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# Exploitation and Sweatshop Labor: Perspectives and Issues

*Jeremy Snyder*

**ABSTRACT:** In this review, I survey theoretical accounts of exploitation in business, chiefly through the example of low wage or sweatshop labor. Labor of this kind is often described as self-evidently exploitative and immoral. But for defenders of sweatshops as the first rung on a ladder toward greater economic development, the charge that sweatshop labor is self-evidently exploitative is unconvincing. I aim to accomplish three tasks. First, I will provide an overview of the many different uses of the charge of exploitation in business practice through an examination of the uses of the term in the literature on sweatshop labor. Second, I will discuss which of these senses of exploitation are defensible as identifying clear moral wrongs that take place in the context of business and, specifically, sweatshop labor. Third, I will apply the lessons learned from my exploration of exploitation in sweatshop labor to other specific areas of business.

**I**N THIS REVIEW, I survey theoretical accounts of exploitation in business, chiefly through the example of low wage or sweatshop labor. This labor is associated with wages that fall below a living wage standard and include long working hours. Labor of this kind is often described as self-evidently exploitative and immoral (Van Natta 1995). But for those who defend sweatshop labor as the first rung on a ladder toward greater economic development, the charge that sweatshop labor is self-evidently exploitative fails adequately to explain the nature of the alleged wrongdoing. While all sides might agree that poor working conditions are unfortunate and undesirable, defenders of sweatshop labor argue that they provide the best available employment alternative for some workers and the best chance at economic development for many low and middle income countries (LMICs) (Myerson 1997). Some defenders of sweatshop labor even embrace the label of exploitation (Kristof and WuDunn 2000). Nicholas Kristof, for example, argues that “while it shocks Americans to hear it, the central challenge in the poorest countries is not that sweatshops exploit too many people, but that they don’t exploit enough” (Kristof 2009: A35).

Unless there is a clear, widely understood account by which exploitation is a moral wrong, then charging a practice as exploitative will do little to advance debates over whether and why a practice is morally problematic. As recently as 2003, Denis Arnold was accurately able to note that “[t]he perspectives of moral and political philosophers have been curiously absent from the recent debate over sweatshops in the global economy” (Arnold 2003: 255). Since that time, a considerable body of work has been developed applying a growing literature on exploitation to sweatshop labor. While many forms of moral wrong are associated with sweatshop labor, I will focus specifically on the worry that low wages allow relatively wealthy employers wrongfully to take advantage of or gain from relatively poor workers, especially in

LMICs. In particular, I will focus on instances of alleged exploitation in employment relationships that are voluntary and mutually beneficial. I have two reasons for doing so. First, by restricting this review to voluntary and mutually beneficial instances of exploitation, I can isolate the moral wrong of exploitation from other moral wrongs, especially the wrongs of coercion and outright harms to workers. Second, the focus on mutually beneficial and voluntary relationships will allow for arguments that sweatshop labor is not only not exploitative, but is a morally praiseworthy means of helping to encourage economic growth in poor areas of the world and to provide jobs that pay better and are more stable than any existing alternatives.

In this review, I aim to accomplish three goals. First, I will provide an overview of the many different uses of the charge of exploitation in business practice through an examination of the uses of the term in the literature on sweatshop labor. While it is often not clear what kind of moral wrong is assumed to take place when the charge of exploitation is used, I will demonstrate that many distinct types of exploitation, connected to distinct moral wrongs, are used in the literature on sweatshop labor and elsewhere in business ethics. Specifically, I will identify two broad categories of exploitation—exploitation as unfairness and exploitation as the mere use of others—with subgroups under each main category of exploitation. Second, I will discuss which of these senses of exploitation are defensible as identifying clear moral wrongs that take place in the context of business and, specifically, sweatshop labor. As I will argue, not all uses of the charge of exploitation are capable of persuasively identifying clear moral wrongs. Moreover, there is not a single, clear type of exploitation that takes place in business but, rather, several distinct forms. Third, I will apply the lessons learned from my exploration of exploitation in sweatshop labor to other specific areas of business. As I will argue, there are multiple viable models of exploitation in the sweatshop literature that can illuminate exploitative practices of relatively well compensated employees, customers, suppliers, and entire communities. While discussions of theories of exploitation tend to argue for a single, correct account of this moral wrong, my review of the literature on exploitation in sweatshop labor supports the conclusion that there are multiple defensible accounts of the moral wrong of exploitation. For this reason, those who would charge that a relationship is exploitative should specify the form of exploitation that they believe is taking place.

### EXPLOITATION AS UNFAIRNESS

The most common understanding of exploitation in the literature on sweatshops interprets exploitation as taking *unfair* advantage of workers. In fact, exploitation is sometimes treated as synonymous with unfairness (Pimentel 2003). The link between exploitation and unfairness typically follows from Alan Wertheimer's groundbreaking work on the subject of exploitation where he explicitly describes exploitation in terms of unfairness (Wertheimer 1996). As he defines it, "A exploits B when A takes unfair advantage of B" (1996: 10). Wertheimer measures the fairness of a transaction according to how the benefits resulting from the transaction are distributed. In many cases, the fairness of this distribution is assessed by comparing

it to how these benefits would be distributed under hypothetical fair market conditions. Other authors develop accounts of exploitation as taking unfair advantage of others that do not use the hypothetical fair market standard for measuring fairness (Meyers 2004; Valdman 2009).

The fairness standard marks out a distinct category of exploitation where a transaction is wrongfully exploitative when it results in an unfair distribution of the benefits resulting from a transaction. While there can be endless standards for the fair distribution of the benefits of a transaction, we can divide fairness-based accounts of exploitation into two subgroups: 1) those that do not include concerns about structural justice in the standard of fairness (micro fairness); and 2) those that do incorporate concerns about structural justice when assessing fairness (macro fairness).

### *Micro Fairness*

Micro fairness attempts to limit the scope of the standard of fairness, typically by excluding concerns about the effects of structural justice on the distribution of benefits resulting from an interaction. That is, this standard of fairness limits appeals to background justice or macro reasons as to why one partner to the exchange might be advantaged or disadvantaged relative to other partners. This distinction can be difficult to maintain, but in the context of sweatshop labor micro fairness standards typically appeal to a fair market exchange between the worker and employer without reference to whether the worker is disadvantaged by institutional structures like unjust global trade laws or the aftereffects of colonialism. Wertheimer's (1996) account of exploitation serves as an example of a micro fairness account or what Robert Mayer (2007b) calls a neoclassical theory of exploitation.

Under this understanding of exploitation, only when one of a limited set of the exploitee's rights have been violated—or, as Wertheimer (1996: 232) puts it, only when 'special' unfair advantage is taken of a person—does exploitation take place. As previously noted, Wertheimer argues that in many cases, a hypothetical fair market can be used as a standard for determining whether the terms of an actual exchange are fair. As he defines it, a hypothetical fair market produces a price that "an informed and unpressured seller would receive from an informed and unpressured buyer" (1996: 230). Taking advantage of another person in a pervasive way, as when structural injustice creates systemic, background disadvantage, will not count as exploitation on this view. This act of exploitation may take place through a bilateral or trilateral relationship. That is, the exploiter may be both the rights violator and the individual taking advantage of that violation or the rights violator and exploiter may be different persons (Steiner 1984).

The baseline for determining the fairness of a distribution can be altered while still staying within the basic confines of a micro fairness account of exploitation. Mikhail Valdman (2009) argues that Wertheimer's hypothetical fair market standard should be changed to include only cases that result from an unrefusable offer. An offer can become unrefusable as a result of the high costs of turning down an offer. These high costs, in turn, can be created when the exploiter has a monopoly over a

good that the exploitee needs urgently. Under these conditions, the costs of turning down an offer are extremely high, meaning that the exploiter can collect benefits disproportionate to those she could expect if she either did not have monopoly control over some good or the exploitee's need for the good was not urgent, allowing the exploitee to walk away from the offer without an excessive cost. A labor agreement will be exploitative, then, not when it deviates from the terms that would be achieved in a hypothetical fair market, but when it deviates from a situation where the worker might reasonably turn down the offer, usually by seeking out work from another employer. Importantly, Valdman's account is consistent with a large number of employers offering similarly low wages to potential employees as a result of unjust background conditions. In such a situation, the employer's offer, though very low, will not count as monopoly pricing. Thus Valdman, like Wertheimer, ties the fairness of an exchange only to the micro transactional elements of the exchange (Valdman 2008).

Matthew Zwolinski (2007) provides a more detailed example of the application of a micro fairness standard of exploitation to sweatshop labor. He grants the possibility of mutually beneficial exploitation, focusing on Wertheimer's analysis that a relationship can be unfair to the exploited party by insufficiently benefiting the exploitee. Thus, to "determine whether a mutually beneficial exchange is exploitative, we must compare the gains made by the parties not (necessarily) to the baseline of no-exchange-at-all, but rather to the baseline in which each party acts within their rights with respect to the other, and ensure that parties are left at least as well off as they would be under *those* circumstances" (Zwolinski 2007: 706). According to Zwolinski, fair market exchanges will for the most part ensure that employers do not engage in exploitation. Sweatshop labor will count as exploitative only if employees have a right, claimable on employers, to a living wage.<sup>1</sup>

Zwolinski focuses his account of exploitation in sweatshops on the transformative power of consent and autonomy-exercising choices. He argues that if a choice exhibits even a partial degree of autonomy, then there is a *prima facie* supposition against interfering with that choice. This belief rests on the moral importance of freedom for agents. For Zwolinski, those autonomous choices most central to the identity or core projects of the agent create the strongest claims to non-interference. Because sweatshop workers choose to work the jobs they do in order to survive and meet their basic needs, these choices are central to the workers' core projects. While we might worry that the workers' rights are being violated through poor working conditions, Zwolinski argues that through their autonomous choices workers can "waive certain claims that we might have had (in the case of workers, the claim not to be told what to do by others, or the claim to certain kinds of freedom of association, for instance)" (Zwolinski 2007: 693). Rational persuasion and establishing alternative forms of employment to sweatshop labor will not count as cases of interference.

When choices are made under conditions of limited autonomy, Zwolinski argues, they still signal preferences. Even when an individual faces coercive conditions, ignoring the preferences of the agent under conditions of limited autonomy can be a moral wrong in addition to the coercive act. That is, ignoring a person's preferences shows disregard for the welfare of that person in addition to the disrespect

shown by illegitimately limiting her choices in the first place. Therefore, even under conditions of limited autonomy, there is no justification for removing the option of working in a sweatshop if that is the worker's preference from among a limited range of bad options. It is the harm created by removing a preferred option that generates the justification against restricting the worker's choices: "given that many potential sweatshop workers seem to express a *strong* preference for sweatshop labor over the alternatives, acting to remove that option is likely to cause them *great* harm" (Zwolinski 2007: 694). In short, disregarding an autonomy-exercising choice has the potential to harm the agent and is forbidden on that ground.

From these points, Zwolinski generates what he calls 'the argument,' which maintains that, as sweatshop work is a clear preference of the workers, they are likely to be harmed if this preference is ignored. It is plausible as well that sweatshop work is an autonomous choice. For these reasons, "all else being equal, it is wrong to take away the option of sweatshop labor from workers who would otherwise choose to engage in it" (Zwolinski 2007: 695). Given that sweatshops are doing something to help their workers, Zwolinski finds it strange that we would condemn these employers as exploitative. While the employer might be able to do more to help her employees, she certainly does more than the vast majority of individuals who do nothing to help the global poor. His analysis of the moral importance of choice supports the notion that providing some benefit in the form of low wages does not violate the workers' rights. That is, each party acts within her rights by making and accepting an offer of wages at market rates. Since Zwolinski argues that exploitation depends on a rights violation, he is able to conclude that "I do, indeed, believe that claims of sweatshop wages being exploitative are implausible" (Zwolinski 2007: 710). Here, Zwolinski seems to accept a micro standard of fairness, where workers do not have a right, claimable on their employers, to a living wage. Since no right is violated within the micro transaction between employer and worker, exploitation does not take place.

### *Macro Fairness*

One concern with a micro fairness standard of exploitation, such as a hypothetical fair market price, is that it fails to take into account the ways in which structural injustice can disadvantage some parties within a transaction. In the context of sweatshop employment, sweatshop workers may have a weaker bargaining position because they are the victims of socioeconomic injustice, including trade laws that disadvantage citizens of LMICs and histories of colonialism and interventions that have slowed economic development in some parts of the world. This concern persists even in a hypothetical fair market as micro fairness does not correct for the disadvantages created by structural injustice. Because sweatshop employers take systemic rather than special advantage of institutional injustice, micro fairness standards of exploitation are unable to account for the intuition that background injustice can be wrongfully exploited.

An alternative standard for determining the fairness of a transaction, what I will call macro fairness, attempts to correct for the effects of structural injustice. Ruth Sample (2003) offers one example of a macro fairness approach to measuring

exploitation in sweatshop labor. She gives several accounts of the wrongness of exploitation, including cases where we “fail to respect a person by taking advantage of an injustice done to him” (Sample 2003: 57). While this account ties the wrongness of exploitation to a failure of respect rather than unfairness, it is the action of taking advantage of the unfairness created by injustice that constitutes a failure of respect. Specifically, she argues that globalization “exploits to the degree to which background injustices experienced by vulnerable nations work to the advantage of their stronger interactors” (Sample 2003: 165). Persons privileged through the process of globalization, she argues, can unfairly take advantage of the socioeconomic inequality and injustice brought on by trade liberalization.

A weakness of Sample’s account is that it is not entirely clear what injustices create the opportunity for exploitation and how one can practically avoid taking advantage of injustice in a thoroughly unjust world. This weakness could be addressed by specifying the range of exploitable injustices. For example, macro fairness exploitation can be tied to the failure of international institutions to protect human rights, including the right to a living wage. Exploitation can then be avoided by not taking advantage of this specific injustice. Robert Mayer (2007b) takes this approach when he uses the price paid for “fair trade” coffee as an example of a macro just price. This price is fair, he argues, because it is determined through a hypothetical bargain between persons that have a decent minimal standard of living or living wage. This baseline for measuring fairness can be directly contrasted against a micro fairness standard of a hypothetical fair market price. In the coffee case, “the initial disadvantage is an insecure standard of living, not a lack of competition. The just price is calculated to be the price which an agent with a secure standard of living would accept, which is greater than the equilibrium price for this good” (Mayer 2007b: 145). Both the micro and macro standards of fairness imagine a hypothetical exchange between parties in order to establish a baseline against which fairness can be measured. Only the macro standard, however, allows broader background factors like a right to a living wage to factor into the calculation.

### *Micro vs. Macro Fairness*

Given these disagreements as to the appropriate standard of fairness for determining when exploitation as a form of unfairness takes place, we should examine the arguments for and against each approach. Wertheimer defends his focus on micro transactions on the grounds that it would be unfair to ask individuals to make up for the ill effects of longstanding, structural injustice: “even though some fare less well than others by the appropriate principles of social justice, it is unreasonable to expect the better-off party to repair those background conditions by adjusting the terms of a particular transaction” (Wertheimer 1996: 234). That is, even though unjust socioeconomic structures may create unfair disadvantages for some parties to a transaction, it is not the responsibility of individuals singly to rectify social injustice.

Much of the argument between micro and macro fairness, then, will turn on determining what role, if any, individuals such as employers have in addressing global structural injustice. Those favoring a micro standard of fairness tend to deny that

employers have a special obligation to address the effects of structural injustice as they affect their employees, even if employers gain from this injustice. We have already seen how Wertheimer and Zwolinski deny special obligations for employers. Zwolinski specifically endorses what Wertheimer has called the non-worseness claim (NWC).<sup>2</sup> The NWC maintains that, “[g]iven that I have a right not to transact with B and that transacting with B is not worse than not transacting with B, it can’t be seriously wrong for me to engage in an unfair transaction with B” (Wertheimer 1996: 289). Zwolinski questions why we would criticize the behavior of an employer in an LMIC that helps the global poor without extending a living wage while at the same time ignoring an employer that employs workers only in the US and does nothing to help the global poor.

Chris Meyers, however, takes a more extensive view of the obligations of employers to their employees. Meyers argues that employers in sweatshops exploit their employees when they benefit disproportionately from their labor (Meyers 2004: 327). He argues that when an individual engages in and benefits from an exploitative relationship, she has an individual responsibility to end the relationship if she can do so without incurring significant hardships (Meyers 2007: 625). This responsibility exists whether the disproportionate benefit results from micro or macro asymmetries in bargaining power. Significantly, Meyers uses the discretionary power of CEOs to reduce their own salaries as evidence that they have the discretionary power to increase worker wages. He argues that CEOs “largely determine the strategies and policies that allow or involve sweatshop labor, they benefit enormously from such exploitation in terms of their bloated salaries and other compensations, and they are in a position to do something about it—they have both the power to determine company policy and the means to pay for it with reductions in their own salary” (Meyers 2007: 625). The specific context in which a multinational corporation operates will determine whether Meyers is correct to believe that CEOs of multinational corporations have discretionary power to offer higher wages to their employees.

Meyers argues that the discretionary power of CEOs of multinational corporations to set wages creates an individual responsibility to make up for the disproportionately high wages that they take home. This logic would seemingly apply to other executives within multinational corporations as well. That is, if the discretionary power to create more broadly fair working conditions creates special responsibilities to act on this power, then any employee within a multinational corporation that possesses this power will have the corresponding responsibility. While CEOs will tend to be particularly powerful within corporations, there is good reason to think that a wide range of other executives, particularly in large multinational corporations with widely distributed power structures, will have some discretion over the wages earned by their employees.

But even if CEOs and other executives do have this power, more needs to be said as to why the power to set wages creates a special obligation by employers to correct for the micro and macro unfair working conditions faced by their employees. Should the disproportionately low wages earned by sweatshop workers be the result of unjust institutions rather than a localized vulnerability, then we still need an argument as



to why individual employers, CEOs, and other executives must individually rectify these injustices lest they exploit their employees.

How, then, might we accommodate Wertheimer's intuition that it would be unfair to hold individual employers responsible for cleaning up the large-scale mess of global injustice while acknowledging the special position of employers in relation to their disadvantaged employees? Iris Young (2004) provides one argument for why employers have special, individual responsibilities while remaining sensitive to the worry that structural injustice is created and maintained collectively and is a problem so large that it must be confronted collectively. She differentiates between the backward looking liability model of responsibility and the forward looking model of political responsibility (PR). Under the liability model, responsible agents will have voluntarily taken actions that are causally connected to unjust conditions. In the context of sweatshop labor, managers and owners of sweatshops will have the primary responsibility for their workers' low wages as they are causally responsible for setting these wage levels.

While appropriate in many contexts, the liability model of responsibility faces limitations in that it pays insufficient attention to the ways in which social structures constrain the choices available to us. Young notes that

[w]hen confronted with accusations that they wrongly exploit and oppress their workers, however, some of these agents are likely to try to mitigate their responsibility by appeal to factors outside their control. They may claim that they have little choice about the wages they pay, and cannot afford to give workers time off or invest in better ventilation and equipment. They operate in a highly competitive environment, they say, where other operators constantly try to undercut them. They can stay in business only by selling goods at or below the prices of worldwide competitors, and they can do that only by keeping labor and other production costs to a minimum. (Young 2004: 369)

In a highly competitive market, wages can only rise so high before the employer will be forced out of business. While these complaints about a lack of options for offering better wages may be overblown in some cases, there is a real sense in which the liability model of responsibility fails to capture other modes of responsibility when actors face limited options in the context of unjust socioeconomic structures. Moreover, the liability model of responsibility fails to provide a means for assigning responsibility to other actors who are part of the global structure that promotes and perpetuates low wages for some workers. As a result, the liability model should not be used to explain the full extent of individual responsibility in the face of systemic injustice. What is needed is an account of individual responsibility that acknowledges the role of employers and other powerful parties in perpetuating and benefiting from injustice while being sensitive to the constraints placed on their ability individually to rectify these injustices.

In light of these shortcomings, Young develops an account of what she calls political responsibility (PR). She argues that, though employers are liable for the working conditions in sweatshops, their individual responsibility is better framed as a 'political responsibility' to help bring about just social structures. Young gives

four features of political responsibility that distinguish it from the liability model: 1) PR holds that responsibility is shared among those participating in an institutional system. This responsibility extends even to the workers disadvantaged by that system: "In the case of labor exploitation, the workers themselves ought to resist if they can by means of their own collective organization" (Young 2004: 381). 2) PR is forward looking in the sense that it creates a responsibility to seek collective responses to the injustices perpetrated by the institutional system in which one participates. Those that impose unjust institutions on others will be held liable for doing so, but those merely participating in the institutions hold only a forward-looking responsibility. 3) PR is open in terms of the actions that will count as taking up the responsibility, and as such it is distinguished from a duty. 4) PR demands that one finds means of working with others to effect collective responses to institutional injustice.

In practice, actors will face a PR that is shaped by their position within institutional structures. Young argues that the individual's connection to those harmed by unjust structures, power to reform institutional structures, and privilege accruing from unjust structures all serve to heighten the individual's PR. Therefore, even if unjust structures limit the degree of choice that employers have over the wage levels that they may offer while remaining competitive, they may yet have a PR to change these structures. If so, the employer's PR must be discharged if the employer is to avoid exploiting her workers. Over the long term, these structural changes can lead to fairer wages for workers, thus mitigating the macro exploitation faced by workers.

Arguments for a political responsibility for multinational corporations have been developed within discussions of corporate citizenship (Néron and Norman 2008; Crane and Matten 2008) and corporate political responsibility in the context of globalization (Scherer, Palazzo, and Baumann 2006; Scherer and Palazzo 2007). These arguments for a political role for corporations are not without their critics (Hanlon 2008; Van Oosterhout 2005). By tying macro fairness exploitation to Young's framework, the concern that employers exploit their workers can fit within wider discussions of the ethical obligations of corporations. By appealing to a specific form of exploitation and specific form of potential moral wrongdoing by corporations, general claims of corporate social responsibility can be clarified and strengthened. While the specific wrongdoing of macro fairness exploitation will not describe the totality of corporations' political responsibilities, it can help to detail why corporations and their members may have a political role.

Young's account demonstrates that, rather than choose between the micro and macro fairness accounts of exploitation, we need both accounts in order to give voice to the full range of exploitation faced by sweatshop workers and other participants in globalized business practices. The mistake is in applying the same duties derived from micro fairness to macro fairness. While the critics of some accounts of macro fairness exploitation are right to note that it is unreasonable to hold individual employers responsible for rectifying all of the disadvantages created by global injustice for their employees, they are wrong to conclude that global injustice does not give rise to exploitable vulnerabilities. Structural unfairness creates importantly different forms of vulnerability for workers, and, as Young demonstrates, avoiding exploiting these vulnerabilities requires a different response than that demanded

by market failures and other forms of micro unfairness. Both micro and macro fairness exploitation can and must coexist if the full range of exploitation is to be fully explained.

### EXPLOITATION AS THE MERE USE OF OTHERS

The micro and macro fairness accounts of exploitation focus on the distribution of the benefits created through an interaction. An alternative view of exploitation associates its wrongness with a failure to treat others with respect or with a loss of dignity for the exploitee. In the context of sweatshop labor, low wage levels can be associated with degrading and disrespectful treatment of the worker (Popper 2006). The concern, on this account, is not that the wages received by sweatshop workers are unfair or disproportionately small when compared to the profits achieved by their employers. Rather, the wage levels amount to a failure of respect by the employers for their employees as human persons. This failure of respect may take place in the absence of any unfairness or, as I will argue, it can take place in conjunction with micro fairness, macro unfairness, or both.

While the requirements of treating others with respect can be understood in many ways, in the context of sweatshop labor commentators have tended to argue that low wages can serve to treat workers as a mere means to the ends of their employers. This mere means language derives from Immanuel Kant's Formula of Humanity, which requires that one act so that "you use humanity, whether in your own person or in the person of any other, always at the same time as an end, never merely as a means." (Kant 1998: 36). For example, Tara Radin and Martin Calkins claim that there is a "strong moral argument against sweatshops, which seemingly exploit people for their labor as a means of profit generation" (Radin and Calkins 2006: 263). Treating another person as an ends, and not merely as a means, is typically understood to entail negative duties that proscribe against interfering with others' autonomy. When we coerce, deceive, or manipulate others, we attempt to turn their will to our own ends rather than respecting their self-directing nature as persons. Treating others as ends also requires positive steps to promote their ability to act autonomously. As human persons, we each have physical and psychological needs that, if they are not met, will thwart our ability to act autonomously just as surely as will coercion, deception, and the use of force. This positive duty of beneficence must also be discharged if we are to avoid treating others as a mere means to our own ends.

While this mere means language helps to add detail to the claim that low wages can fail to demonstrate adequate respect for workers, we can examine more detailed accounts of exploitation as the mere use of others to determine when and why this form of wrongdoing takes place. The connection of exploitation to a duty not to treat others as a mere means draws heavily on the intuition that treating others as ends requires offering one's employees decent working conditions and a living wage. Norman Bowie (1999) argues that respect for persons requires that any employment must be "meaningful." Stemming from both the positive and negative manifestations of the duty to treat others as ends, he argues that a Kantian manager has the obligation to extend to employees a wage that allows them to be somewhat

independent and to achieve at least some of their desires. Meaningful work will: 1) give employees the opportunity to exercise their autonomy on the job; 2) support and develop the autonomy and rationality of employees; 3) not interfere with employees' moral development; and 4) not interfere with employees' conception of the good (Bowie 1999: 70–71).

Denis Arnold joins Bowie (Arnold and Bowie 2003) in elaborating the charge that employers exploit their workers by merely using them. They jointly argue that respect for one's employees' autonomy entails the positive step of guaranteeing a living wage for these persons. In doing so, they draw on Onora O'Neill (1989) and Thomas Hill's (1992) interpretation of Kantian ethics. O'Neill and Hill argue that respect for others' autonomy is not merely a matter of refraining from interfering with others. Non-interference, after all, is compatible with complete indifference toward the needs of others, particularly their physical and psychological needs for maintaining their distinctively human capacities. On this basis, Arnold and Bowie write that, "at a minimum, respect for employees entails that MNEs and their suppliers have a moral obligation to ensure that employees do not live under conditions of overall poverty by providing adequate wages for a 48 hour work week to satisfy both basic food needs and basic non-food needs. . . . Anything less than this means that MNEs, or their suppliers, are not respecting employees as ends in themselves" (Arnold and Bowie 2003: 234). Without this support, sweatshop workers may not be able to reason abstractly, maintain their rational and moral capacities, and realize fully their other capacities as autonomous persons.

Arnold and Bowie agree broadly that insufficient wage levels can serve to treat one's employees as a mere means to one's own ends. But their adaptation of the Formula of Humanity raises the question of how strong the obligation to give one's workers a living wage is, particularly in the face of external pressures on wage levels. Typically, the positive duty of beneficence is understood as an imperfect duty, meaning that one has leeway over when and how it is discharged. In the context of sweatshop labor, it is not completely clear how much leeway an employer should have over providing a living wage to her employees. Bowie argues that an employer must honor the self-respect of her employees and that employees maintain self-respect through the independence allowed through a living wage. However, he later qualifies this position by noting that the requirement to offer a living wage is not absolute to the point that an employer must provide such a wage even if doing so would make her uncompetitive. For an employer, "providing meaningful work is one possible and rather effective way for a firm to honor the requirement that it respect the humanity of its employees and the imperfect obligation of beneficence. However, if the labor market does not permit a firm to honor the obligation of beneficence in this way, it is not required to do so" (Bowie 1999: 70). For Bowie at least, the duty to provide a living wage is imperfect and employers can fulfill their imperfect duty of beneficence through various means that may not include offering a living wage.

But the duty to offer one's employees a living wage can be understood more strictly. Arnold and Bowie's language stating that employers *must* provide their workers with a living wage or fail in a duty of respect for their workers implies that they understand the requirement to offer a living wage as a perfect duty. By a

perfect duty, I intend a duty that does not permit leeway as to when and how it is discharged. That is, employers are not given flexibility over when and to whom to provide a living wage, but are required to provide this wage to all of their workers. It appears, then, that exploitation as treating others as a mere means can be understood to give the employer leeway over setting wage levels in the face of external pressures like competition or it can be interpreted to claim that setting a living wage is a necessary requirement of not exploiting one's employees.

I would like to argue that understanding exploitation as the mere use of others as a perfect duty offers the more plausible interpretation of this form of exploitation, though with some important caveats that I will explain below. If the duty to offer a living wage to one's workers is based on an imperfect duty of beneficence, then the fact that an employer fails to offer her employees a living wage cannot be taken alone to indicate that she exploits her workers. Other beneficent acts may help the employer fully to discharge her duty of beneficence. For this reason, tying exploitation to an imperfect duty of beneficence leads to counterintuitive results. It runs contrary to the ordinary use of 'exploitation' to think that, because an employer makes an unrelated donation to a charity or engages in other unrelated charitable acts, that she would be excused, morally, for offering her employees wages insufficient to support their distinctly human capacities. That is, these unrelated, beneficent acts would seem to do little to assuage the intuition that the employer is improperly using or taking advantage of *these* workers specifically, especially if she has the opportunity to offer a higher wage.

Given this worry about tying exploitation as treating others as a mere means to an imperfect duty, we can consider how and why this obligation might take a more fixed or perfect form. Doing so will require a brief departure deeper into Kantian ethics, but this discussion will be helpful to understanding the rationale for additional accounts of exploitation as the mere use of others. Depending on our own projects and life plans, we will each have different ends that motivate our actions. Kant maintains, however, that the two obligatory ends that we all should share are our own perfection and the happiness of others (Kant 1996). While the end of others' happiness is unspecified in its most general form where it applies to every person, this end can be specified given the circumstances of the actual persons with whom we are connected. Thus, an individual's relationships with other persons, instances where others' basic needs are not being met, and cases where one can render aid to another person at little cost to oneself can all serve to specify the general, imperfect obligation to promote the happiness of others—that is, the duty of beneficence (Hill 2002). More generally, when our own happiness becomes determinative of or entwined with the happiness of specific others, this increased capacity to impact these persons' happiness serves to specify the duty of beneficence (Herman 2007). In these cases, to ignore the desperate needs of another person can serve to bring into doubt whether one genuinely takes the happiness of others to be an end for oneself.

Ruth Sample (2003) takes advantage of this understanding of a perfect form of the duty of beneficence in her account of exploitation as the mere use of others. On her account, one form of exploitation is tied to a failure of respect for others "by neglecting what is necessary for that person's well-being or flourishing" (Sample

2003: 57). As with Arnold and Bowie, Sample ties this failure of respect within employment relationships to the failure to provide a living wage. She writes that globalization “exploits to the degree to which the requirements of human flourishing are neglected in the process of gaining advantage” (Sample 2003: 165). Sample goes on to provide an argument for why low wages can be said to violate a perfect form of the duty of beneficence. When we disregard the needs of those with whom we interact, it can bring into question whether we hold a maxim of beneficence at all. She argues that “[w]hile imperfect duties allow us some discretion in determining whether to act beneficently in a given case, those situations in which we are confronted by vulnerable others in transactions for advantage could not be, by any reasonable person, *optional* opportunities for beneficent action” (Sample 2003: 71). Our indifference toward the needs of specific persons within the general pool of the global poor may leave it unclear whether one is committed to the duty of beneficence. But when we transact with a person in need and refuse to alter the terms of the exchange in order to support her basic needs when we could do so, it may become clear that we do not, in fact, hold such a commitment.

Similarly, I maintain that “employers do not simply have an imperfect duty to help some of their employees to achieve a decent minimum some of the time; rather, employers are required to cede as much of their benefit from the interaction to their employees as is reasonably possible toward the end of the employees achieving a decent minimum standard of living” (Snyder 2008: 396). I argue that the standard of reasonability for ceding benefits to workers is determined both by the dependence of the worker on the employer for her basic support and a requirement that the employer not retain luxury goods in excess of those used for maintaining a flourishing human life. When the employer violates this perfect form of the duty of beneficence, she exploits her workers.

### *Assessing Accounts of Exploitation in Sweatshop Labor*

I have argued that versions of the micro fairness, macro fairness, and mere means accounts of exploitation are all defensible. Each of these accounts capture a distinct element of exploitation that can take place in sweatshop labor. But this is not to say that each form of exploitation is equally relevant to the central moral concerns with sweatshop labor. The micro fairness standard is concerned with a fair distribution of the gains of the interaction. An interaction may be fair by the standards of a hypothetical fair market (or another standard of micro fairness), but leave workers without sufficient income to meet their basic human needs. Moreover, as the micro fairness account of exploitation is typically tied to a hypothetical fair market standard of fairness, it will tend to miss the role of background injustice in creating exploitable vulnerabilities in workers. Insofar as much of the concern with sweatshop labor focuses on the very low wages earned by these workers, the micro fairness standard will not track or explain this central concern.

The categories of macro fairness and mere use exploitation both tend to focus on the most socioeconomically disadvantaged members of society. In the case of sweatshop labor, they both highlight the desperate needs of sweatshop workers, needs

that are often not met because of structural injustice. However, the macro fairness account of exploitation, like the micro fairness account, can become detached from the absolute needs of sweatshop workers. Sample makes this point clear:

Developing nations are exploited when their basic needs are neglected for the benefit of wealthier trading partners. Many of these needs are not reducible to improvements in income. Such exploitation is often made possible by background injustices. But even when our interactors flourish and perhaps even thrive, they can legitimately complain of exploitation when the distribution of the social surplus of that interaction is tilted in our favor because of injustice. (Sample 2003: 165)

Macro fairness exploitation, then, can take place even when the basic needs of the exploitees are met. In principle, it is also possible for there to be interactions that do not violate the requirements of macro fairness but fail to meet the basic needs of another person where there is a duty to do so by the standards of a perfect form of the duty of beneficence. In practice, however, macro fairness exploitation will tend to be associated with deficits in the basic needs of the exploitee, though only exploitation as a failure of a perfect form of the duty of beneficence must be tied to such a deficit.

Macro fairness exploitation and exploitation as a violation of a perfect form of the duty of beneficence are most responsive to the needs and desperation that motivate much of the concern with sweatshop labor. Each of these accounts of exploitation will focus on the absolute needs of exploited sweatshop workers, but are tied to different forms of wrongdoing with different remedies if exploitation is to be avoided. This conclusion does nothing to question the ability of accounts of micro fairness exploitation to reveal and explain wrongdoing in other contexts. Rather, the applicability of different accounts of exploitation to different contexts underscores the need for further research into these forms of exploitation and the need for clarity as to the form of exploitation being discussed when this term is applied to specific cases.

#### LESSONS FOR ACCOUNTS OF EXPLOITATION IN OTHER AREAS OF BUSINESS

In my review of exploitation in sweatshop labor, I developed three accounts of exploitation that identify distinct forms of exploitation tied to different forms of wrongdoing. These forms of exploitation can take place in the same interactions, but need not do so. Some forms of exploitation will be more common in certain kinds of interactions than will others, and different forms of exploitation will capture the central moral wrong of different kinds of exploitative relationships. Furthermore, some contexts will require multiple accounts of exploitation in order to explain fully the range of moral wrongs taking place.

I will now briefly apply these accounts of exploitation to other contexts within business practice with the goal of demonstrating how these different forms of exploitation will occur outside of sweatshop labor. I do not claim nor intend to discuss

every form of exploitation within business practice. Instead, I aim to further make the case that exploitation takes different forms and those forms inflict different kinds of moral wrongs. These areas of application will include the exploitation of employees (including, but not limited to, sweatshop labor), the exploitation of customers, the exploitation of suppliers, and the exploitation of governments and communities. In addition, I will discuss the relevance of these accounts of exploitation to wider debates over the limits of corporate social responsibility.

### *Exploitation of Employees*

While I developed my discussion of exploitation in the context of sweatshop labor, exploitation can take place in labor relationships more generally. I have already observed that macro fairness exploitation and exploitation as the mere use of others are best suited to accounting for the most common and morally troubling forms of exploitation in sweatshop labor. But both macro and micro fairness exploitation will also be possible in employment relationships where employees earn more than a living wage.

Macro fairness exploitation may take place if relatively well paid employees earn less than they would under more just institutional arrangements. For example, back office workers in India might earn less than they would in the absence of a history of colonial exploitation and unfair trade arrangements. If these unjust actions and structures delayed the economic development of India and reduce the bargaining power of Indian workers in the global marketplace, then they would receive a less than fair share of the benefits created through their employment, even if they receive more than enough money to meet their basic needs. Macro fairness exploitation is also possible for relatively high skilled and well paid workers who emigrate to the Developed World, such as skilled health workers. These workers may be vulnerable to macro fairness exploitation if they flee unjust institutional structures such as institutionalized forms of ethnic, religious, or sexual discrimination (Dwyer 2007).

Migrant workers, whether they come from relatively wealthy or poor countries, may also face micro fairness exploitation if the terms of their immigration create an unfair market for their labor. For example, many countries tie these migrants to certain employers or otherwise limit their opportunities for employment, creating an unfair market for their skills. Even if the right of states to limit immigration means that these restrictions on employment are morally permissible, they create an element of unfairness in the market for these migrant's labor, placing a considerable bargaining advantage in the hands of the sole legal employer. If these workers are barred from seeking alternative employment, then they will be unable to gain the higher wages or more favorable terms of employment that they would otherwise be able to command on the open labor market in their new community (Kline 2003). Again, the wages and benefits received by these workers may be more than sufficient to meet their basic needs, but the relationship could be exploitative by the standards of micro fairness given the employer's bargaining advantage.



*Exploitation of Customers*

Customers may be exploited during business transactions. As with labor exploitation, the type of exploitation taking place will depend in part on the resources of the individual being exploited. All customers, regardless of their resources, are vulnerable to fairness exploitation when a supplier possesses monopoly power over the pricing of some good or service. By definition, a monopoly is a departure from a hypothetical fair market, giving the vendor the power to set an unfair price for her goods. Should she choose to take advantage of this power, she exploits her customers. Monopoly powers may be achieved through a chance concentration of the supply of some good or service in the hands of a single vendor, the collusion of vendors to control the supply of some good or service, or the failure of a government to regulate the market and maintain competition among suppliers. In these cases, micro fairness exploitation becomes possible. Monopoly powers are also possible as a result of systemic injustice, as when only persons of a certain social group are allowed to sell some good or when systemic injustice has made it impossible for some social groups to participate in the market. In these cases, macro fairness exploitation may take place.

When the customer lacks access to some essential goods, a specific form of exploitation as the mere use of others becomes possible as well. A collapse in the supply of a good or spike in demand, particularly following a disaster, can create a form of exploitation that is more commonly called price gouging (Snyder 2009). In these cases, a vendor will see an increase in her bargaining advantage if her supplies of some good are not destroyed by the disaster or if she is able to move supplies into the affected area after the disaster. When the goods in question are essential to meeting the customer's basic needs—as in the case of food, water, shelter, and medicines—then the inelasticity of customer demand allows the vendor to raise prices and achieve a windfall profit. These gains for the vendor are unfair as in typical cases of micro unfairness exploitation. But in cases of price gouging, the vendor commits the additional moral wrong of failing to modify her actions in response to the needs of her customers. Arguably, these needs, in the context of a disaster, can help specify the vendor's duty of beneficence. If so, she may fail in this duty if she reacts to the disaster by raising prices on her stocks of essential goods beyond any corresponding increase in her costs or the risks faced by her.

As another example of a business practice that is often thought to be exploitative of customers, consider the case of payday loans. Payday loans are a species of short-term loan that is issued in exchange for a post-dated check from the borrower. The borrower typically must show proof of employment and the check will be postdated to the borrower's next payday. The cost in fees of a payday loan can be very high, often as much as twenty percent of the amount being borrowed (Graves 2003). These loans may last two to three weeks and are frequently rolled over to the next pay period, a process that generates an additional round of fees (Stegman and Faris 2003). When payday loans are rolled over, the fees from these loans quickly accumulate and can amount to the equivalent of a 500–1000 annual percentage rate (APR) of interest. These interest rates are much greater than those charged by

traditional banks for loans and even higher than the interest rates charged by credit card companies. This business model has proven to be very successful, with large and increasing profits and volumes of loans for payday lenders (Stegman 2007).

Payday lenders have been found to target minority communities in the US and persons with moderate incomes and credit problems (Mahon 2005). These groups are much less well served by traditional banks (Graves 2003; Stegman 2007). Many of the borrowers using payday loan services have limited access to traditional banks because of their poor credit history and payday loan customers face constraints on their ability to access credit when compared to the general population (Elliehausen and Lawrence 2001). In Charlotte, North Carolina, for example, minority neighborhoods have been recorded as one-third less likely to be served by traditional banking services than majority white neighborhoods but four times more likely to host payday lenders (Kolb 1999). African-American borrowers, in particular, have been found to be especially reliant on payday lenders for meeting their credit needs (Stegman and Faris 2003).

The exorbitant fees charged by payday lenders and their focus on poor and minority groups have generated charges of exploitation (Mayer 2003). The accounts of exploitation described in this review offer different assessments of this practice. In the context of payday lending, the micro fairness standard of exploitation will have a hard time pinpointing any wrongdoing. There is considerable competition between payday lenders in the US. The total number of lenders has been growing rapidly and, though there has been a trend toward greater consolidation, the industry remains fragmented with many competing outlets (Stegman 2007). As such, it is not evident that the payday loan industry extends unfair terms to its customers from the perspective of what they could expect from a hypothetical fair market (Mayer 2003).

The macro fairness and mere means approaches to exploitation, however, are able to explain the potential for exploitation in the payday loan business as it is presently practiced in the US. In the case of macro fairness exploitation, payday lenders can be accused of taking advantage of systemic racism that has cut off minority borrowers from traditional (and less expensive) banking services (Graves 2003). As these borrowers are subjected to less advantageous terms for loans than would be the case in an environment not shaped by a history of racial discrimination, payday lenders receive unfairly high fees for their services in comparison to what they would receive in a more just world. While a system of payday lending might still be appropriate for borrowers with poor credit histories in a community without systemic racial discrimination, the pool of potential customers and bargaining advantage of lenders are both increased by practices that cut off the access of minority borrowers from traditional banking services. In the case of mere use exploitation, the poverty of typical payday borrowers raises particular concern. The business model of payday lenders, where the bulk of their profits are made through fees that accumulate as borrowers roll over their loans, promotes a cycle of indebtedness that undercuts the ability of these borrowers to save, become self-sufficient, and provide for their basic needs (Fox 2007).

Laws aimed at increased transparency by lenders, caps on fees and APR rates, and limits on loan rollovers can all reduce the potential for both macro fairness and mere use exploitation by payday lenders. Limits on loan rollovers, for example, would reduce the fees collected by payday lenders and potentially help disrupt the cycle of increased indebtedness associated with payday borrowing. If these regulations are coupled with policies aimed at increasing access to traditional banking services in low income and minority neighborhoods, then these limits on payday lending need not harm the welfare of their customers by cutting off their only access to credit (Fox 2007). If the fees charged by payday lenders were regulated like other forms of short term credit, payday lending might become more transparent and traditional banks might be encouraged to enter the field (Stegman 2007).

### *Exploitation of Suppliers*

Suppliers may be exploited when buyers achieve monopsony powers that allow them to control the prices that they will pay for goods and services. As with monopoly pricing by a supplier, monopsony powers allow a buyer to receive an unfair portion of the benefits created by the interaction between buyer and seller. When this unfairness is achieved through a localized market failure, where the buyer can purchase goods at less than a hypothetical fair market price, then the buyer potentially micro fairness exploits her suppliers. Monopsony powers may also be achieved through structural injustice, as when the right to purchase a type of good is restricted to certain social groups or when unjust socioeconomic inequalities have denied members of certain social groups from entering the market. In these cases, macro fairness exploitation becomes possible. Even when the prices paid to the suppliers remain sufficient for the suppliers to meet their basic needs, the price paid in these interactions may be unfair and exploitative.

A form of exploitation as the mere use of others is also possible when the buyer's bargaining power allows her to offer prices to suppliers that are insufficient for them to meet their basic needs. This specific charge has been levied against Wal-Mart in light of that company's ongoing efforts to reduce prices paid to suppliers in China, among other countries (Lynn 2006). Wal-Mart is accused of using its dominant position as a buyer of a large range of goods to set prices on the market, with annual pressure to reduce prices among its suppliers. These suppliers are forced continuously to reduce prices for their goods, leading predictably to pressure on wage levels for their employees, loss of benefits, and a failure to improve working conditions. The pricing pressure exerted by companies like Wal-Mart leads predictably to inadequate wages for the employees of these suppliers, even if the management of the suppliers, with whom the buyer interacts directly, retains a living wage. While the buyer does not directly set the wage levels for the supplier's workers, the buyer is in a special position of influence over this vulnerable group of workers such that the buyer's duty of beneficence may be specified toward these workers. By failing to take steps to ensure that cost-cutting pressures do not result in worsening working conditions for its supplier's employees, the buyer can fail in a duty of beneficence and exploit these workers.

*Exploitation of Communities*

Entire governments or communities may be exploited during the process of trade and production. A primary instance of this exploitation of communities takes place through unjust international institutions that disadvantage entire communities in their trade relations with other countries. Thomas Pogge (2008b) has cited several instances where international institutions act in this way and have the effect of disadvantaging large sections of the developing world. For example, the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) has been cited as a legal structure that serves to inflate the prices of pharmaceuticals, in many cases beyond the point where they can be afforded in poorer parts of the world. Pharmaceutical companies in the US and other wealthy countries are said to have had a dominant role in shaping and pushing for the passage of TRIPS, and so these companies can rightly be accused of exploiting entire communities, particularly in the developing world (Pogge 2008a). Similar processes of exploitation can take place through other trade pacts, where wealthy interests help to shape these treaties to the advantage of specific, usually wealthy, interests.

These cases of exploitation are instances of micro and macro unfairness exploitation and, in some cases, exploitation as the mere use of others as well. Institutional injustice creates the potential for exploitation as the mere use of others when it serves to prevent members of some communities from meeting their basic needs. Insofar as the TRIPS agreement helps to price pharmaceuticals beyond the reach of those in need of these drugs in LMICs, then those responsible for these pricing structures and decisions may fail in a specified duty of beneficence toward entire communities given their power over the health and well being of the members of those communities (Pogge 2008a).

Powerful groups may also micro fairness exploit entire communities. This form of exploitation can take place if individuals take advantage of a global market that gives some parties in certain countries and markets unfair advantages over others. The higher prices for pharmaceuticals paid throughout the world exhibit not only a failure by influential members of the pharmaceutical industry to discharge a specified duty of beneficence, but also arguably allow these companies to shut competitors out of the market, thus creating unfairly high prices for their goods. More generally, a history of aggressive war, colonization, and trade structures that exacerbate inequality between states gives citizens of richer countries the power to shape international structures in a way that secures additional benefits for these already richer countries (Pogge 2008b). When members of the developed world take advantage of these injustices, they participate in a global economic system that is macro fairness exploitative of the less advantaged members of the world.

*Determining the Scope of Corporate Social Responsibility*

The forms of exploitation outlined in this review are relevant to wider debates about the limits of corporate social responsibility. I have argued that employers, including the CEOs and managers of large multinational corporations, have a moral duty not to engage in exploitative actions. This duty will not, of course, describe the full range

of the social responsibilities of corporations and their members, but it does make up a portion of their social responsibility. As part of the wider social responsibility of corporations, the extent and limits of the duty not to engage in exploitation can help determine whether we should accept a minimal or more expansive role for corporate social responsibility more generally.

Critics of the corporate social responsibility (CSR) movement argue that the role of corporations should be constrained to profit making, within the limits of the law (Friedman 1962; Henderson 2001). To similar effect, the call for a wider social role for corporations is sometimes justified by the capacity of stakeholder benefits to generate corporate profits and to inoculate corporations against criticism from interest groups (Jones 1995). This minimalist view of CSR maintains that corporations need not look to the social good of their stakeholders when doing so conflicts with profit seeking and is not legally required.

Alternatively, the social responsibility of corporations can be seen as being more expansive. Corporations and their members can be said to have a moral duty to look to the interests of their stakeholders, independent of whether these actions are conducive to greater profits. That is, the social responsibility of corporations toward their stakeholders might conflict with the narrower stockholder interest in profit maximization (Solomon 1993). The justification for this more expansive social responsibility can take many forms, including Kantian justifications (Bowie 1999) and social contract theory (Donaldson and Dunfee 1994), among others (Scherer and Palazzo 2007).

Each of the three accounts of exploitation gives additional weight to arguments for a more expansive role for CSR. Consider, for example, the account of exploitation as the mere use of others. If the duty not to treat others as a mere means to our own ends trumps our individual interest in maximizing our own welfare, then employers, CEOs, managers, and stockholders will all have a shared obligation not to participate in activities that serve to treat others as a mere means. More specifically, these actors will all share a responsibility not to exploit their workers. Similarly, the micro and macro fairness accounts of exploitation help to explain why a moral obligation to distribute the benefits derived from interactions fairly may require corporations voluntarily to cede benefits to their stakeholders.

While these obligations may appear to justify an extremely expansive role for CSR, this reading is not necessary. In the case of exploitation as treating others as a mere means, the duty not to treat others as a mere means needs not be interpreted to require that corporations take actions that will cease to make them profitable (Sample 2003). This duty can be limited by the interest of stakeholders in corporations to meet their own needs, even above their basic needs (Snyder 2008). The micro fairness account of exploitation is limited to situations where there is a special bargaining advantage for corporations and the macro fairness account, as construed as a political responsibility, does not require corporations to rectify all of the effects of global injustice.

Another thread of the debate over the limits of corporate social responsibility focuses on the effects of globalization on CSR. The increasing globalization of trade has undermined the ability of individual states to regulate the actions of multina-

tional corporations. As multinational corporations can choose in which countries to base their operations, they can create pressure on individual states to reduce regulatory controls that might limit the actions and profits of an individual corporation or industry. Thus, states may engage in a race to the bottom in terms of corporate governance, with the least restrictive states poised to win larger shares of global business (Scherer and Smid 2000). Moreover, many of the problems associated with globalization, including global climate change, global security threats, and the global spread of infectious disease, cannot be solved by individual states. Global institutional governance for these issues is still weak and developing, leaving a need for greater global cooperation and regulation (Scherer, Palazzo, and Baumann 2006).

Multinational corporations can either exploit this lack of governance or self-regulate with the goal of filling the void left by the inaction of states and global institutions. The social responsibility of corporations can be explicitly extended to include this global governance role, where corporations are understood not as purely private actors seeking to maximize profits, nor purely domestic actors looking charitably to the needs of local stakeholders, but as political actors taking a public role to create and reform unjust global structures (Néron and Norman 2008; Scherer and Palazzo 2007).

Macro fairness exploitation, as interpreted as the failure by employers, CEOs, managers, and stockholders to discharge their political responsibility, supports this more extensive global role for corporations (Young 2004). A theory of macro fairness exploitation can explain the opportunity for exploitation created by institutional injustice. It also recognizes that, as others take advantage of this opportunity, the ability of firms to treat others fairly and to create just institutions becomes more limited. Just as states face a regulatory race to the bottom when corporations seek to locate their operations in the least restrictive markets, individual corporations will face competitive pressure to take advantage of regulatory gaps if their peers are doing so. Therefore, the political responsibility of individual firms, if they are to avoid macro fairness exploitation, is to work with other corporations to self-regulate their actions through industry-wide codes of conduct and the imposition of global regulations that establish a more even and more just playing field for individual corporations.

While this reading of the social responsibilities of corporations is more expansive than those views that maintain a purely private role for corporations, the political responsibility model does tie the responsibility of firms to contextual factors such as the individual corporation's power to reform institutional structures and connection to the victims of injustice. The call for a greater political role for corporations is not endless and will diminish as greater global oversight of their activities is developed.

## CONCLUSION

My aim in outlining some of the forms of exploitation in business practice outside of sweatshop labor was to make the point that the moral wrong of exploitation can take several different forms. Different kinds of exploitation, with their different kinds of underlying moral wrongs, can take place at different points in business relationships and they can take place simultaneously as well. This point is essential

to clarifying the meaning of accusations of exploitation in business practice. Merely saying that a relationship is exploitative is insufficient. Without specifying which forms of exploitation are thought to be taking place, charges of exploitation will merely serve to confuse charges of wrongdoing and, over time, may aid skepticism that the charge of exploitation can serve to identify a distinct moral wrong at all.

This lesson is crucial but it also serves to raise another point about the importance of distinguishing between different forms of exploitation in business practice. Different theories of exploitation can define exploitation as either an all things considered moral wrong—that is, impermissible in all circumstances—or a reason against an action that can be outweighed by other considerations in some circumstances. In the first case, the determination of whether a relationship is actually exploitative may turn, in part, on the consequences of preventing the potentially exploitative interaction. That is, a sufficiently beneficial relationship, when preventing the relationship would lead to hardship for the potential exploitee, will simply not count as exploitative (Snyder 2008). Sample, for example, considers a case where mutually advantageous sweatshop employment requires gross inequality. In these cases, she argues, the sweatshop owner “is not degrading the workers but simply doing the best he can. He is not guilty of exploitation” (Sample 2003: 89).

In the second case, a relationship might be said to be exploitative but morally permissible. This moral permissibility is typically extended in light of sufficiently great benefits to the exploitee or sufficient hardship if the relationship were prevented. The question of moral permissibility may be limited to whether third parties, such as state regulators, are justified in interfering with an exploitative relationship. While the exploiter may act wrongly in structuring the relationship in a way that serves to exploit another person, this act of exploitation does not necessarily justify restrictions by third parties. As Wertheimer (1996) puts it, the question of the moral weight of a relationship (the intensity of the exploitative element) is separable from the moral force of the relationship (whether it would be permissible to interfere with the relationship).

The question of the moral permissibility of exploitation may also extend to whether exploitation should be counted, all things considered, as an act of wrongdoing by the exploiter. Countervailing considerations, including the potential benefit to the exploitee and lack of other, viable options for the exploiter, will be relevant to this determination. When exploitation is considered a non-conclusive reason against an action, an exploitative but morally permissible relationship may create a form of moral residue, where the exploiter may have a duty to make up for the element of exploitation or to take steps to reduce the structural causes of exploitation. On this view, when sweatshop owners find themselves with no choice but to exploit background injustice, for example, they are “right to do wrong” (Mayer 2007a: 616).

On any of these views, a relationship is more likely to be exploitative but morally permissible when it is voluntary and mutually beneficial—the kinds of cases on which I have focused this review. When coercion is used in a relationship or one party is harmed against a baseline of no interaction at all, it is much more likely that the moral force of the relationship will permit interference in the interest of the exploitee or the full consideration of moral reasons will weigh against the permis-

sibility of the action for the exploiter. In fact, the exploitee's consent and benefit can be necessary conditions for morally permissible exploitation.

These clarifications are important in light of debates over the consequences of regulations of business practice aimed at curbing potentially exploitative relationships. Continuing with the example of sweatshop labor, several of the accounts of exploitation that I consider in this review rely on empirical claims about the consequences of wage increases and stress the need to find creative ways to improve working conditions in sweatshops in the face of external constraints on wage increases. Some authors argue that wage increases can have undesirable effects on would-be workers in impoverished communities if increased labor costs lead to lower levels of employment (Maitland 2004; Sollars and Englander 2007). In response, other authors cast doubt on the negative impacts of increased wages (Arnold and Bowie 2007). Others point to the need to be creative when searching for ways to increase employee welfare while remaining competitive (Arnold and Hartman 2003, 2005, 2006). The answers to these empirical questions will be essential to determining whether exploitation takes place in specific business relationships, whether an exploitative relationship is permissible, and whether the government is justified in regulating exploitative relationships, depending on one's theory of exploitation.

More importantly, the role of the positive consequences in determining whether exploitation takes place becomes more complicated when we realize that multiple forms of exploitation can take place in a single interaction. When exploitation is considered an all-things-considered moral wrong, the determination of whether exploitation takes place entails a balancing between the wrongs of exploitation and the benefits that would be created by the interaction. Similarly, interpreting exploitation as a non-conclusive reason against an action requires balancing between the wrongs of exploitation and the benefits created by the interaction in order to determine whether the interaction is both exploitative *and* impermissible. While a single element of exploitation may not support the conclusion that a relationship is morally impermissible, the presence of multiple forms of exploitation may support a different conclusion. Should we fail to mark distinctions between different forms of exploitation, then we will be left not only without clarity as to the form of moral wrongdoing alleged by charges of exploitation, we will also be unable to determine whether an impermissible act of exploitation has taken place at all. The key lesson of this review, then, is that a discussion of when practices are exploitative simply cannot get off the ground without first discussing and understanding the different forms that exploitation can take.

In this review, I have not described all of the forms of exploitation that can take place in business practice. But this review has illustrated that exploitation takes at least three distinct forms and that clarity as to the forms of exploitation alleged to take place in business practice is essential if these charges are to serve as a useful part of the dialogue in business ethics. I do hope that this review will serve as a starting point for more research into the forms of exploitation in specific areas of business practice. Given the potential for hypothetical fair market interactions to break down and for background injustice to create bargaining asymmetries, fairness exploitation is and will remain a danger in business relationships. Furthermore, given



that poverty is unlikely to disappear soon, the potential for exploitation as the mere use of others remains strong, particularly in global business practice. In order to determine when these forms of exploitation take place in specific interactions, case studies that are more detailed than those that were provided in this review will be necessary. But with a greater understanding of the varied forms that exploitation can take, a clearer application of the charge of exploitation is possible.

### NOTES

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1. This use of the market for setting a fair or just price for wages has a long history, going back to the Scholastics and, arguably, Aristotle (Noell 1998).
2. Though Wertheimer (1996: 289–93) argues against the NWC.

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