

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.

Such answers, however, merely push the explanatory question back. Why is it good that people pursue their life plans, promote the permanent interests of humans as progressive beings, pursue self-realization through work? Freedom is less problematic than many candidates for a good. Those mentioned are philosophical artifacts. But freedom has been held by ordinary people in history to be, *ceteris paribus*, unproblematically good. By all means, let us try to explain why it is good. But we must have far less confidence in such explanations than in what they are supposed to explain. That freedom is better than slavery is a structural support in Neurath’s boat, as resistant to revision as the claims that red is a color or that lightning often precedes thunder (Rorty 1982, 8). Stout remarks,

We don’t always have to justify a proposition [such as “Slavery is evil”]... or even be able to justify it, to be justified in believing it or for it to be justified. Some propositions acquire a kind of epistemic authority that needs no support from recitation of justifying reasons or demonstrations of truth, provided specific grounds for doubt do not arise (1988, 35).

With freedom, the burden of proof lies on those who would raise doubts about its goodness. Doubts about proposed explanations will not cast doubts on its value. That must be a given. Explanations can at best illuminate it, but we will take it in the dark if we have to.

Since freedom is a good, unfreedom is an evil. It is not always an unmitigated evil—least of all for Marx, who would prohibit capitalist acts among consenting adults. Unfreedom may be permitted or required, first, if it occurs under fair conditions or promotes some good. But even then it must be counterbalanced by some overriding factor. Thus it may be right to jail criminals or to enforce payment of taxes, but what makes it right—not good—is, in the first case, that those involved are criminals whose punishment may serve some purpose;¹⁶ in the second, perhaps, that force is necessary to secure public goods, and in both, that in free societies, force is democratically imposed and controlled. Socialist restrictions, e.g., on buying or selling labor power, are justified for Marx only because he thinks that such capitalist freedoms mean that in the end each will be less free than she might otherwise.¹⁷

Second, some unfreedom may be unavoidable, to be regretted, but not taken as grounds for criticizing the conditions which produce it. Exploitation, for Marx, involves *unnecessary* unfreedom—unfreedom that people would not suffer under feasible alternative social arrangements, i.e., ones attainable from their historical position. In saying that “the realm of necessity” will persist as long as we must work to satisfy our needs, Marx admits that necessary unfreedom would exist even under communism (1967c, 820). That is an unavoidable fact, not an objection to communism. The complaint about capitalism is that it involves unfreedom above and beyond that.

More generally, the complaint about any given form of class society is that it involves more unfreedom than some feasible alternative. Thus slavery involves more than feudalism, feudalism more than capitalism. So slaves should be regarded as exploited not given the possibility of socialism but of serfdom, and serfs of capitalism. To establish that workers are exploited because capitalism involves unnecessary unfreedom, Marx must show, which he does not do, that a more free classless society is feasible. I assume for the sake of argument that it is, but the assumption must be flagged as indicating essential work to be done.¹⁸

Making exploitation or its objectionableness depend on the availability of a feasible alternative, it will be noted, means that where none exists, e.g., as Marx thinks was the case in the early stages of capitalism, forced surplus transfer either is not strictly exploitation or at least unobjectionable. This is consistent with Marx's view of such epochs as "progressive" (1987, 263). His evident hatred of exploitation even in these circumstances might be explained by a plausible conviction that they involve much unnecessary as well as some necessary exploitation, but Marx does not say this explicitly.

5. The Priority of Freedom

For the (revised) Canonical View, injustice is the central evil of exploitation, but if we follow Marx in characterizing exploitation as forced surplus transfer, this depends on treating unfreedom as an evil. To make such surplus transfer unjust, we must remark that it is *forced*.¹⁹ That makes the difference between possibly neutral patterns of redistribution and wrongful transfer from those entitled to the surplus to those who are not. That producers are forced explains why the transfer is unjust, supposing they are entitled to the surplus to begin with.

But if forced surplus transfer is bad because it involves unnecessary unfreedom, it is bad whether or not the producers are entitled to the surplus. This is the deep fact that Marx's critique of exploitation locates and that the Canonical View misses by treating injustice as the main problem.

It might be replied that the evil involved in exploitation is a matter of justice. On the *entitlement* view, the problem is not the denial of a good, but that if the inequalities which enable exploitation are unfair, any surplus transfer which ensues is unjust (Roemer 1986). On the *distributive* view, the evil concerns the distribution of (un)freedom. The problem is not that some are needlessly unfree, but that some are *and others are not* in a way that distributes unfreedom unfairly (Arneson 1981; Geras 1986).

The entitlement view has an important grain of truth, to be discussed in a moment. Unfreedom due to just property relations is not necessarily objectionable. But still it is odd to hold, when unfreedom is due to unjust property relations, that its wrongness derives merely from the injustice and does not also involve an independent, though defeasible, evil. A more plausible understanding is that unfreedom is an independent evil which can be mitigated by its ensuing

from just entitlements. It might nonetheless also be wrong because of the unjust property relations, which would be objectionable because of their injustice.

The distributive view holds that when unfreedom is objectionable, it is so only because it violates some such principle as:

- (8) Each is to have the most extensive liberties compatible with some distributive constraint, e.g., equal liberties for all.

But to deny that unfreedom is, *ceteris paribus*, an evil independently of justice is implausible. If freedom is not an independent good, why care how it is distributed? If unfreedom is not an independent evil, so what if producers are unnecessarily unfree?

That we want freedom to be extensive as well as fairly distributed underlines the point. We would not be content with equal but very little freedom if we could each have more. But that we should have, *ceteris paribus*, as much freedom as possible or more rather than less is not a claim about distributive justice. What makes (8) a principle of *justice* is the distributive constraint that liberties are to be equal. The extensiveness constraint is a claim about the good rather than the right. If it is right that each should have as much freedom as possible, it is because freedom is a good independently of how it is distributed. For each to have less freedom than she might is *prima facie* objectionable just because there is less of this good than there might be,²⁰ not merely because that arrangement is unjust. This is consistent with saying, *pace* Marx, that there are constraints on the distribution of freedom the violation of which would constitute an injustice—a further wrong if it occurs.

To insist that justice is the main or only moral criterion by which social institutions are to be evaluated is to fail to acknowledge the variety of moral considerations which come into play in their evaluation. Some such institutions may even be just by some standard and still objectionable on other grounds, e.g., in failing to promote to the greatest possible extent an important good such as freedom. As a virtue of social institutions, justice is only one among many and not the first or sole one.

This is a strong claim. It can be sidestepped if we confine ourselves to the narrow issues involved in assessing the Canonical View. If forced surplus transfer is wrong because it involves unnecessary unfreedom, then any producer entitlements to the surplus which may exist are at most grounds for an additional objection. Even were the Canonical View and the distributive account of freedom both right, exploitation would involve two independent wrongs: theft of property and unjust unfreedom. The former depends on the latter. Freedom would still be prior, if not to justice, then at least to property entitlements.

Property entitlements bear on these arguments in an important but negative way. Surplus transfer is objectionably exploitative only if either the surplus-takers are *not* entitled to the surplus they take *or* any entitlements they have are

not overriding. There may be no wrong in claiming, even forcibly, one's own property. This worry does not arise for Marx if (as I think) he rejects all normative talk of entitlements. But if we accept claims of justice and entitlement—as I do—we need a case that dominant classes have no overriding entitlements. The issues are large and contentious. My object is less to establish the case than to urge that the burden of proof does not lie more heavily on the Marxist than on the defender of capitalism.

The main arguments that capitalists have such an entitlement turn on the idea that they are entitled to profit because of their contribution to production. Economists treat profit (more specifically interest) as a return to capital regarded as a productive factor. Marx denies, first, that capitalists *qua* capitalists are productive. In his critique of the "Trinity Formula," that land, labor, and capital are factors of production (in his terms, productive forces), Marx claims that capital is rather a productive *relation*, not a productive force (1967c, 814ff). *What* capitalists own (machines, raw materials, etc.) are productive forces, but their owning them adds nothing productive.²¹

Even if capitalists are productive, second, one might argue that they are so only *under capitalism*. If a classless society is feasible in which workers perform any necessary functions (e.g., management, entrepreneurship) undertaken by capitalists in capitalism, it might be argued that capitalists are parasites, or at least cannot claim entitlements on the basis of contribution. To call capitalists parasites only on the grounds that they are not needed in socialism may be too strong. Typesetters may not be needed if desktop publishing is possible, but it is odd to call them parasites just because their labor is not, in Marx's terms, socially necessary. Still, if it is not, that may undermine any claim to reward for their (unnecessary) contribution, and so with capitalists. If, though, as Marx thinks, capitalists as such make no contribution *even under capitalism*, they are indeed parasites.

In any event, third, capitalists' claims depend on a theory of justice that distributes rewards according to contribution. Any such theory is controversial and in need of defense. Neither Rawls nor Nozick, e.g., can endorse it, and utilitarians can do so only contingently.²² Finally, it might be said that even if capitalists have such entitlements, any claims of justice for capitalists would have to be balanced against claims of freedom for workers, so the entitlements would not themselves be decisive. Justice is only one virtue of social institutions, and need not trump other considerations.

These arguments suggest the requisite entitlements are problematic enough that they cannot be assumed. Establishing overriding capitalist entitlements on the basis of contribution is no less a task than denying them. To secure the charge of capitalist exploitation, their nonexistence would have to be argued in detail. But to deny it, in the face of Marx's argument, set forth below, their existence would require detailed defense. Neither claim has greater antecedent plausibility.

If the burden of proof lies equally on both sides, that the task has not been discharged one way or the other favors neither.

Some stocktaking is in order. To establish that class society in general and capitalism in particular is exploitative in Marx's sense, it must be shown, first, that it unnecessarily denies freedom. That this, rather than theft, is Marx's objection to exploitation I have argued above. In what senses freedom is denied I take up in section 6. That class society thus denies freedom I argue in section 7. The case against capitalism is made in section 8. To complete the case, it must be shown, second, that a feasible socialism would be superior on grounds of freedom. For the sake of argument I follow Marx in assuming this, but the point requires extensive defense. Third, it must be shown that capitalists have no overriding entitlement to the surplus they appropriate. I reject Marx's attack on entitlements and justice but endorse his denial of entitlements on the basis of capitalist contribution. To do more than avoid the burden of proof, these arguments would have to be developed. The qualifications are serious, but it is progress to see what must be done to make the charge of exploitation in an unqualified way and that if this can be done, the charge can indeed be made in an unqualified way.

6. Exploitation and Unfreedom

Marx shares Rousseau's view that legitimate social arrangements must leave us "as free as before" (Rousseau 1987, 148)—for Rousseau, as free, though not necessarily in the same sense, as we would be in a state of nature, without such arrangements. Marx is no contractarian. He never contrasts the human situation in society with a state of nature. He follows Hegel's socialization and historicization of the Rousseauian impulse, on which social arrangements are normatively ranked according to how much they promote freedom. To invert a famous aperçu of Hegel's, Marx thinks that progress is the history of freedom.²³ He also takes over from Hegel and Rousseau the view that there are objective constraints on realizing any particular social arrangements, such that the best arrangement possible at a given time and place may not be the best possible at another, much less overall (section 4).

To see *how* exploitation denies freedom, we must unpack the descriptive account of exploitation. Marx claims that the conditions, operation, and consequences of exploitation are each freedom-denying. To see *what* is denied, it is useful to distinguish three senses of freedom bound up with various aspects of exploitation: (a) negative freedom, (b) positive freedom, and (c) self-determination or "real freedom." Here I focus on the normative details, the "what" denied by exploitation. How exploitation involves and explains these unfreedoms I take up in section 7.

Negative Freedom. It is usual to distinguish between negative and positive freedom.²⁴ The former is freedom from compulsion or coercion. This is the

liberty Mill so eloquently defends. I am free in this sense if I am not prevented, intentionally or otherwise, from doing as I might. Some Marxists dismiss negative freedom as “merely formal,” but Marx does not (Easton 1981, 1981–1982; Draper 1977, chapters 1, 13). Marx insists on the “rights of the citizen”—e.g., freedom of expression and association. These “fall in the category of political freedom” (1975a, 160–161). His conception of communism is of “an association in which the free development of each is the condition for the free development of all” (1976b, 506).²⁵ Individual freedom, “the free development of each,” is primary, and it is primarily a matter of extensive negative liberty. This is supported by Marx’s explanation of the “basic prerequisite” of the “realm of freedom” under communism, “the shortening of the working day” (1967c, 820), i.e., (negative) freedom from merely necessary labor, however unalienating. It is also indicated by Marx’s claim that communism would make it “possible for me to...hunt in the morning, fish in the afternoon, rear cattle in the evening, criticize after dinner, *just as I have a mind*” (1976a, 47, emphasis added). Marx’s idea is not that each will be Johannes Factotum but that no “particular exclusive sphere of activity...[will be] forced upon [me]...from which [I] cannot escape.” I can do “just as I have a mind” (ibid.), i.e., I have extensive negative liberty.

Positive Freedom. But negative liberty by itself is merely formal. Without resources to use it, its value is diminished. The point is nowhere better put than in Anatole France’s quip that “The law in its majestic egalitarianism forbids rich and poor alike to sleep under bridges, to beg in the streets, and to steal bread.” The rich are free *not* to do these things because they have the resources to use their freedoms. This points up a positive sense of freedom as control of resources which gives me effective power to do as I might. The poor are negatively free to sleep in beds, invest in stocks, and shop in bakeries: they would suffer no sanctions if they could do so. But they cannot and so are (positively) unfree. As Berlin says,

If a man is too poor to afford something on which there is no legal ban—a loaf of bread, a journey round the world, recourse to the law courts—he is as little free to have it as if it were forbidden him by law (1969, 122).

Critics of negative liberty often fail to observe that freedom as effective power to realize my desires is just as formal as absence of compulsion or coercion if I am prevented from doing what I may have the effective power to do, in the sense of having material and other resources. Stalinist dictatorships gave poor people beds, income, and education, but forbade them to use these to effect things they might have wanted. That is, positive freedom requires negative freedom.

Real Freedom. A third sort of freedom, more difficult and contentious but absolutely central for Marx, is freedom as self-determination. Rousseau expresses the idea in his famous slogan that “moral liberty” is “obedience to the law one has prescribed to oneself” but “to be driven by appetite alone is slavery.” He

distinguishes this from “natural liberty” and “civil liberty,” roughly negative and positive freedom (1987, 151). What Rousseau calls moral freedom Marx calls “real freedom.” At the root of self-determination is the intuition that I am free if and only if the purposes on which I act are in a deep sense my own. This is in part a matter of acting on purposes I choose to accept. Thus Marx explains what is wrong with Adam Smith’s conception of labor itself as unfreedom:

The individual “in his normal state of health, strength, spirits, skill, and dexterity,” also needs a normal portion of work and the transcendence [*Aufhebung*] of “rest.” Certainly, the volume of labor seems to be externally determined by the aim to be attained, and the obstacles to its attainment that have to be overcome by labor. But...A. Smith has no inkling that *the overcoming of such obstacles is itself a manifestation of freedom—and, moreover, that the external aims are [thereby] stripped of their character as merely external natural necessity and become posited as aims which only the individual himself posits, that they are therefore posited as self-realization, objectification of the subject, thus real freedom [reale Freiheit], whose action is precisely work* (1986, 530, emphasis added).

Consider first the claim that “the overcoming of...obstacles is itself a manifestation of freedom” if and only if²⁶ “external aims” are “posited as aims which only the individual himself posits.” Acting on purposes fixed only by myself is what Marx means by “real freedom.” If the purposes I have are not thus self-chosen, I am in a sense enslaved. Thus I might be negatively free to do some *x* in that I am not constrained from *x*-ing, and positively free to *x* in that I have the effective power to *x*, but still be “really” unfree, if I did not choose to want to *x*.

Wage labor is Marx’s main example of really unfree activity, but this is contentious. Consider a case of real unfreedom in consumption. Suppose I buy a Buick because scientists employed by G.M. have implanted electrodes in my brain to see whether this technique will stimulate demand for U.S.-made cars. I am not constrained from buying the Buick, and suppose that I have the purchase price. So I am negatively and positively free to do it. Still, my buying the car is in a sense unfree. This is so even if I could do otherwise—if, e.g., the electrodes create an ordinary desire on which, as with other desires, I may or may not act. I am thus not compelled to buy. But the desire that motivates me is not my own, except in the trivial sense that I have it. I might not without the electrodes and I do not have it as the result of anything that might be described as a choice, nor is the desire fixed only by myself.

The idea has affinities with the sense of autonomy defended by Frankfurt (1989), on which one sort of freedom involves my ability to choose my own desires. Marx does not share Frankfurt’s further stipulation that such freedom involves some deep “identification” with these “second-order desires.” Marx’s real freedom requires only that my aims are self-determined.²⁷ Since we are (as Marx emphasizes) social beings, historically and culturally conditioned, real

freedom is attainable only to a degree and not absolutely, but in this respect it is no different from negative and positive freedom.

Consider now self-realization. To unpack Marx's claim that aims I set for myself "are therefore posited as self-realization, objectification of the subject, thus real freedom, whose action is precisely work" (1986, 530) would require a detailed examination of his eudaimonistic claims about species being, which is beyond my scope here (see Arnold 1990, 47–54). I will say only that Marx maintains that humans have a need for freely chosen noninstrumental labor, i.e., labor done for the sake of doing it and not merely for an extrinsic purpose—free labor, for short. Marx cites composing music as his example of free labor, picking up on his early idea that humans can "[form] objects in accordance with the laws of beauty" (1975b, 277).

Such labor counts as self-realization, roughly, because through it we extend and develop our peculiarly human powers and capacities (Miller 1981), e.g., for exercising intelligence, artistic creativity, and real freedom itself. We need free labor to be what Marx calls "fully human," to manifest the distinctive powers that humans have. Free labor counts as "objectification" because, Marx thinks, such labor requires productive interaction with the physical world. He overlooks nonproductive free labor in social interaction with other people, e.g., democratic self-governance.

Whatever the components of free labor, Marx thinks that humans "need a normal portion of work and the transcendence of 'rest'" (1986, 530). Even necessary labor should be done "under conditions most favorable to, and worthy of, their human nature [*ihrer menschlichen Natur*]," which nature also requires work done for its own sake—"the development of human energy which is an end in itself" (1967c, 820). Treating the self-realization thesis as just the claim that our nature is such that we need free labor gives a sense in which real unfreedom is a form of alienation from human nature in denying a basic human need. That there is such a need is reasonably plausible and, unlike Marx's full story about species being, relatively intelligible.

Marx's claim about real freedom is logically independent of the claim about self-realization—not vice versa: self-realization is partly defined in terms of real freedom. We might be really free in virtue of performing free labor even if we had no need to do so. This matters because to say that humans have such a need is controversial, and the claims about being "fully human" and "objectification" are deeply unclear. But we can say that it counts for or against an economic system that it promotes or inhibits real freedom without committing ourselves to a self-realization thesis.

7. Explaining Exploitation

It remains to be shown that and how exploitation does involve denial of freedom in the specified senses. Marx's theory is a general theory of producers' exploitation and not a theory of capitalist exploitation in particular. What makes capitalist

exploitation special is what makes it capitalist, not what makes it exploitation. It is best understood in view of the exploitative nature of production in class society generally. This is Marx's procedure. It has analytical significance as well as expository convenience. Marx is not only contrasting capitalist exploitation with earlier forms. He is indicating basic continuities in virtue of which "exploitation" has a univocal sense in all class societies. It is at bottom the fact that class society is class-divided that makes it exploitative.

Coercion. It is useful here to refer to the notion of the social division of labor (Marx and Engels 1976a, 46–48; Marx 1967a, 350–359). Complex societies have a division of labor to do two things:

- (a) to produce what is necessary to satisfy people's material and other needs, and
- (b) to reproduce the social framework (the division of labor) in which this productive activity occurs.

Class itself may be regarded as a division of labor between surplus makers and surplus takers (Fisk 1989, de Ste. Croix 1981). In class societies, dominant classes meet their needs, not by participating in production, but by forcing the subordinate classes to produce surplus for them over and above what they produce for themselves.²⁸ Thus in class societies the subordinate classes

- (a') meet their own needs and those of the dominant classes, and in so doing,
- (b') reproduce their own subordination to the dominant classes, i.e., the division of labor in virtue of which (a') obtains.

Different kinds of class societies are distinguished by the forms surplus taking takes, which determine the basic classes characteristic of that social division of labor or, as Marx usually calls it, the mode of production. In precapitalist society, surplus taking is extraction of physical surplus. This is especially clear under some sorts of feudalism, where serfs worked a certain number of days on their own fields for their own needs and a certain number on the lord's fields for his needs, the lord taking what the serf produces during that time.

To *define* class as a relation of exploitation (de Ste. Croix 1981, 43) makes it true by definition that class society is exploitative. This would leave us in the odd position of asking whether capitalism, feudalism, and slavery are forms of class society, for if their social relations were nonexploitative, it would be analytically true that these would not be class societies. This is absurd whether or not they are exploitative. Moreover, this move deprives class of explanatory value with reference to exploitation.

So I adopt G.A. Cohen's austere structural definition of class (1978, 73). Class is a matter of differential ownership of productive assets (DOPA), including tools and resources—productive assets strictly so called—on the one hand

and labor power on the other. ("Ownership" here refers to effective control, not juridical property rights.) Thus slaves control no productive assets nor their own labor power; serfs control some of both; workers control none of the former but all of the latter.²⁹ Any dominant class is so in virtue of control over some or all of the productive assets. This is what enables it to enforce surplus-taking. To say that class is a division of labor between surplus takers and surplus makers is thus not a definition but a shorthand way of saying that DOPA enables exploitation to occur.

In precapitalist societies it occurs in part by direct extra-economic coercion. In capitalism it occurs mainly through the indirect economic means of DOPA: propertyless workers must work for capitalists or starve.³⁰ Marx spells this out in vivid terms:

The slave, together with his labor, is sold once and for all to his owner...*He is himself* a commodity, but the labor is not *his* commodity. The *serf*...belongs to the land and turns over to the owner of the land the fruits thereof. The *free laborer*, on the other hands, sells...eight, ten, twelve, fifteen hours of his life, day after day, to the owner of the raw materials, instruments of labor and means of subsistence, that is, to the capitalist. ...The worker leaves the capitalist to whom he hires himself whenever he likes...but [since his] sole source of livelihood is the sale of his labor, [he] cannot leave the *whole class of purchasers, that is, the capitalist class*, without renouncing his existence. *He belongs not to this or that bourgeois, but to the bourgeoisie, the bourgeois class* (1977, 203, emphasis in original).

Wage labor, like serf and slave labor, is forced. Class societies are exploitative in that they involve transfer of surplus under *coercive conditions*. Subordinate classes, in virtue of lacking productive assets, are forced to produce surplus which is expropriated by dominant classes, thus deprived of negative freedom. Subordinate classes are also deprived of positive freedom in that, lacking productive assets, they are deprived of effective control over their productive activities and their fates as a whole. DOPA means that they lack the resources to pursue ends which they might have. Similarly I am made unfree if I am stranded with a pirate on a desert island who grabs the only boat around, depriving me of positive freedom, and orders me to row for shore at the point of his cutlass, depriving me of negative freedom. The dominant classes have grabbed the only boat around. Note that I say nothing about to whom the boat might belong. Suppose that it was just there.

In competitive capitalism, no single agent grabs all the productive assets, nor does any capitalist force any individual worker to "row." Instead, capitalists collectively grab the productive assets and the resulting expropriation forces workers to work. Marx's point is not that capitalists are blameworthy, individually or collectively: "I paint the capitalist...in no sense *couleur de rose*. But [in *Capital*] individuals are dealt with only insofar as they are personifications of

economic categories, embodiments of particular class interests and class relations" (1967a, 10). Rather it is that the outcome is to be condemned if it involves less freedom than a feasible alternative. Marx's focus is on the badness of the institutional structure of the situation, not on whose fault, if anyone's, that badness is.

Marx's thesis that workers are coerced under capitalism depends on the claim that I can be coerced even though no one intentionally bends me to his will, contrary to the view that "true coercion" is always deliberate, involving an intention to coerce, as with the pirate (Hayek 1960, 137). I call this narrower notion "compulsion." For Marx, coercion in the broader sense must be due to human activity but can be unintentional, the result of social arrangements adopted for other purposes than compulsion. Constraint—being prevented from doing as I will or as I might—may be construed as coercion if due to alterable social arrangements. These may be morally condemned as needlessly freedom-denying because they are alterable. Compulsion is a special case where the arrangements are intended to deny freedom, as with slavery. The main difference is not in whether those constrained by alterable arrangements are made unfree but whether condemnation attaches to some set of coercive social circumstances or to persons who do the compelling. Cohen (1986) defends the claim that Marx has indeed located a sense of coercion. His argument establishes only that the working class is collectively coerced, not, as Marx has it, that workers are individually coerced, but either claim will do for my purposes.

Such deprivation of freedom is an objective matter. It does not depend on what people want; hence, the "as I might" in the definition of constraint. Even if producers want to transfer surplus to dominant classes on terms the latter decree, they are still unfree in that, lacking productive assets, they must do so in any event. Their acquiescence may make their exploitation more bearable. But it does not make them more free. Consider my rowing for shore at the point of the pirate's cutlass. I would want to row for shore anyway, but being forced to do what I want, and would do without being forced, is still being forced. What matters for freedom is the counterfactual. I am free in doing x only if I could refrain from x-ing were I to so choose. This matters insofar as ideology creates consent to exploitation. Such consent does not make surplus transfer unforced if DOPA ensures that it would be enforced even were the consent withdrawn. Happy slaves are still slaves.

Domination. This is a matter of being subjected to a hierarchical structure of production over which one has little or no acknowledged say. Its immediate purpose is to make producers work harder than they otherwise would by more or less intense monitoring and use of sanctions like the lash or firing (Marglin 1982). The explanation of domination is functional. It facilitates surplus transfer. That is its function. Following Elster and Cohen, I regard functional explanation as a species of causal explanation. But the functionality here is intentional

(Schwartz 1993b). Domination is meant to have that effect. It deprives producers of negative freedom in the most basic and direct way. Marx describes capitalist domination as a form of despotic slavery:

As privates of the industrial army [workers] are placed under the command of a perfect hierarchy of officers and sergeants. Not only are they slaves of the bourgeois class and of the bourgeois state; they are daily and hourly enslaved by the machine, by the overlooker, and above all by the individual bourgeois manufacturer himself. The more openly this despotism proclaims gain to be its end and aim, the more petty, the more hateful, and the more embittering it is (1976b, 491).

The “enslavement” by the bourgeois class and state is coercion due to DOPA. The “daily and hourly enslavement” by the machine, the overlooker, and the individual manufacturer, is domination. It is functionally explained by the drive to increase surplus extraction: gain is its “end and aim.” Despite optimistic claims about the character of work in “post-industrial society” (Bell 1978), much evidence exists that domination persists into the information age (Braverman 1974).

Alienation. Coercion and domination mean that producers are forced to act on purposes other than their own. The purpose of their productive activity is to increase appropriation by the dominant classes, and the organization of production reflects this, particularly as the productive assets belong to those classes, which therefore determine the nature and conditions of work. Such production denies real freedom and is *alienating* in denying the need for free labor. Marx says:

In its historical forms of slave-labor, serf-labor, and wage labor, work is always repulsive and always appears as *externally imposed, forced labor*, and as against that non-work [may be seen] as “liberty and happiness” (1986, 530, emphasis in original).

This relates to exploitation as follows. In the broadest sense, to exploit something, e.g., a natural resource, means to use it for a purpose. Such exploitation is morally neutral. Even so using other *people* may be OK, as students use teachers to learn. But it is odd to describe such cases as exploitation. Among people, the word implies *merely* using others, taking *wrongful* advantage for one’s own purposes. This may also be unfair, but unfairness is distinct from real unfreedom.

Kant expresses a related idea in one formulation of the Categorical Imperative: “Always so act as to treat humanity... always at the same time as an end and never merely as means” (1981, 36). Marx is no Kantian, but they share a common source—Rousseau—and Kant illuminates Marx’s concern. Treating others merely as means is exploitative. If exploitation is using something for a purpose, exploiting people is using them for one’s own purposes, without regard

for their purposes, and in a way that prevents them from setting and acting on their own purposes. Exploiters do this when they force others to produce surplus, taking advantage of DOPA to expropriate the surplus and to minutely direct the process of production. The exploiters use others merely as a means to obtain surplus. The exploited are forced to act on alien purposes. Exploitation thus denies the producers’ real freedom.

More, exploitation denies their humanity. For Marx freedom is linked to humanity—to be fully human is to act on purposes I set for myself and to develop my other human capacities. Exploitation blocks such activity and development. This is Marx’s notion of dehumanization or alienation from human nature (1975b, 270–282), a much deeper concern than mere theft of property. To exploit others and thus to alienate them is to take from them their humanity and their freedom. If humans have no need for free labor, workers would not be alienated from their nature in being denied real freedom. Nonetheless, they would still be really unfree, and that might be bad enough. At least, it would be better were they not thus unfree, and a social system that prevented real freedom would be objectionable were there an alternative which promoted it.

The unfreedoms specific to exploitation, then, are three. There are first, the negative, positive, and real unfreedoms involved in coercion due to DOPA; second, the negative unfreedom involved in domination; and third, the real unfreedom and dehumanization involved in alienation. Coercion and domination hold even if alienation and real unfreedom are rejected as opaque. Each has independent moral weight, although domination and alienation causally depend on coercion, and alienation also causally depends on domination. Coercion is by definition intrinsic to (producers’) exploitation. Domination and alienation are effects of exploitation. With regard to them its objectionability is contingent and depends on its actually having these effects.

Roemer (1986) seizes on this point to deny that exploitation is morally interesting. To show that only the justice of DOPA matters, he constructs models of exploitative systems without the objectionable effects. I briefly note here, first, that coercion is an objection to DOPA apart from justice; second, that exploitation *does* have these effects, albeit contingently and causally. That is reason to be interested in it and to condemn it. Guns, after all, are not logically instruments of homicide. Death is merely a causal effect of their use. But the NRA is wrong. People kill people *with guns*. That is a strong objection to guns and a reason to be interested in them (Schwartz [forthcoming (b)]).

Class Struggle. The incentive to maximize surplus expropriation is not an “iron law.” It is a tendency and can be opposed by countervailing tendencies, including social norms of paternalism and justice, a sense of decency on the part of particular members of dominant classes, or satiation in the absence of further incentives to enhance their wealth and power.³¹ Gramsci (1971) argues that stable class rule requires “hegemony,” a central part of which is some concession to the interests of all the classes in a society (see also Fisk 1989).

Expropriation is also opposed by the subordinate classes themselves. Since exploited labor is coerced, dominated, and alienated, and since producers benefit if they have more of the social product, they resist. That is why for Marx “the history of all hitherto existing societies is the history of class struggles” (1976b, 482). For dominant groups, this means that how much they take is affected by considerations of social stability and class peace. Hegemony is functionally explained by its role in ameliorating class struggle. For subordinate classes, the issue is greater freedom as well as greater material well-being and justice. For us, the point is that exploitation causes class struggle, and thus can be a destabilizing factor with regard to a regime of exploitation. Workers resist exploitation in production through strikes and other conflicts, and in society, through struggle for laws to regulate wages, limit the working day, and provide social programs. Ultimately they may engage in revolutionary struggle for worker control over the total surplus.

8. Surplus Value and Capitalist Exploitation

The continuities with other sorts of exploitation are important, but the specific nature of capitalist exploitation matters. Marx’s account of capitalism uses a labor theory of value (LTV) widely, and I think correctly, regarded as indefensible.³² To make good my positive claim that capitalism is exploitative if socialism is feasible, I argue that we do not need the LTV to support this claim or to make sense of the notions of capitalist exploitation and surplus value.

Capitalism may be defined as a system of generalized commodity production by wage labor. The surplus capitalists take is characterized in terms of exchange value. Capitalists expropriate the surplus value produced by propertyless workers who sell their labor power for wages. But why think that it is *expropriated*, taken wrongfully? Intuitively the (Real Marxian) argument is this. If the value of wages, depreciation, taxes, investment, etc. equals that of the total product workers produce, there is no profit. To have profits, capitalists must get workers to produce more value than that of their wages and other expenses. Capitalists do this by taking advantage of DOPA, in virtue of which workers are coerced to work. They dominate workers in production, where workers are induced to work harder to benefit capitalists. And such work is alienating.

The problematic clause is “the value of the total product workers produce.” Critics will locate this as involving the LTV. Workers do not produce the whole value of the social product, it will be said. At least some profit—the value of what capitalists appropriate—comes from other sources, so the charge that this appropriation is exploitative fails. The objection is directed against the Canonical View, which (for capitalism) calls attention to the difference between the value workers create and the value they receive, and urges, on that basis, that the surplus value transfer is unjust. Thus Cohen’s reconstruction of the Traditional Marxian Argument which he attributes to Marx (and criticizes):

- (9) Labor and labor alone creates value.
- (10) The laborer receives the value of his labor power.
- (11) The value of the product is greater than the value of his labor power.
- (12) So, The laborer receives less value than he creates.
- (13) So, The capitalist appropriates the remaining value.
- (14) So, the laborer is exploited by the capitalist.

Cohen remarks that the argument “needs to have some premises about justice” (1988, 213). It needs *some* normative premises, but the idea that these must be about justice indicates Cohen’s commitment to the Canonical View.

From this perspective, the worry is that if workers do not create all value, why they are entitled to all value? Even if they are entitled to any value they do create, it might seem that capitalism could be made nonexploitative by social democratic redistribution (Arnold 1990, 96, 108). Why *capitalists* are entitled to any value unless they create some of it is unclear, but if the value they take is not contributed by workers, the charge of exploitation is undermined. Cohen denies that workers contribute any value (1988, 220), but he hopes to rescue the Canonical View by appeal to the fact that even if capitalists are interested mainly in its value, they do, after all, take the physical surplus entirely created by workers, to which workers are (he thinks) entitled by some version of the LTP. If the Canonical View is to be salvaged, some strategy like this must be the way to do it.

But the objection that workers do not create all value does not tell against the Real Marxian Argument. *That* depends not on the proposition that workers create the total surplus or its total value, but on the claim that workers are coerced, dominated, and alienated in producing whatever part of the surplus or its value is due to them. The Real Marxian Argument may be put more formally as follows:

- (15) Labor creates value.
- (16) Capitalists take some of the surplus value workers create by their labor as profit.
- (17) Workers receive some of the value they create as wages.
- (18) Capitalist surplus value taking, (16), is enabled by coercion, implemented by domination, and causes alienation.
- (19) By (18), capitalist surplus value taking is forced.
- (20) Forced surplus value taking is exploitative.
- (21) So, workers are exploited by capitalists.

If justice is our concern we will be disturbed by the Traditional premise (12). Such a premise plays no role in the Real Marxian Argument; premise (19) of which calls our attention not to justice but freedom. If unfreedom is the problem, redistribution of surplus would not help, and denying that workers produce all surplus value is irrelevant to the charge that capitalism is objectionably exploitative.

Nonetheless, the charge does depend on surplus value transfer, and for this workers must create some surplus value which capitalists expropriate. At least two problems arise for this claim. One concerns whether the value involved need be surplus, or indeed whether value need be involved at all. This raises doubts about the point of a charge of exploitation as somehow objectionable surplus (value) transfer. The second concerns whether the workers do indeed create any of this surplus value. Even if talk of exploitation has a point, a charge of exploitation can be sustained only if they do.

The first problem concerns the role of surplus value. With the Real Marxian Argument, can we not talk merely of forced *value* transfer, leaving aside whether the value is surplus? The same things seem objectionable with surplus and necessary labor in capitalism (section 2). Does this not also hold with production of surplus value and nonsurplus value, e.g., wages? More austere yet, since work under capitalism which does not produce value, e.g., administrative work for the state or in the sphere of circulation rather than production, is just as forced in the relevant senses, why not speak merely of *force*, and drop reference to value as well? Then the objection to capitalism would be *simply* that workers are subjected to avoidable unfreedom. What then would be the point of talking about exploitation rather than merely unfreedom?

Roemer (1986) argues similarly with respect to the Canonical View. The Traditional Marxian Argument refers to surplus value which workers alone create in virtue of the LTV and to which they are therefore alone entitled in virtue of the LTP. But if we abandon the LTV, need we say more than that capitalism involves unjust inequalities because workers do not own productive assets or receive income to which they are entitled? Why not just say *that* and set aside talk of surplus, value, or (Marxian) exploitation?

These questions highlight the fact that exploitation is an explanatory as well as a normative concept. The reason for insisting on surplus value, and thus capitalist exploitation, rather than merely unfreedom or injustice, turns on this point. Even were capitalism not exploitative, that it has some such moral defects might be true, and enough to condemn it if there is a better alternative. But to leave it at that raises the question about *why* this is true—not just in virtue of what moral principles it is true (concerning freedom or justice) or even what features capitalism has (DOPA, domination, etc.) which violate the applicable moral principles, but why it is that capitalism has those features.

Marx's explanation is that these features result, in ways discussed in section 7, from the fact that capitalism essentially involves generating profits from wage labor, that capitalists expropriate surplus value which workers produce. Otherwise, he thinks, it is a mystery why capitalism should have the objectionable features, or indeed how it could exist at all. To answer the questions posed, all workers are exploited in all the labor they perform because neither the expropriation needed to coerce some to produce surplus value or profit for others nor the domination needed to maximize surplus value extraction or profits can be "turned

off" for necessary or, insofar as this notion is well-defined, for non-value producing wage labor, which therefore, partakes of the alienation of surplus value-producing labor under such conditions.

Marx would not agree. He thinks that "unproductive" labor which does not produce surplus value is not exploited, but his distinction between productive and unproductive labor (1967a, 509) is vexed in part because the distinction between production and circulation is hard to draw nicely and in part because surplus value represents, for him, the total embodied labor of society which is appropriated by capitalists, i.e., it is an aggregate notion which cannot be neatly disaggregated into work of different kinds. He ought to have said that any work done for wages is exploited.

Marx wants an explanatory theory as well as a moral condemnation of capitalism. But the condemnation itself depends on the explanatory theory. First, the revolutionary condemnation Marx favors—one justifying the abolition of capitalism, not merely its reform—depends on capitalism intrinsically having these features. Second, the explanatory account is necessary to show that it is *capitalism* which has them and not something else; that they are due to it and not, say, merely to industrial production, mass society, or bureaucratic organization independently of capitalist production relations and purposes, i.e., capitalist profit or surplus appropriation. (Marx need not hold that capitalism is necessary for these features, merely that it is sufficient).

Talk of exploitation, i.e., objectionable surplus value transfer, has a point. But by itself, that will not support the charge that capitalism is exploitative. Capitalist unfreedoms are objectionable if socialism would be better, but these are exploitative only if workers *do* produce surplus value which capitalists expropriate, only if wage labor is a source of profit. Do they and is it? This is the second problem. On either the Canonical View or mine, premise (15) is contentious. I have deliberately phrased it ambiguously. It could be read as saying,

(22) Labor, among other things, creates value, or

(9) Labor and labor alone creates value.

Call (22) and (9) respectively the Weak and Strong Labor Productivity Theses. Most Marxists and their critics have interpreted Marx's claim to be the latter. They do so in virtue of his use, in *Capital*, vol. 1, of the LTV, according to which:

(23) The value of a commodity is determined by, is proportional to, or is identical to, the socially necessary labor time required to produce it, and

(9) Labor and labor alone creates value.

These claims should not be confused: (23) says that value can be *measured* in labor units, whatever its source, while (9) says that labor is the only *source* of

value, whatever its measure.³³ The measure of value matters, e.g., in Marx's crisis theory, but not to the theory of exploitation. So, with respect to the discussion of surplus value above, value—pace Marx—need not be understood as embodied labor.³⁴ Talk of value does not commit us to any particular account of its measure.³⁵ Our concern is its source. There are at least two possibilities, stated in (22) and (9), so it is these which will occupy us.

I think that the LTV is indefensible and that Marx does not hold it.³⁶ Here, though, it is enough that even if Marx does hold it, he need not. The Weak Labor Productivity Thesis, (22), together with (16), capitalist appropriation of some of the value produced, establishes the occurrence of surplus value transfer. Given (19), this transfer is forced, thus exploitative if the unfreedom is avoidable. That is, some of the value the capitalists appropriate is due to labor, and due to labor undertaken under freedom-denying, hence *prima facie* objectionable, conditions.

The case for (19) was given in sections 6 and 7. That for (22) and (16) follows. It may be objected that (22) is insufficient to establish exploitation. If there are other sources of profit, such as waterfalls (Marx's example), technological innovation, astute trading, or plain market luck, the surplus value the capitalist appropriates or profit he makes might be due to these factors and not to exploitation of labor (Arnold 1990, 101–112). But (22) and (16), together with the coercion, domination, and alienation, i.e., force, noted in (18) are enough for capitalist exploitation if this unfreedom is unnecessary.

To clear capitalism of the charge of exploitation, first, it would have to be shown that *all* value which capitalists appropriate is due to sources other than labor—to having waterfalls on their property, use of technological advantages, astute dealing, or market luck. If any profit is due to labor, capitalism is at least that much exploitative. But—and this is, or should be, Marx's point—the claim that *no* profit derives from labor is implausible. On the contrary, most of does, at least on average and in the long run. This is because the special advantages which are nonlabor sources of profit tend to cancel out. Capitalists without waterfalls build steam engines; those without steam engines acquire them, so as differential sources of profit, these drop out. The average capitalist is only as astute as average, so his profit, unlike that of the exceptionally astute capitalist, is not due to his special astuteness; and the gains of the exceptionally astute capitalist are balanced by the losses of the exceptionally inept capitalist. Market windfalls are, on average, balanced by market disasters. The average capitalist can in the long run count only on the value produced by his employees—the exploitation of labor.

To deny this, second, one would have to explain *away* the striking facts about unfreedom that excite Marx's ire—and, if he is right, that of the producers as well. These include the two which do explanatory work on his story: coercion and domination. (Alienation is an effect of these jointly and not itself explanatory, but like class struggle—resistance to exploitation—it is *evidence* that exploitation occurs.) Why does the capitalist division of labor regularly reproduce

the DOPA that constitutes coercion, forcing workers to work? It may be replied that this reflects the preferences of workers, who would rather not be responsible for managing production, or their incapacity for capitalist enterprise. Let those believe that who will.³⁷ There still remains domination. If none of the capitalists' profits comes from labor, why are they concerned to make workers work harder? Why spend good money on supervisors to monitor performance and enforce work rules? If all profit derived from, e.g., astute trading, market luck, or technological innovation, management would be limited to the payroll department. Coercion, domination, alienation, and class struggle are the strongest evidence for the existence of exploitation. The claim that labor is exploited explains these phenomena. Denying that it is creates an explanatory problem.

Why then, to answer Roemer's (1986) question, should Marxists (or anyone else) be interested in exploitation? The reason is that exploitation explains what is objectionable about capitalism and class society. On Marx's account this is, centrally, not injustice but the three sorts of unfreedom I have discussed. In the case of capitalism, workers are forced to work and denied effective power to realize desires they may have. They are made to work harder than they might like to benefit capitalists—however hard they might work to benefit only themselves under socialism. And they are (merely) used for capitalist purposes regardless of their own. The explanation for this state of affairs is that capitalism involves forced surplus value transfer. Freedom is a concern logically prior to and independent of justice, and the wrongs connected with unfreedom are sufficient grounds for ending capitalism and all class society if there is an alternative which avoids these evils. Class society may *also* be unjust. Marx would deny this. I disagree, but that is another paper.³⁸

Notes

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²"Wrong" is used throughout in the axiological rather than the deontic sense, i.e., it indicates that something is bad rather than that someone is blameworthy. Marx is interested in the structural condemnation of capitalist institutions rather than in the moral criticism of the actions of individual capitalists (section 7).

³This interpretation is maintained without argument by Cohen (1988, 212), Arnold (1990, 70, 86), and Roemer (1986, 266), and defended by Geras (1986) and Warren (1994); it is denied by Holmstrom (1977), Reiman (1987), and Buchanan (1982, 36–49). Wood (1986) does not discuss exploitation, but argues that Marx rejects justice. Given the controversy over what Marx thought, someone might say that no interpretation is Canonical. With major critics asserting the view as if it were canonical, however, I shall call it that to mark it as a target.

⁴Some version of the charge, e.g., that exploitation involves injustice in failing to satisfy fairness or reciprocity may hold for capitalism and class society generally. See Warren (1994), who, however, ascribes this idea to Marx. I agree that the view is true, but think that no such view will be a correct interpretation of Marx. Since my purpose is to expound and defend a version of Marx's view, I set aside the issue of justice in any other than the Canonical form.

⁵Roemer (1986) denies the truth of (a) because he thinks there is no sense in which surplus

transfer is interestingly wrong, although he accepts the Canonical View as the right reading of Marx. See section 7 and Schwartz (forthcoming [b]).

⁹In Marx's own account the distinction collapses under capitalism, because for him value just is embodied labor and surplus value is what capitalists appropriate. Whether he means that pre-capitalist exploiters appropriate embodied labor rather than physical surplus is less clear. Evidence can be found for both readings. The claim, e.g., that "every serf knows that what he expends in the service of his lord is a definite quantity of his own personal labor-power" (1967a, 77) supports a surplus labor reading, but the claim that "the serf belongs to the land and turns over to...[its] owner the fruits thereof" (1977, 203) a surplus transfer reading. Whatever Marx may have meant, the surplus transfer thesis, leaving the nature of the surplus unspecified, is more general and, for the reasons urged in this section, superior.

⁷Doubtless there are "Nietzschean" exploiters who exploit merely to express their dominance. But this cannot be important for Marxist theory, nor would Holmstrom defend her account by reference to this manifestation of the Will to Power.

⁸True, it poses difficulties for understanding how, e.g., women's or domestic labor can be exploited. The surplus labor account fits these cases rather better (Schwartz 1993c). But we can say that Marx's is a notion of producer's exploitation and not a general theory of exploitation.

⁹One might think that the claim that those unable to work must be provided for depends on justice. Wood (1986) shows that this is not so if the claim is based on needs. Even if one rejects Wood's argument, Marx might be attacking the Lassalleans with their own justice-based premises, which he does not share. This is suggested by the sneers at the very idea of a "fair distribution" with which Marx brackets the discussion (1989, 84, 87).

¹⁰But I may do the author, Ralph Chapin, an injustice, as it were. For the final lines of the verse are.

We can break their haughty power, gain our freedom when we learn
That the Union makes us strong (emphasis added).

¹¹Gifts are only OK *ceteris paribus*. Some gift-giving might not be OK, either because it resulted in injustice or, for Marx, if it tended unnecessarily to limit freedom.

¹²The topic is much discussed. Peffer (1990) and Geras (1986) offer comprehensive reviews of the literature.

¹³In the *Collected Works* and elsewhere, *Recht* here is translated as "legal," which might suggest that Marx means "legal" in contrast to "moral." But *Recht* connotes both legal and moral right and is best captured by "justice."

¹⁴So Marx's claim that material distribution will be made in accordance with labor contribution in the first phase of communism (1989, 86) might establish entitlements in *that* transitional mode of production, but, as Wood (1986) argues, this will be either a merely descriptive fact about how that phase works or, if normative, *merely* internal to that phase and (Marx thinks) affords no basis for a critique of capitalism.

¹⁵Since writing this I have become more impressed with the subtlety and power of Marx's critique of justice, particularly the objection that, as Marx puts it, "right" requires applying equal standards in necessarily inappropriate ways (1989, 86–87). See Wood (1986) for an illuminating discussion. But this matter will have to be deferred to another time.

¹⁶If retributivism says that punishment of the guilty is a good, I implicitly deny it here, but not if it says that it is right to punish them because they are guilty.

¹⁷Marx need not hold that the distribution of freedom under communism is optimal in the Pareto sense, i.e., that no one could be more free under any alternative arrangement. It may offer capitalists less freedom. But if each should have, *ceteris paribus*, as much freedom as possible, and permitting capitalist freedoms would result in each having less than that, then promoting the "free development of each [as] the condition of the free development of all" (Marx and Engels 1976b, 506) may justify giving some less freedom than they might have in an alternative.

¹⁸Moore (1993) and Arnold (1990) offer powerful critiques of Marx's own underdeveloped alternatives. Schweickart (1993) and Albert & Hahnel (1991) make extended cases for different models of such societies. More are discussed in Schwartz (forthcoming [a]).

¹⁹This is not strictly true. Surplus transfer might be unjust if it is due to fraud or because it involves some lack of reciprocity whether or not it is due to force or fraud (Warren 1994). If so, then

Marxist exploitation—*forced* surplus transfer—will be only one sort of exploitation, understood as somehow-objectionable surplus transfer—see Schwartz (forthcoming [b]).

²⁰I do not think, *pace* Brenkert (1983), that Marx is a freedom-consequentialist, i.e., one who wishes to maximize freedom as the good. Peffer (1990, 110) objects to Brenkert's reading that Marx wants *equal* freedom even if that means less of it. I suspect, however, that Marx would reject equal freedom on the same sorts of grounds that he rejects equal rights as "rights of inequality" (1989, 86), as making equal incommensurable things—here, freedoms. I think, but will not argue here, that Marx holds that each should have as much freedom as possible, without that meaning that total freedom is to be maximized—which would presuppose commensurability—or that its distribution is constrained by any distributive principles, e.g., of equal freedom.

²¹See Schweickart (1993, chapter 1) and Marglin (1982), for argument along these lines.

²²Rawls (1971) denies this idea because for him the capacities and situations which allow some to make greater contributions are moral accidents. Nozick (1974) denies it because he denies any patterned distribution. Utilitarians can maintain it only if it would maximize utility, but that it would, requires argument.

²³Hegel's idea that history is the progress of freedom occurs in various places, e.g., "It is this final goal—freedom—toward which all the world's history has been working" (1988, 22).

²⁴The usual distinction is due to Berlin (1969). My distinction is closer to Macpherson's (1973). Berlin's negative freedom conflates what I call negative and positive freedom. His positive freedom is close to what I call real freedom. While borrowing Berlin's terms, I base my distinctions on Marx's own source: Rousseau (1987, 150–151) via Hegel.

²⁵I follow the convention of attributing works jointly authored by Marx and Engels to Marx.

²⁶Marx says "and," but it seems clear that he means "if and only if".

²⁷The identification thesis leaves open the possibility that happy slaves are really free if they identify with desires to have others boss them around. There may be answers to this objection, but taking real freedom as merely a matter of self-determination of first order desires avoids it altogether. In any case there is no textual basis for attributing the identification thesis to Marx, although he requires some account of what it is for an aim to be self-determined. Holmstrom (1975) argues that Marx's theory of ideology offers the basis for such an account.

²⁸Even if dominant classes do participate in production (lords farming the fields, capitalists managing firms), that does not eliminate exploitation, because they have a choice, which subordinate classes do not. Indeed *qua* dominant classes, they do not participate in production. Their dominance is based not on such participation but in their power, due to differential ownership of productive assets, to make others produce for them.

²⁹This account captures only the objective aspects of class and misses its cultural, ideological, and political dimensions (discussed, e.g., in Schwartz 1994), but since exploitation is also an objective matter, this need not concern us here.

³⁰Coercion is reduced where those unable or unwilling to work face the choice of working or submitting to the humiliations of the welfare bureaucracy rather than starving. Since humiliation is more bearable than starvation, welfare state capitalism is less coercive than laissez-faire capitalism. There is, however, a move afoot in the U.S. and the U.K. to restore the classical choice by replacing welfare with "workfare."

³¹Thus precapitalist exploitation was generally less intense than capitalist exploitation because the incentives for surplus extraction under earlier modes of production were extra-economic, e.g., luxury, prestige, or military defense. By contrast, says Marx, capitalists must maximize surplus extraction or perish as capitalists. The incentive is intrinsic to the economic system itself. This is why he says that capitalism has "created more massive and colossal productive forces than all preceding generations together" (1976b, 489). It is the most productive because it is the most exploitative.

³²Howard and King (1985; 1989; 1992) offer comprehensive surveys of the literature. The outcome is still contested, at least among Marxists, but I agree that construed as a quantitative theory of value, the LTV Marx uses is "neither necessary [to his account of capitalism] nor particularly successful" (Howard and King 1985, 176). As remarked in note 36, I think that Marx knows this and that it is the burden of much of his argument in *Capital*, vols. 2 and 3.

³³As Arnold (1990) observes, (9) is technically not part of the LTV proper but is a distinct Labor Theory of Surplus Value (TSV). Cohen (1988) makes the same distinction between what he calls the "Strict" LTV and the "Popular" doctrine or TSV.

³⁴For Marx value is definitionally tied to labor. To say something has value, for him, just *means*

"that human labor power has been expended in [its] production, that human labor is embodied in [it]" (1967a, 38). The notion of value, however, is more abstract than this. Marx himself introduces it in terms of postulating that property of useful things in virtue of which they can be exchanged in stable ratios. He thinks that property is embodied labor, but it need not be. More generally than Marx puts it, but consonant with talking of a labor theory of value as opposed to other sorts of value theories, we may say that value is whatever determines price and is the basis of profit.

³³Unless claims about surplus value transfer can be expressed a la Sraffa (see Howard and King 1986, chaps 8–10) merely in terms of capitalist appropriation of that part of social wealth designated as profit—a question on which I am agnostic—value talk would commit us either to rejecting Cohen's claim that subjective theories of value of the sort invoked in neoclassical economics exhaust what can be said about value or to denying that all profits derive from surplus value. Marx takes the latter route (see note 36). The former means neither that we must reject subjective value theories tout court nor that we are committed, if we want to talk about exploitation, to any particular objective theory of value, such as the LTV.

³⁴In *Capital*, vol. 1, Marx assumes both (23) and (9). The latter is supposed to explain why, if markets involve exchange of value equivalents, there is any profit to be expropriated. Marx's answer, there, is the Strong Labor Productivity Thesis: labor is a unique commodity in that it produces more value than is required to produce it (1967a, 193). Exploitation of labor is then the only possible source of profits. But, as Boehm-Bawerk (1949) noticed when *Capital*, vols. 2 and 3 came out posthumously, Marx abandons (23) and qualifies (9). With regard to (9), he notes that, e.g., waterfalls may produce profit while not themselves being products of labor (1967c, 643). It follows that not all profits derive from surplus value, thus from exploitation of labor, in Marx's sense of value. Boehm-Bawerk accused Marx of contradicting himself or changing his mind, but Rubin (1973), Sweezy (1942), Dobb (1973), and Arnold (1990) more plausibly interpret the LTV as an assumption meant to hold in an idealized model, which is given up in more complicated and realistic models in which he takes into account such things as waterfalls. None of these writers observe that if Marx drops the assumptions he does not in fact hold them true except in an idealized model. King and Ripstein (1986) arrive at a similar conclusion by a different route; see also Elson (1979) for a rather different argument that Marx does not hold an LTV. It may still be said that Marx regards the LTV as a useful first approximation. Perhaps, but if he so regards it, he still thinks it false, and so does not hold it.

³⁷It is implausible that the actual division of labor reflects the actual distribution of entrepreneurial and managerial talents and motivations. No doubt many workers lack the requisite abilities and inclinations, and many would lack these even had they the opportunities to acquire and develop them. But then, so do many capitalists, despite such opportunities. And that workers do lack the opportunities goes a long way towards explaining why many who might display them if they had a chance do not do so.

³⁸In Schwartz (1993a), I make a first try at arguing that capitalism is unjust if it is exploitative. That it is exploitative if there is a superior alternative I have argued in the present paper.

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