by Elster (1978: 10–11).

⁶See Cohen (1979: 151–152 and 1983: 314), who defends claim (a) above as a necessary, though not sufficient, ingredient in the demonstration that the capitalists' appropriation of part of the social product is unjust. What (a) needs to be supplemented with (according to Cohen 1983: 316–317, who explicitly disagrees on this point with Cohen 1979: 140–154) is an argument to the effect that the private ownership of the means of production is illegitimate. However, Cohen also sometimes suggests (even though he asserts the opposite elsewhere) that (a) may, after all, be dispensable. (See esp. Cohen 1983: 316 : “When apologists for capitalism deny that capitalists are exploiters on the ground that they contribute to the creation of the product by providing means of production, the appropriate Marxist reply is (.....) that the said ‘contribution’ *Does not establish absence of exploitation*, since capitalist property in means of production is theft, and the capitalist is therefore ‘providing’ only what morally ought not to be his to provide.”; also *ibid.* 329 fn 12: “Capitalists may well qualify as productive in certain ways, but (...) nevertheless exploit, UNLESS owning capital is morally defensible.”). In other words, why should it matter to show that capitalists do not help create the product, since even if they did help create it, their appropriation of part of it would remain illegitimate? The first shot does not kill if not followed by the second one (Cohen's recognition of insufficiency). But the second one kills whether or not the first one has been fired (Cohen's two

sentences quoted above). Why waste a bullet ?

⁷It may well be enough to discriminate between coupon-clipping capitalists and workers (including managers). But what about the purely entrepreneurial function à la Kirzner (see e.g. 1973) ? The opportunity for performing that function is (generally) restricted to capital owners. But through their “alertness”, through their perception of (profitable) opportunities, don’t they participate in (and not just contribute to) the creation of the product ? If they do — and I think they do —, one may try to assimilate them to workers (though strange ones: opportunity perception is quite different from managerial or organizational work). But whether one does or not, one ends up with the embarrassing conclusion that there is nothing wrong with entrepreneurial profits (which reward participants in the production process), only with the interests earned by savers (who contribute without participating). Indeed, it is precisely by reference to a “finders keepers ethic” that Kirzner (1978: 394–400) attempts to justify the entrepreneurs’ profits.

⁸See e.g. Roemer (1982a: part 1) for a systematic exploration of this concept.

⁹I here abstract from the fact that, strictly speaking, the concept of labour value, or of socially necessary labour, is only supposed to apply in market economies (whereas standard exploitation is not). I assume, in other words, that it is possible, for normative purposes, to define a concept of labour value which applies even in the absence of markets.

¹⁰Note that this could not happen for the workers as a whole (in a closed economy) — and hence that this does not conflict with the claim made above to the effect that standard exploitation entails unequal exchange of labour value. In the case of a particular worker (or group of workers) whose optimal choice is to be a pure waged worker (no work in his own shop), this situation can only arise under less than perfect competition. (See e.g. Roemer 1982a: 78–84 and 1982b: 22–30 for a rigorous discussion of the limits of the class-exploitation correspondence principle.)

¹¹See Roemer (1982a: 121–123).

¹²Here again, the problem does not arise for the workers as a whole (in a closed economy), whose total working time is necessarily equal to the amount of socially necessary labour performed (if understood as labour required in the average), and the claim made above to the

effect that standard exploitation entails unequal exchange of labour value remains meaningful.

¹³For an attempt to point out what is wrong with exploitation by appealing to a principle of desert, see Arneson (1981).

¹⁴See Roemer (1982a: 202–205).

¹⁵See *ibid.*, 199–202.

¹⁶Roemer (*ibid.* 205–207) proposes to construe entrepreneurial profits as returns to scarce skills, which could then be captured as a special case of his socialist exploitation, i.e. as skills-based inequality. However, there is an important difference between entrepreneurial “alertness” and managerial work (for example, the latter appears in equilibrium input-output tables, not the former). Is it really plausible to say that (ephemeral) returns to alertness cannot constitute appropriation of part of the social product by non-workers, because perceiving opportunities (and making use of this perception) is working? (Perhaps it is, but then we need a neat definition of work, and one which would not turn a coupon-clipper too into a worker.) See also footnote 7 above.

¹⁷This point is made by Roemer (1983b: 26–32) himself.

¹⁸See Roemer’s (1983a: 381–383) recognition of the possibility of “clean” capitalist exploitation in this sense.

¹⁹See Roemer (1984) for further discussion, and van der Veen & Van Parijs (1985) for an attempt to put the underlying theories of justice into a broader perspective.

²⁰Equal endowments means equality of what one is given (whether at some initial point or later in life). Implementing this is only possible if all (particularistic) altruistic acts are banned (or, which is hardly better, detected, recorded and somehow neutralized). Is this an attractive future? (See Van Parijs 1983: 358–360 for further discussion.)

²¹Since even the minimal criteria (i’)—(ii) are not fulfilled, there is little point in asking whether the features examined are necessarily, or at least conceivably, absent from, say, socialism. Even if we can show that feature F fulfills (i’), the fact that exploitation fulfills (iii) does not guarantee that this is the case. In other words: suppose F is present whenever E is present (F is intrinsic to exploitation), while E is absent whenever S is present (socialism excludes exploitation); this does not rule out that F may be present when S is

present (socialism may not exclude F), nor even that F is always present when S is (F may even be intrinsic to socialism). To derive F's incompatibility with socialism, we would need the further premise that F is ONLY present if E is present. And defending such a premise for an F which fulfils (ii) is even more formidable a task than defending that F is present whenever E is.

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