

Warren J. Samuels

## A Critique of the Discursive Systems and Foundation Concepts of Distribution Analysis\*

Abstract: Productivity and exploitation theories of distribution are identified as alternative discursive systems. Both are shown to have analytic and interpretive strengths but also to be relative vis-à-vis the bases by which conclusions in terms of exploitation and productivity, respectively, are reached and stated. A third, nonideological (and therefore less emotionally satisfying) alternative mode of discourse is suggested: appropriation theory, focussing on power and inequality but without normative judgment. The work of Max Weber is used to illustrate appropriation theory.

Insofar as economic actors are motivated by a desire to maximize their respective incomes and wealth, rather than the allocation of resources to the production of particular outputs, distribution is, as David Ricardo said, the central problem of political economy. Whatever else its concerns, economic science has political or policy significance with regard to distribution. Such may be its ultimate significance.

There are three discursive systems, each with a distinctive foundation concept, through which alternative notions or schemes of distribution enter economics as both explanation and rationalization. These are productivity, exploitation, and appropriation. This paper presents a comparative critique of these systems and concepts.

Although particular theories of distribution are treated as examples of their respective genre, the terms productivity, exploitation, and appropriation as used here refer to three distinct modes of discourse. Each of these three systematizations of ideas expresses, through its distinctive foundation concept, a set of images internal to the structure of thought and of which each theory is one expression, a particular modeling of its genre.

Accordingly, the analysis presented here is relatively abstract and schematic. It also is intended to be positive, not normative. It should not be inferred that a position is taken on a wide range of normative issues to which the evocative roles of exploitation and productivity theories, in particular, relate. In emphasizing positive analysis, I do not denigrate the normative values of productivity and exploitation theory. The former is closely intertwined with certain conceptions of justice, and, indeed, certain strands of the latter depend upon the non-realization of the productivity criterion as the basis of its position. Moreover, one would have to be extremely morally insensitive and ignorant not to acknowledge the exploitative sit-

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uations which have occurred since ancient times. It is not the intent of this study to diminish the categories of exploitation and productivity.

It will be argued, first, that the concepts of productivity and exploitation are selective and thus normative in requiring a base in order to reach substantive conclusions. Therefore, they are necessarily subjective and relativist. Second, it will be argued that since the concept of appropriation does not involve a base, it is less presumptive, although it also is less ideologically or normatively satisfying.

To repeat, to say that productivity and exploitation approaches are normative is not to denigrate them. Moral choice is characteristic of distribution as a problem and a process. Accordingly, it is useful and desirable to have normative discursive systems of distribution. While some may believe that nonnormative systems are not worth having, I believe that both decision making and objective analysis can use and, indeed, require positive, nonnormative systems of thought, such as the appropriation approach.

The intractable substantive problem is to achieve a truly nonnormative system of analysis. This is the problem of separating is from ought. The differentia specifica of the productivity and exploitation approaches lies in their inevitable, distinctive ethical connotations. These are, or can be, absent from the appropriation approach, although it has, in common with the other two, certain normative elements, for example, in the manner in which particular theories model the structure of distributional processes. The appropriation approach, however, while normative in respect to modeling, is nonnormative in its foundation concept.

#### The Necessity and Role of a Base

The concepts of productivity and exploitation are from a class of ideas requiring the assumption of a base by which the particular concept can have specific substantive meaning. A common example is the idea of subsidy. One person's subsidy is another's rightful income, or simply income. In order to specify something as a subsidy, some premise must be introduced which indicates the condition(s) in which subsidy is absent and the condition(s) in which departure from the base constitutes a subsidy. In order to establish internal cross-subsidization in public utility pricing, for example, one must be able to identify the prices in relation to which the cross-subsidization exists, and to do so requires the specification of the base. If there is no possible conclusive base - if the prices are a function of different cost allocation rules from among which there is no conclusive basis to choose - then it is impossible to specify cross-subsidization with any degree of objectivity and finality. (That people do so with some confidence illustrates the power of illusion, selective perception, and/or the blandishments of paid expert testimony, as well as the myths of utility regulation.) Other examples in this class of concepts include grants,<sup>1</sup> regulation vis-à-vis deregulation (Samuels 1979), over- and underproduction of public goods (or government spending) (Samuels 1980), productivity, and exploitation.

In order to label a situation exploitative, for example, one must be able to identify the exploitative situation as opposed to one which is not. Any citing of exploitation is explicitly or implicitly premised on the selection of a basis for saying so. There are a number of different specifications of exploitation, and each involves a choice of a base by which that condition is deemed to exist (see below). Each selects a certain criterion or interest as the basis for determining the presence or absence of exploitation. These bases ultimately deal with distributional propriety. Only by adopting such a base can a gap be indicated vis-à-vis reality that then can be designated exploitation; such a designation signifies departure from a chosen base. With different assumptions as to the choice of base, different perceptions and conclusions may be reached as to the existence and nonexistence of exploitation. Given the plurality of possible choices, the base, and therefore the identification of exploitation which it permits, is relativist, normative and tautological. (These arguments also hold for the productivity approach.)

By relativist I mean that the judgments about specification of base differ among persons, particularly in the choice of productivity or exploitation as the discursive system and foundation concept. By normative I mean that the analysis carries implications concerning ought, good, and propriety (or their opposites), which are a function of choice. By tautological I mean that a conclusion gives effect to (and is thereby a manifestation of) a premise or reflects the particular discursive system from which it arises. No pejorative implications are intended by using these terms in these ways.

As already suggested, the choice of base deals with distributional propriety. Ultimately, some notion of proper systemic relations and evaluation of asymmetrical position is involved. Without trying to provide an exhaustive taxonomy, these bases are of several types, stressing (1) entitlement (with the discernible subtypes of achievement, contribution, productivity, honorific status, sacrifice, deprivation, functional role), (2) objective structural relations, (3) technical relationships, (4) some subjective quality, and (5) systemic congruence. In most of what follows, I will be treating the general category of exploitation, for example, without further identification of subtype, the argument applying universally, although at one point I shall dwell on Marx's conception. Certain specification problems should be noted. First, although belief in reward in accordance with contribution to others is widespread, the specification of "contribution" varies considerably (Homans 1978, 533). Second, the concept of productivity is made ambiguous by the fact that access to income is skewed by elements of hierarchy in society and by the idea that society enters into the production of individual incomes, concepts which are themselves somewhat ambiguous (Groves 1958, 22-23). Some view progressive taxation in the West as a license for the poor to expropriate the income of the rich (Gardner 1978, 55), just as some in the Soviet Union believe that altering the principles of distribution would rob people of their higher incomes received under existing policies (Katsenelinboigen 1978, 148). Third, productivity as measured by price may depend upon the mechanism determining prices and the specific

conceptualizations of income categories such as interest, rent, and profit (Tribe 1978, 26, 127, 129 et passim).

### Productivity

Carl Christian von Weizsäcker has said that "the political relevance of the concept of exploitation cannot be denied" (Weizsäcker 1973a, 245). He adds that the Marxian paradigm (in which, of course, exploitation plays a central role) has the "fascinating double nature of a scientific system and a political and personal ethic" (Weizsäcker 1973b, 1245). Karl Brunner says that he does not "wish to deny that 'exploitation' in some meaningful sense can occur and probably does occur under specified circumstances" (Brunner 1970, 567)<sup>2</sup>, but Paul Samuelson believes exploitation may well belong to the class of words about which it is naive to think that if the "word exists, there must always then exist some obvious real phenomenon corresponding to it". In his view, concerning exploitation, "what is involved is a 'value judgment' about the distribution of wealth ownership, not an alternative scientific finding" (Samuelson 1976, 545). I agree with Samuelson concerning the inevitable value judgment, particularly in the matter of the base by which exploitation is identified. But I disagree with his implication (or assumption) that productivity theory is the scientific finding (to which exploitation theory is not an alternative scientific finding) and that productivity theory is not normative (but scientific). It is my view that productivity theory is normative in precisely the same respect as exploitation theory, and that each exhibits normative and positive dimensions. To hold otherwise is, to paraphrase Keith Tribe, to maintain as reality and/or science the privilege of one discursive order over another (Tribe 1978, 8-9). I am principally interested in productivity as a discursive system in which distribution is reckoned in terms of the foundation concept "productivity". In this system of belief and perception, income is seen as a surrogate for (indeed, an indication of) productivity. Individuals comprehend income (their own and that of others) in terms of productivity. The principal form which this discursive system takes in economics is neoclassical productivity theory, and my analysis principally uses it. I recognize that productivity theory has been formulated differently by various persons. Here, I do not consider the specific-marginal-product theory of John Bates Clark. Rather, I use a sophisticated modern theory in which productivity involves principally, if not entirely, a theory of factor demand (not pricing), and the equality between factor price and productivity holds only at equilibrium, and then only as an element in the equilibrium equation. It is the "productivity" in that equation which I consider. The neoclassical approach to questions of distribution essentially involves productivity. The neoclassicists assume a given initial set of entitlements and explore income distribution as a matter of the disaggregation of productivity through factor pricing. Income distribution is a matter of market productivity. The neoclassical approach is productivity analysis to

the extent that the initial set of entitlements (the distribution of wealth in all forms) is presumed to reflect past productivity. This is essentially an entitlement approach (see above), with entitlement understood in terms of contribution or achievement, and with contribution understood in terms of market productivity.

Two aspects of neoclassical productivity theory should be clarified. First, productivity is understood not in physical but in value terms, and value productivity is seen as a function of market forces. Second, neoclassical theory is not the specific productivity theory of John Bates Clark, which attributed specific output to specific individuals. Nonetheless, productivity is the language of discourse, that is, distributive returns are reckoned and discussed in terms of their receipt by specific factors of production - land, labor, capital and so on. Claims to income are seen as deriving from productive agency within the market. While the sophisticated modern version of productivity theory does not follow the naive version of J. B. Clark, distribution is analyzed in terms of factor productivity. For all its technical deficiencies, productivity (or marginal productivity) theory is the "good old theory" for which an acceptable substitute has not yet been found within neoclassicism.

Productivity theory, however, is tautological, relativist, and normative with regard to its base. Its reasoning is circular in that it lacks an independent confirmation for its assertions. It argues that greater productivity will receive more income, and that the evidence for greater productivity is that larger income is received. This is essentially the articulation of a paradigm in which one element of an equilibrium equation (marginal factor prices) is identified as productivity. Other than this interpretation, however, there is no independent test of the relation between factor returns and factor productivity. Factor returns define factor productivity. Conclusions in terms of or as to productivity give effect to (and are tautological with) the use of productivity as the category of analysis and the definition of productivity as being market factor returns.

Productivity theory is relativist in a number of ways. The first lies in the choice of productivity per se as the base for distribution theory. The second lies in the definitions of output used in the analysis (Samuels 1978). The third stems from its use of the value productivity concept: Market prices are, at least in principle (and, of course, largely in practice), determinable, but they are essentially arbitrary, constituting episodic resting places in the interactions of demand and supply forces in a network of multifaceted interdependences. As with value productivity, to use Frank Knight's felicitous phrase, productivity is a relative absolute, not an absolute absolute. Productivity is a name given to an element of an equilibrium condition, the quantitative magnitude of which is episodic, not intrinsic. In neoclassical theory, productivity is, paradoxically, an intrinsically relativist concept. It may be attributed within the paradigm to factors of production, but the market paradigm has no fundamental place for the idea that a specific change in technical productivity may be caused by an improvement in efficiency by workers,

material suppliers, capital suppliers, money markets, changes in consumer tastes, and so on (Ezekiel 1957). Any such change is washed out through the play of market forces, and any portion that factors of production receive is denominated productivity.

A fourth relativist aspect is that the same point is also true on a different level of abstraction: Factor prices and market distribution of income are specific to the structure of rights and uses of government which enter into their formation. Just as there is no unique Pareto-optimal solution, there is no unique set of factor prices or pattern of income distribution. A change in the rules governing access to and participation in the market will produce a change in factor prices and income distribution. Productivity as a function of the market mechanism thus is relativist insofar as the structure of that mechanism, as an institution, and the power structure which operates through the market are malleable. Markets have been deliberately contrived and manipulated in order to channel factor prices and income distribution (Seidman 1973). Accordingly, productivity as adduced by neoclassical productivity theory is related to and made conditional and relativist by that contrivance and manipulation.<sup>3</sup>

Finally, neoclassical productivity theory (and the productivity discursive system) is normative with respect to both the choice of productivity as the basis of distribution analysis and the nature of the idea of productivity as such. Positive economic analysis can be conducted under the aegis of productivity. Such work will be normative in the senses just indicated and positive insofar as it describes and/or explains income distribution without further normative premises.

Technical productivity theory is, for economic science, a sophisticated analog of popular cultural and ideological belief in a mythology of productive agency in which entitlement is reckoned in terms of achievement, and that is assessed in terms of productivity. This is typically comprehended, even within the discipline of economics, in methodologically individualist terms. In actuality, both in fact and theory, productivity is a function of the methodologically collectivist operation of the market (and the economic uses of government which channel it). Productivity analysis serves in part to promote systemic security and production incentives, for which purpose it is important that distribution be believed and explicated in terms of productivity.<sup>4</sup> The concept of productivity is therefore consonant with a vision of the socioeconomic system as harmonious and with a view of the individual as largely an autonomous agent. It thus functions to reinforce existing arrangements (however selectively perceived). The irony arises, of course, from the tautological and relativist character of productivity analysis, as discussed above. In particular, productivity is specific to the rights structure, which rights govern definitions of output as well as factor prices, and market exchange is a function of power structure, which is itself a dependent variable. (There is further irony in that productivity analysis could be interpreted to encompass a conception of the Georgian single tax, that is, one which collects for society the productivity arising from factors

and forces transcending individual economic participation in the market.)

When comprehended on its own terms, productivity theory provides an intelligible and serviceable explication of distribution. But this explication is specific to its choice of base. Productivity theory, moreover, is establishmentarian, or largely so, giving effect to (especially vis-à-vis exploitation theory) the views of those who accept, and who therefore seek only to explain and rationalize, the regnant economic order and distribution within the system. Productivity theory can be positive within its substantive assumptions. It is normative with regard to its choice of productivity as interpretive base and category and its overriding consonance with a harmony theory of socioeconomic order. Comprehended within the matrix formed by its juxtaposition to other approaches to distribution, productivity theory is as relativist and normative as any exploitation theory.

### Exploitation

Exploitation, as the word is used outside such areas as natural resource management, is a kaleidoscopic and pejorative term: It has been used to refer to a variety of situations and results, and it is almost always employed to tender obloquy. The predominance of the productivity paradigm in economics, and especially distribution analysis, has not prevented fairly heterodox thinkers within mainstream neoclassical economics from identifying lines of reasoning, each proceeding from a base, which yield a notion of exploitation within the bounds of microeconomics. Some of these lines can be stated briefly.

(1) Marginal productivity is the upper limit of, not necessarily equal to, the wage rate. (2) Factor pricing occurs under conditions of imperfect competition, with the wage rate equaling the marginal revenue product, not the value of the marginal product. (3) There are involuntary grants, or grants perceived by the grantor (and perhaps by others) as illegitimate. (4) There is overproduction of public goods (overspending by government). (5) Pure monopoly, with or without limit pricing, uses monopoly pricing and price discrimination to acquire what otherwise would be consumer surplus; much the same is true of monopsony. (6) The Averch-Johnson effect exists, that is, greater-than-necessary capital intensiveness is used to manipulate rate base regulation of public utilities to inflate earnings. (7) There is joint profit maximization through collusion. (8) Discrimination against minorities occurs. (9) There is a 100 percent tax (or reduction in transfer payments by an equal amount) on welfare recipients income over a certain level. (10) Economic agents take advantage of inelastic demand (perhaps as a particular case of charging what the market will bear).

It should be clear that several of these ideas overlap (the precise form taken by each reflecting historical origins which need not be drawn here). Furthermore, for the most part, these are rather restrained conceptions of exploitation, with none universally identified as exploitation, and each requires a

a base, whose adoption is normative, by which a difference, perceivable as exploitation, is identified (for example, no involuntary grants, wage rates equal to the value of the marginal product, necessary capital intensiveness). Although several have potentially explosive implications, they generally are quite tame in relation to the more radical conceptions of exploitation to which we now turn.

Juxtaposed to the productivity discursive system, and outside and often in intentional conflict with orthodox neoclassical economics, is a wide variety of conceptions of exploitation. In the list below, no effort is made to avoid conceptual overlapping or to take a position on interpretive conflicts (for example, within dependency theory). (1) Emphasis is placed on the wage system, coupled with a view that the entire product is created (directly or indirectly) by labor. But nonlabor income is received, or payment is made in accordance with the value of labor power with the acquisition by the employer of the physical and value products of labor forced to work longer than necessary to repay the value of labor power. (2) There are structures of domination, with subordinated parties being ipso facto dependent and exploited. (3) A primary vis-à-vis a secondary labor market exists, with those in the latter exploited by virtue of their lower wages and poor job security and their inability to move into the primary labor market. (4) There is acquisition by conquest of physical and/or economic high ground. (5) Exploitation constitutes or causes unequal or differential development within or among countries. (6) There is dependency and underdevelopment within and among countries through unequal access to income and government, in part through class structure phenomena. Theorists disagree, inter alia, as to whether dependency and exploitation are externally imposed or are a product of internal class relations, and as to the significance of ruling class exploitation of the ruled class through imperialism. (7) Bargaining power is unequal. (8) Market structures differ. (9) Exploitation is a required performance level above a norm (the opposite of featherbedding; sweating). (10) There are differential access and conditions of access to domestic and/or world markets, including differential access to and/or dependence on capital markets. (11) Money is sterile, and interest is an exploitation of dependency. (12) One economic actor expands at the expense of another. (13) An economic surplus, say, over subsistence, is extracted. (14) There is unequal exchange, for example, through advantages in trade, either in individual contracts (as given by the notion of laesio enormous in Roman law, or unjust enrichment) or systemically (one hour of labor is not paid the same in different countries, the role of the traditional subsistence agricultural sector in setting wage rates in LDCs, with productivity increases in, say, the export sector not realized by labor therein). (15) There are relative fluctuations in primary product prices and generally different commodity pricing conditions as between the developed and less developed countries in regard to productivity gains from international trade. (16) There is differential dependence on or existence of monoculture. (17) A differential economic significance lies in the vagaries of the weather. (18) Multi-national corporations maximize in accordance with firm profit



and/or foreign, not national, considerations. (19) There is a differential ability to manipulate markets. (20) Transfer prices are used to control taxes. (21) A "poverty wage" exists at some level, say, in relation to mean family income. The point is that there are almost as many definitions of exploitation as there are theorists.

The principal form of exploitation theory, of course, is the Marxian. That approach begins with a given set of entitlements and explores income distribution as a matter of exploitation based on class ownership versus nonownership of the means of production. Marxism attributes the initial set of entitlements, the ownership distribution, to past expropriations and exploitation (say, under precapitalist conditions). The Marxian approach centers on several concepts. First, labor is the sole source of surplus value. Second, capitalists pay the value of labor power but secure thereby the control and use of labor power for a period longer than necessary to repay the value of labor power. Third, differential social status and entitlements inhere to capital and labor; capital is both an economic and a social category, and it dominates labor through ownership of the means of production. Fourth, title to the final output is vested in employers' hands, in part reflecting the relations of dominance and subordination between capitalists and workers. Fifth, generally, the wage rate tends to equal the value of labor power, with workers receiving less than the value of their output. Sixth, there is the possibility, if not likelihood, of additional exploitation as consumers confront prices in excess of the average socially necessary labor required for the production of goods and as workers (at least for a period) receive less than the value of their labor power.

(Within the Marxian framework there is considerable controversy, for example, as to whether exploitation and the creation of surplus value are identical, whether exploitation and/or the creation of surplus value are phenomena of production or exchange (based respectively on volume 1 or volume 2 of Capital), the relative significance of a negative moral status of the capitalist vis-à-vis the capitalist as a systemic or passive exploiter (and perhaps also a victim), and the significance of the fact and frequency distribution of heterogeneous labor and unequal rates of exploitation.)

It should be clear that the exploitation approach is marked by relativism, normativism, and tautology. The choice of exploitation as the foundation concept and of a particular base by which exploitation is said to exist and is perhaps measured (for example, the number of hours necessary to repay the value of labor power, indeed, the very juxtaposition of labor power to the value of labor power) is normative and relativist. Both the idea of exploitation and its specification in accordance with some base are matters of value judgment no more and no less so than in the case of productivity theory. Finally, the conclusions of exploitation analysis and their implications for systemic integrity, propriety, and policy give effect to their respective assumptions as to a base. Discourse in terms of "exploitation", however specified in terms of a base, is as laden with normative presumption as is discourse in terms of "productivity". The discursive nuances

of the former involve conflict and mistreatment, those of the latter, harmony and propriety. Exploitation theorists, compared to productivity analysts, can and perhaps tend to be more sensitive to the normative basis of their work and to the necessity to make values explicit. Exploitation discourse itself is normative in the ways indicated above. It can be positive insofar as it describes and/or explains income distribution without further normative premises. These characteristics are fundamental. They are also pertinent to considerations of sources of nonlabor income other than the stipulated exploitation. Thus von Weizsäcker, defining exploitation as the difference between the amount of labor going into the production of capitalists' consumption goods and the amount of labor going into the production of workers' consumption goods (that is, a comparison of the amount of labor supplied by a group with the amount of labor necessary to produce the goods consumed by the group), identifies technical progress, product innovations, and a nonstationary labor force as additional sources of nonlabor income (Weizsäcker 1973a). (The relation of such sources to institutional factors is unclear.)

It also should be clear that the meaning of exploitation is only partially a function of its juxtaposition to productivity as an approach to distribution. Exploitation as a discursive system and exploitation theory (however specified) are sophisticated manifestations of perhaps inevitable underlying frustration and discontent with the status quo power structure and the institutions of private property and markets as historically extant. This discontent, it should be stressed, exists in the world of social reality, not merely in the minds of disaffected theorists. The exploitation approach clearly emphasizes a conflict, not a harmony, approach to the analysis of the regnant system or regime, and it is hardly establishmentarian. But there is considerable diversity among theories. Some focus on entitlement, others on structural relations, and still others on technical conditions. Some have a methodologically individualist, almost microeconomic, orientation, that is, they stress a general notion of unjust or improper use of another person for one's own advantage. These include an idea of exploitation as activity which harms others or harms them without adequate justification; income acquired without actual production; a somewhat more particular idea of exploitation as involving deception and fraud (say, of and by business), such as swindling or false, deceptive, or misleading advertising; a more general notion of costs visited on others; and the idea of "cheating" (opportunism) within or among organizations. Some have a methodologically collectivist orientation, stressing exploitation as a systemic phenomenon, as part of and generally specific to an entire socioeconomic system within which the individual operates, rather than pointing to cases of individual exploitation of another individual. These include serfdom, wage slavery (wage system), and, *inter alia*, government per se (as an instrument of domination and exploitation).

As a general rule, exploitation theories seem to say that there is a distribution of sacrifice in society required by the fact of scarcity (at any level of production), ergo a

necessity of choice channeled by human relationships of production (power). These theories further focus on the reality of asymmetry or inequality in the socioeconomic order, that is, on hierarchic structures of domination and subordination, however subtle and/or masked, and therefore on systemic (if not also systematic) asymmetrical distributions of sacrifice and, therefore, exploitation.

But each exploitation theory, to reiterate, requires the specification of a base against which exploitation is identified. This base will govern who is perceived as being oppressed, coerced, and exploited. The deprivation may be couched in terms of entitlement or domination, but the choice of the specific base is relativist, subjective, and normative. Any situation can be perceived as having elements of exploitation of one kind (by one base) or another, or, for that matter, as having none at all. As for alternative specifications of the base, there appears to be no conclusive reason for monocausation: There can be multiple factors and forces (multiple bases) governing a multifaceted exploitative situation. There may be no reason other than descriptive accuracy and interpretive meaningfulness to choose between alternative bases. For example, exploitation in a particular country can be the result of domination by the metropolitan country and internal class relations and their interactions.

In each case, there is an implicit, value-judgment founded, base. But does the allegation of exploitation add anything analytically to the assertion of a departure from the chosen base? Similarly, does the allegation of productivity add anything analytically to the specification of factor prices in the identification of neoclassical equilibrium conditions? After all, the fact that productive factors "contribute to" output (or their use results in output) must be distinguished from the distributional attribution of productivity or, for that matter, exploitation. The appropriation approach to distribution answers these questions in the negative, emphasizing positive description and the minimum of apologetics and criticism.

### Appropriation

The appropriation approach to distribution is much less ideological vis-à-vis the productivity and exploitation approaches. It does not assume that income is produced by the receiver or by someone from whom it was expropriated. Rather, income is seen as originating in the flow of production (which arises from the employment of the factors of production) and as acquired through the appropriation of claims to income, for example, rights. It begins with a given set of initial entitlements, however acquired, and explores income distribution as arising from a generalized contest over income and output. Its emphasis is on appropriation, not productivity or exploitation. Each economic actor or subgroup is portrayed as attempting to appropriate for itself, however it can, as much of the income stream as possible, without any necessary attribution of ethical justification (as by productivity) or condemnation (as with exploitation). ("Productivity" and "exploitation" can be seen

as "special cases", each adding a certain normative orientation.)

Inasmuch as the appropriation approach does not reach a conclusion in terms of productivity or exploitation, it does not require the tautological, relativist, and normative choice of a base in the same manner as do the other two approaches. It does present, however, a range of difficult problems involved with describing and explaining, in positive terms, the forces which govern distribution as the contest is pursued. Inasmuch as there are alternative schematic formulations of the appropriation model, as well as different explanations of events and processes, however much each attempts to be strictly positive, normative elements almost inevitably enter the process of choosing between alternative versions of appropriation theory. Appropriation theory is normative, therefore, in its choice of an agnostic position and the variables included in particular models, and it can be otherwise positive.

Appropriation theory does take a conflict, as contrasted with a harmony, approach. In this respect it resembles exploitation theory, but the crucial difference is that appropriation theory does not take sides in its analysis, does not conclude that because conflict is present something should be changed (rather, it sees conflict as truly inevitable, however much its forms may change), and neither lauds nor condemns existing distributional processes, institutions, or results. Appropriation theory focuses on interdependence and mutual impacts, on the mix of positive- and zero-sum games, and on power play in both the market and government. It centers on conflict in positive, not normative, terms. If some appropriation theorists stress that there is a contest in society for the control and discipline of the human labor force (say, as a means to power, status, and wealth), the argument is advanced as a positive, not normative, proposition.

(It is true that Marxists use the term appropriation almost interchangeably with exploitation, as in the phrase "appropriation of the economic surplus". Such use is not adopted here. For example, no "surplus" as such is assumed in appropriation theory, in the sense of surplus value or otherwise. Appropriation here means only acquisition, not a larger context signifying either (1) propriety or impropriety or (2) a discursive base in the sense of productivity or exploitation.)

Appropriation theorists are able and willing to use the models and findings of productivity and exploitation theorists insofar as the latter's work contributes to positive analysis of the contest over income. Productivity analysts' work on the formation and operation of market forces clearly is important to understanding that process. So also is the work of exploitation analysts in identifying and exploring various aspects of power play which comprise the contest over income. Much of this work can be used by the appropriation theorist, but without its value judgments. Appropriation theorists do not use productivity and/or exploitation analysis to indicate how various institutional arrangements can "distort" the actual pattern of distribution from either the pure productivity-based or exploitation-based norms. It is agnostic as to what these are and is therefore nonnormative with respect to any such base. Income, in this view, is appropriated through a general

contest over distribution. Evaluation thereof requires an additional normative premise(s).

The positive analysis of the economic role of government is a prominent topic in the work of appropriation theorists. They stress that income distribution (as well as resource allocation) is a function of market forces. These are partially a function of power structure, rights, governmental definition and assignment of rights, and the contest to control and use government to define and assign rights in order to promote certain interests rather than others. Government is viewed as an instrument available for the use of whomever can control it. It not only is an object of capture and use, but also is an arena in which the contest over rights and, ultimately, social structure, income and wealth is fought. The appropriation analyst perceives differential access to and participation in (control of) government and that all systems are characterized by (1) gain or advantage accruing to those in and out of official position with prerogative power of one sort or another and (2) differential eliciting and channeling of incentives by one or another system of rewards.

Inasmuch as the appropriation mode of discourse is less well known (or not often identified as such in the literature), I will briefly summarize two examples. The first dates from sixty years ago and involves the work of Gustav A. Kleene and the response by Frank Taussig. Kleene's distribution theory combined elements of Ricardian, Marxian, and neoclassical productivity theories. Taussig was attracted by Kleene's effort to resuscitate classical wage theory, but he was unhappy with, although he could not satisfactorily refute, the discursive system which Kleene seemed to present. As summarized by Joseph Dorfman:

Kleene's doctrine of wages was, according to Taussig, basically unsatisfactory because it led to the conclusion that the outcome for this and other countries of "advanced" civilization was an "impassive unregulated impact". In it, the determination of wages and profit became simply a matter of the "gathering accumulation of investment meeting the gathering number of laborers, with no ultimate determinant of wages or of profit and no 'normal' return for either."

Perhaps we must come to some "such agnostic doctrine", added Taussig. "If we give up the notion of a regulating rate of 'time preference', or the similar one of a minimum return necessary to induce abstinence and saving, we have no 'normal rate of interest'. And if we give up also the notion of any 'natural' wages, settled by a standard of living, what have we left? Specific productivity cannot be demarcated; and the productivity of industry at large bears merely on the national dividend as a whole, not on its apportionment between the different factors of production. Nothing seems to be left but the Ricardo-Marx conception - this admittedly is Professor Kleene's - of a surplus, essentially fortuitous, grabbed by those who now control industry, and soon to be seized (the suggestion lies at hand) by those who are rapidly acquiring control. (Dorfman 1949, 431-432)

The second example is found in Max Weber's work. There the foundation concept of "appropriation" is explicit, meaning capacities to participate in the economy; indeed, "rights" are defined as "appropriated advantages". (Weber 1968, 44)

In Weber's view, early social structure was a result, in part, of appropriation of land; subsequently, other forms of appropriation affected social structure. Appropriation is more than property, however; it involves the means and positions of administration, that is, of decision making, ranging from economic resources to managerial and political position and function. Weber's was a discursive system in which analysis centered on the mode of appropriation, not on the mode of production or the presumptive categories of productivity or exploitation. (LXXXVII, LXIV, LXV, et passim).

More broadly, the appropriation approach focuses on individual opportunity sets and the factors and forces which govern their composition and structure. These sets may be understood as a function of power, or rights; choice from within opportunity sets in earlier periods; and the impacts of the behavior and choices of others. Analysis includes several themes. First, the dual nature of rights (namely, to give Alpha a right is to give Beta a nonright, exposing Beta to the impacts of Alpha's choice based on the right, when both are in the same field of action) implies the rights-distribution specificity of income and wealth distributions and inevitable conflict over rights. Second, the use of the legal system to change rights (an alternative within opportunity sets) is undertaken to manipulate income and wealth distribution through reshaping, differentially, one's own and other's opportunity sets. Third, power play is ubiquitous, and it rigs or skews institutional arrangements of all kinds, thus forming opportunity sets and behavior. It is part of the general contest over income, which tends to focus on the rules and other factors and forces governing, along with market forces (which are themselves often manipulated), the distribution of income and wealth.

In contrast to the productivity approach and in consonance with the exploitation approach, but without the latter's normative element, the appropriation approach recognizes and perhaps gives a central place to asymmetry or inequality. It stresses as an empirical, positive matter the reality of differential opportunity sets, therefore unequal or asymmetrical opportunity, including unequal access to and control of government. Whereas the productivity approach tends to mask and the exploitation approach to condemn inequality, the appropriation approach studies the origins, operation, and consequences of inequality as a factor which is both cause and consequence of other distributional phenomena without passing ethical judgment. The appropriation approach permits a focus on power structure and interdependence without apologetics or condemnation. It permits varying perceptions (given selective treatment, respectively, by the other two approaches) to play a role in the positive analysis of the drama of distribution. It allows, for example, the sense of exploitation by the party whose interest is not given protection in an Alpha-Beta rights conflict; the sense of exploitation deriving from a difference between actual and desired institutional arrangements; normative judgments regarding relative opportunity sets and power structure; and the selective perception of power, coercion, freedom, domination, exploitation, productivity, entitlement, opportunity, abuse of power, privilege, and so on. The appropriation approach also permits recognition of how individuals enter into exchange

and other relationships that are unfavorable to them because of their limited opportunity sets. It also recognizes the possibility and conditions of reversibility between dominant and dependent relationships, in which one party may be perceived as "exploiting" the other. Finally, the appropriation approach has a role for the productivity and exploitation approaches as the forms in which the appropriation contest is manifest and in part takes place. Different appropriation theories model these factors differently, and in so doing involve normative elements, but they do not adopt the normative discursive systems and bases of productivity and exploitation, although in not adopting them and in remaining agnostic they are normative.

#### In Conclusion

There is great sensitivity within orthodox economics, and within nonMarxian heterodox economics, to the concept of exploitation, despite limited excursions into this domain. This attention has resulted from the concept's ambiguity (and thus flexible interpretation), presumptive normative character, and the achievement by Marxists and others of the analytical high ground. There also is great sensitivity, within both orthodox and heterodox (including Marxian) economics, to the pretensions and limits of productivity analysis. Actually, both productivity and exploitation, as discursive systems and as perceptions, are to no small degree responses to unease and conflict regarding inequality.

One can readily perceive the respective sources of the productivity and exploitation approaches. It is quite understandable that voluntary, mutual exchange can be seen as productive of value to each party. It also is understandable that persons can perceive exploitation due to systemic and/or structural conditions. The same phenomenon can be seen quite differently from each perspective. What productivity envisions as the marshaling and use of resources, exploitation theory sees as the fruits of systems of inequality and/or domination. There is predation even among the mutually avaricious, each contemplating personal gains as the result of productive activity. That such perceptions are subjective, selective, and judgmental does not prevent wide consensus that feudal or semifeudal societies, systems of colonial or imperialist domination, and authoritarian military regimes are "clearly" exploitative. The human process of articulating and adjudging is extremely important, and it is this process which is largely reflected in the productivity and exploitation approaches. It is this process which permits differentiation between acceptable and unacceptable "coercion". It is this process which gives the productivity and exploitation approaches their stylized character and content and distinguishes their role as argument.

The productivity and exploitation approaches require a base upon which, in each instance, their respective determination can be reached. To argue in favor or in terms of any particular productivity or exploitation analysis is to give effect to a value judgment regarding its base. But clearly there are senses in which any particular situation can be understood as

manifesting both exploitation (perhaps of several types) and productivity. Moreover, the economy can be understood in terms of productivity, exploitation, and appropriation. Meaningful recognition of this approach would enable identification of the value premises entering distribution analysis and perhaps permit deeper understanding of distribution and decision making in the real world, whether or not one likes its processes and/or results.<sup>5</sup> Homans has written that "a high and genetically derived ability to learn mathematics makes no difference to a person's behavior if he has no opportunity to learn mathematics" (Homans 1978, 537) and Brunner has noted that "in the absence of genuine alternatives a behavior reflecting fear, subservience and cautious servility dominates human patterns" (Brunner 1970, 566). The analysis of the distribution of opportunity, and the underlying power configurations upon which it can rest, can be analyzed without the polarization of productivity and exploitation.

In the United States in 1979, arguments over the greatly enhanced profitability of petroleum companies consequent to even partial decontrol of oil prices tended to reflect two preconceptions about the increased revenues resulting in the profits. One view maintained that these profits were the earned property of the companies and as such were due to their productive operations in the marketplace. The other held that the exploitative, profiteering companies were taking advantage of their power to compel price decontrol and to charge higher prices, the revenues being a product of policy-cum-power exploitation, not productivity, that is, their control and manipulation of the market. The appropriation approach, in contrast, would analyze the phenomenon in terms of changing opportunity sets and the forces underlying them. It would not, as does the productivity approach, obscure power play, nor would it translate power play into exploitation. Accordingly, it is ungenial to both sides - those who desire to rationalize the market using the productivity discursive system and those who fault the market by using the exploitation discursive system.

In any event, there are three rival discursive systems in distribution analysis (and economics as a whole). Each has its distinctive foundation concept. Two involve a specific normative orientation, and one an agnostic, nonideological view with its own normative significance. Each, moreover, is capable of abetting positive work, however imbued that work is by its particular orientation or view. Each discursive systems, therefore, channels perception, understanding, explanation, and (in its own way) policy, and thereby the evolution of the economic system.

#### Notes

- 1 Kenneth Boulding and Martin Pfaff are responsible for much of the work in this area. For a systematization of ideas relevant to the present point see Samuels 1975.
- 2 Brunner believes it likely that "'exploitation' and 'oppression' is more pervasive in administrative than in market systems" (567).



- 3 I use the terms contrivance and manipulation nonpejoratively: A legal structure must exist and it is subject to capture and use as an object of control. Productivity is quite directly a function of its capture and use. The neoclassical productivity theory which is fundamentally quite ambiguous as to causation of productivity, leaving everything as it were up to the play of market forces, also is fundamentally open-ended with regard to the roles of power structure and legal system in the determination of market forces and their distributive results.
- 4 "No society can be stable unless there is a basic core of value-judgments that are unthinkingly accepted by the great bulk of its members. Some key institutions must be accepted as 'absolutes', not simply as instrumental. I believe that payment in accordance with product has been, and, in large measure, still is, one of these accepted value judgments or institutions." (Friedman 1962, 167)
- 5 One example involves the necessity for capital accumulation to permit economic growth. Accumulation in market economies has been abetted by concentration of income, especially saving, in upper income brackets, which has been criticized by the exploitation theorists as accumulation which enriches one class at the expense of another and as an enforced reduction of consumption to the advantage of investment. Accumulation in planned economies has been achieved through concentration of saving by the governmental administration machinery; this also has been criticized as an enforced reduction of consumption to the advantage of investment. I think it clear that, at least at full employment, consumption must be restricted in order to have investment, assuming (or to the degree) that the latter is desired. The relevant difference here concerns means, that is, the concentration of saving either in certain private or in certain governmental hands gives effect to a different constellation of preferences as to the level and direction of investment, among other things.
- In the case of a worker-run economy, however institutionalized, even assuming all output or value is produced by workers qua workers alone, some output will have to be directed to investment (if growth is desired), and thus workers will receive directly less than the value of their output. That such might or likely would not be considered exploitation is indicative, according to the appropriation approach, of two things: Perception is selective, and the fundamental analytical issue is neither productivity versus exploitation nor one form of exploitation versus another, but the structure of power (including control of government) controlling the level and direction of investment. On that issue one can posit various premises which will govern and be tautological with the conclusions reached as to exploitation, just as differential assumptions regarding entitlements will permit different conclusions about government taxation as exploitation of income receivers or as a mode of distributional correction. The problem is whose interests are to count, and that is a function, inter alia, of power and the control of government.

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