

Master Thesis
Philosophy, Politics and Economics



Exploitation under Capitalism
A Contemporary Marxist Analysis

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Introduction

Situating Exploitation in Contemporary Capitalism

Historically, exploiters and exploited have been characterized as respectively higher and lower classes, widely dispersed from one another, with the latter finding themselves in absolute poverty. Now consider the following example of a 21st century phenomenon. It is the treatment by companies' bosses (from now on: companies or CEOs) of their "flex" employees and the way this contributes to the emergence of a new social group called the "precariat"¹.

Due to the demand for increased labor market flexibility, companies are increasingly pressured to transfer risks and insecurities onto workers and their families by allocating less permanent contracts and taking away securities and benefits that permanent employees tend to receive. As a result, many companies consistently hire employees on the basis of flexible, temporary contracts. In the Netherlands, it is the case that these contracts can be extended up to a few times, after which the employee should either be given a permanent position or dismissed. In the meantime, the company can use this flexible employee for all the work it has, without having to extend them the same, mostly long-term, job security², community benefits³, and union protection that come with permanent positions. Often, even after contracts have been extended, the company will proceed to finding new employees for another "round" of temporary contracts, instead of giving the residing employee a permanent position, due to the extra costs that this brings with it in terms of benefits et cetera.

¹ Guy Standing, *The Precariat: The New Dangerous Class* (London, New York: Bloomsbury Academic, 2011).

² There are different types of job security, for example employment security which poses regulations on hiring and firing, and work security which provides safety and health regulations. Ibid, 21.

³ Ibid, 23.

This creates a new group, the precariat, consisting of workers that have no anchor of stability whatsoever, and are taken advantage of as such.⁴ We find here a case of institutions that exploit the circumstances many people find themselves in, without work and thus without enough income to support themselves and/or their families. Realizing the workers' vulnerability and desperation of finding a job in order to escape their worrisome situation of unemployment and consequent poverty, companies can offer these workers positions with more risks and insecurities, knowing that these people will be forced to take those positions to avoid the very real alternative of being unemployed.

Why does the precariat accept being treated this way? Due to the lack of a realistic alternative. Protesting against the system will result in unemployment and threatening poverty, since there will be plenty of others desperate enough to settle and fill your shoes. Thus, workers accept the lack of previously considered self-evident working conditions and accept the consecutive temporary contracts, hoping to reach a sufficient level of performance that will result in a permanent position. In this example, a company exploits – read: takes advantage of – (the economic vulnerability of) their flexible employees, by denying them the job securities and benefits that any worker deserves.

This example, even though it differs from 19th century forms of exploitation, can thus very well be seen as an example of economic exploitation, albeit in a modern manner.⁵ Traditional economic exploitation in the previous sense still exists on a worldwide scale, concerning relations between first-world and third-world countries, or within developing countries such as India. What is of interest to us in this thesis, however, is how exploitation exists within developed, Western capitalist societies and what we can do about it. The precariat example, then, provides us with a preliminary definition-by-example of exploitation, a notion that will be analyzed in this thesis in order to make sense more widely of its effects on economic inequality and poverty.

⁴ Ibid, 1.

⁵ In this thesis the terms exploitation and economic exploitation will be used interchangeably, to denote the same type of exploitation.

In order to understand better the need for an analysis of exploitation, we should first discuss, more widely, capitalism and some of its consequences on contemporary society.

In past decades, the issue of poverty has figured prominently in global policy debates, embodied in the first Millennium Development Goal.⁶ Recently, it is recognized that economic inequality is actually a matter that needs more focus than poverty due to its large negative causal impact on socio-economic circumstances including poverty.⁷ Here, economic inequality (from now on, inequality) can be defined as the unequal distribution of income, wealth, and economic growth - summed up as economic well-being - among different individuals or groups of any sort.⁸ While the economic growth of countries like China and India is a force that counters global inequality, within-country inequality, especially within countries like China and India themselves, and the debate on it are ever-increasing.⁹

In this debate, inequality is commonly understood as a consequence of capitalism, for example in the eyes of Thomas Piketty. We can define capitalism here broadly as a market system characterized by a free market, where acquiring economic growth and accumulating capital is society's central drive. According to Piketty, this system is characterized by two inequality-generating aspects. First, there are high interests on the part of the capital owners in maintaining their power and wealth. Second, there are structures in the production and distribution process that inevitably make it so that economic growth will result in a disproportionately high increase in wealth on their part, rather than an even distribution of this growth throughout society, thus leading to economic inequality. "Income disparities are partly the result of unequal pay for work and partly of much larger inequalities in income from capital, which are themselves a

⁶ United Nations, *The Millennium Development Goals Report* (New York: United Nations Publications, 2015), 6.

⁷ OECD, *All on Board: Making Inclusive Growth Happen* (Paris: OECD Publishing, 2015), 11. DOI: <http://dx.doi.org/10.1787/9789264218512-en>.

⁸ As argued in a previous paper of mine on "Exploitation and Economic Inequality: A Critical Assessment of Inclusive Growth".

⁹ R. Roccu, "Inequality and Poverty in the Neoliberal Era," *The Palgrave Handbook of Critical International Political Economy* (London: Palgrave Macmillan, 2016), 181-182, 186-187.

consequence of the extreme concentration of wealth”.¹⁰ These two inequality-generating mechanisms can be seen as types of exploitation, as exemplified in the precariat instance.

From this brief part on the contemporary global economic system known as capitalism, we can conclude that, whereas capitalism has brought about many advantages, it is also a system that inevitably leads to economic inequality and poverty. While capitalism generates growth, this growth is dependent on unfair tactics and perpetuates economic inequality and insecurity for large groups of society. It is, in essence, an exploitative system, and it is through the mechanisms of exploitation that capitalism brings about the issues of inequality and poverty.

Strikingly, contemporary discussions on capitalism and inequality rarely address the issue of exploitation. In spite of a great deal of interest in inequality, the dominant view remains that despite various drawbacks, it is capitalism itself that has permitted unprecedented improvements in the human condition. Correspondingly, it is commonly argued that the best way to promote welfare and to reduce inequality and poverty is through the further expansion of capitalism. While proponents of this view acknowledge that inequality is a problematic feature of capitalism, they insist that the best way to moderate inequalities is through the creation of opportunities within ever more competitive capitalist markets. I argue in this thesis, however, that what we first need is an analysis of exploitation as it appears under contemporary capitalism to provide a basis for a method of solving these issues, rather than expecting the same mechanisms that cause inequality to solve it too. Such an appropriate account of exploitation should be able to make sense of the precariat example, expose and address capitalism’s inadequacies, and could be used as a basis for change and action.

In the theoretical literature on capitalism, the tradition of critical political economy (including) and especially varieties of Marxist thought offer a developed set of ideas on exploitation. Marx’s classical account of exploitation, however, has often been criticized due

¹⁰ Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge, London: The Belknap Press of Harvard University Press, 2014), 41.

to, on the one hand, some misconceptions, and on the other, a doubt as to whether it is still relevant to contemporary society. My method of finding an account that can explain the contemporary capitalist mechanisms of exploitation that lead to inequality and poverty, then, will consist of two parts: first, describing Marx's classical theory of exploitation, and second, using analytical Marxists' ideas in order to reboot the classical theory into a contemporarily relevant one. As the analysis presented here will demonstrate, Marx may have been wrong in some of his claims about the labor theory of value, but he was not wrong in his conclusion that capitalism is exploitative. My research question, then, can be stated as: "How do we need to polish the Marxist theory of exploitation in order to account for mechanisms in contemporary capitalist society?"

More precisely then, I will do this as follows. In chapter 1 I will summarize Marx's classical theory of exploitation and delve into some of its criticisms. In chapter 2 I will discuss prominent interpretations by analytical Marxists such as Erik Olin Wright, John Roemer, Jon Elster and Nicholas Vrousalis, and contend that insights from these authors offer a coherent, superior Marxist theory of exploitation of which its relevance can be tested by its ability to explain our starting example of contemporary exploitation, namely, the precariat. Chapter 3 visits the subsequent question of what to do to counter exploitation. It begins by acknowledging profound doubts that have been raised about the ability of within-capitalism approaches to manage capitalism, let alone address exploitation. In this context, I appraise the promise and limits of two divergent strategies for addressing exploitation: the "inclusive growth" approach, which hinges on the mechanisms of the welfare to redistribute wealth generated under capitalism in a bid to counteract or mitigate exploitation, and the revolutionary Marxist approach, which is committed to bringing about the end of capitalism and its replacement with an alternative socialist economic system or order. Finally, in the conclusion - the last section of chapter 3 - I will look back on this thesis, what I deem to be its value to the general debate, and suggest some topics for future research.

Chapter 1

The Concept of Exploitation: Classical Marxism

Grasping the significance of exploitation in contemporary capitalism and assessing proposals for addressing it requires an understanding of the mechanisms by which it occurs. For this we can turn to Marxist conceptions of exploitation, drawn not only from the ideas of Marx and Engels themselves but also prominent contemporary scholars working in the Marxist tradition. A constructive analysis of this theoretical literature provides the basis for a unified conception of exploitation under conditions of contemporary capitalism and a launching point for assessing contending proposals for addressing exploitation.

In this chapter I will focus on introducing the classical Marxist concept of exploitation, establishing the significance of exploitation, highlight the basic generative mechanisms from which exploitation springs, and address some criticisms to the classical theory. In the next chapter we clarify important critiques and ideas to the Marxist theory of exploitation, drawing on insights from analytical Marxism. On the basis of this discussion, the concluding section of chapter 2 elaborates a unified concept of exploitation that clarifies mechanisms that underpin exploitation in the contemporary world economy. Let us, then, first delve into Marx's account of exploitation.

The classical Marxist locates mechanisms of exploitation in the relation between two key aspects of capitalism: the market economy and the class system. In order to construe a clear account of Marxist exploitation theory we will work along the lines of its key concepts: surplus value, capitalists, workers, or, more generally, class.

1.1. Surplus value

The shortest definition of exploitation according to Marx is the appropriation by capitalists of the surplus value produced by workers, in his own words: "The rate of surplus-value is

[...] an exact expression for the degree of exploitation of labor power by capital, or of the laborer by the capitalist.”¹¹ Here we have three central concepts which require some attention before we further explain this definition: “capitalist”, “laborer”, and “surplus value”. Capitalism is constituted by a class society with two main classes, the capitalists who own the means of production and the workers who do not. Since the workers do not own the means of production, according to Marx, they are hired by capitalists and forced to sell their labor power to them, since not selling their labor power would expose them to conditions so bad that the only acceptable course of action is to sell their labor power. Here labor power refers to the aggregate of mental and physical capabilities a human being exercises whenever he produces a use-value.¹²

Due to the increase of productivity since the Industrial Revolution, workers do not need to work as many hours as they used to in order to create the value of the consumption goods needed to sustain themselves. The rest of the hours they work and the rest of the value they produce constitute the so-called **surplus value**, which can be defined as the “difference between the value a worker produces in a given period of time and the value of the consumption goods necessary to sustain the worker for that period”. A workday, then, can be split in two parts: in the first part he works for himself, the second part he works for the capitalist, since the surplus value is appropriated by the capitalists.¹³

Why does the surplus value go to the capitalists? What stops the workers from demanding the full value of their production rather than merely the so-called sustenance or reproduction value, the value needed to sustain themselves and their production? This is due to the very fact that the workers do not own the means of production and are hired by the capitalists to use their means of production to create capital. They cannot claim part of the surplus value, since they create it within a contract entered into along with the capitalists, whose ownership of the means of production has allowed them, in the first

¹¹ Marx, *Capital - Volume I*, 153.

¹² *Ibid*, 119-120, 407.

¹³ *Ibid*, 136.

place, to buy the workers' labor power, and in the second place, to claim the subsequent value which is created by those workers with the means of production they own.

What is the alternative for the worker? Not entering into a contract with the capitalist and thus not being able to support himself due to his fundamental lack of the means of production, thus facing conditions that might not be so bad as starvation but will certainly not give him any chance at self-development and flourishing (there is still the question as to what extent the worker does have a chance at flourishing within the boundaries of his contract with the capitalist, but that is not our concern at this specific moment). Workers cannot claim a part of the surplus value by, for example, demanding higher wages, since they are completely dependent on the capitalist for wages at all, since they use the means of production which are owned by the capitalists to create the capital of which they receive a part. Simplistically said then, being exploited, in terms of surplus value, means working more hours than are needed to produce the good one consumes.¹⁴

1.2. Exploitation and class

Now, to explain the concepts of capitalists and workers, we need to commit ourselves to a theory of class, which forms a central component in Marx's theory of exploitation. According to Marx, capitalist society is necessarily a class society, with two main classes: the capitalists who own the means of production and the workers who do not. Here we can define **classes** as categories of social actors defined by the property relations and mechanisms which generate exploitation and domination.^{15;16} The **capitalists**, then, form the class that owns the means of production and, on the basis of which, are able to force the **workers**, who lack those means, into selling them their labor power and appropriating the surplus value they create, thus exploiting the workers' class.

¹⁴ Jon Elster, *Making Sense of Marx* (Cambridge: Cambridge University Press, 1985), 167.

¹⁵ Wright, "The Class Analysis of Poverty," 45.

¹⁶ Erik Olin Wright, *Understanding Class* (London: Verso, 2005), ix.

In *Understanding Class*, the analytical Marxist Erik Olin Wright distinguishes between three approaches to class: the individual-attributes approach associated with the stratification tradition, the Weberian opportunity-hoarding approach, and the domination and exploitation approach associated with Marx.¹⁷ I will briefly discuss each one of them before arguing why the latter is of fundamental importance to Marx's classical theory of exploitation.

Among both sociologists and the public, most people, Wright argues, understand class in terms of individual attributes and life conditions. He calls this the **individual-attributes approach to class**.¹⁸ This "class as individual attributes" approach understands the concept of class in terms of individual attributes and material life conditions, the first including sex, age, race, education, the latter including conditions along the spectrum ranging from extreme poverty to extreme wealth. According to this approach, class is a way of talking about the connection between these respective individual attributes and material life conditions: the class you are in is defined by those economically important attributes that shape your opportunities and choices in a market economy and thus your material conditions of life. In this view, four classes can be distinguished: the upper class, middle class, lower class, and the underclass, based on clusters of attributes and conditions. This approach sees individuals as being to a large extent in control over which material conditions and subsequently which class they are in, through the attributes they have and acquire. As a result, it seems to discredit the fact that an individual's class position is, to a large extent, something they cannot control, which we will see in our discussion of the next two class approaches.¹⁹

The second group, inspired by Max Weber, has as its starting point the concept of **opportunity hoarding**, or, the idea that people have a certain interest and are successful in claiming advantages a job or resource confers on them by excluding others from access to those jobs or resources, through exclusionary mechanisms, resulting from beliefs and

¹⁷ Ibid.

¹⁸ Ibid, 3

¹⁹ Ibid, 3-5.

practices that sustain their control, such as private property rights.²⁰ To provide an example, in the case of inherited wealth, a great cause of economic inequality, the beneficiaries - the families that pass on and inherit their wealth - beliefs in wealth as property, in the inviolability of property rights, and in the priority of interpersonal ties based on birth and marriage are all beliefs and mechanisms that reinforce the centrality of inheritance as a mode of opportunity hoarding.²¹ This approach identifies three broad classes: capitalists, the middle class, and the working class.²² The difference between the two first approaches is that the second recognizes that people's class positions are not mainly due to the individual attributes they have and acquire, but the exclusionary mechanisms used by privileged people in order to guarantee their own wealth. In other words, the opportunity hoarding approach is superior due to its recognition of the inverse interdependent welfare principle, which states that the economic advantages people get from being in a privileged class position are causally connected to the disadvantages of people they exclude from those class positions. In other words, poverty of the working class is not just an unfortunate consequence of capitalists' material interests; it is an essential condition for the realization of their interests.^{23;24;25}

The third approach, the class as exploitation and domination approach, associated with the Marxist tradition in sociology, is quite similar to the second approach in describing power relations and exclusionary mechanisms as causal forces in determining people's economic conditions or class positions, and in recognizing that the material welfare of the beneficiaries or capitalists causally depends on the material deprivations of the excluded workers. However, it continues to argue that it is not just people's *conditions and positions* that are determined in this process but also their *ongoing economic activities* that are

²⁰ Charles Tilly, *Durable Inequality* (Berkeley: University of California Press, 1998), 91.

²¹ *Ibid*, 156.

²² Wright, *Understanding Class*, 6-8.

²³ Wright, "The Class Analysis of Poverty", 37-38. I highly recommend you to look at Wright's parable of the shmoo, a creature whose sole purpose is to please humans by transforming themselves into basic necessities of life, where the very existence of the shmoos is a threat to the status of capitalists and the workers' dependence on them.

²⁴ Wright, *Understanding Class*, 8.

²⁵ *Ibid*, 9-10.

continually in a relationship of interdependency characterized by domination and exploitation, whereby domination refers to the ability to control others' activities and exploitation refers to the acquisition of economic benefits from the laboring activity of those who are dominated. Therefore, the power relations and exploitative mechanisms of the dominating class continue to influence the lives of the other class in such a way as to use their laboring effort for the advantage of the dominating group, rather than, in Weber's approach, merely determining the positions of the other class.

To make this more concise, let us compare exploitation and opportunity hoarding. In both situations, the beneficiaries are separated from others through boundaries, while unequal relations across the boundary connect them. However, exploitation differs from and actually goes one step further than opportunity hoarding because in the case of exploitation, beneficiaries, or capitalists, do not exclude outsiders from access to their resources but instead enlist efforts from the outsiders in order to gain more profit from their resources.²⁶ As a result, not only the outsiders' positions are determined through exclusionary mechanisms, but also their ongoing economic activities are determined through top-down power relations, to the extent that beneficiaries hire them in order to create more capital. The central class division is between the capitalists or the dominating group that own and control the means of production, and the workers who are hired to use those means of production. Other positions within the class structure are defined according to their relationships to the basic binary division of capitalists and workers.²⁷

The last two approaches, therefore, both take into account underlying power relations in society that are central in determining individuals' positions in society, but the latter goes one step further as to say that those in power continue to use those individuals as to gain profit from their laboring efforts. In doing so, the Marxist domination and exploitation approach to class is superior. Marxist class analysts always include discussions of individual attributes and material conditions of life of people located within the class

²⁶ Tilly, *Durable Inequality*, 91.

²⁷ Wright, "The Class Analysis of Poverty", 9-11.

system, and opportunity hoarding is central to the concept of social relations of production. However, they take the crucial, further step of also explaining the ongoing relations between the classes on the basis of one's domination and exploitation over the other, and in doing so are able to integrate the first two approaches into a bigger picture, along with the Marxist additions, which is the most appropriate in explaining capitalism as a class system divided in terms of the capitalist and the worker classes.

1.3. Summary and criticisms

Our Marxist definition of exploitation, as the appropriation by capitalists of the surplus value produced by workers, should now be clearer. Capitalist society is essentially a class society defined by a binary division between the dominating class - the capitalists - that own the means of production and the dominated class - the workers - that do not. By virtue of their lack of the ownership of the means of production and the capitalists' resulting position of power, the workers are forced into selling their labor power to the capitalists, who, by virtue of their ownership of the means of production, are able to extract and appropriate the created value.

Having explained the original Marxist definition of exploitation, we will now treat some objections to Marx's theory, before we turn to the next chapter for our analytical Marxists' input, which will subsequently be reintegrated into one superior Marxist theory of exploitation.

Value theories

There are some common criticisms to classical Marxist theory of exploitation, ones that will be refuted here and will point out once more the need for a polishing of the classical theory. Two of these objections can be traced back to concepts misattributed to or misunderstood in classical Marxism, related to value theories, specifically, the notions of labor theory of value and surplus value. The other objection is more generally a question as to the relevance of classical Marxism today. Let us first focus on the notions of labor theory of

value and surplus value, which remain widely misunderstood, in part due to limitations in Marx's understanding of exploitation and in part due to misunderstandings of the significance of these implications with respect to exploitation and capitalism more broadly.

First of all, let us clear a common misunderstanding of Marx's theory of exploitation which attributes to his thinking Ricardo's so-called labor theory of value.²⁸ This labor theory of value holds that something has value "only because human labor in the abstract has been embodied or materialized in it."²⁹ The value of commodities, including labor power itself, it seems, is thus determined by the amount of socially necessary labor required to produce it. More specifically, the central claim of the labor theory of value states that the exchange-value of a commodity (its power of exchanging against quantities of other commodities) varies directly and uniformly with the quantity of labor time required to produce it under standard conditions of productivity, and the quantity of labor time standardly required to produce other commodities.³⁰ This labor theory of value, which Marx seems to acknowledge in the first chapters of his *Capital*, has encountered a number of problems, the most obvious one being that it contradicts itself. The labor theory of value entails that past labor is irrelevant to the contemporary value of a commodity, but past labor would not be irrelevant if it created the value of the commodity, thus it follows that labor does not create value, if the labor theory of value is true.³¹ Since classical Marxist theory of exploitation is based on the labor theory of value, it seems, we can refute the entire theory, no?

No. In response to this misunderstanding which implies that classical Marxists subscribe to the labor theory of value and the problems resulting from it, David Harvey argues that Marx nowhere in fact declared his allegiance to the labor theory of value, and only ever

²⁸ Authors that commit this misunderstanding are Ernest Mandel and Joan Robinson, amongst others.

²⁹ Marx, *Capital - Volume I*, 6.

³⁰ G. Cohen, "The Labor Theory of Value and the Concept of Exploitation," *Philosophy and Public Affairs*, 8(4) (1979), 339.

³¹ *Ibid*, 345-346.

referred to “value theory”.³² If it is subsequently argued that Marx’s theory of exploitation is in fact based on the labor theory of value, Cohen delivers the next appropriate response: he goes one step further, not only by discarding the labor theory of value, but by arguing that Marx’s theory of exploitation is actually incompatible with it.³³ Firstly, it follows from the labor theory of value that labor does not create value, and secondly, even if labor does create value, the theory does not provide a sound basis for a charge of exploitation, since it still entails that workers do not create anything, while it is clear that workers do create something. They do not create value, but they create what has value: the product.³⁴ However, granted that workers indeed do not create anything, it cannot be the case that laborers are exploited because they create value which others receive, from which it follows that Marx’s theory of exploitation is wrong. Therefore, the labor theory of value, if adhered to, refutes itself and is incompatible with Marx’s theory of exploitation.³⁵

Many thinkers also misunderstand Marx’s theory of the surplus value, such as Roemer and many capitalist ideologues, and capitalist ideologues have used their dismissal of it as a false excuse to dismiss Marx’s entire theory of exploitation. They tend to understand surplus value as an extremely central concept in Marx’s theory of exploitation and see many problems with it. As a result, many dismiss his entire account. In my point of view, the role of the concept of surplus value is merely instrumental and exemplary in showing the basic functioning of exploitation. Cohen also argues that the labor theory of surplus value is unnecessary to the moral claim about exploitation. It does not matter, he says, what explains the difference between the value the worker produces and the value receives; what matters is that there is that difference. The labor theory of surplus value, then, can easily be replaced by a simple truism whereby capitalists receive some of the value of the product, not specifically the value that is created on top of the sustenance

³² Karl Marx, “Notes on Adolph Wagner”, *Value: Studies by Marx* (ed. A. Dragstedt) (London: New Park Publications, 1976).

³³ Cohen, “The Labor Theory of Value and the Concept of Exploitation,” 345-6.

³⁴ *Ibid*, 354.

³⁵ *Ibid*, 356-357.

value.³⁶ Thus, again, Marx might have been wrong about the surplus value aspect but the conclusion he derives about capitalism being exploitative is correct, and the conclusion does not need the concept of surplus value to rely upon.

To paraphrase Roemer, while Marx was wrong in the details - the labor theory of value and surplus value - he was right in his conclusion that workers are exploited under capitalism.³⁷

Contemporary relevance

The Marxist domination and exploitation approach to class, as we have seen earlier, also encounters a more general objection. One could argue that this approach was appropriate in the 19th century but is now quite outdated, for example in its central class division between the capitalists and the workers. One could say that nowadays the positions in society are much more dispersed and can no longer be contained within this division. Against this I would like to point out that the division between a group that is used to increase capital and a dominating group which largely obtains the capital thus created is still very much applicable today. Just look at our Precariat example, in which the Precariat is clearly the former group, used to increase capital, and the CEOs are clearly the ones profiting. Also, any positions and subsequent relations that cannot easily be contained within these two classes such as managers, whom exercise many powers of domination over other workers but are subordinate to capitalists in the sense that they do not own the means of production, are to be characterized and defined in terms of their relationship to the central classes. In that sense, our binary class division is central but is not fully exhaustive of all the possible positions in society, but does help to define those through their relations with the two classes.³⁸ Clearly then, the Marxist domination and exploitation approach to class, at the basis of his exploitation theory, is still very relevant.

³⁶ Ibid, 343.

³⁷ J.E. Roemer, *Free to Lose: An Introduction to Marxist Economic Philosophy* (Cambridge, London: Harvard University Press, 1988), 2.

³⁸ Wright, *Understanding Class*, 11.

Chapter 2

The Concept of Exploitation: Towards a Critical Synthesis

In this chapter I will address some analytical Marxists' ideas in order to improve and polish the classical Marxist account of exploitation. They might also be a case of already present ideas generally overlooked by both opponents and followers, merely emphasized. I will use works, again of Wright and of Alan Wertheimer³⁹, John Roemer⁴⁰, Jon Elster⁴¹, and Nicholas Vrousalis⁴². After analyzing these works and joining them with classical Marxist thoughts into one superior Marxist theory of exploitation, I will use this theory to make sense of our precariat example.

2.1. Analytical Marxism

Structural and transactional exploitation

The first idea can be introduced through the point we made in the previous chapter when comparing the Weberian opportunity-hoarding approach to class and the Marxist domination and exploitation approach to class. We saw that what distinguishes Marxist theories from Weberian theories of exploitation is that exploitation is something that not just entails exclusion of certain groups and the resulting differences in class positions, but there are ongoing relations between different classes which incur an exploitative effect top-down, namely the capitalists using the workers' labor power to extract more profit out of their resources. These relations, however, are not face-to-face relations between the

³⁹ Alan Wertheimer, *Exploitation* (Princeton, NJ: Princeton University Press, 1999).

⁴⁰ J.E. Roemer, *A General Theory of Exploitation and Class* (Cambridge, London: Harvard University Press, 1982).

⁴¹ Jon Elster, *Making Sense of Marx* (Cambridge: Cambridge University Press, 1985).

⁴² Nicholas Vrousalis, "Exploitation, Vulnerability, and Social Domination," *Philosophy & Public Affairs* 41, no. 2 (Wiley Periodicals 2013).

exploiters and the exploited, but rather concern the general status of both class identities and the way they connect to one another.⁴³

We can also describe the first idea in terms of the fact that the type of exploitation Marxists are usually concerned with is **structural exploitation**, whereby the system we are exploring has certain essential properties contained within the “rules of the game” which unfairly benefit one group of people to the detriment of the other. Thus, there need not be a face-to-face relationship or interaction for exploitation to occur. Some exploitation – a relationship of exploitation between two individuals A and B – can also be an instance of **transactional exploitation** where there is a clear active relationship, namely in the form of a discrete transaction. Transactional exploitation is an account of exploitation set forward by Alan Wertheimer, in which both parties who enter a transaction have certain obligations not to coerce, harm, or deprive the other of a share of the cooperative surplus. Transactional exploitation, then, typically involves a transaction whereby an agent A takes advantage of another agent B.⁴⁴ The Marxist theory of exploitation can make sense of transactional examples of exploitation, too, since its most basic idea of exploitation happening through the appropriation of created value can be relevant in a face-to-face relationship also - please refer to the coat example in the next section - but focuses on the structural type of exploitation. To conclude this part then, our first idea points to the fact that the Marxist theory of exploitation we are dealing with concerns structural (not transactional) exploitation, and thus does not necessarily consist in active, face-to-face exploitative relations between exploiter and exploited.

Intent and awareness

The next point is made by Vrousalis. He argues that while it is clear that the exploited need not be aware of the relationship, the exploiters neither have to be. Nor does exploitation have to be intentional on their part. It is perfectly possible for the exploiter to,

⁴³ Elster, *Making Sense of Marx*, 174.

⁴⁴ Wertheimer, *Exploitation*, 3-35.

unintentionally or unknowingly, instrumentalize another's vulnerability and thereby exploit him.⁴⁵ We can understand how this is so by relating this idea to the previous point. Since we are concerned with structural exploitation which does not necessarily involve active/face-to-face relations but rather exploitative relations holding through the exploiter and exploited persons' positions and roles, it is perfectly possible for both the exploited and the exploiter to exploit unintentionally and/or unknowingly. Even in the case of transactional exploitation this could happen.

Vrousalis provides us with an example of a transactional, face-to-face relational situation in which it is possible for A to exploit B both unintentionally and unknowingly:

"Say B is a poor man whose only valuable possession is an expensive coat. He needs to sell it in order to get food. Mistaking B for an eccentric millionaire, A offers B a very low price for the coat. B accepts because of the urgency of his need. Here A has unknowingly instrumentalized B's vulnerability and extracted a net benefit from him (the value of the coat minus the price A has paid), thereby unknowingly and unintentionally exploiting B. Assume, further, that B (falsely) believes A to be more needy than himself, and accepts A's offer for that reason. Here, it would not be irrational for both A and B to believe that B exploits A, although both beliefs are false."⁴⁶

However, since we are mainly concerned with structural exploitation we should provide an example of such a situation too.

Imagine a CEO of a small company who aspires to make his company bigger. Due to the market system with its demanding competition, this is a difficult task and will necessarily involve innovation and growth at the expense of the workers (through cuts in the labor force and increased dependence on automated systems) under the CEO, since that is simply how this system works. Imagine, further, that the pressures of the system require the CEO

⁴⁵ Vrousalis, "Exploitation, Vulnerability, and Social Domination," 133.

⁴⁶ Ibid, 133: note 4.

to order cheaper products from an outsourced factory some place in China. The factory reaches out to him saying they provide their workers with good work conditions and good salaries, but due to other increases in production efficiency are able to offer their products at such a low price. The CEO, perhaps a bit naive, agrees to start a collaboration with the factory, not knowing that in fact it is a sweatshop where workers are required to work up to 14 hours a day and receive little to no compensation and abuse in all kinds of ways.

Here we have an example of a CEO forced by the competitiveness of the market system to bring his company forward by agreeing to take steps which necessarily involve exploitation in multiple ways, but without him knowing or intending to exploit. It is not difficult to think of an example like this, since structural exploitation means that exploitation is a necessary consequence of the positions, relations, and processes in capitalist society. The CEO, just like the exploited worker, is just a part of the system after all.

Benefit and power

Our last idea can be found in accounts both by Roemer and Vrousalis. Roemer defines certain conditions for a group S, in a larger society N, to be exploited:

1. There is a hypothetically feasible alternative in which S would be **better off** than at present
2. Under this alternative, the complement to S, the coalition $N-S=S'$, would be **worse off** than in the present situation
3. S' is in a relationship of **dominance** to S.⁴⁷

Roemer describes capitalist exploitation as a form of social parasitism, in which the two aspects of benefit and power become clear conditions. First, exploitation necessarily involves a relationship (direct or not) which is beneficial for the exploiting party S' and in which the exploited party S is worse off than they should have been, had they been treated fairly. This alludes to the aspect of benefit, which does not imply that S' should benefit on

⁴⁷ Roemer, *A General Theory of Exploitation and Class*, 194-195.

net. There can always be unforeseen circumstances, not due to the relationship, such that S' may end up worse-off after all.

Secondly, Roemer suggests exploitation necessarily involves a relationship of dominance of S' over S. This tight connection between the concepts of exploitation and domination has been treated also by Nicholas Vrousalis, who argues that A exploits B if and only if A and B are embedded in a systematic relationship in which A instrumentalizes B's vulnerability to extract a net benefit from B. A, as such, dominates B if A and B are embedded in a systematic relationship in which A takes advantage of his power over B, in a way that is disrespectful to B.⁴⁸

Disrespect is incorporated into the definition of domination since mere power over another does not suffice for domination, as Vrousalis says, like in the case of parental power over their children. Any sufficient condition for domination thus requires something in addition to to "taking advantage of his power over", and that something can be fulfilled by the condition of disrespect. Domination in its most general form, Vrousalis says, is subordination offensive to equality of status, but more precisely is constituted by disrespectful (other terms can be degrading, demeaning or humiliating) power-overing. A's action towards B respects B if and only if it expresses a rational attitude R vis-à-vis B, and R is dialogically endorsable, which is if and only if the considerations giving rise to R can be advanced as justifications for action in the context of embarrassment-free (that is, shame-free or guilt-free use of justifications in discourse) dialogue among interested parties.⁴⁹

According to Vrousalis, then, exploitation should not be conceived at all as an "exchange against the background of injustice in the distribution of assets." It should be seen instead as domination for self-enrichment, or, the self-enriching instrumentalization of another's vulnerability. That is, exploitation necessarily involves domination.

⁴⁸ Vrousalis, "Exploitation, Vulnerability, and Social Domination," 139.

⁴⁹ Ibid, 140.

Moreover, Vrousalis argues that laborers are economically vulnerable to capitalists in the relations of production, which are systematic relations of effective ownership of, and therefore of power over, human labor power and the means of production. The example he provides is one where A owns a water-producing well. If A's ownership is fully enforced, B needs water, and B has no independent access to water, then B is economically vulnerable to A, meaning B is vulnerable in virtue of B's position relative to A in the relations of production. Capitalists essentially exploit workers, then, if they are embedded in a systematic relationship in which A instrumentalizes B's economic vulnerability in appropriating (the surplus value of) B's labor.⁵⁰ A thus takes advantage of his power over B in a disrespectful way, through the self-enriching instrumentalization of B's economic vulnerability.⁵¹ Vrousalis is essentially proposing a new definition of exploitation, but we will only be using the relevant aspects to incorporate into Marx's classical theory.

2.2. The Marxist account of exploitation: a new synthesis

Integrating the analytical Marxists' ideas into the classical Marxist theory of exploitation, then, I will construe here a clear concept of exploitation that is able to clarify mechanisms that underpin exploitation in contemporary world economy, after which I will use it to analyze and explain the precariat "phenomenon" under modern capitalism. I will start with a brief summary of each section.

Classical Marxism, as we have seen, argues that **capitalist society** can be seen as a compound of on the one side, the **market economy**, characterized by increasing competition and other economic processes, and on the other, the **class system**, between which exploitation functions as a key mechanism. Capitalist class society is defined by a binary division between the dominating class, the **capitalists** that own the means of production, and the dominated class, the **workers** that do not. By virtue of their lack of the ownership of the means of production, the workers are forced into the market economy

⁵⁰ Ibid, 136-137.

⁵¹ Ibid, 131-132.

and forced to sell their labor power to the capitalists, who, by virtue of their ownership of the means of production, are able to extract the created surplus value, thus exploiting the worker.

As we have seen, there are several problems with this understanding, through which we can reach the conclusion that classical Marxism is wrong in the details, but right in its outcome about class and exploitation being at the foundation of capitalism's economic structure. Firstly, Marx is commonly seen to subscribe to the **labor theory of value**, which Harvey calls a misunderstanding and Cohen manages to dismiss by arguing that the labor theory of value is actually incompatible with the charge against exploitation. Secondly, due to the problem with the notion of labor-created value, there is also a problem with **surplus value**, recognized by Roemer and many capitalist ideologues, being the key ingredient of exploitation. Cohen, however, showed us that surplus value is an unnecessary concept, and it suffices to say that capitalists appropriate some of the created value. Even though these problems are therefore no reason to cast aside the entire classical Marxist understanding of exploitation, they still pointed to some complications in its argument. These complications in turn pointed to the need for the subsequent ideas by contemporary analytical Marxists and my own input to polish Marx's theory, which I will summarize briefly next.

To briefly summarize the analytical Marxists' ideas, then, firstly we found, through points made by Wright and Elster, that Marxists are *usually* concerned with **structural exploitation** (1), whereby the system we are exploring has certain essential properties contained within the "rules of the game" which unfairly benefit one group of people to the detriment of the other, in opposite to transactional exploitation where there is a clear active relationship in the form of a discrete transaction between two parties. Thus, there need not be an active relationship or interaction.

Secondly, as Vrousalis argues, since we are concerned with structural exploitation which does not necessarily involve active/face-to-face relations but rather exploitative relations holding through the exploiter and exploited persons' positions and roles, it is perfectly

possible for both the exploited and the exploiter to exploit without **intent** (2) and **awareness** (3).

Thirdly, according to Roemer, exploitation necessarily involves a relationship (direct or not) which implies a **benefit** (4) for the exploiting party and in which the exploited party is worse off than they should have been, had they been treated fairly. According to Vrousalis (and Roemer) exploitation necessarily involves a systematic relationship of **domination** (5) in which the exploiting party takes advantage of his power over the exploited party in a disrespectful way, through the self-enriching instrumentalization of the latter party's economic vulnerability.

Our improved Marxist account of exploitation, then, can be defined along the following conditions. Exploitation is a key mechanism underlying capitalist society and economy, that exists if and only if:

1. It takes place in a principally binary class system consisting of capitalists, that own the means of production, and workers, that do not.
2. The above classes find themselves in a system of relations and processes that are
 - I. structural, that is, part of a system and not easily distinguishable or necessarily active,
 - II. possibly unintended and possibly unaware,
 - III. beneficial for the exploiting party, the capitalists.
3. The above system of relations and processes necessarily involves domination of the exploited party, the workers, through the self-enriching instrumentalization by the capitalists of the workers' economic vulnerability, or, the appropriation by the capitalists of value created by the workers.

2.3. The precariat explained

In the last section of this chapter, I will try to make sense of the precariat phenomenon in order to prove that our new Marxist understanding of exploitation is very much applicable to contemporary capitalist exploitation.

To recapitulate, the treatment of “flex” employees by their companies and the way this contributes to the emergence of the precariat is a contemporary example of exploitation under capitalism. This example serves two purposes, with the first being to show that modern instances of exploitation might be very different from the historical 19th century notions of exploitation but are still very much instances of exploitation, which we established in chapter 1. The second purpose, related to the first, is to test our superior Marxist notion of exploitation, since a common objection against Marxist theories of exploitation is that they were applicable in the 19th century but not anymore. In other words, is our synthesized Marxist theory of exploitation able to make sense of an actual example of contemporary capitalist exploitation?

As we have seen in our discussion of the example, the capitalist market system, with its constantly increasing levels of innovation and competition, puts increasing pressure on companies to transfer risks and insecurities onto workers and their families by hiring them on the basis of flexible, temporary contracts, and denying them the job securities that come with permanent positions. This leads to the emergence of the precariat, a social group whose economically vulnerable situations are exploited in this process, and whom face no real alternatives except for unemployment and resulting poverty. Now, is this example an instance of exploitation according to our definition? I will answer this question through a step-by-step analysis of the precariat phenomenon according to our definition.

The starting notion and the first condition, which we incorporated from the classical Marxist theory, or exploitation being a key mechanism underlying capitalist society and economy taking place in a principally binary system consisting of capitalists and workers who find themselves in a system of relations and processes, are already satisfied by the mere fact that we are considering here a phenomenon of the precariat that has come to existence under contemporary capitalism, to which we established these first four conditions are intrinsic.

As for the second condition, consisting of principles I to III, and starting with I, the companies' treatment of the precariat is clearly an instance of structural exploitation, in the sense that there is no direct transactional relationship between the two parties in which the precariat is exploited but rather a system in which both participate which cause them to be in this relationship. There is a transactional relationship, of course, since the parties have to make a contract, but it is not through this relationship particularly, but more generally through both of the parties taking part in the more general exploitative structured system as we saw in the description of the example, which can be seen as an explanation for the occurrence of this exploitation.

As for principle II, this example of exploitation is clearly not necessarily done with the intention and awareness of exploiting, and the companies are indirectly forced by transformations in the market system to treat their employees in such a way. This is not to deny the fact that there might be CEOs that actively force their employees into temporary, insecure contracts, but those are not necessary for the precariat to be an example of exploitation. Our example thus satisfies principle II of the second condition.

Principle III requires an exploitative instance to be beneficial for the exploiting party, the capitalists. In our example the exploiting party exists in the corporate ownership of firms, comprising various varieties of ownership which, through management practices impose such arrangements on their employees. In order to fulfil this condition, we first need to show that the exploiting party, the CEOs more precisely, are indeed capitalists, and second, that they benefit (again, not necessarily on net) from this exploitation. CEOs are capitalists due to their ownership of the means of production. They benefit from the exploitation of the precariat by transferring their risks and insecurities onto the employees and being able to make their company grow and compete in the market. The second condition is thus completely fulfilled.

The third condition requires the exploiting party to dominate the exploited party, the workers, through the self-enriching instrumentalization by the capitalists of the workers' economic vulnerability, or, the appropriation by the capitalists of value created by the

workers. We already established that the precariat are workers, but just for clarity again, they belong to this class principally due to their lack of the ownership of the means of production. Again, A dominates B if A and B are embedded in a systematic relationship in which A takes advantage of his power over B, in a way that is disrespectful. Clearly, the CEOs and the precariat are embedded in a systematic relationship with the precariat being the workers and the CEOs having power over them due to their very position, by which the workers would find themselves unemployed and poor if they were to not accept the treatment by the companies. The CEOs take advantage of the precariat by not extending them permanent positions, nor any of the benefits that come with them, and as such are able to externalize their company's financial risks. Moreover, this clearly happens in a disrespectful way, for even according to most of society's standards – market mentality left aside – a worker should be able to enjoy securities and rights relating to their work, for example that they cannot be dismissed for any minor or even non-existent reason. The CEOs in this case instrumentalize the precariat's position of economic vulnerability in order to enrich themselves and their company by losing risks and being able to gain more money. The third condition is therefore also fulfilled.

In conclusion then, although this segment was a lot of repetition, it served to show that the precariat, a 21st century phenomenon in capitalist society, is an instance of exploitation according to our polished Marxist theory. Thereby we have achieved the primary goal of this paper, to find an improved Marxist theory of exploitation which is able to explain and make sense of contemporary capitalist exploitation. The next and final chapter will delve into various ways of addressing and dealing with the issue of exploitation, conclude this thesis and point to the need of future research.

Chapter 3

What to Do about Exploitation?

This chapter is organized in three sections. In the first section I introduce the overall discussion about approaches to tackle exploitation and inequality. This will bring us to section two, in which I will discuss the two approaches to exploitation, and argue briefly why I think the inclusive growth approach is insufficient, and only revolutionary Marxism holds out hope. In the third section I conclude my thesis with a short summary and suggestions for topics of future research.

3.1. Alternatives within and outside capitalism

Philosophical explorations of exploitation within the Marxist tradition have addressed not only the nature and origins of economic exploitation within capitalism and its moral dimensions and implications, but also normative questions about what to do about exploitation and inequality and how. These philosophical explorations coincide with theoretical and empirical analyses of exploitation developed within the social sciences and, in particular, debates as to whether and how exploitation and its origins and consequences can be addressed within capitalism.

Two views on what to do about exploitation prevail. Proponents of Social Democracy contend that capitalism can be significantly tamed such that exploitation can be effectively challenged or mitigated within capitalism, through redistributive approaches such as “inclusive growth”. By contrast, Revolutionary Marxism suggests that the only way to combat exploitation is to eliminate capitalism altogether and develop an alternative economic system and society, such as socialism or communism. By definition this entails a rejection of within-capitalism ways of addressing or satisfactorily mitigating exploitation. While Revolutionary Marxism appears to be a remote possibility, tendencies within

actually existing capitalist democracies have led to urgent discussions of alternatives within capitalism and to capitalism itself.

Historical developments, particularly in the last decades, raise grave doubts about possibilities for addressing exploitation within capitalist democracies via the development of welfare states or, perhaps more aptly, welfare capitalism. My preliminary stance on the topic, then, would be to say that, while it is logically possible to address consequences of exploitation under capitalism, the practical possibility of achieving such regulation within a capitalist democracy appears to be near zero, and that only a revolutionary or near-revolutionary approach can plausibly address the origins and consequences of exploitation as we will see in the next section. Admittedly, such a stance would need to be developed very well before it is even remotely able of suggesting a realistic alternative to capitalism, which requires much more research into the exact perceivable and unperceivable mechanisms of exploitation in contemporary capitalism as well. The following section should thus be seen as a preliminary, rather than substantive, outline and argument and as pointing to the need for future research into this matter.

3.2. Inclusive growth and revolutionary Marxism

As said before, according to the Social Democracy view capitalism can be significantly tamed such that exploitation can be effectively challenged or mitigated within capitalism, through redistributive approaches such as “inclusive growth”. Part of this view suggests that more free market workings will automatically solve exploitation, whereas the other does suggest some sort of social intervening in the form of welfare state-like redistribution. The view I will be focusing on in its treatment is the inclusive growth redistributive approach.

Redistributive mechanisms can be defined as mechanisms that attempt to change the distribution of income and wealth among people in a society by redistributing these goods through a change in monetary policies or tax laws. It usually starts with the

acknowledgement that the initial distribution of these goods is unfair or unequal, and ends with an attempt to change this through changing the distribution.

“Inclusive growth” is a redistributive approach aimed at tackling exploitation and thereby the ever-increasing economic inequality, proposed by The Organisation for Economic Co-operation and Development (OECD). It aims to do so by creating a multidimensional framework in order to broaden the focus of policy analysis beyond merely economic growth but rather on how this growth is distributed.⁵² In short, the Inclusive Growth approach aims at “economic growth that results in a wider access to sustainable socio-economic opportunities for a broader number of people, regions or countries, while protecting the vulnerable, all being done in an environment of fairness, equal justice, and political plurality.”⁵³

One conclusion that could be drawn is that the inclusive growth approach to economic inequality is fundamentally unsatisfactory and incapable of tackling the issue, since it aims to tackle economic inequality within the very same capitalist system that is necessarily characterized by exploitation, thus overlooking the intrinsically exploitative relations facilitating this inequality.

Inclusive growth agendas are seen to respond to concerns not only about economic insecurity, inequality, and vulnerability associated with economic turbulence but, no less significantly, the need to protect economic growth itself while sheltering people from the damaging effects of economic shocks. In this sense, the aim at social protection may be understood best as a consequence of marketization and a means to take it further on a

⁵² OECD, *All on Board: Making Inclusive Growth Happen* (Paris: OECD Publishing 2015), 11. DOI: <http://dx.doi.org/10.1787/9789264218512-en>.

⁵³ Les Roopnarine, “Development Jargon Decoded: Inclusive Growth,” *The Guardian* (October 3, 2013), 3. <https://www.theguardian.com/global-development/poverty-matters/2013/oct/03/development-jargon-decoded-inclusive-growth>.

sustainable basis rather than a focused attempt at battling inequality issues resulting from capitalism and marketization processes.⁵⁴

Indeed, this is actually argued by neoclassical economists: the pro-growth, pro-poor agenda of the inclusive growth approach is aimed at maximizing the efficiency of national economies, thereby freeing resources in order to help the neediest members of society be able to contribute through gainful employment within labor markets. By their own account, thus, social protectionism and inclusiveness have an explicitly instrumental purpose.⁵⁵

Not surprisingly, then, critics of global capitalism (including but not limited to Marxists) understand marketization and its inclusive growth agenda as the continuation and expansion of capitalist exploitative and dominating relations of production.⁵⁶ So, aside from dismissing inclusive growth as an unsatisfactory approach, we might also question to what extent it really is a supposed approach to combat inequality and exploiting at all or rather a neoclassical economist's masked attempt at deepening the very exploitative structures of society that cause this inequality.

Again, inclusive growth can be seen as a solution within the social democracy variant, that is, that attempts to battle exploitation within the capitalist state. This entire variant, I argued so far, is unsuccessful because of the fact that capitalism necessarily and inherently involves exploitation and therefore any attempt to battle exploitation within a capitalist state will inevitably fail. We have seen that capitalism is a class system necessarily characterized by relations of exploitation and domination of the working class by the capitalist class. Since exploitation is an intrinsic aspect of such a capitalist class system, the only plausible solution to exploitation should be found outside a capitalist state.

⁵⁴ Jonathan D. London, *Welfare and Inequality in Marketizing East Asia* (London: Palgrave Macmillan, 2018), 117.

⁵⁵ *Ibid*, 121.

⁵⁶ *Ibid*, 124.

This brings us to our second view on how to address exploitation, namely Revolutionary Marxism, which argues that the only way to combat exploitation is to eliminate capitalism altogether and develop an alternative economic system and society, such as socialism or communism. We already rejected inclusive growth, and this view again entails a rejection of within-capitalism ways of addressing or satisfactorily mitigating exploitation, since capitalism is defined necessarily by a class society characterized by exploitative mechanisms. Any attempt at crushing exploitation within capitalism, thus, is either insufficient or even impossible. While Revolutionary Marxism appears to be a remote possibility, due to the insufficiency of within-capitalism alternatives we have to seriously consider alternatives to capitalism itself. Identifying as a revolutionary Marxist, I believe that the only way to truly get rid of capitalist exploitation is to enter into a socialist or communist state.

Exploitation within capitalism is admittedly one form of exploitation within the broader band of exploitive behaviors and arrangements. Be that as it may, the determination that it is implausible to address economic exploitation within actually existing capitalist societies leads to an urgent if familiar questions as to how revolutionary change (or near-revolutionary changes adequate to addressing exploitation) might be achieved. Philosophical and theoretical literatures on anti-capitalism are suggestive, but space limitations require that we leave the question of which varieties of revolutionary change and strategies for achieving them are most appealing for another day.

3.3. Conclusion

Contemporary debates on the world economy reflect a significant interest in inequality, but characteristically fail to acknowledge the fundamental source of inequality: capitalist exploitation. To address this gap, this thesis has sought to contribute to the Marxist concept of exploitation and relate it to contemporary capitalism. Its departure point was that, in order to expose and address capitalism's contributions to inequality, it would be helpful to have a better understanding of capitalism's exploitative essence and of exploitation itself. This thesis has taken up the question of the nature of exploitation under capitalism and has

sought to find an improved Marxist concept of exploitation in particular, which subsequently could be used to identify and analyze ways of addressing exploitation and inequality in general.

I started out with an example of the “precariat”, an increasingly large group (and, according to some, a new class) that reflects how and why “inclusion” in capitalist markets under various forms of precarious employment offers only the latest version of capitalist exploitation. This brought us to main purpose of this thesis, to delve deeper into the notion of exploitation and its relevance to contemporary capitalism.

To this end, Chapter 1 began by addressing the classical Marxist notion of exploitation. It explained that while Marx’s understanding of the labor theory of value was deficient, Marx’s own views of the labor theory of value were more nuanced than is commonly appreciated and that his conclusion - capitalism is exploitative - remains correct. To address deficiencies in Marx’s account, Chapter 2 brought in diverse ideas by Wright, Wertheimer, Roemer, Elster, and Vrousalis. Synthesizing these points, I proposed a revised Marxist theory of exploitation. I then extended this to the case of the precariat, showing how a constructive critique of Marxist thought can shed light on an emerging feature of contemporary capitalism.

In capitalism, capitalists and workers find themselves in a system of relations and processes that are structural, possibly unintended and unaware, *beneficial* for the capitalists, and necessarily involve domination of the workers through the self-enriching instrumentalization by the capitalists of the workers’ economic vulnerability. The conclusion we can draw from my thesis is that capitalism’s economic and social - or market and class - relations are exploitative in essence. I explored this claim returning to the case of the precariat, showing simultaneously how Marxist notion of exploitation is still very relevant. What this thesis managed to show, then, is that even though the mechanisms of exploitation might have changed and become more subtle at that, they still underlie capitalist social and economic relations, and therefore should not be ignored. Even though we do not live in the 19th century, I used the case of the precariat to show how a revised

Marxist theory of exploitation as, briefly stated, the key capitalist mechanism that denotes the instrumentalization by capitalists of workers' economic vulnerability and the appropriation of the subsequently created value, can assist an understanding of exploitation even in the current context.

While this thesis could not address the question of in what ways exactly capitalist exploitation can be countered, the current and final chapter concluded by acknowledging creeping doubts about the ability of actually existing capitalist democracies and within-capitalism alternatives to address exploitation and, on this basis, suggested the need for continued research on alternatives to capitalism, along the revolutionary Marxism road. Despite its limitations, it is hoped that the foregoing analysis makes a useful contribution to debates on exploitation under capitalism and to debates on the sources and significance of inequalities in world capitalism more broadly.

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<https://www.ssc.wisc.edu/~wright/Published%20writing/ClassAnalysisOfPoverty.pdf>)

Wright, Erik Olin. *Understanding Class*. London: Verso, 2015.