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Comment on Steiner's Liberal Theory of Exploitation

Steven Walt

Whatever else it involves, exploitation involves taking unfair advantage of someone or some group. Theories of exploitation are theories which explicate the notion of taking unfair advantage. In "A Liberal Theory of Exploitation,"[1] Steiner presents a novel and recognizably liberal theory of exploitation. Its novelty is that exploitation is defined in terms which make reference to the interference with the opportunities of a third party to bid for the exploited party's goods or services. That the theory is liberal is apparent in its reliance on a stark budget of individual rights and choices. Steiner makes two central claims on the basis of his definition of exploitation. One is that his theory can identify clear cases of exploitation. The other is that liberalism can provide an adequate theory of exploitation. The first claim is entailed by but does not entail the second claim. I shall argue that both claims are false.

I

Exploitation is defined as an unnecessary and voluntary exchange of unequally valued items resulting from the violation of the rights of at least one other party. The definition has two consequences. First, only at least trilateral relations are candidates for cases of exploitation. (This point is taken up below.) And, second, only unequal and unnecessary voluntary exchanges resulting from a rights violation count as cases of exploitation.

There is a problem here. On Steiner's definition, exploitation results from a rights violation. Rights are, for Steiner, title based; they are property rights. Steiner also adds the independent claim that any title to objects which either is or is the causal consequence of a violation of a property right is invalid. He says: "All valid rights are so inasmuch as they derive from exercises of (previously) valid rights. And, correspondingly, any right is invalid which derives from actions interfering with exercises of valid rights" (p. 230). Now most if not all titles have a far from "clean" causal ancestry. (Marx's statement that "in actual history it is notorious that conquest, enslavement, robbery, murder, briefly force, play the great

1. Hillel Steiner, "A Liberal Theory of Exploitation," in this issue; all page references in the text are to this article.

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part" is one of the few statements in pt. 8 of *Capital* that have not come in for criticism.) Hence if a title to objects resulting from a rights violation is invalid and exploitation involves a rights violation, then it follows that most if not all unequal bilateral exchanges are cases of exploitation. But this is implausible. The presence of exploitation is unquestionable. Its omnipresence is questionable. Suppose Blue invents a machine on which he places little value and offers to sell it to Red for an outrageous sum. Red accepts. This exchange might result from a rights violation. But even if it does, the question of *when* the rights violation occurred is relevant in identifying the exchange as exploitative. White's rights, for example, may have been violated before Blue was born. In the absence of those rights violations, White would have invented the machine and offered it to Red for a more reasonable sum. Blue and Red's exchange may still be unequal. But it does not seem exploitative. For nothing that Blue does over and above making the exchange with Red makes it so. *Ex hypothesi* neither Blue nor anyone authorized by Blue violated White's rights.[2] Hence, if the presence of a rights violation is a condition of exploitation, the proximity of a rights violation to an exchange is relevant to identifying it as exploitative. Not so according to Steiner. That a right of some third party was violated at some node in the sequence leading to the unequal and unnecessary exchange is sufficient for its being exploitative. The coherence of a liberal theory is purchased at the price of its plausibility.

There is another problem. It also concerns the identification of cases of exploitation. Exploitation is distinguished from a benefit in terms of the counterfactual presuppositions of each (sec. 1). Only the counterfactual pertaining to exploitation is relevant here. The presupposed counterfactual is this: if the items to be exchanged were of equal value, both parties would still voluntarily make the exchange. Hence its truth conditions include the identities of both parties. But that is the trouble. There are many cases where the identities of both parties logically cannot hold. That is, there are many cases where the parties to the actual exchange logically cannot be the same as the parties to the counterfactual exchange. These are cases involving the use of what Lewis calls backtracking counterfactuals. For consider. Steiner asks us to compare the actual exchange with a counterfactual exchange. This is the exchange both parties would make if the items to be exchanged were of equal value. Now the value of the items at least depends on previous exchanges between both parties and others. (It also at least depends on the initial endowments of both parties.) Hence if the items were of equal value, the previous sequence of exchanges would be different. Hence, too, what both parties would

2. Steiner may, of course, deny that only Blue's actions are relevant to identifying cases of exploitation. He may say that someone else's actions, at some time, are also relevant. But he would be wrong. For if he says this, then a central tenet of liberalism is thereby denied: namely, that exploitation is to be explained in terms which make reference just to the choices of individuals party to an exchange.

do depends on a counterfactual previous sequence of exchanges. But this sequence is not just difficult to evaluate. It is in some cases logically impossible to evaluate. It is in those cases where either *party* does not exist as a result of there being a different sequence of previous exchanges. In fact, no numerically identical individual may exist in this case. A fortiori the identities of both parties cannot hold. The statement "Blue (Red) would (would not) exchange 5*X* for 5*X*" is therefore false. Since such cases are common, and since they usually increase the larger the number of previous transactions there are in a given sequence, many cases of exploitation cannot be identified.

II

Consider now the adequacy of Steiner's theory. Steiner begins by observing that liberalism is often said to be conceptually incapable of identifying or abolishing many important forms of exploitation. The theory presented is supposed to refute this objection. But it is hard to see how it does. For it misconstrues the objection. Expanded, this would go as follows: Liberalism is conceptually capable of identifying many important forms of exploitation. But it is conceptually capable of identifying only a narrow range of such forms. This objection holds against the theory offered by Steiner. For, as defined by him, the extension of "exploitation" is too limited. Steiner's definition implies that "socially or individually necessary forms of exploitation" is a contradiction in terms. But this will not do. Suppose Blue would voluntarily exchange no more than 3*X* for Red's 5*X*. Suppose too that both prefer that exchange to none at all. Blue's acquisition of the extra 2*X* is a surplus, contrary to what Steiner says (sec. 2). Hence the exchange is unequal. And the 2*X* is a surplus even if it is necessary for the (voluntary) exchange to occur at all. Such a case is surely a candidate for a necessary form of exploitation. Steiner, however, is committed to denying that it is. Such forms of exploitation are excluded by conceptual fiat. They are incorrectly relegated to forms of benefit (sec. 2). To do so is a conceptual failure of a liberal or any theory of exploitation. It is a failure that Steiner's theory cannot easily repair.

Notice something else about the exchange in the above case. Both parties prefer to make the exchange even though the items exchanged are claimed to be of unequal value. That is, they both prefer to make an unequal exchange on "some shared scale of value" (p. 225). But no clear sense can be attached to the phrase "some shared scale of value." Or at least none that is compatible with liberalism. For it is not clear to what the numerical values 3*X* and 5*X* are attached. Either these values attach to the same sort of item(s) or they do not. If they do, Red would be irrational to voluntarily exchange 5*X* for 3*X* of the same sort of item. For in no nonaltruistic transaction is it rational to forgo more of an item for less of the same item. And Steiner is only concerned with nonaltruistic transactions. So the numerical values must attach to something else. If so, to what? The obvious and well-known suggestion is that they attach to the value that each party places on an item. The suggestion is that values are importantly agent relative. If Blue prefers to exchange $3X$ for $5X$, Blue values the item labeled "$5X$" more than that labeled "$3X$." Correspondingly, if Red prefers the converse, Red values the item labeled "$3X$" more than that labeled "$5X$." Since both prefer the exchange to none at all, there is no basis for holding that the parties have gained unequally from the exchange. In fact, there is no basis for attaching the values $5X$ and $3X$ to the items exchanged. For the values of items are not independent of the preferences of the parties to an exchange. Now Steiner may want to reject this suggestion. Indeed, he does reject it. For he allows that a party may prefer voluntarily to exchange $5X$ for $3X$ (sec. 3). Since for Steiner this is a paradigmatic case of an exchange of unequally valued items, he is committed to holding that values can be determined independently of the preferences of the parties. But to hold this is to hold some notion of objective value, precisely a notion that liberalism rejects (p. 225). I shall continue to follow Steiner here and assume that there is "some shared scale of value."

Steiner makes another claim: that exploitation is a trilateral relation (sec. 3). Notice first that this claim is not entailed by his definition of exploitation. Again, exploitation is defined as an unnecessary and voluntary exchange of unequally valued items resulting from the violation of a right of at least one other party. All that the definition entails is that exploitation is at least a trilateral relation. So Steiner needs an independent argument for this claim. He gives one by considering four parties: the state (Black), the exploited (Red), the exploiter (Blue), and the sufferer of the rights violation (White). Ostensibly, this is a case in which exploitation involves a quadrilateral relation. Steiner denies that it in fact does so. His argument is worth quoting: "For this to be true, . . . there would have to be no motivational reason to suppose that Black's intervention in the terms of trade is authorized by any of the other three parties, that Black is in effect acting as an agent for one of them as principal" (pp. 234–35). After dismissing the possibility that Red (the exploited) or White (the victim of the rights violation) could be authorized by any of the other parties, Steiner asks: "What about Blue? Since he, as the exploiter, is the beneficiary of Black's intervention, it is difficult to see why he would withhold consent from it. To suggest that he would is to imply, contradictorily, that Blue is moved by altruistic concern for Red in his nonaltruistic bilateral transfers with him. So the case for identifying Blue's interests with Black's action . . . looks to be unimpeachable. And this identification supports the trilateral characterization of exploitation" (p. 235). Now this argument is of the form:

1. If B is the beneficiary of A's act, B can have no motivational reason not to authorize A (to act).
2. If 1, then B authorized A.
3. Therefore, given 2, A and B cannot be relevantly distinct parties.

With some alterations, the argument is clearly valid. But it is unsound, since premises 1 and 2 are both false. Suppose that A flips a coin and acts on its outcome. A's act may benefit B (B wins). B may still have a reason for not authorizing A's act. He may think that the procedure by which he benefits is unfair. Or he may simply think that gambling is wrong. So 1 is false.[3] Also, that B has no reason for not authorizing A does not show that B *has* authorized A to act. Nor does the fact that B *would not* withhold consent show that B *does* consent to A's act. So 2 is also false.

Thus, in Steiner's example, Blue, the exploiting beneficiary, might still withhold consent from Black's intervention. He might think that it is wrong for anyone to interfere with anyone else's legitimate opportunities. That would not be an altruistic motivation, but one of fairness. Blue would then be moved by a nonaltruistic concern for Red in his nonaltruistic bilateral exchanges with him. This motivation would be perfectly consistent. Hence Blue's withholding consent need not have the implication that Steiner attributes to it in the above passage. He does not therefore show that exploitation cannot be a quadrilateral relation.

Nor does Steiner show that exploitation cannot be a bilateral relation. Suppose Blue forcibly deprives Red of some of his property at time t, leaving him with only one item worth $5X$. Suppose too that Red requires a particular set of items worth $3X$ in order to subsist, none of which he now possesses. And suppose that only Blue possesses them. At $t + 1$ Blue offers Red the requisite items worth $3X$ in return for Red's "unnecessary" item worth $5X$. Red voluntarily accepts. Now Blue has violated a right of Red at t. So the transfer at $t + 1$ is invalid. And that violation results in an exchange of unequally valued items ($5X$ for $3X$, on "some shared scale of value"). So this is a case of exploitation at $t + 1$. But notice that the relation is bilateral: Blue secures a voluntary and unequal exchange at $t + 1$ by violating Red's rights at t. The exploited and the victim of the rights violation are the same party. It is just that the exploitative exchange and the rights violation occur at different times. So Steiner is wrong again: exploitation is not at least a trilateral relation.

This should not be surprising. Exploitation is often ascribed to relations in bilateral settings. Workers are said to be exploited by capitalists. Women are said to be exploited by men. And children are unfortunately said to be exploited by adults. These statements may be false. But they are clearly intelligible. And they clearly assert that a dyadic relation holds between the parties involved, whatever else they assert. Very roughly, such statements mean something like "the interaction between the parties involved is such that with respect to a particular issue one of the parties takes unfair advantage of the other party." Different theories of exploitation

3. Steiner makes use of a similar premise elsewhere in arguing that the intervention of a third party cannot be a solution to the Prisoner's Dilemma (Hillel Steiner, "Prisoner's Dilemma as an Insoluble Problem," *Mind* 91 [1982]: 285–86).

provide different analyses of "taking unfair advantage," as was noted above. Neoclassical theories explicate it as "receives less than the value of his or her marginal product." Marxist theories explicate the notion as (roughly) "receives less than the entire product of his or her labor." Or, on Roemer's recent theory, as (roughly) "receives less than he or she would receive under the withdrawal rules of a particular mode of production."[4] It is important to notice that none of these theories depends on there being a putatively requisite third party. I suggest that neither does a liberal theory of exploitation.

4. John Roemer, *A General Theory of Exploitation and Class* (Cambridge, Mass.: Harvard University Press, 1982).