

# Who Exploits Who?<sup>1</sup>

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This whole program is voluntary ... The men don't have to ... if they don't want to. But we need you to starve them to death if they don't (Joseph Heller, *Catch-22*).

This article considers two concepts put forward by van Donselaar in a case against basic income: 'the abuse of rights', i.e. receiving income from an asset one has no interest in working with; and 'Donselaarian exploitation', i.e. A exploits B if A is better off and B worse off than either of them would have been in the other's absence. This article argues that these concepts do not imply a solid case against unconditional transfers. Most of van Donselaar's conclusions rely on two-person examples with very specific assumptions about preferences. Under other reasonable assumptions, unconditional transfers do not involve the abuse of rights or exploitation and the proposed solution of work requirements can actually cause abuse and exploitation.

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A common objection to unconditional basic income (UBI) is that it gives something to people who do not work, leaving less for (and so exploiting) those who contribute to the social product (van der Veen, 1998).<sup>2</sup> This argument is called the exploitation, reciprocity or parasitism objection to UBI. Jon Elster (1986, p. 719) writes, '[I]t is unfair for able-bodied people to live off the labor of others'. John Rawls (2001) argues for a duty to contribute up to some reasonable minimum or possibly to one's productive potential (Cohen, 2000), but the source of this duty is unclear in Rawls (Meckled-Garcia, 2002).

Many versions of the exploitation objection fail to locate a source of the duty to contribute, but Gijs van Donselaar (GVD) makes the source of duty explicit and central to his argument (van Donselaar, 1997; 2003). His thesis, *The Benefit of Another's Pains: Parasitism, Scarcity, Basic Income* (BOAP, 1997), and article, 'The Stake and Exploitation' (2003), represent the most thorough attempt yet to derive the exploitation objection from higher principles. Philippe Van Parijs (PVP), whose argument for UBI (Van Parijs, 1995) has attracted abundant rebuttals (Reeve and Williams, 2003), did not feel that he could ignore GVD's objection, although he did not address it thoroughly (Van Parijs, 2003, pp. 207–8).

This article addresses GVD's version of the exploitation objection. The first section summarizes how GVD uses two principles, Donselaarian exploitation and abuse of rights, to argue that people have equal right to *use* assets but not equal right to *income from* assets that they have no 'independent interest' in using. He concludes that exploitation and abuse are essential to UBI (van Donselaar, 1997, p. 191). The second section argues that GVD fails to give adequate consideration



to independent interests other than interests in using assets for commerce. Land and other external assets have value outside of commercial production. The loss of access to the non-commercial use of assets is a passive contribution.<sup>3</sup> That is, it is a sacrifice that benefits the system of social cooperation that requires no action on the part of the contributor. Passive contributions also include acceptance of law, of a smaller share of social wealth and of lost opportunity to work outside of the prevailing social and economic structure. The third section demonstrates that if non-commercial interests exist, UBI need involve neither Donselaarian exploitation nor abuse of rights, and applying GVD's 'right and obligation to work' (pp. 166–90)<sup>4</sup> where non-commercial interests exist can cause exploitation and abuse. The fourth section examines whether a focus on job assets provides a possible defense, and is followed by a conclusion.

This article specifically addresses GVD's version of the exploitation objection, but it applies to other versions to the extent that they fail to consider passive contributions or non-commercial interests. Lack of attention to this issue exists to some extent in Anderson (2000), Barry (1996), Elster (1986; 1989), Gauthier (1986), Giddens (1998), Rawls (2001), Williams (2003) and White (1997; 1999; 2000; 2003a). For example, Stuart White pays strict attention to making sure 'willing beneficiaries of cooperative industry' reciprocate through work. But he pays little attention to making sure that those who have unwillingly sacrificed options to make a particular system of cooperative industry possible receive reciprocal compensation other than employment opportunities within the system (White, 2003b).

### GVD's Argument

GVD builds his argument against UBI on PVP's case for it, but it applies to any theory that envisions resource egalitarianism as equalizing the ownership of resources and equalizing the income each individual receives from a share in that ownership rather than equalizing individuals' opportunities to work with resources. This includes, for example, Dworkin (1981), Paine (1797) and Varian (1985).

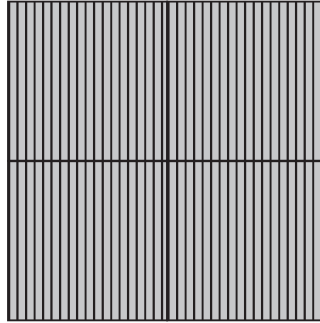
### *Crazy and Lazy*

PVP argues that the freest society maximizes the freedom of the least advantaged individual to do whatever they might want to do, and that basic income capitalism delivers that freedom (Van Parijs, 1995). He argues that taxes to support UBI do not exploit people who pay them, if they are based on 'external assets' – assets that no-one alive created but that have monetary value – such as land, natural resources, the products of past generations and, to some extent, jobs. Jobs become assets because the labor market is not perfectly competitive, allowing many workers to capture economic rents (i.e. unearned income) as part of their salaries (Van Parijs, 1995, pp. 96–130).

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**Figure 1: Land Used by Crazy**

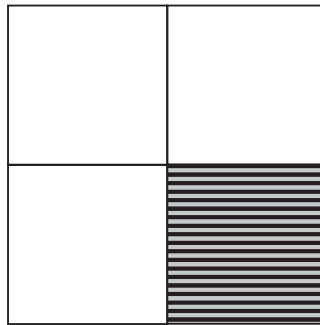

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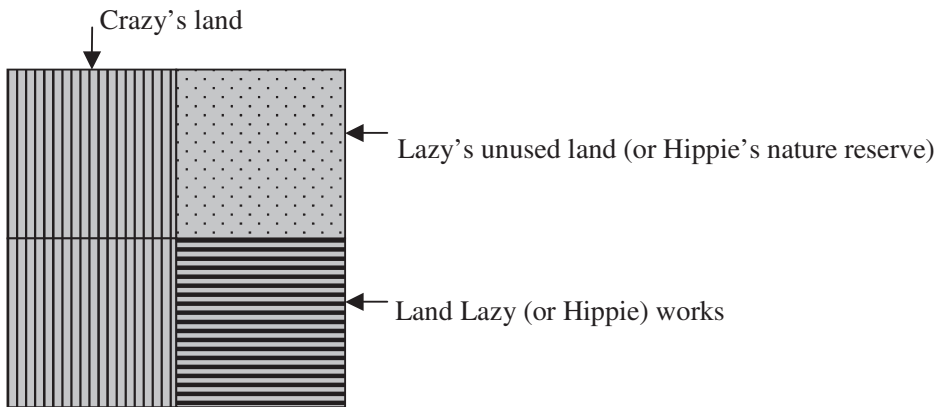
**Figure 2: Land Used by Lazy (or Hippie)**


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PVP (Van Parijs, 1995, pp. 92–6) illustrates his argument with Crazy and Lazy<sup>5</sup> who are the only inhabitants of an island with 4 units of land. Each unit of labor mixed with a unit of land produces 1 unit of the consumption good, which is subsistence. More than 1 unit is luxurious. Crazy prefers to work and consume as much as possible. Alone, she works all 4 units of land and consumes 4 units (Figure 1). Lazy prefers to work as little as possible. Alone, he works 1 unit of land, and consumes 1 unit of the consumption good (Figure 2). If Crazy and Lazy are together and endowed with 2 units of land each (without trading), Crazy works both of her units, and Lazy works only 1 of his (Figure 3). When trade is introduced, Crazy agrees to farm all of the land (Figure 1), giving 1 unit of consumption to Lazy, who subsists without working. Both are better off than before trade (Figure 3), and PVP concludes there is no exploitation under several standard definitions of it (Van Parijs, 1995, pp. 133–85).<sup>6</sup>

Figure 3: Resource Equality without Trade



### *Donselaarian Abuse of Rights*

According to GVD, the abuse of rights, or ‘marketable nuisance’ (p. 5), occurs when a person sells a right in which they have no ‘independent interest’ – an interest aside from the desire to resell it (pp. 1–3). Lazy’s trade is abusive because he has no private use for the land he gives up; he does not genuinely suffer a loss if Crazy takes it. Although Lazy has an equally legitimate claim to use assets, GVD argues, if Lazy auctions off assets without having an independent interest in them, he obtains control over ‘things that were explicitly excluded from the auction: other people’s labor and services’ (p. 131). He concludes, ‘Nuisance value is an essential element in the argument for basic income’ (p. 191). If the abuse of rights is a successful challenge to UBI, it also condemns rental income, speculation, interest on debt and most property as we know it. GVD is willing to argue for a new conception of property, but his primary focus is to establish a work obligation over UBI (pp. 166–90).

### *Donselaarian Exploitation*

GVD defines exploitation in a way PVP did not consider. Although GVD derives his definition from Gauthier (1986), I call it ‘Donselaarian exploitation’ because GVD is the first to employ it in this way and to this extent. ‘Donselaarian exploitation’, ‘parasitism’ or ‘taking advantage’ is the condition in which ‘A is better off than she would have been in the absence of B, while B is worse off than he would have been in the absence of A’ (van Donselaar, 2003, p. 98). This definition changes the baseline for comparison. PVP’s resource equality baseline compares Crazy and Lazy to Figure 3; GVD’s baseline compares Crazy to her position in Figure 1 and Lazy to her position in Figure 2. Crazy is now worse off

than she would be if Lazy did not exist (she works the same and consumes less), and Lazy is better off than he would be if Crazy did not exist (he works less and consumes the same).

Because GVD's baseline focuses on absence, it attributes effects of increased scarcity (caused by a larger population) to exploitation (Widerquist, 2005). To separate exploitation and scarcity, a different baseline might be necessary. For example, is Crazy better off with Lazy or another Crazy? Although Lazy's disappearance would benefit Crazy, Lazy's transformation into another Crazy would not. Crazy would work 2 units and consume 2 although she prefers working 4 and consuming 3.<sup>7</sup> But I will set this issue aside and focus on whether accepting Donselaar's two principles implies rejection of UBI.

### *Usury, Usurpation and the Relationship between Exploitation and Abuse*

The relationship between Donselaarian exploitation and abuse of rights is somewhat unclear in BOAP. GVD is aware that each one can occur separately, but his discussion of the difference is limited to the case of 'usury'. Insufficient attention to the relationship between them creates ambiguity: is abuse of rights condemned because it can lead to exploitation? Is exploitation condemned because it can follow from abuse? Is either one independently sufficient to condemn a transaction or does condemnation require the two together?

GVD defines usurpation as pure abuse of rights, selling an asset in which one has no independent interest (pp. 125–8). He defines usury as selling an asset in which one has an independent interest for a price high enough to cause exploitation. He allows sellers of assets to be net beneficiaries to trade relative to resource equality as long as their benefits do not exceed the point at which the sellers become better off than they would be in the absence of their trading partners (meaning with unlimited access to natural resources) (pp. 142–4). This discussion implies that GVD sees exploitation as problematic whether or not it follows from abuse of rights, but on further examination he seems to give priority to the abuse of rights.

Speculators commit Donselaarian abuse of rights (buying low with no other desire than to sell high), but if speculation is beneficial to the market, they do so without exploitation (Widerquist, 2005, p. 147). If any such abuse does not cause exploitation, GVD's effort to eliminate all abuse of rights implies that he finds it morally problematic by itself. Some markets can potentially be zero-sum games in which the fact that participants work is not enough to guarantee that they benefit others. For example, sometimes competition forces firms to advertise solely to protect their market position. Although other advertising can be beneficial to society, zero-sum advertising makes firms and/or consumers worse off than without it (Widerquist, 2005).

Donselaarian exploitation can exist without abuse of rights or without the sale of assets. For example, consider Muhammad Ali and George Foreman: Ali was the

greatest boxer of his generation. Foreman was his best opponent. Ali would be worse off if Foreman did not exist (because he would not have defeated such a formidable opponent), and Foreman would have been better off if Ali did not exist (because he would have been the greatest boxer of his generation). The intuitive appeal of Ali's right to defeat Foreman and therefore, to benefit at his expense, implies that Donselaarian exploitation without the abuse of rights is not morally problematic.

Donselaarian exploitation can also result from more clearly cooperative interaction. Suppose cooperation increases farming output: Ann can produce 4 units of consumption alone using all of the island's resources and 2 units using half. Ben is better at farming alone, producing 6 units of consumption with access to all of the island's resources and 3 units using half. Working together and contributing equally, they can produce 10 units of consumption. If they split their product equally, Ann exploits Ben in the Donselaarian sense: Ann consumes 5 instead of the 4 she would consume in the absence of Ben, who consumes 5 instead of the 6 he would consume in her absence. This judgment relies entirely on GVD's starting points. Under PVP's baseline, this transaction is mutually beneficial: Ben consumes 5 instead of the 3 he would consume in the presence of Ann without trade; Ann consumes 5 instead of 2. I do not believe that GVD would wish to condemn this incident of Donselaarian exploitation, but agreeing to PVP's baseline in this example would weaken his case against Lazy. It would be inconsistent to use one baseline for labor transactions and another for any other transaction.

One possible response would be to condemn only exploitation that follows from abuse of rights, but that concession would cause difficulty for GVD. He would have to drop his condemnation of usury, relying exclusively on usurpation, leading to strange conclusions: someone with a miniscule independent interest in an asset could sell it for enormous exploitive gains, but someone without interest would not be allowed to sell it even for a minute gain. I mention the ambiguous relationship between Donselaarian abuse and exploitation because it complicates this critique. The rest of the article tries to deal with them both jointly and separately.

### *From Two Principles to the Obligation to Work*

Whether taxes are applied to job assets, land or any other assets, GVD argues that redistribution is exploitive and abusive unless revenue is shared only with people who are willing to work with those assets. Therefore, he finds resource equality insufficient to justify *any* level of UBI (p. 180), and argues for a social obligation to accept employment (pp. 166–90).

[T]he right to exploit one's nuisance value [i.e. abuse of rights] is an *essential* element in the argument for basic income. If such a right were rejected it would

*never* be possible to infer a person's entitlement to an income without some corresponding obligation to accept work (p. 191, emphasis added).

The conclusion that resource equality and UBI are inherently abusive and exploitive relies on the assumption that a right of access to employment is sufficient to cover all possible interests in external assets. GVD explicitly makes this assumption in his models (pp. 104–65); 'Land produces income only when people work on it' (van Donselaar, 2003, pp. 96–7). Although the only work in the Crazy-Lazy example is outside of any employment system, independent toil disappears (along with all independent access to resources) when GVD discusses an industrial economy (pp. 166–205), and his conclusions ignore non-work interests entirely:

Those who are entitled to some labor-free income from the productive activities of others must be those who have an independent interest in the assets that make these productive activities possible but have no access to them, and such independent interest cannot exist without a willingness to work (p. 172).<sup>8</sup>

### *GVD's Theory of Distribution*

In the Crazy-Lazy example, GVD proposes distributing resources to people according to their interest in working with them (p. 145). Those who get smaller shares receive compensation up to the welfare level they would have reached with access to all the resources they want (pp. 154–8). Technically, he defines the X distribution, which distributes resources to equalize everyone's 'marginal purchase interest' – the amount (or the percentage) of output one is willing to give up to attain inputs (pp. 149–52). Another way to reach a similar outcome is with Maimonides' rule, 'Give an equal amount to every claimant or the full amount of his claim, whichever is smaller' (Young, 1994). GVD could interpret this as a six-step strategy: (1) distribute resources equally; (2) observe who works with their share; (3) take any unused resources (without compensation); (4) divide these equally among people using all of that resource; (5) repeat the process until all resources are used; (6) allow trade.<sup>9</sup>

When GVD moves beyond two-person examples (pp. 166–90), he argues for 'the right and obligation to work' (p. 166): job sharing, compulsory if necessary, is the preferred method of equalizing access to job rents when possible (p. 178, p. 184, p. 189). When it is not, people 'with so-called low quality jobs' receive proportional compensation from those with better jobs (p. 190) in proportion to how many days per week they are willing to work (p. 178). If most people agree that certain jobs (such as prostitution) are unacceptable, everyone will be taxed to allow people to refuse those jobs, but able-bodied people receive nothing if they refuse jobs deemed acceptable (pp. 189–90). This strategy uses employment as the only test for independent interests in any asset, skipping quickly from *independent* interests to *productive* interests to *commercial* interests as if they were all the same.

## Resources as Consumption Goods

The two-person, Crazy-Lazy model is a relatively minor example for PVP (Van Parijs, 1995, pp. 92–106), but it and other two-person examples make up the bulk of the reasoning in BOAP – both in explanations of parasitism and in the theory of how to eliminate it. Two-person models have a great advantage in focusing in on specific issues, but Jonathan Wolff (1998) argues that they have important disadvantages: they can leave out pertinent issues; they are difficult to test for representativeness; and they are often the least advantageous to egalitarian policy. I argue (both using simplified models and discussing their applicability) that GVD's analysis exemplifies the difficulty of relying on two-person examples; many of his conclusions result from assumption-specific examples that are unrepresentative in important ways.

The central problem with the Crazy-Lazy example is the relationship between Lazy's preferences and the resources he has available: he has access to all the external assets he wants – and more. Do you know anyone who enters the labor market owning more land than they want to use? Perhaps this assumption holds for a few people with extremely wealthy and generous parents, but it does not hold for most of the net recipients of UBI that Lazy is supposed to represent. A model in which the poor have all the resources they want and use government transfers to get more has extremely limited applicability to a society in which people own nothing until they satisfy an obligation to work for others.

GVD's justification for equating any interest in resources with an interest in employment is that Lazy has access to all the resources he wants to work with, and employment gives people equal access to all the resources they want to work with. Using employment to stand for all independent interests in resources relies on two faulty assumptions:

- (1) External assets have value only as factors of production, not as 'consumption goods' – goods with a direct value to the consumer. But, in fact, everyone wants (and even needs) land as a place to sleep, to live and to enjoy (Cohen, 1995; Waldron, 1993). In New York City alone, tens of thousands of homeless people are denied access to private space to sleep, eat and urinate although they clearly have an independent interest in private space whether or not they are willing to accept employment.
- (2) Conflating employment opportunities with independent interests treats 'work' in the sense of 'toil' synonymously with 'work' in the sense of 'labor' or 'employment'. Toil constitutes expending effort to achieve a goal. Employment constitutes serving the goals of a client or a boss in exchange for pay to put toward one's own goals. People can have an independent interest in toiling with resources without the desire to accept given employment, wages and working conditions. The homeless have an independent interest in building their own shelter, but they are prohibited from building even a



shanty. It's hard to say how many external assets people who refuse employment have an independent interest in toiling with, but it is much more than zero.

Economists define all non-market uses of goods as 'consumption' whether they involve toil or not. This term is somewhat misleading because some consumption activities (such as raising children, planting a garden or building a shelter) involve a great deal of effort and are very productive. I substitute the term 'non-commercial' for 'consumption' interests to emphasize that they can involve toil. There is no commercial employment in the Crazy-Lazy model; 'work' is non-commercial toil.

GVD admits – in footnotes – that non-commercial interests exist (p. 172f, p. 184f), and concedes that no-one is completely uninterested in productive opportunities (p. 175). But, he seems to believe that non-commercial interests are simply negligible, and he does not relax the assumptions of his models to take these interests into account. He does not elaborate how he can make this concession and argue that abuse of rights is *essential* to UBI. If non-commercial interests exist at all, UBI is at worst 'usury', not 'usurpation'.

Some versions of the exploitation objection treat different interests inconsistently, arguing that only work confers ownership. It is hard to see why those who want to work with and resell resources to consumers have claim to them, but people who want to consume resources directly do not. Why do ten people who want to make money playing football for ten spectators have claim to ownership of a field, but twenty people who want to play football together do not? GVD tries to rescue the exploitation argument from this problem by arguing from the higher concept of independent interest. But, trying to do without the argument that the voluntarily unemployed *do not deserve the resources they might want*, he makes the implausible assumption that the voluntarily unemployed *simply do not want resources*. If that assumption were true, the police would not need to knock down shanties.

Once employment becomes the only means to attain resources, individuals have no choice but to follow the orders and accept the wages and working conditions determined by others. Therefore, GVD's solution of reaching social consensus for employment acceptability requires binding answers to controversial questions: do all individuals agree that employment is preferable to toiling with resources for their own direct benefit? May an individual object to job opportunities based on their opinion of the desirability or fairness of such opportunities? What constitutes work? In a few cases, GVD gives extreme answers to these questions. For example, his 'feminist' case against UBI (pp. 179–85) argues that parents might prefer job sharing so that they can 'earn money half a day', and 'raise children during the other half' (p. 183), implying that the parent who wants to raise children *all* day is 'Lazy' and that her toil is not valid work. Even if parents are considered contributors, there will always be dissenters who reject society's

reward system. It is plausible to say that a democratic society has the right to decide what is worthy of reward. It is somewhat less plausible to say that anyone who refuses to seek those rewards does not deserve any access to the resources they need for survival, but it is simply implausible to say that anyone who refuses to seek those rewards has no independent interest in society's resources and rents.

### Exploitation and the Obligation to Work

If resources have non-commercial value, GVD's work test (p.147, p. 190) fails to isolate independent interests. This section argues that applying a work test when non-commercial interests exist punishes people who commit neither Donselaar-ian exploitation nor abuse of rights and can actually cause exploitation and abuse.

### Crazy, Lazy and Hippie

The following example uses toil-free interest as a proxy for non-commercial interests. Suppose Crazy and Lazy are joined by Hippie, who (like Lazy) has a strong aversion to labor, and (unlike Lazy) has a weak desire for environmental preservation (weak in the sense that he might trade it for leisure). The results below do not depend on why Hippie values land; he is merely an understandable example of an inactive interest in land, but his preferences stand for any non-commercial interest in resources.

To examine preferences in a more exacting way, this section uses simple utility theory with minimally specified functions. An individual always prefers more goods to less, but if one option has more of one good and less of another, their preference depends on the relative value they put on each good. Crazy's and Lazy's utility functions depend on two goods: consumption ( $c$ ) and leisure ( $l$ ). The difference is in consumption's and leisure's relative value (which is open to consideration), but their functions take the same form:

$$\text{Crazy or Lazy: } U_i = u_i[c+, l+]$$

For those unfamiliar with the notation,  $u_i[\dots]$  indicates that the individual's utility is some function of the variables inside the brackets. The symbol (+) indicates that utility is a positive function of  $c$  and  $l$  without specifying whether  $u_i[c+, l+]$  represents  $c + l$ ,  $cl$ ,  $Cc + Ll$ ,  $5c^2 + 4cl + 2l^2$ , or any other positive function of those variables.

Hippie's utility function includes an element that does not appear in either Lazy's or Crazy's utility functions – vacant land ( $v$ ):

$$\text{Hippie: } U_H = u_H[c+, l+, v+]$$

The relative value Hippie places on  $c$ ,  $l$  and  $v$  is open to consideration. Alone, Hippie works 1 unit of land, produces 1 unit of the consumption good and lives at subsistence just as Lazy did (Figure 2). But his utility function is different:

$$\text{Hippie: } U_H = u_H[c = 1, l = 3, v = 3]$$

$$\text{Lazy: } U_L = u_L[c = 1, l = 3]$$

### *Labor-free Income without Abuse and Exploitation*

Suppose Hippie and Crazy live on the island together. The greater scarcity of land (caused by the existence of Crazy) negatively affects Hippie (unlike Lazy). His utility function when land is divided equally but not traded (Figure 3) contains fewer goods (less vacant land) than it does when he is alone:

$$\text{Hippie: } U_H = u_H[c = 1, l = 3, v = 1]$$

From this starting point, assume Crazy and Hippie make the same agreement as Crazy and Lazy: Crazy works the whole island, paying Hippie 1 unit of the consumption good in rent (Figure 1):<sup>10</sup>

$$\text{Hippie: } U_H = u_H[c = 1, l = 4, v = 0]$$

$$\text{Crazy: } U_C = u_C[c = 3, l = 0]$$

Crazy is no better or worse off trading with Hippie or Lazy, but Hippie's agreement is free from the abuse of rights, because Hippie trades something he values. Therefore, the conclusion that a labor-free income is necessarily abusive (van Donselaar, 1997, p. 172, p. 191; 2003, p. 99) is incorrect.

Whether Hippie exploits Crazy depends entirely on how much Hippie enjoys the exchange. How the trade affects Crazy does not matter, because she would clearly benefit if Hippie disappeared. If Hippie's utility is greater than in Crazy's absence, he exploits Crazy without abusing him, committing 'usury':

$$\text{If } u_H[c = 1, l = 4, v = 0] > u_H[c = 1, l = 3, v = 3] \rightarrow \text{exploitation (usury)}$$

This conclusion is easier to see if Hippie's utility function is specified. Suppose it takes a simple additive form:  $Cc + Ll + Vv$ ,<sup>11</sup> where the capital letters are coefficients showing his relative desire for each variable. Under this assumption, Hippie exploits Crazy if:

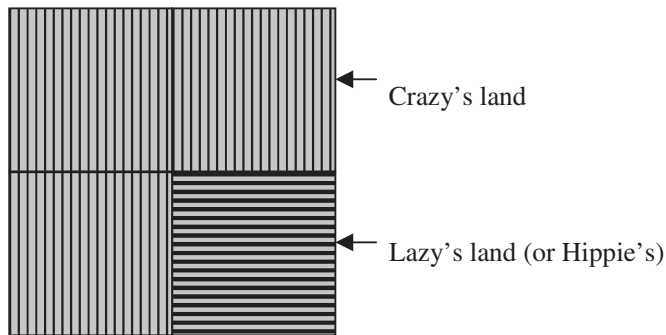
$$C1 + L4 > C1 + L3 + V3$$

which simplifies to:

$$\text{If } L > 3V \rightarrow \text{exploitation (usury)}$$

In words (rather than mathematics): if the value Hippie puts on leisure is greater than three times the value he puts on vacant land, he exploits Crazy, but if not, the trade is exploitation free.

The acceptable price varies with the seller's preferences: the more Hippie enjoys vacant land the greater the exploitation-free price. This fact causes both practical and ethical problems. The practical problem is obvious: Lazy can easily pretend he has Hippie's preferences. Without perfect information, society has to consider

**Figure 4: Land Distributed According to Individuals' Willingness to Work with It**

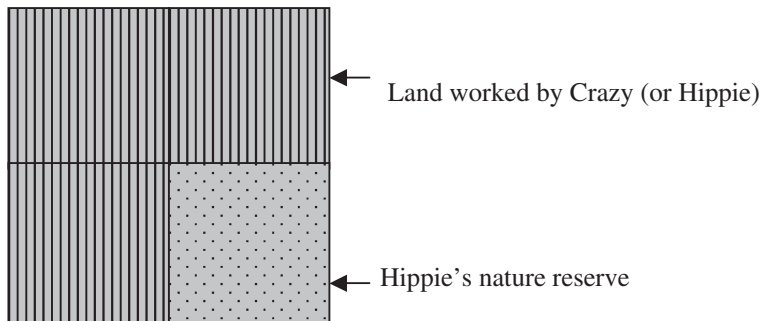
whether it is more important to prevent people like Lazy from making abusive trades or to allow people like Hippie to make abuse-free trades.

The ethical problem is less obvious but equally important. Suppose Hippie, Lazy, Crazy and Moderazy live on the island together. Call that vacant unit of land behind their garden a 'backyard'. Lazy has no independent interest in his backyard; Moderazy has a moderate interest in his backyard; and Hippie has a great interest in keeping all three yards undeveloped. Lazy, Hippie and Moderazy make the same passive contribution to Crazy's production (giving up their backyard), differing only in how much they miss it. With perfect information, the principle of independent interest requires Lazy, Hippie and Moderazy to sell their lots at very different prices. Hippie can receive compensation bringing him up to the welfare level he would get from *all three* backyards, Moderazy receives less and Lazy receives nothing (pp. 154–9). Suppose they reply, 'It's my backyard. The price that makes me indifferent is not enough. You can't have it unless I share in your net gains from using it, and unless you pay me what you paid him'. I am not sure they are obviously wrong to say this, but the right to say it gives Moderazy the right to so-called usury and Lazy the right to usurpation.

### *The Work Test as the Cause of Exploitation*

The previous section allowed trade starting from resource equality as in PVP (Van Parijs, 1995) and Dworkin (1981). This section applies GVD's method of equalizing access to work with resources (by equalizing individuals' marginal purchase interest) (pp. 148–53). What percentage of output is Hippie willing to give up for vacant land? None; producing output would defeat his purpose for purchasing it. Crazy, however, produces output to trade for more land, and can attain the 3 units of land Hippie will not work, leaving Hippie with 1 unit (Figure 4). Maimonides' rule would result in the same distribution in this instance.<sup>12</sup> Figure 4 becomes the basis for further negotiations, denying resource

**Figure 5: One Possible Distribution of Land as the Result of a Deal between Crazy and Hippie**



equality to Hippie, not because he violates either of GVD's principles, but because his independent interests do not involve production.

At Figure 4, both Hippie and Crazy are worse off than they would be in the other's absence:

$$\text{Hippie: } U_H = u_H[c = 1, l = 3, v = 0]$$

$$\text{Crazy: } U_C = u_C[c = 3, l = 1]$$

Hippie has no nature reserve, and it's difficult for him to get one. He can own land only as long as he works it, but as soon as he stops working a unit of land, it becomes available for whoever will work it. To get vacant land he has to pay Crazy to give up his right to work with it. If Hippie is willing to give up more leisure for vacant land than Crazy is willing to give up consumption for leisure, trade becomes possible. For example, Hippie agrees to work 3 units of land; Crazy works nothing at all; Hippie gives Crazy 2 units of consumption in exchange for Crazy's promise not to exercise her right to work the fourth unit of land (Figure 5). In this case, Hippie enjoys 1 unit of leisure, 1 unit of consumption and 1 unit of vacant land. Crazy enjoys 2 units of consumption and 4 units of leisure:

$$\text{Hippie: } U_H = u_H[c = 1, l = 1, v = 1]$$

$$\text{Crazy: } U_C = u_C[c = 2, l = 4]$$

Hippie is worse off than he would be if Crazy disappeared, but Crazy is not clearly better or worse off. She enjoys a position that would not be possible without Hippie ( $c = 2, l = 4$ ), but she exploits only if she enjoys it more than being alone ( $c = 4, l = 0$ ). Crazy exploits Hippie if:

$$u_C[c = 2, l = 4] > u_C[c = 4, l = 0]$$

Again, this is easier to see with an additive utility function:

$$\text{If, } C2 + L4 > C4 \rightarrow \text{Exploitation (usury)}$$

This simplifies to:

$$2L > C$$

That is, if Crazy enjoys a unit of leisure more than twice as much as a unit of consumption, he exploits Hippie in both the Parijsian and Donselaarian senses. That is, exploitation occurs whether the outcome is compared to being alone (Figure 2) or to untradeable resource equality (Figure 3). Therefore, a rule that distributes resources to those who want to work with them can cause exploitation.

### *The Work Test as the Cause of Abuse of Rights*

Abuse of rights is possible with slightly different assumptions. Suppose Hippie remains the same, but Crazy is less crazy. Alone, she works only 2 units of land instead of 4, making Figure 2 the starting point for negotiations. Crazy has no independent interest in more than 2 units of land, but suppose she can use land in a more wasteful manner. By planting the rows of her crops farther apart, she can use 3 units of land to produce the same 2 units of consumption at the same expenditure of 2 units of effort. She has a dependent interested in wasting land because of the possibility that Hippie will pay her to stop.<sup>13</sup> This is usurpation or abuse of her right to work.

From this starting point, Crazy and Hippie can strike the same bargain as in the previous section (Figure 5).<sup>14</sup> However, in this case, Crazy gives up nothing of value to her; she consumes the same amount she would in the absence of Hippie while enjoying more leisure. Crazy is better off and Hippie worse off than either would have been without the other, creating Donselaarian exploitation as well as abuse.

I do not see a substantive ethical difference between the usurpation in this example and in GVD's example (van Donselaar, 1997, pp. 125–8; 2003, pp. 98–9). However, this usurpation was made possible by the rule GVD proposed to prevent Lazy's exploitation of Crazy. The substantive effect of GVD's distribution rule is not to reduce exploitation and abuse but to give advantage to people with one *kind* of interest (commercial interests) over people with all other kinds of interests. Although Hippie wants as little land worked as possible, nearly all the land is worked, and he has to work it. Crazy gets most of the consumption and leisure, simply because she is more willing to convert resources into consumption. Therefore, a rule that distributes resources based on people's willingness to work with them eliminates neither abuse nor exploitation; it merely changes who exploits whom.

### *Beyond Two-person Examples*

This subsection extends the Crazy-Lazy example slightly, and then moves away from two-person examples. Suppose another agent, Society, asserts sovereignty

over Lazy and Crazy's island. Society extends membership to Crazy and Lazy, but because they are only two individuals among many, their votes are not decisive. Society decides employment is the only toil worthy of being called 'work' and of establishing claim to external assets, effectively forcing Crazy and Lazy to work for Society. Crazy's and Lazy's jobs make a net contribution to Society. They have more consumption than they did working alone, but they are less happy. Lazy misses his leisure time; Crazy misses doing her own work. Society commits Donselaarian exploitation against Crazy and Lazy: Society is better off and they are worse off than either group would have been in the absence of the other.

Imagine a colonial power forcing hunter-gatherers in West Africa to bid against private firms for land (or laws in Czarist Russia preventing peasants from moving on to the Siberian steppes without employment). Suppose firms bid for land, not because they want it, but because they know the natives cannot pay for it without abandoning their lifestyle and accepting jobs. This is Donselaarian usurpation. Suppose firms have an independent interest in the land, but the bidding system nevertheless forces natives to accept jobs that make the natives worse off and the firms better off. This is Donselaarian usury.

Is this situation implausible in the modern world? Imagine the more powerful group in a democratic society denying UBI to workers, not because it makes them better off than they would be with direct access to resources, but because the more advantaged benefit if the poor have no choice but to accept the available employment opportunities and the going wages. This scenario is not necessarily what GVD envisions, but it is a power his distribution rules would allow. As long as access to resources is conditional on performing services for others, the conditions can harm those who prefer direct access to resources.

Is it implausible to think that there might be millions of low-level workers who would trade the 60 or 80 hours a month they currently spend working to pay their rent for the opportunity to build and own a home even if it were a log cabin? If there are any such people, and if the rest of society benefits from the work they do to pay their rent, the rest of society commits Donselaarian exploitation against them – an instance of exploitation that would not be possible if people were entitled to housing without a work obligation.

The pre-trade starting point of an individual in an industrialized society with a work obligation is thousands of dollars below the starting point of an individual who has access to their own resources. In PVP's and GVD's Crazy-Lazy examples both participants start with unconditional access to all the resources they need without having to follow anyone's orders. This fact alone does not prevent Donselaarian exploitation, but it does give them the power to say no to exploitation if they would rather live their own way. A work obligation gives individuals no power to reject exploitive offers.

## Jobs as Assets

The discussion so far has not considered job assets, which make up the bulk of the tax base PVP proposes to finance UBI. This is justified, because GVD did not intend for his argument to be limited to job assets, and most of his examples use other assets (van Donselaar, 1997, pp. 116–21, p. 129, p. 131, p. 138, p. 181; 2003, pp. 96–101). However, he believes his reasoning is stronger for job assets than other assets, arguing that no-one has an interest in an unfilled job (p. 172f). This section discusses three reasons why job assets do not greatly limit labor-free income within a theory based on Donselaarian exploitation and abuse of rights.

### *Differences in Efficiency*

GVD's discussion assumes that all people work with assets in the same way, but people have interests in using assets – even job assets – differently, and some use them more efficiently than others. Therefore, less efficient users can trade their assets to more efficient users for labor-free income without abusing rights. If so, the work test is insufficient to determine an interest in job assets.

### *Donselaarian Exploitation is not Determined by the Market Value of Assets*

According to BOAP, it is not the level of rent on natural resources that determines its value; 'If a person's position is worsened through the acquisitions of others he should be compensated, but the level of compensation ... is determined by the use he could have made of the goods that are appropriated by others, not by the market value of their appropriations' (p. 87). GVD mentions this principle as a *limit* on the level of basic income, but it can as easily justify redistribution of more than market value of one person's share of rents on resources, because a person can receive compensation up to the welfare level they would attain if they had unlimited access to resources (p. 156). For example, Hippie can demand compensation from Crazy up to the welfare level he would have experienced if Crazy did not exist and Hippie was able to enjoy all *four* units of land rather than his share of two. If Crazy's interest in Hippie's land is sufficiently strong, he might have to give up (some) job rents as well as land rents to get it.

Imagine that New York City disappeared, leaving a few of its laziest homeless people in the primeval woods. They could build log cabins, hunt, gather, fish, drink clean water out of a stream, collect firewood and establish reasonably sanitary latrines. Because other people's property rights take away this opportunity from individuals without their consent, it seems that they have an independent interest in claiming enough compensation to provide food and shelter with heating, water and sanitary waste disposal.

Subsistence is not necessarily an upper limit to labor-free income, for two reasons. First, Donselaarian exploitation is measured in welfare terms, and so anyone who



would be honestly happier if others disappeared can claim unlimited compensation without committing exploitation. Second, the advantages of cooperation are not the sole province of the dominant group of society. One could argue that a single person on their own could at best provide their own subsistence. However, the baseline (A exploits B if A is better off and B worse off than either would have been in the absence of the other) would seem to allow any individual or group A to compare its well-being to how well they would have been if any individual or group B disappeared, or if group A could live under their preferred social arrangements. Some such groups might be large enough to take advantage of economies of scale and complex technologies making high living standards possible. A system with a social obligation to work would force members of these groups to work for years or decades before they could save enough money to buy the external assets they need to create their own communities, making them worse off and the rest of society better off.

This article cannot definitively answer whether such groups should have a right to secede or whether society should compensate or ignore them. It merely argues that such groups can receive labor-free monetary compensation without committing Donselaarian exploitation or abuse, and that ignoring their claims can cause Donselaarian exploitation and abuse. Unlike a work obligation, UBI does not exploit such groups, because it does not demand anything of them. UBI partially compensates people for the passive contributions they have made to the existing system of social cooperation, and it creates at least some opportunity for people to pursue their own views of the good life that may differ from the particular employment opportunities offered by the dominant group. In that sense, UBI is a limit to society's ability to exploit individuals, for the majority to exploit minorities and for the strong to exploit the weak.

### *Are Jobs and Job Rents Inherently Connected?*

Excluding rent on job assets from labor-free income relies on the belief that those rents have some inherent connection to jobs. GVD argues, along with Andrew Williams (2003), to the extent that jobs are assets, they are assets that have no value unless they are combined with work: why share the unearned portion of a carpenter's income with people who refuse to be carpenters? He concludes that rents from job assets should be equalized between workers but not with the voluntarily unemployed (pp. 166–90).

A tacit assumption seems to underlie this reasoning: if there were a perfect market the *unearned* portion of the income from Job A would become part of the *earned* income of Jobs B, C, D, etc. But there are two other possibilities. A perfect market might attribute that unearned income to the scarcity (or nuisance) value of resources, or it might be passed on to consumers in the form of lower prices and greater utility. Evidence against these possibilities is required to support the conclusion that only workers have an independent interest in job rents.

Efficiency wage and insider-outsider theories do not necessarily say that workers generate unearned income, but that they capture rents that exist in the industry. It's hard to say where that rent originates, but part of the price you pay for any product is that the producer owns the resources that go into it and you do not. This is Donselaarian nuisance value, and the fact that the producer has worked with those resources does not eliminate the possibility.

If rents are not inherently connected to jobs, it does not make sense to share them only with workers, but if they are inherently connected to jobs, it may not make sense to equalize them across jobs at all. Suppose advertising executives receive large job rents in an unregulated market. Carpenters receive small job rents. A is an advertising executive and is unwilling to be a carpenter. B is unable to find the job she wants as an advertising executive and is unwilling to be a carpenter. C is a carpenter who is unwilling to be an advertising executive. Why is C, who is unwilling to take A's job, entitled to a share of A's rents while B, who is willing to take A's job, is not? Why is A entitled to receive any unearned job rents and B is not, when both are willing to do the same job? An independent interest in particular job rents implies that everyone should have a list of the jobs they are willing to do, and should receive a share of the rents for those jobs as long as they are willing to accept any job on that list rather than an equalization of rents among all of the employed. Such a policy would allow people who are only interested in jobs they are unqualified for effectively to attain a basic income.

If job rents are not inherently connected to jobs, but rather something workers capture between owners of resources and consumers, a much better case exists for UBI than for a mandatory job. Suppose several people live on an island. Land is scarce and inhabitants have divided it into plots where they are each able to gather more than enough food to live on without any genuine toil. If a baron asserted ownership of the island's only water source, he could extract pure nuisance-value rents from everyone else.

Suppose, instead of a baron, several people decide to work with the water by bottling it. Everyone else values bottled water and is willing to give the bottlers a small part of their consumption for the added value of this service. The bottlers then decide that because they work with water, they are the owners of water, and people who want any water must buy it from them. If so, they can capture the nuisance value of water plus the value of bottling it. To protect their investment the bottlers hire lawyers, advertisers, industry analysts, and so forth. Through efficiency wages, nepotism, insider advantage and other market imperfections, employees in the bottling industry capture much of the industry's rents in their salaries so that very little of the revenue in the water industry is officially attributed to profits on water ownership.

The abuse of rights principle defined in the early chapters of BOAP implies that consumers ought to be able to remove all nuisance value from the price they pay for water, limiting workers' income to the value added from bottling it. The

solution GVD offers in the later chapters instead says that anyone willing to do some form of work should have a share in the rents captured by employees, but someone who refuses to do so has no claim. That solution does not remove nuisance value from the water industry; it merely allows everyone the opportunity to get in on the game. This conclusion conflicts with GVD's statement that equalizing the opportunities for abuse of rights is inferior to removing them (p. 187). To the extent that job rents represent captured resource rents, equalizing job rents among people who 'work' merely equalizes access to nuisance value. If the crux of Donselaarian theory is the desire to eliminate one party's ability to extract nuisance value from the sale of resources to other parties, giving the income from resources only to those who wish to work with and sell resources to others is a poor strategy, but that is what distributing resources to those who accept employment amounts to.

## Conclusion

The goal of this article is not to refute the principles of Donselaarian exploitation and abuse of rights but to question their application. If GVD's theory is the examination of those two principles, this article could be considered merely a further development. But, if Donselaarian theory is a foundational argument for the exploitation objection to UBI and stakeholding (as it is largely presented), this article can be considered a refutation. GVD's conclusions against labor-free income and for a social obligation to work cannot be derived from his two principles without the implausible assumption that independent interests in external assets are synonymous with interests in accepting employment. In attempting to derive a work obligation from the higher principle of independent interests, he has assumed away any factors that make independent interests different from interests in employment.

This article has also argued that applying a social obligation to work when the assumption (that willingness to accept employment is synonymous with an interest in resources) does not hold can cause Donselaarian exploitation and abuse of rights. This article has not examined what kind of distribution of property would exist in a society dedicated to eliminating Donselaarian exploitation and abuse of rights except to show that there is little reason to believe that it needs to be one without labor-free income. If the poor and the property-less are the most vulnerable to exploitation, UBI can help protect them.

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## Notes

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- 1 The author is aware that, strictly speaking, the title should be 'Who Exploits Whom?' but has chosen this title for reasons of euphony.
- 2 Van der Veen describes the exploitation objection without endorsing it.
- 3 Pascal Couillard coined this term (personal correspondence).
- 4 Unless otherwise specified, page numbers refer to BOAP (Van Donselaar, 1997).
- 5 Assume Crazy is female and Lazy and Hippie (introduced below) are male. Their genders are unimportant, but using two different pronouns adds clarity.
- 6 Including Lockean, Lutheran (Marxian) and Roemerian exploitation.
- 7 Thanks to an anonymous referee.
- 8 'Work' in this context means employment (pp. 171–2).
- 9 GVD (personal correspondence).
- 10 Assuming units of land are indivisible, this is the only purchase Crazy can make that could be better for the two participants than their starting points. If land were divisible trades involving a small nature reserve would become possible also.
- 11 Additive functions are actually an oversimplification because they imply complete specialization of consumption. But more complex functions would not change the outcome of the purpose for which I am using them.
- 12 Maimonides' rule will not always lead to the same distribution as the X distribution. However, depending on how a person's claim is defined, Maimonides' rule is vulnerable to the same exploitation problems and, therefore, I will leave it aside.
- 13 She might also have a dependent interest in annoying Hippie, as in GVD's Keller vs. Doerr example (p. 2).
- 14 Another outcome is possible in this case. Hippie might farm only 2 units of land and leave the other 2 in reserve. That trade is abusive but not necessarily exploitive, but it is only necessary to examine an example of exploitation, not all the possible cases.

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