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To cite this article: Benjamin Ferguson & Nicholas Vrousalis (2019) Exploitation and the social economy, *Review of Social Economy*, 77:2, 91-93, DOI: [10.1080/00346764.2019.1630947](https://doi.org/10.1080/00346764.2019.1630947)

To link to this article: <https://doi.org/10.1080/00346764.2019.1630947>



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Published online: 26 Jun 2019.



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Exploitation and the social economy


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Many analyses of exploitation focus on the concept as a problematic interaction between two parties. These theories focus on the way in which exploiters dominate (Vrousalis 2013), take advantage of vulnerabilities (Goodin 1987) or historical injustices (Steiner 1984; Sample 2003), and use market imperfections to gain unfairly from others (Wertheimer 1996). Although the two-person idealisations used in these standard accounts are helpful for isolating and understanding exploitation's core ethical problems, they can, at times, obscure the complex social interactions that give rise to exploitation and the far reaching social consequences of this form of economic behaviour. The six papers in this collection do not shy away from these broader and difficult social questions. They focus on the ways exploitation is caused by differential endowments of resources, assets or skills, on how exploitation itself contributes to the reproduction of these inequalities, and on the structural nature and preconditions of that reproduction.

A common theme that emerges from all six papers is that exploitation embodies and often amplifies social and economic injustices. Through repeated market exchanges, inequalities that exist at the level of the individual or group can undermine public health, hamper access to skill acquisition, and attenuate states' abilities to collect taxes for redistribution. However, the prognosis is not entirely negative. The authors also emphasise how taxation, regulation, and a proper understanding of exploitation's causes and conditions of reproduction can be used to combat these negative effects and promote more just social institutions.

Many of the collection's papers focus on the social causes of exploitation. Hillel Steiner considers the relationship between exploitation and

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fraud, arguing that in some—but not all—cases informational asymmetries, fraud, and exploitation go hand-in-hand. For Steiner, fraud coincides with exploitation only when fraudsters fail to honour warranties. In contrast, Gabriel Wollner defends a much broader notion of exploitation according to which exploitation can be ‘anonymous’. For Wollner, while exploitation *can* occur in individual interactions, it can also arise through the interactions of non-agential groups and structures. He argues that a proper understanding of anonymous exploitation both ‘allows for the proper ascription of responsibility and identification of remedies’ and captures ‘those phenomena that people actually resist when resisting or protesting against exploitation’ (160). Wollner’s conclusions get progressively more radical in their implications, challenging common-sense notions about the individualistic, transactional, and interpersonal nature of exploitation complaints.

Gilbert Skillman’s paper focuses on the role that resource vulnerability plays in exploitation by embedding an assumption of decreasing marginal impatience in Roemer’s (Roemer 1982) model of an accumulation economy with a capital market. He shows that when a person’s low resource levels leads to a stronger preference for present income over future income, persistent exploitation that redistributes resources towards the most affluent agents can occur. Skillman’s result lends further support to the idea that capital can exploit labour in the absence of wage-labour and helps explain how such exploitation can be reproduced through mere asset inequality, in conjunction with a concomitant set of endogenously-generated preferences.

Other papers in the collection focus on the effects and consequences of exploitation. Laurens van Apeldoorn notes that the existence of widespread exploitation of labour in low income states means these states commonly engage in low value-added economic activities. If one adopts a taxation principle according to which corporate profits should be taxed where value is created, then labour exploitation in low-income states unjustly undermines their tax base. And conversely, those high-income states that fail to discharge global redistributive duties lack ‘unqualified’ rights to relevant value-creating factors of production under their *de facto* control. Apeldoorn concludes that low-income countries are due a greater share of the tax base than a taxation principle based on market prices indicates.

Mark Reiff’s contribution focuses on the enormous increase in prescription drug prices, which, he forcefully argues, are exploitative. Reiff argues against the claim that such prices simply reflect rational market prices, arguing that they actually reflect imperfectly competitive markets. Those who champion *free* markets, he argues, should welcome government regulation that generates competition and, consequently, leads to fairer pharmaceutical prices. Reiff is not the only author to suggest a solution to

the problems that exploitation generates. Jonathan F. Cogliano, Roberto Veneziani, and Naoki Yoshihara's paper explores how various taxation schemes affect exploitation and inequality. Though effective, they argue that redistributive taxation alone is an insufficient corrective to exploitation, due to the effects of heterogeneous skills. Thus, they emphasise the importance of egalitarian educational policies that correct for skill-induced exploitation. By highlighting another source of exploitative transactions, the Cogliano, Veneziani, and Yoshihara paper naturally complements Skillman's study of their conditions of reproduction under generic asset inequality.

We believe the papers included in this collection offer important explorations of the social causes and social effects of exploitation. The shared focus on the broader social aspects of exploitation and their conditions of reproduction suggests that these papers are best read together. The theories and policies considered provide an understanding of how different social institutions can contribute to a more sustainable and just economy, free of the exploitation of human by human.

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