Three Images of Trade: On the Place of Trade in a Theory of Global Justice

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Three Images of Trade:  
On the Place of Trade in a Theory of Global Justice

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Abstract. Economic theory teaches us that it is in every country's own best interest to engage in trade. Trade therefore is a voluntary activity among consenting parties. On this view, considerations of justice have little bearing on trade, and political philosophers concerned with matters of global justice should stay largely silent on trade. According to a very different view that has recently gained some prominence, international trade can only occur before the background of an existing international market reliance practice that is shaped by states. On this view, trade is a shared activity among states, and all participating states have in principle equal claims to the gains from trade. Trade then becomes a central topic for political philosophers concerned with global justice. The authors find fault with both of those views and argue instead for a third view about the role of a trade in a theory of global justice. That view gives pride of place to a (non-Marxian) notion of exploitation, which is developed here in some detail.

1. By the “moral ontology” of domain D we mean a description of D that reveals what aspects of D matter, and in what ways, for identifying moral principles that apply to D. Our concern is with international trade. As with any complex domain, several accounts of the moral ontology, or images, of trade are available. Different images integrate trade differently into overall theories of global justice. We explore three images, one of which we recommend as philosophically preferred and develop in depth.

Image 1 is held by many economists and thereby has a strong presence in public life. On that view, trade consists of a myriad of transactions through which

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1 We are grateful to audiences at colloquia in the Political Science department and the Lee Kuan Yew School of Public Policy at National University of Singapore for helpful discussions. We are also grateful to Micha Glaeser for comments.

2 Indeed, in this study "trade" is always "international trade."
individuals and companies seek to further their interests. Fairness considerations enter at most by way of rectifying certain failures and wrongful starting points of markets. According to Image 2, proposed by James (2012), when states engage in trade, the gains are a joint product to which all participating states have equal claims – except that each may also claim for itself a share corresponding to what it could obtain if it refrained from trading (i.e., remained in autarky).

Image 1 is an individual-transactions-based view. It emphasizes the role of individual traders and captures their interaction in such a way that there is little room for moral considerations. Image 2 is states-based. It describes trade as a set of exchanges before the background of market reliance practices. Maintained by states these practices guarantee that transactions are completed, as well as that participants can trust that there will be markets in the future. Emphasizing the significance of states and the practical inescapability of the global trading system for states, Image 2 finds much room for moral considerations. According to James’s development of Image 2, trade becomes central to an account of global justice. After all, subjecting gains from trade to their own principles of justice is to exempt them from being subject to domestic principles.³

James charges Image 1 with “revisionism:” by overemphasizing the role of individuals and companies it misrepresents the nature of trade and obscures how moral considerations should enter into debates about trade. An assessment of trade must focus on the institutional background before which interactions among individuals and companies occur. Image 2 does so. But Image 2 has its own

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³ At least in a first instance, i.e. unless one believes that domestic principles of justice which require a different distribution of the gains of trade prevail over the principles that arise from trade.
problems: it does not allow for a plausible characterization of the role of states in a theory of fairness in trade. But while both images turn out to be flawed, both have much ex ante plausibility. Therefore investigating how they are flawed greatly helps with investigating the morality of trade.

Our view, Image 3, is a hybrid in terms of moral ontology. That view takes seriously the role of a range of entities for determining moral principles that apply in the domain of trade (especially states, individual traders and companies). Whereas Image 1 stresses the nature of trade as an activity among “consenting adults” that minimizes the role of morality, and Image 2 emphasizes the role of states in the maintenance of trade and proposes an equal division among states of the surplus of trade as the guiding moral principle, we propose ideas of exploitation as the contents of such a principle. States, companies, individuals and other entities might all exploit each other. We need a view of exploitation broad enough to capture the complexity of the phenomena involved.

So we have two main purposes. First of all, we wish to show that it is through an account of exploitation that trade should be integrated into a theory of global justice. Philosophical theories are weakest where they criticize competitors, but nonetheless our aim is high: we do not merely propose Image 3 as an alternative approach to fairness in trade. We argue that Images 1 and 2 should be abandoned. Secondly, we offer an account of exploitation to show concretely how to think about fairness in trade within a theory of global justice. Section 2 discusses Image 1 and explains why it is flawed. Section 3 discusses Image 2 and explains why we think it too is flawed. Section 4 elaborates on our discussions of Images 1 and 2. Section 5
introduces Image 3 and offers reasons why it is preferable to the other two images. Sections 6 – 9 present an account of the nature of exploitation. Section 10 adds some useful distinctions to the discussion of exploitation, and section 11 revisits the major theme of our study (to find a place for trade in a theory of global justice) by explaining why considerations of exploitation arise in ideal theory.  

2. Image 1 views trade as a set of numerous individual transactions. Trade occurs within the market system, which coordinates activities through interactions among buyers and sellers. Markets enable each person to choose from among a range of ways of leading her life. At the same time, each person must take into account that her choices divert resources from others. People must decide in light of such costs what they want most.

Some celebrated results of economic theory support the attractiveness of markets for coordinating human activities, elaborating on Adam Smith’s idea that
under a system of free exchange, economic agents act “as if guided by an invisible hand” to produce an outcome that is in some sense best. The First Fundamental Welfare Theorem shows that under certain assumptions economic activity generates a Pareto-optimal price system. The Second Fundamental Welfare Theorem shows that in perfectly competitive markets, each Pareto-optimal outcome is achievable with a suitable distribution of initial endowments. So “the best” distribution is achievable through free exchange, assuming only that distribution is one that leaves no social waste. In addition, international trade theory teaches that each nation should produce goods for which it has a comparative advantage and use them to exchange other goods they do not produce equally well.

Image 1 emphasizes the role of (a myriad of) individual actors in the creation of collectively optimal outcomes. Defenders may not think the various assumptions behind this theory – which we do not need to spell out – hold in reality, or that states actually play as little a role as seems to be the case from the fact that we could explain Image 1 without talking about states. Moral ontology is a normative enterprise. This market-based system is one way of offering such an ontology (especially) of trade. Individuals and companies each have good reason to trade. Considerations of fairness or justice have a hard time getting off the ground.

James considers Imagine 1 “revisionist” because it omits the fundamental role of states in maintaining trade. States do, and only states can, ensure the

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5 For discussion of just what these theorems show about markets, see Gibbard (1985) and Sen (1985). For a recent discussion of what should not be on the market, see Satz (2010).
transactions that are constitutive of trade can occur. They also need to make sure individuals and companies feel confident about the future and continue to invest in trade-related activities. States provide structures that render trade predictable and reliable. They do so by creating domestic and international institutions that are to some extent harmonized and together constitute market reliance practices.

One core point of Image 1 is that market participants unilaterally have reason to engage in exchange. States should open their borders to trade and allow their residents and companies to compete on international markets. The role of states is largely to stay out of the way. And as the saying goes, if one state hampers trade by blocking its harbor with stones this gives nobody else a reason to do so. However, states would not benefit from keeping their harbors clear if there were no partners with whom to have reliable exchanges. Trade can occur only if traders feel assured that they will be paid and that there will continue to be markets so that it is reasonable to make investments.

3. James rightly rejects Image 1. Conceivably, market reliance practices can evolve through the actions of individuals. One may think of equilibria in infinitely repeated games. Such equilibria are maintained because coalitions punish defectors to maintain socially desirable outcomes. But in our world, and in all those near in logical space, states are needed to create the background structure before which exchange can reliably occur at a large scale.

According to Image 2, trade is not best understood as a myriad of individual transactions but as an activity among states. At least that is what matters most in
terms of how considerations of justice apply to trade. Trade delivers gains beyond what states could accrue in autarky. Think of all gains from trade as a totality. Each state may remove from it what it could generate in autarky. The rest (the surplus) is divided equally among the participating states. James thinks equality has immediate intuitive appeal here. Different agents are jointly producing a surplus. What has been generated this way (minus gains in autarky) belongs to all.

This is a far-reaching approach. If gains from trade beyond the level of autarky belong to a common pool, then a share of the outcomes of domestic economic activity is not subject to domestic principles of justice, but to international principles concerned with trade. Trade becomes central to accounts of global justice, and well-known candidate principles for domestic justice (such as Rawls’s principles) must be reformulated accordingly.6

However, this approach is as implausible as the approach captured by Image 1. It requires a careful inquiry to make that case, but in the end we can establish a substantial result, namely, that within a theory of global justice that takes a system of states as somehow justified it is implausible to think of gains from trade as something that needs to be divided up in whole or in part among states.

The crucial point to make that we need to develop as we go along is that in an interconnected world we cannot identify any baseline of autarky that could plausibly identify what states can consider theirs and thus do not need to share. What countries are good at now (and thus could provide under autarky) reflects centuries, even millennia, of exchanges that have shaped the present. James’s view

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6 Or as mentioned above, at least open to trade-offs.
succeeds only if we can isolate what states can do by themselves in a way that does not already reflect results of past trading. That is impossible in our world.\(^7\)

One may think Image 2 would apply to a hitherto disconnected world of galactic empires that now start trading. But even then Image 2 would be implausible. While the autarky baseline would now apply as James intends, at least some of the empires may plausibly reject equal division of the surplus. That would happen unless all empires contribute roughly equally to the volume of trade. An empire that contributes marginally should not have the same claim as others that become major engines of trade.

The general difficulty for Image 2 is this. Interconnectedness is necessary for it to be appropriate for trading partners to demand an equal share. But under interconnectedness, the plausibility of autarky as reference point for determining what states do not need to share will normally be undermined. “Normally:” except in worlds where interconnectedness does not over time shape the trade potential of participating states, which is an unlikely scenario. But if, on the other hand, autarky does plausibly determine what each state need not share, then there will generally be no reasons for the states involved to accept an equal division of the surplus. The overall picture “autarky as baseline plus equality in the division of the surplus” is implausible because the conditions that make the autarky part sensible do not render the equality part sensible, and vice versa.

Perhaps Image 2 can be revised by dropping equal division. The surplus can be divided in terms of “how much each country enables other countries to do once

\(^7\) Risse and Wollner (2013) elaborate on this point.
they start trading.” This approach works for galactic empires but not for our world. The implausibility of Image 2 for our world stems from the autarky baseline, not from the manner of dividing the surplus. Another response is that an autarky reference point can be chosen pragmatically. James thinks the temporary low in trade between the world wars provides such a reference point. But the existence of a bad patch in trade does not undermine the point that the capacities that enable states to participate in trade both before and after have arisen from past interaction.

Alternatively (a third response), one could find a better way of drawing a line between what constitutes the surplus and what states need not share. But it is hard even to envisage what such an alternative might amount to. Once there is a presumption that gains from trade are common, it is hard to see how states could be exempted other than by insisting they could obtain certain outcomes without trade. A fourth response is that each country could pay the rest of the world for its contributions to this country’s capacities. Once compensation has been paid, every country could remove from the common pool all gains it could obtain if it withdrew from trading. But this idea presupposes a reference point to explain what else would have happened to the country if outside factors had failed to shape future economic development at some point. Such a reference point is unavailable. There is no way of understanding even approximately how else history would have turned out.

This leaves a fifth response. One might say our discussion establishes that, in light of the significance of interconnectedness, states should not be allowed to exclude from the common pool any gains from trade. Globalists and non-relationists (in the sense of Risse (2012), chapter 1), or those who are known as cosmopolitans,
would argue along such lines. However, that move leads to a bigger debate that
should not be decided in terms of the moral ontology of trade. That debate is about
whether states are justifiable at all. James (2012) and Risse (2012) both argue – in
similar ways – that a world of state is justified. But then it would be absurd if all
trade policy were geared towards a common stock so that any given state could
benefit only via a scheme to divide up a total that depends on each state’s policies.

This would be “absurd” not in the sense that there is a contradiction between
the idea of a justified state and the absence of any share of the proceedings from
trade that could be withheld from the common pool, or that states become unviable
without such a share. After all, states would receive income from trade via their
share of the common pool. It would be absurd in the sense that it is pointless to
have states unless each state has some basic control over policy domains that
sustain it. States should not be entirely deprived of control over who immigrates,
over who enters public service, or of the design of the social system. Similarly, they
should not be entirely deprived of control over the results of trade policy. Anybody
who thinks states are in principle justified should agree that they should have a
certain integrity by having a measure of control over core policy areas.

In light of this fifth point we should revisit James’s pragmatic manner of
offering a reference point of autarky. James might say that if one accepts the basic
justifiability of states, one must be able to draw a distinction between what states
can claim as genuinely theirs and what should be considered part of a common pool.
But in an interconnected world this distinction can only be pragmatic. This response
would be plausible were we already convinced that Image 2 is correct. But that is
what is at stake. That such a pragmatic response becomes necessary shows that James’s approach generates inchoate theorizing.

As anticipated at the beginning of this section we have now reached an important result in our quest for a place for trade in a theory of global justice. It has been in preparation for this result that we have developed our response to James in such detail. Within a view of global justice that takes a system of states as justified it is implausible to think of gains from trade as something that needs to be divided up in whole or in part among states. For either what states need not add to the common pool is an empty set, or it is not. If it is, we contradict the basic assumption of the justifiability of states. If it is not, we need a viable distinction between gains from trade states can count as genuinely theirs, and gains they cannot so count. But then interconnectedness permits no plausible way of proceeding.

So we should avoid one particular avenue to assess what fairness in trade requires (assuming we grant the justifiability of states and limit our theorizing to an interconnected world, two assumption we make for the remainder of this study). That avenue is where we are looking for substantive principles that assign to states a share in the overall amount of trade they generate. We should instead explore procedural approaches: approaches that formulate principles of justice for the case of trade in terms of certain ways in which traders or states (or other entities involved in trading) should not be treated. This leads to ideas about exploitation.

4. Recall that the moral ontology of domain D is a description of D that makes clear what elements of that description are most relevant, and in what ways, to determine
the moral principles that apply to D. For any reasonably complex domain there will
be a range of prima facie plausible ways of doing this. Images 1 and 2 have a number
of variations. Even after adding Image 3 we will not have exhausted the range of
plausible ways of offering a moral ontology of trade. But let us say a few words
about variations of Images 1 and 2, to show that our results are robust across such
variations.

Variations of Image 1 might make more room for states. Or they could
recognize that the institutional reality of trade involves entities other than
individuals and companies. But they would insist that such entities (especially the
WTO) are merely a practical necessity, designed to curtail the influence of lobbies.
Or they may permit that market transactions among individuals generate further-
reaching moral considerations than captured by Image 1 as we have developed it.
But the main point of Image 1 and its variations is that trade involves a large set of
participants who agree to exchanges. As far as normative theory is concerned, by
downplaying the importance of cooperative or coercive background structures for
trade and the inescapability of a world trade regime, Image 1 downplays the ways in
which moral considerations bear on trade.

Versions of Image 2 might make more room for the importance of individual
traders, or characterize the role of states (or other entities) differently, or propose
principles that do not require a major revision of commonly debated principles of
domestic justice. Nonetheless, as far as normative theory is concerned, its main
point is that the myriad of individual transactions that constitute trade occur before
the background of shared compliance structures largely maintained by states. Once
we talk about such structures, we must explore the kind of cooperative or coercive international structure that is thereby generated and that for weaker states is a given. Next we must explore what principles could justify such structures to the individuals subject to them. By emphasizing the significance of background structures for the possibility of trade, Image 2 opens up the trade domain for moral discourse. But the idea of thinking of trade as providing a large heap of gains of which a certain amount (possibly all) must be divided up among participating states leads to inchoate theorizing.

Although we reject James’s Image 2 of the moral ontology of trade, we endorse his characterization of the reliance practices that provide the background structure to international trade. Trade is essential for people to make a living. Those practices constitute well-organized coercive and cooperative structures that could be arranged in multifarious ways. It is in light of these points that trade is a ground of justice. That is why we can talk interchangeably about fairness and justice in trade. But James’s characterization also shows that the international trade regime is nothing like a Rawlsian basic structure of society. The trade regime, as important as it is, nonetheless matters less in terms of shaping who individuals are. And while it does generate structures that are both coercive and cooperative, the way in which they are coercive or cooperative is very different and much thinner than in states.⁸

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⁸ For more discussion, see Risse (2012), chapters 2 and 3. Following Ronzoni (2009) and Abizadeh (2007) one might want to argue that a Rawlsian basic structure ought to be created internationally. But given that fairness in trade can be secured in other ways there is no reason to think so.
5. Here is a sketch of Image 3. One way or another, trade involves states, individuals, companies of different sorts, international organizations and perhaps other entities. In the background there is a market reliance practice maintained by states and international organizations (primarily the WTO). Before this background, individuals and companies go about their trading, making a multitude of decisions that determine how they position themselves on the markets. As far as the moral ontology of trade is concerned, all these entities must be properly recognized. Exploitation may occur among all of them. States can take unfair advantage of each other in the trade domain. Bigger states can exploit their bargaining power in negotiations, bilaterally or within the WTO. Unfair advantage-taking can occur between individuals, for instance, when on an employment market one party takes unfair advantage of a weakness of the other. It can occur between companies and individuals, if companies disregard safety standards and pay wages whose minimal size can only be explained by the differences in bargaining power.

We recommend Image 3 over Images 1 and 2 for three reasons. First of all, Image 3 improves on them where they are deficient. Image 1 is subject to a revisionism charge. Image 3 recognizes the importance of states for maintaining the practices that provide the background for trade. It is in light of this stage-setting significance of states that it will also be straightforward to argue that it is primarily the shared obligation of states in the trade domain to make sure no exploitation occurs among these agents. So Image 3 easily avoids the revisionism charge. Image 2 falls into inchoate theorizing by being guided by the idea that gains from trade must be divided up among states. That charge too is easily avoided since the guiding
idea is procedural rather than substantive. That Image 3 improves on Images 1 and 2 in these ways is important in light of the initial plausibility of those views.

A second point in support of Image 3 is the following. A core aspect of the notion of exploitation is that it may apply even if everybody's fate is improved through the activity in question, and even if everybody is involved voluntarily with that activity. Trade exhibits these features of the more general type of interaction and exchange where exploitation has proven to be a powerful tool of analysis.

A third reason to favor Image 3 is that it can (and can only) be embedded into an overall theory of global justice in a way that accommodates an important insight about moral problems that arise in the context of trade. That insight is that not all obligations that arise in the context of trade arise from trading. Let us explain how one reaches that insight, and what this has to do with Image 3. Many people think those who produce their clothes should not work in buildings that could readily collapse, or that those who produce their coffee should earn enough to get by and not be subject to abuse. We are linked to them through trade, and many people think this connection generates special obligations.

But most such people also care about the person who runs the food store where the workers buy provisions, and who might be in equally dire straits. Or about the local railway worker who has nothing to do with those involved in the trade but who too might be badly off. In the first instance it is duties of humanity that matter, which apply to everybody regardless of who is connected in terms of trade. The point is to make sure everybody has enough. The significance of trade is merely to alert us to some people's plight, or perhaps to pick out certain agents who
in a given case should shoulder burdens associated with obligations that hold generally. Obligations of humanity – but also obligations of shared citizenship --- arise even if no charge of exploitation arises, and even if trade ceases.

So not all moral obligations in the context of trade arise from trading. Let us now show why our account can (only) be embedded into an overall theory of global justice in a way that accommodates that insight. Crucially, as we extend Image 3 to a full-blown theory of global justice, we must take note that talk about exploitation among states, individuals, etc., much as talk about international trade as such presupposes the existence of both individuals and states. In ideal theory, theorizing about trade as captured by Image 3 must therefore assume that we know what is owed to human beings as such, and what is required as a matter of justice within states (and perhaps other things covered by justice, such a collective ownership of the earth). In a world of states, obligations from trading arise only when obligations of common humanity and shared citizenship (as well as obligations that arise from the existence of multiple states) also arise.

If we apply this way of extending Image 3 into a full theory of global justice to the situation of the garment factory or coffee plantation worker we find that such an application reflects the aforementioned key insight. We would approach such a situation and ask about what justice requires among fellow-citizens or in virtue of common humanity. The avoidance of exploitation is required over and above what justice requires on other grounds. So Image 3 can, and can only, be extended into a

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9 Following Rawls, we take ideal theorizing to mean not what a group of saints would do, but what a group of well-nourished and well-motivated people would do.
full theory of global justice in a way that generates an appropriately nuanced analysis of problems that arise in the context of trade. Therefore Image 3 sensibly captures moral deliberation about trade. \(^\text{10}\)

6. Image 3 is only as plausible as the account of exploitation we can offer. So let us turn to that subject. The idea of exploitation plays a prominent role in both ordinary moral discourse and Marxist theory. Marxist theory uses the term to describe the appropriation of worker surplus labor by capitalists who own the means of production. More recent Marxist thinking has been about assessing what precisely Marx had in mind, whether there may not have been several notions of exploitation in his works, whether what he says is tenable and whether contemporary Marxists should care. The upshot is that the notion has been relegated from a central role in capturing the relationship between workers and capitalists to a concept that is at best secondary (perhaps by picking out exchanges that occur before an unjust background, where the nature of the injustice is pertinent) and at worst hopelessly intertwined with the labour theory of value most theorists now consider defunct. \(^\text{11}\)

Time and again philosophers have formulated a notion of exploitation outside of Marxist theory. The Marxist notion (or one of them) might then be recast

\(^{10}\) One may wonder whether concerns of exploitation still arise in ideal theory at all. Perhaps once the other obligations of justice are satisfied, nothing needs to be said specifically about trade. In that case, the place of trade in a theory of global justice would be limited to non-ideal theory. We address this objection in the last section in order not to interrupt the flow of the argument here.

\(^{11}\) For the recent Marxist debate see e.g., Cohen (1979) (who argues that exploitation can be captured without the labor theory of value) and Roemer (1985) (who argues that Marxists should not be much concerned about exploitation). About how to capture exploitation in Marx, see also Holmstrom (1977), Arneson (1981), Buchanan (1979) and Wolff (1999). For an overview, see Wertheimer and Zwolinski (2012).
within such a broader debate (see Wolff (1999)). The enduring interest in exploitation outside of Marxism is easy to understand. Unfair advantage-taking abounds in human interactions, and can occur even where all parties benefit vis-à-vis a status-quo-ante. What unifies the different approaches is that they capture unfair advantage-taking somehow. We argue that exploitation has a proper place within a theory of global justice, namely when it comes to thinking about the normative requirements that apply to trade.

Our argument proceeds in three steps. First, we offer some general remarks about exploitation and elaborate on why it lends itself to capturing requirements of fairness in trade. We embrace an ecumenical approach and argue that different conceptions may capture independent moral concerns all of which fall under the concept of exploitation. Instead of having to choose between them, it makes sense to embrace some of them simultaneously. There are multiple ways of taking unfair advantage and correspondingly many reasons why it is wrong. For this reason one should expect both that a unified account of exploitation will be rather abstract and that it can be further specified in different ways.


In a third step, we argue that all these conceptions have moral purchase on trade. Trade might be exploitative if the nature of the transaction depends on a
previous rights violation (Steiner), if one trading partner plays for advantage where doing so is inappropriate (Goodin), if the price on which trading partners settle differs from the price a perfectly competitive market would generate (Wertheimer), if one trading partner fails to respect the value inherent in others (Sample), or if the trade relationship is one of domination for self-enrichment (Vrousalis). This ecumenical approach unifies and makes sense of many intuitive moral complaints about trade practices. We also show how, in the spirit of Image 3, our exploitation-based approach recognizes both interactions and structures as morally relevant and explains how trade generates obligations for states as well as individuals.

7. Exploitation is a complex notion combining descriptive and normative components. The descriptive component delineates the concept and tells us when some act is exploitative. The normative component offers an account of its wrongness. Different conceptions identify different acts or relationships as exploitative and offer competing accounts of the wrongness of exploitation. Advocates of a particular conception turn against alternative views if those fail to register what they consider exploitative phenomena or fail to account properly for what is wrong with exploitation. Our approach is different.

So what is exploitation? A common answer is this: to exploit somebody is to take unfair advantage of her. This colloquial account generally implies a claim about an act or interaction as well as a claim about an outcome, distribution or transfer that arises on account of the interaction. Exploitation is a moral defect of a distribution and its history that cannot be readily reduced to a defect of either the
distribution or its history. The defect of a history or interaction that would count as coercive or oppressive becomes exploitative if it generates a particular outcome and brings about a certain distribution or transfer of benefits between exploiter and exploited. And the defect of a distribution that would count as unjust or unfair becomes exploitative if it arises from a certain kind of interaction.¹²

That is, we speak of exploitation when individual A treats B in way T giving rise to distribution or transfer D, and the joint occurrence of T and D violates some moral principle P. Understanding exploitation at this abstract level along these lines is plausible for two reasons. First, it captures the structure of ordinary claims about exploitation. In paradigmatic cases, the moral defect of exploitation lies in the joint occurrence of a particular process and a particular outcome. Second it helps explain the nature of the disagreement between competing accounts of exploitation. Different conceptions disagree on what the interaction or treatment T must involve for there to be exploitation, for instance, whether the victim is forced to interact. They disagree on what type of outcome, distribution or transfer D characterizes exploitation, that is, on whether there has to be harm to the exploited and a benefit to the exploiter. They also argue about the source of the wrongness, the principle P violated by exploitation.¹³

What are we to make of the disagreement between different conceptions of exploitation? Again, advocates of one conception turn against a rival if that rival

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¹² In a kindred spirit, Vrousalis (2013) speaks of exploitation as a distinct wrong "in the conceptual realm between coercion and unfairness" (p 151)

¹³ For more on this subject see Wertheimer (1999) and Wertheimer and Zwolinski (2012)
considers cases as non-exploitative which should in fact count as exploitation. However, it does not follow from the fact that an account fails to explain what is wrong with one instance of exploitation that it also fails to explain what is wrong with another. This is where our ecumenical approach enters. Different things may be wrong with exploitation. In some cases one principle is violated, in another case a different one is, and sometimes multiple principles are. Rather than thinking of competing accounts as offering necessary and sufficient conditions of exploitation and identifying a unique source of its wrongness, we see them as offering sufficient conditions and as spelling out one of the ways in which exploitation might be wrong.

Consider the question of what is wrong with inequality as an analogy. Philosophers offer different accounts of what is wrong with material inequality. Some argue that inequality is problematic because it might jeopardize our equal standing as citizens (e.g. (O’Neill (2008), (Scanlon 2003)). It would be a mistake to infer from the fact that (a) there are cases where inequality is morally problematic without our equal standing being at stake that (b) the fact that inequality threatens equal citizenship does not make inequality wrong. That kind of threat is just not the only thing that makes inequality problematic. But just as there are many ways in which material inequality might be problematic, there are many ways in which exploitation might be. It is unlikely that a monist account can capture them all.14

14 Compare our approach to Wolff (1999). Exploitation, for Wolff, amounts to taking advantage of another’s vulnerability for one’s purposes without proper regard for effects of one’s behavior on the other. What it means to have proper regard can be developed in different ways, with a Kantian, Aristotelian or utilitarian twist. Kantian exploitation is to use another’s circumstances of vulnerability to obtain her compliance with a situation where some gain at the expense of others by either not benefitting them at all or by not benefitting them sufficiently. Aristotelian exploitation is to use such circumstances to obtain compliance with a situation that interferes with people’s flourishing. In the utilitarian case compliance inflicts avoidable suffering. Wolff’s approach draws on
Consider five plausible conceptions of exploitation. Steiner assumes minimal normative baggage and develops a conception based on a libertarian theory of property rights ((1984), (1987)). A voluntary transaction or exchange is exploitative if it involves (a) a property rights violation at some point prior to or during the exchange and (b) an unequal exchange between the two parties in the sense that one party receives less than what she would receive had the violation not occurred. The victim of exploitation may differ from the victim of the original violation. Nor does the exploiter have to be the individual who originally violates the relevant right. Consider an example involving four people Red, Blue, Black and White, where Red is the victim of exploitation:

Suppose Red wishes to sell his 5X at an auction. And suppose that White is prepared to pay 5X for it, while Blue will offer only 3X. Black forcibly prevents White from offering more than 2X. And the result is that Red sells his 5X to Blue for 3X. Here black is the rights violator, Blue is the exploiter, and White is the victim of a rights violation. ((1983), p 232)

The exploiter does not violate property rights. Instead, he takes advantage of a violation committed by somebody else. The wrong in exploitation is to benefit from an unrectified wrong, combining the wrongness of the original violation with a transfer or distribution downstream from it. Steiner can account for many instances of exploitation along the lines of this case.

similar idea to ours: to identify an abstract general problem characteristic of exploitation and to spell it out along different lines. But we believe the general problem behind exploitation is even broader than Wolff permits, and that there is a greater range of conceptions that develop the general notion than he permits. In a spirit similar to Wolff's, Mayer (2007b) distinguishes among three classes of exploiters. Exploiters either do not benefit their victims at all, do not benefit them sufficiently, or do not benefit them authentically.
Goodin (1985) builds on the idea that one ought to protect the vulnerable. An exploitative exchange or transaction is one where one party makes use of its superior position to press for advantage against the vulnerable. Protecting the vulnerable requires that we suspend behaviour that is ordinarily appropriate for the given context (p 187) and refrain from pressing our advantage. It is inappropriate to play for advantage when others are not doing so, where others are unfit to do so, where they are no match to us, or where they suffer a misfortune (p 185). This account captures our intuition about certain paradigmatic cases of exploitation. The captain who refuses to rescue the drowning sailor unless he promises to pay $10,000 exploits the sailor because he plays for advantage where one party is unfit to play for advantage owing to a misfortune. The vulnerability conception too identifies a particular wrong as distinctive: to exploit a person is to commit the wrong of playing for advantage where it is inappropriate to do so (p 184), of pressing for advantage against the vulnerable.\(^{15}\)

Sample's (2003) conception of exploitation as degradation stresses the significance of respect understood along broadly Kantian lines. An interaction or exchange is exploitative if one party does not respect the value of the other party. One can fail to “demonstrate respect not only when harming but also when improving their situation” (p 57), for example through interaction or mutually beneficial exchanges. Respect comprises a duty to “preserve what valuable things we encounter” (p 68), entailing that we attend to the wellbeing of those we interact with. Three types of interaction may count as exploitative failures of respect (p 57):  

\(^{15}\)Wood (1995) also makes the notion of vulnerability central to his account of exploitation.
interacting and exchanging goods with those whose needs are not met, that is, interacting with others without sufficiently improving their situation; taking advantage of an injustice; and "commodifying aspects of the person" (p 57) one is interacting with, to treat as an item for exchange what should not be so treated.

Wertheimer (1999) outlines a test for when the outcome of a transaction qualifies as non-exploitative. The exchange between two parties is non-exploitative if and only the price at which the transaction occurs is the price that would be generated by a competitive market. The intuition driving Wertheimer's account is that because on a competitive market everybody is a price-taker, power differences have no impact on the outcome of transactions and no special dependencies arise among agents. A transaction or exchange may be non-exploitative and still generate outcomes that are overall unjust or unfair, for example because the ex ante distribution was unjust. But an important requirement that arises from and applies to the interaction as such is captured: to wit, that on a competitive market no party can influence the outcome to her advantage.16

16 (1) Miller (1987) also uses competitive markets to give an account of exploitation. For a discussion from the economics end, see Coldwell (1990). For objections to this kind of approach, see Wolff (1998). This approach can be traced to medieval discussions of the just price for instance in Thomas Aquinas. Aquinas discusses the example of a buyer who needs a good much more than the seller (Summa Theologica, Part II, Second Part, Question 77). If the seller raises the price to take advantage of the buyer's vulnerability, that price will be unjust because there is gain at another's expense. The seller owes this buyer the competitive market price. On Aquinas, see Baldwin (1959). (2) Wolff (1998) objects to this account that it cannot discriminate between different factors that determine prices, and thus between morally arbitrary and morally relevant determinants of prices. Therefore, says Wolff, this approach does not track fairness at all. For instance, somebody with a rare talent may demand as high a wage as somebody who has worked hard all her life. But this objection is misguided. Both the person with the rare talent and the person who has worked hard deserve basic protection as citizens and human beings. But it is hard to see that from the standpoint of fairness in trading there is anything wrong with a better outcome for the person with the rare talent. Markets are so important because they coordinate human activities and create incentives for behavior. But if one praises markets along such lines, one must also give some basic moral standing to what is implied by supply and demand.
Vrousalis (2013) puts forward an account of exploitation as *domination* combining elements of the familiar accounts according to which exploitation should (primarily) be understood as domination for self-enrichment. The exploiter instrumentalizes economic vulnerability to trigger an unreciprocated net transfer of goods in a way that is disrespectful of or offensive to the equal status of the exploited (p 131). Three elements are central here. The first two, vulnerability and power, are flip-sides of each other and concern the nature of the exploitative relationship. The victim is vulnerable to the exploiter in the sense that she lacks an important good she can only obtain from him (p 134). The exploiter has power because he can get the victim to perform acts she otherwise would not perform (p 136). Exploitation occurs if exploiters instrumentalize vulnerability to appropriate a net benefit. The third element concerns the wrongness of exploitation. Exploitation is morally wrong because it is offensive to the equality of status of those who stand in the exploitation relationship, and thus because it is disrespectful of the victim (p 139). Vrousalis’s account promises to capture our moral complaints about important instances of exploitation. For instance, the Marxist complaint about capitalist exploitation might plausibly be understood as a complaint about relations of production that dominate and thus are offensive to the status of workers.

9. Next we discuss three paradigmatic ways in which trade practices or transactions can be exploitative. In each case we argue that these complaints can be understood as concerns about exploitation. This is not to say other wrongs or principles might not matter as well. But exploitation is one distinct type of wrong
that matters. We also show how in each case different conceptions converge on identifying particular trade practices and transactions as wrongfully exploitative.

To begin with, one trading partner may raise a moral complaint about an exchange because even though she is better off, she benefits less than she could have were it not for an independent injustice or rights violation. Such a complaint may plausibly be understood as a complaint against *exploitation as taking advantage of a wrong*. A large number of moral complaints in the context of trade fit that bill. We can initially rely on Steiner’s account to explain how this kind of complaint may be understood as issues of exploitation. According to Steiner, exploitation occurs if a party to an exchange benefits less from it as a consequence of a rights violation than she would have without that violation. Consider how Steiner can account for three important versions of the complaint that even though a trading partner is better off, she benefits less than she could have were it not for an independent rights violation.

First, Steiner may account for the complaint workers have if wages fall as a result of foreign competition.\(^\text{17}\) Suppose manufacturing workers receive wages of £7.50 per hour because foreign companies offer the parts these workers produce at a lower price. Without competition they would receive £12.50. If rights violations helped make the foreign parts cheaper – say, because basic human rights of workers abroad are violated - the workers are the victims of exploitation. Even though the company does not violate any rights, it exploits their workers because they benefit less from the exchange of labour for wages as a consequence of rights violations than they would otherwise.

\(^{17}\) See, for example, the discussion of the pauper labor argument in Risse (2007).
Second, consider the situation of developing country farmers who sell their products at a particular price to a buyer. Suppose the price would be higher if the buyer had more purchasing power (i.e., could afford to pay more), or if they could sell to a different buyer. If rights violations are among the reasons for the buyer’s low purchasing power, or the farmers’ inability to sell to another buyer, the farmers will be the victims of exploitation. Purchasing power might be low on account of a rights violation. The buyer’s property rights might have been violated, or she might live under rights-violating conditions of poverty. Or the farmer might be unable to sell to a different buyer as a consequence of a rights violation, for example because wealthier buyers are not free to spend money on products from developing countries. Note that in these cases some of the different roles coincide. For instance, the victim of the rights violation is the exploiter.

Third, consider trade between countries with different resource endowments. Some countries lack access to resources like oil and gas and trade with other countries on terms less beneficial than they would if they did have access to adequate resources. The recent interaction between the Ukraine and Russia, crucially influenced by Ukraine’s dependence on Russian gas, is arguably a case in point. If insufficient access to natural resources constitutes a rights violation, for example a violation of common ownership rights, then resource-poor countries that engage in trade with resource-rich countries might be exploited. The wrong of exploitation differs from the original violation of ownership rights in natural resources. Countries that benefit less from trade than they would without ownership rights of resources being violated suffer the wrong of exploitation.
Steiner relies on a narrow, libertarian understanding of rights. One may therefore worry that there will be wrongful advantage-taking in trade even if no individual rights are violated that Steiner recognizes. There are various strategies for formulating a more general and ecumenical account of the first type of exploitation in trade. One may expand the notion of rights whose violation is at stake beyond the libertarian notion of ownership rights. Or one may expand the understanding of the relevant wrongs to include other kinds of injustices. Or one may embrace another conception of exploitation to make sense of exploitation as taking advantage of a wrong. For instance, on Sample’s respect-based notion of exploitation, taking advantage of an injustice, whether a past injustice or a current background injustice, counts as wrongfully exploitative because it “fails to respect the exploited persons humanity” (p 163). Note that this would be slightly different from Steiner’s analysis account because the victim of the injustice and the exploited are the same in Sample’s analysis, whereas they are not in Steiner’s. Goodin’s account too could be enlisted here.

A second type of moral complaint in the context of trade arises if a trading partner is particularly vulnerable. There are many such cases, for example if individuals trading with others have their basic needs unmet, or if countries that liberalise their trade regime suffer from severe poverty. The wrong in these instances can be captured by exploitation as taking advantage of the vulnerable. Goodin’s account can readily make sense of this distinct type of moral complaint.

For Goodin exploitation occurs when one party plays for advantage where it is inappropriate do so. Pursuing strategies usually appropriate for trade might be
inappropriate for example if they conflict with a trading partner’s duty to protect the vulnerable. Exploitation in trade as taking advantage of the vulnerable differs from exploitation as taking advantage of a right’s violation because there might be vulnerability without rights violations, and vice versa. According to Goodin, there are at least three types of cases where playing for advantage is inappropriate: where others are unfit to do so, where they are no match to their counterpart, or where they have suffered a misfortune (p 185). Each type is relevant for trade.

To begin with, a practice or interaction might be exploitative because one party is unfit to advance its interests in an adverse practice where each side seeks to maximize their own gain. Poverty, Lack of education, access to information, etc. may account for the respective unfitness in cases where the party is an individual. Conditions of failing states, including a lack of functioning institutions, political control, effective regulation, etc. may account for unfitness in cases where the relevant actors are collectives like states. Moral problems suitably captured in the language of exploitation also arise in the context of trade if one party is “no match (...) in games of advantage” in relative terms, for example if abilities and skills of one party are significantly inferior to that of its counterpart. Common worries about the lack of expertise and relevant skills of developing country representatives during WTO negotiations could thus be seen as generating problems of exploitation. In addition, the notion of exploitation may explain what is problematic about trading with victims of a misfortune. Our worry about trading for profit with somebody who is struck by an earthquake or a drought, is readily explained as a worry about wrongful exploitation as taking advantage of the vulnerable.
Other accounts of exploitation too support these judgements about exploitation as *taking advantage of the vulnerable*. In particular Sample's account according to which "whenever we interact with others, we cannot disregard their basic needs during the course of our interaction“ (p 159) would identify similar instances of trading with the vulnerable as wrongfully exploitative.

Let us consider then a third type of moral complaint about trade. In this case the concern is about the alleged unfairness of the structure of the international trading system. Vrousalis’ account of *exploitation as domination* characterizes some structural deficits of the international trading system as exploitative. Any argument that a particular practice or exchange is exploitative in the sense of exploitation as domination will proceed by (a) identifying a trade relationship where one party exercises power over the other and instrumentalizes its vulnerability to extract a net benefit, and (b) spell out how doing so violates norms of equal standing and disrespects the victim. Many worries about trade can be understood along the lines of exploitation as domination. Let us consider two examples, one where the victim of exploitation is an individual and another one where the victim of exploitation is a collective agent.

First, consider the complaint frequently made against large corporations that employ workers at low wages and under adverse labour conditions. Often these forms of employment are characterized by power differentials: they occur at locations with little effective regulation, featuring a non-unionized and desperate workforce with few options, whereas the employer is in a much more powerful position, uniquely offering job opportunities, able to effectively threaten to relocate,
etc. In such a relationship one party takes advantage of its power over the other to get it to do things it otherwise would not do. The attitudes expressed in such a relationship are disrespectful of the workers. There is no principle that employers taking advantage of their power could appeal to as an “embarrassment-free” (p 140) justification. This suggests that the relationship between workers and employers “fails to embody respect or recognition” (p140).

Second, consider a case where the victim is a group or collective agent. Some economists argue that trade liberalization may under certain circumstances be detrimental to a country’s prospects for growth and poverty alleviation (e.g., Rodrik (2007)). Some cases of liberalization can be understood as exploitative. Powerful actors, states like the US or organizations like the WTO, that require particular institutional set-ups or the pursuit of specific trade and industrial policies detrimental to the prospects of weaker actors, engage in exploitation as domination. To the extent that they instrumentalize the vulnerabilities of weaker actors, the relationship between the trading countries violates norms of respect and recognition and is thus exploitative.

Wertheimer’s account may supplement Vrousalis’s with a test for when a practice or exchange counts as exploitative. According to Wertheimer, an exchange between trading partners would be non-exploitative if and only if the price at which the transaction occurs is the price that would be generated by a competitive market. In cases where one partner exploits another in the sense of exploitation as domination, the exchange is different from what it would be in a perfectly competitive market. Having power over the other party and being able to
instrumentalize its vulnerability might be a reason why one partner is a price-setter rather than a price-taker. In the first case discussed above, those offering jobs are have in virtue of their position have market power over wages, working conditions, etc. In the second case, powerful countries or the WTO have market power, not in virtue of being a price-setter but in virtue of being able to structure the nature of the market and directing the market behaviour of trading partners. The outcome is not just the result of interaction on a perfectly competitive market and the transaction is less beneficial for the victim than it would be as the result of such interaction.

10. Sections 6-9 we have explored the nature of exploitation. It is useful at this stage to make some other distinctions that concern the ways in which exploitation occurs rather than its nature. We will be brief here. Jointly with the ideas we adopted from the different conceptions of exploitation these terms will provide all analytical tools that would be needed to identify and characterize exploitative situations.

Suppose A exploits B in one of the ways we distinguished (A and B being persons or other entities). Mayer (2007a) and (2007b) helpfully distinguish between discretionary and structural exploitation. *Discretionary* exploitation occurs if A could avoid exploiting B at little cost to herself. Otherwise exploitation is non-discretionary. A special case of non-discretionary exploitation is *structural* exploitation, which occurs if A’s circumstances are such that she could not avoid exploiting B at low costs. A typical case of structural exploitation is that several people are locked in competition and suffer a loss if they stop exploiting. While the exploiters are at liberty to quit the exploitative situation, doing so would be costly
and not resolve the fundamental issue. Others would step in and continue the exploitative practices, perhaps even encouraged by the fact that the exploitative situation does not stand and fall with any given person’s involvement. Exploitation might even be the right thing to do, being the smaller evil all things considered. Structural solutions are required to prevent or manage the conditions under which exploitation arises.\(^{18}\)

To illustrate Mayer (2007a) offers the example of sweatshops producing for apparel retail, and also uses this to think through what the obligations to end the exploitation may be. Both manufacturing and retail in the apparel business are highly competitive. Profit margins are small and businesses often fail. Competitive pressure runs through every level. Structural exploitation is rampant. In light of this, what is the responsibility of companies such as Nike? First of all, Mayer proposes, such a company should not tolerate additional discretionary exploitation by its contractors, such as managers demanding sexual favors for improvements. Secondly, it should see to it that established labor law be obeyed and pressure governments to enforce rules uniformly. Third, it should do its fair share to repair the background conditions that permit structural exploitation.

In addition to discretionary and structural exploitation we should introduce one other notion that helps with assessment of how exploitation occurs. Let us say C makes A into an exploiter if there is a B whom A exploits structurally, and D is majorly causally responsible for the fact that A finds herself in the circumstances under which she exploits B. A, B and C are persons or other entities. C is “majorly

\(^{18}\) For the dilemmas involved in ending exploitation, see Mayer (2005).
“causally responsible” if by commonsensical understanding C will be selected for special consideration if the question arises how the conditions came about under which A exploits B. The usual problems about causation arise, and need not deter us.

Again, in combination with the ideas we took from the different conceptions of exploitation the terms introduced in this section provide a framework that allows for a comprehensive analysis of exploitation.19

11. We have made two main arguments in this study. To begin with, we have engaged with the moral ontology of trade and defended Image 3. In a next step, we have explored how to think about the moral requirements in trade and defended an ecumenical understanding of exploitation. We have argued that it is through an account of exploitation that trade should be integrated into an overall theory of global justice. Recall that the opponents to this view are defenders of Image 1, which minimizes the role of morality for trade altogether, and defenders of Image 2, which conceptualizes fairness in trade in terms of a division of gains from trade among participating states. We have argued that both images should be abandoned. We have also offered an account of exploitation to show concretely how to think about fairness in trade within such a theory.

Some questions remain. Our account of exploitation triggers questions about its moral force. Readers may wonder whether, in cases where relationship in question is consensual and mutually beneficial, it can ever be wrong to exploit all things considered. We think it can, but providing a proper answer to this question

19 For the material in this section, see also Zwolinski (2006), (2007) and (2012).
would take us deeply into moral theory since it raises general questions about the tension between deontic and consequentialist concerns. This is a not question we will pursue. Nor will we pursue another question, namely: what are the moral requirements that the demand not to exploit generates? Not to trade is one way of avoiding exploitation. But given that there will be other moral and prudential reasons to trade, trading on different terms might be what is morally required. Sometimes we must accept exploitation because exploitation as the cost of improvement might be all things considered better than non-exploitation and non-improvement. But then, what are the requirements in cases of exploitation?

While these questions go beyond what we can do here, there is another question with which we would like to conclude. What we set out to do was to make a proposal for the place of trade in a theory of global justice. It is clear how the terminology we have encountered in our discussion of exploitation applies in non-ideal theory. But to complete our project we must address one question that arises specifically about our discussion in section 5, to wit, whether exploitation also has to be discussed in ideal theory. One might think that, once all principles of justice that apply based on shared humanity, shared citizenship and possibly other grounds hold already, then whatever fairness in trade could plausibly amount to is taken care of. Our discussion would then be limited to non-ideal theory, and in ideal theory there is no need for reflection on trade.

But that would be wrong. To see that, let us ask what a just world would be like overall. The Rawlsian principles (or something like them) would apply in each country. Trade is one way of generating primary goods. But that also means trade, in
ideal theory, is only one way of accumulating primary goods. The overall amount of these primary goods is subject to the Rawlsian principles. Principles of justice associated with other grounds also apply. That is, human rights (in the sense of membership rights in the global order) would apply. Every country would have its proper share of resources (vis-à-vis its population) if we think of this ideal theory also as one that respects what can be reasonably expected rather than merely what is just.

If the world were created in the image of ideal theory, there would still be markets. As argued for instance by Gibbard (1985), arguments for markets only support a rather generic sort of market that makes clear to people that their own choices impose costs on other people and that helps with coordination. But, crucially now, they do support that much. For that reason, we take it that there will indeed be markets in ideal theory.

In a world created in the image of ideal theory there could still be plenty of discretionary exploitation. Individual acts of unfairness could occur even in a world that is just from a distributive justice standpoint. Employer might underpay workers. A just society would prevent domestic non-discretionary exploitation. Nonetheless, different countries might also exploit each other. The just world as we have introduced it so far might be an unequal world, with unequal bargaining power in trade negotiations. Unequal bargaining could be a major source of exploitative arrangements even in ideal theory (again, as we have introduced it so far). What is also possible is that workers for a multi-national corporation are exploited, not vis-à-vis their fellow-citizens but vis-à-vis workers in other countries. In some countries
wages might be kept artificially low, in a way that nonetheless does not violate standards of domestic justice but becomes problematic in international comparisons.

So for these reasons, an account of exploitation has to be part of ideal theory. Ideal theory requires explicit engagement with trade. The major thought this study has articulated is that it is through an account of exploitation that reflection on trade should become part of a theory of global justice. That much is the central thought of Image 3 of trade. It is a non-trivial thought that we had to defend against the competing visions for the place of trade in a theory of global justice that Images 1 and 2 propose.

**Literature**


