

Profiting from Poverty

Abstract

We consider whether and under what conditions it is morally illicit to profit from poverty. We argue that when profit counterfactually depends on poverty, in many cases the agent making the profit is morally obliged to relinquish a part of it, either by changing her behaviour, or by redirecting the funds to other agents. Finally, we argue that the people to whom the profit should be redirected are those on whom it counterfactually depends.

1. Introduction

If some part of a person's or company's profit is attributable to the fact that certain people are poor, does this have any implications for the person's or company's obligations vis-à-vis these poor people, and if so, what are the implications? Answering this question requires that we understand as precisely as possible what it means that profit depends on people being poor. We shall propose a counterfactual understanding of this dependence. As we shall see, one benefit of this approach is being able to properly consider poor people outside the workforce.

We focus on a hypothetical company owned by a single person, which manufactures a single product, and whose employees are all paid the same wage. None of this is necessary, but it makes the presentation easier. The company moves

production from a developed country to a region where there are many poor people. As a result, revenue increases.

The owner of such a company may have responsibilities to poor people stemming from a variety of sources. A plausible principle says that if a person can prevent something very bad from happening at very low cost to herself, she is morally obliged to do so (Singer 1972; 1999.) This principle has immediate application to poverty. Each of us can prevent something very bad from happening at negligible cost: by sponsoring the digging of a well in a poor village, for instance.¹ The owner will likely be affluent enough to incur such responsibilities. The owner may also *contribute* to poverty. Pogge argues that most affluent people in western democracies contribute to poverty by upholding global institutions that foreseeably result in it (Pogge 2008).² Perhaps the owner contributes in this way—perhaps her contribution is even larger than that of most people—and she may for this reason have obligations to the poor.

We shall assume that the owner has discharged all such responsibilities, perhaps by donating to effective charities. We are asking whether a person might be morally obliged to aid certain poor people specifically because of *the way her profit is related to their poverty*, even when she has discharged all assistance- and contribution-based responsibilities.³ The owner plausibly has still further moral

¹ The Water Project lists the cost of clean water per person per year at \$34.25; see <http://thewaterproject.org/>.

² [Omitted].

³ This entails the possibility of having funds left over after doing so. In a world of widespread and desperate suffering this is a substantial assumption, but also, we think, a plausible one.

obligations: to avoid severely damaging the environment, and to ensure that no children work in its factories or supply-chain, for example. We further assume that all such responsibilities have been discharged.

Finally, we assume that the owner makes her workers *better off* than they otherwise would have been by employing them. Our claim is therefore not that the owner should not operate the factory.⁴ We shall argue, however, that a portion of the profit has a particular moral status, and that in most cases this means that it must be relinquished.

The paper proceeds as follows. In §2 we discuss how profit depends on poverty in both indirect and direct ways, and introduce some machinery for speaking about such dependence with some precision. In §3 we present and explain the central normative claim of the paper, the Poverty-Profit Principle (PPP). In §4 we present two arguments in its favour. §§5 – 7 clarify the Principle, explain who should receive the relinquished profit, and respond to objections. §8 discusses the relationship between the PPP and two nearby sources of moral obligation. §9 concludes.

2. Connections between Poverty and Profit

Our company has moved to a region with many poor people, and increased its revenue. For this to be of relevance to our question, some part of the revenue increase must be attributable their poverty. Is this plausible?

⁴ This is not to say that making one's workers better off suffices to defend the unamended continuation of a business practice: one can wrongfully benefit others (Meyers 2004). As will become clear, our claim is that the operation of the factory should continue, but in amended form.

To see that it is, note first the various indirect ways in which profit can be so attributable. Laws and regulations govern a company's operations; their stringency or otherwise impact on profitability. Stringent environmental or workplace safety laws and regulations, and strict enforcement, entail that a company typically incurs larger expenditures than it would otherwise: paying more to dispose of waste, expending more work-time erecting costly safety barriers, etc. In developing nations, these and other laws and regulations which govern operations and are associated with higher costs are often less stringent, and less stringently enforced, than in the developed world (*World Development Report 1995*, p. 77). This fact is linked with poverty in several ways. Poor people may be unable to effectively agitate for stronger regulation. Poor countries also compete with each other for investment, and are thus incentivised to provide 'forgiving' regulatory regimes. They are often ill equipped to enforce labour standards (Meyers 2004, p. 329). So, poverty is linked to profit in various indirect ways.

Given the focus on the moral status of profit which is attributable to poverty, it's useful to focus on clear and direct cases. We think our conclusions generalise to the indirect cases, but shall henceforth concentrate on more direct ones.

A particularly direct link relates to wages, working conditions, and benefits. Where many are poor, there will be many for whom accepting low wages, poor working conditions, and the absence of benefits is the rational choice, because all other alternatives, including not working, are worse. Other things being equal, this makes a company operating in such a region more profitable. Poverty is therefore part

of the reason the company is more profitable than it otherwise would be. In such cases we shall say that a part of the company's profit is *attributable* to poverty.

To make this more precise we introduce some terminology. We assume, first, that a number x expresses the wage that maximises expected profits for a certain period. If people were willing to work for nothing, x would be zero. Since they (generally)⁵ are not, x is at least high enough to reliably attract enough workers to keep manufacturing running. In many cases, paying workers enough to retain them over time will pay off, since efficiency often increases with experience.⁶ It may even be profitable to instil feelings of gratitude or loyalty, if this is reliably enough connected with productivity increase. Further factors may also push x upwards. Our assumption is simply that, when all these factors are taken into account, and when the *only* purpose is to maximise profits, there's an answer to the question of what wage the company should pay. x expresses this wage.

Determining what x is may be difficult. Companies surely often pay a wage different from x , because x is unknown. Such epistemic issues can be bracketed throughout, since our claims can be restated in terms of what x is believed to be. For ease of presentation we stick to the simpler language.

Like x expresses the profit-maximising wage, another number, y , expresses the expenditure on a favourable working environment that maximises expected profits. In

⁵ We bracket unpaid internships and the like; which are anyway plausibly understood as working for the possibility of later pay.

⁶ Though high turnover may have its own benefits: reducing the likelihood of collective bargaining, hindering institutional memory of management promises, and so on. (Thanks to [withheld] for this point.)

a warm country ventilation fans may increase productivity; heating may have the same effect in a cold one. Regardless of the specifics, we assume that there's an ideal level of expenditure, from the point of view of maximising profit.

Finally, a number z expresses the profit-maximising expenditure on benefits. Should the company offer free tea and coffee? Should it subsidise or run transport, offer health service, dental services, a pension plan? When the only concern is profit, we assume there's an answer to these questions, and so a number which expresses the profit-maximising aggregate expenditure here.

Other things being equal, the lower x , y , and z are, the more profitable the company will be.⁷ We assume that companies typically set expenditure as close to x , y , and z as the regulatory framework allows. As indicated, there's a connection between poverty and the stringency or otherwise of the framework. But x , y , and z will also *themselves* be lower in countries where poverty is widespread. Again, where many are poor, there are many for whom accepting work with low wages, poor working environment, and no benefits (henceforth jointly 'conditions') is rational, because other alternatives are worse. Moreover, because poor people compete, those already employed cannot effectively negotiate for better conditions (Meyers 2004, p. 329). Therefore, holding other factors fixed, a company will be more profitable where many are poor than where this is not so.

⁷ We do not assume that x , y , and z are unique: what matters for the principle we outline in the next section is that there's at least one profit-maximising aggregate value of $x + y + z$.

We are not claiming, of course, that all other factors are actually fixed. Countries without poverty can still compete. Yet, there are instances, and those are not uncommon, where profit depends on poverty.

3. The Poverty-Profit Principle

We have been making the descriptive claim that when a company operates where many poor people live, some portion of the profit is likely attributable to poverty. What is the moral import of this? We suggest the following normative principle, linking poverty and profit:

Poverty-Profit Principle (PPP):

For a company such that x , y , and z maximise its profit, and whenever there's a set of people—call it 'the counterfactual set'—such that

- (1) all members of the set are poor, and
- (2) if no member of the set were poor, then X , Y , and Z would instead maximise profit, and
- (3) $(X + Y + Z) > (x + y + z)$, then

$(X + Y + Z) - (x + y + z)$ constitutes *morally illicit profit*.

For simplicity we assume that our company has overcome the epistemic challenges of discovering x , y , and z , is not constrained by regulatory frameworks, and thus has set conditions precisely at x , y and z . According to the PPP, the difference between what the company *would have had to* expend conditions if all the members of the

counterfactual set were non-poor, and what it actually does expend, is *morally illicit profit*.

We claim that acquiring morally illicit profit entails specific obligations for the person or company profiting: the profiting party is required either to change operations, or to redirect the profit to another party. It's not in general up to the profiting party to choose: this is dictated by the case.

Conditions (1) – (3) being fulfilled are sufficient conditions for profit being morally illicit. They are not necessary ones. Profit may be morally illicit for different reasons, and the obligations vary accordingly. For example, profit is generally illicit if it depends on the employment of young children. In such cases the profiting party cannot discharge its obligations by redirecting the profit: ceasing employment of young children is mandatory (at least if they will then go to school). When profit is illicit because conditions (1) – (3) in the PPP are met, however, the moral requirement is to redirect the illicit profit to another party. (We address the question: 'to whom?' below.)

The PPP links profit and *poverty*, and it's no small task to say what poverty is. However, it is plausible that it largely consists in the lack of access to material resources necessary to lead a *minimally decent* human life. More specifically, it's plausible that a person is poor if dignified work of reasonable duration and intensity, and in reasonable conditions—her own, or that of her provider—does not give her command over the material resources needed to live a minimally decent life. This speaks to cases where a person is strictly speaking capable of gaining the required income, but only by working in very dangerous or unpleasant conditions (in

unsecured mines, or extreme temperatures, say), for very long hours, or in an undignified manner. More needs to be said: what constitutes undignified work depends on cultural and religious context, for example. Likewise, determining the nature of a minimally decent human life is an enormous task, which we make no attempt to tackle here. We simply assume a strong enough grasp of the notions in play for the discussion to proceed fruitfully.

4. In Favour of the PPP

We offer two independent arguments in favour of the PPP, the first based on philosophical conservatism, the second based on moral agency.

It is clear that the Poverty-Profit Principle enjoys significant intuitive plausibility (on some reflection), especially once the notion of poverty has been elucidated the way we just did. It seems clearly morally wrong to profit from people lacking the resources necessary to lead a *minimally* decent life. For some it may take a few minutes of considering the PPP before they have the intuition. This does not count against its intuitive plausibility; it does not count against the claim that they really come to have the *intuition* with that content. As George Bealer has often noted, a typical reaction to first consideration of De Morgan's laws is that nothing much happens at first, but then, suddenly, you 'get it', you *just see* that the transformation is valid. Something similar goes on here. It takes a moment to grasp what the PPP says, but once that has been achieved, its truth is apparent.

Here as elsewhere appearances might be misleading. That does not make it rational to simply set them aside. Unless we find good reason to doubt them we

should take them at face value. As has been noted in a different context, this is simply ‘sensible philosophical conservatism’ (Pryor 2000, p.538).

We claim there are no good reasons to doubt the Principle. Our defence of this claim has two parts. In §5 we offer more detail on what the PPP does and does not say. The purpose is to avert misunderstandings, in particular to show that some common objections are not effective against the PPP on the intended reading. For example, if the Principle had entailed that *any* profit-increasing relocation were morally illicit, this would count against it, since that claim is implausible. But the PPP has no such consequence. Second, in §§6 – 7 we reply directly to further objections, for example to the claim that the PPP yields objectionable incentives. We take all this to constitute a powerful case for the claim that there are no good reasons to doubt the Principle. No such case is conclusive: a powerful objection might be lurking in the wings. Until it makes its appearance, however, belief in the Principle remains warranted.

Our second argument takes inspiration from one presented by Daniel Butt for the view that benefiting from injustice (BFI) gives rise to obligations. Butt writes:

The individual’s duty not to benefit from another’s suffering when that suffering is a result of injustice *stems from* one’s moral condemnation of the unjust act itself. ... [T]aking our nature as moral agents seriously requires not only that we be willing not to commit acts of injustice ourselves, but ... a genuine aversion to injustice *and its lasting effects*. We make a conceptual

error if we condemn a given action as unjust, but are not willing to reverse or mitigate its effects on the grounds that it has benefited us. The refusal undermines the condemnation (Butt 2007, p. 143, emphases ours).

One line of argument here concerns consistency; we set that line of argument to one side. In the other, Butt might appear to claim that the moral obligations arising from BFI are grounded in our *moral condemnation* of the original injustice; our condemnation is what *makes it wrong* to refuse to relinquish the benefits. But this is clearly false: an agent who fails to condemn the original act is not thereby rendered blameless for not relinquishing the benefits. A better interpretation is that Butt takes the relevant ground to be our *moral agency as such*. We take him to say that moral agency in part *consists in*, and thus of course entails, aversion both to unjust actions *and* to their lasting effects. One simply cannot be a ('fully formed') moral agent without it: one would lack a part of what it takes.

A parallel argument can be run for the PPP. In a world where everyone's basic needs can be met (§5), that some people's basic needs are *not* met may in itself constitute an injustice. If so, Butt's argument carries over directly. But even if some instances of poverty do not constitute instances of injustice, there can be no doubt that they constitute a moral outrage, and that full moral agency entails an aversion to moral outrages. (It is plausible that a moral outrage can obtain even if no actor has failed to discharge her moral obligations—see the illuminating discussion on the notion of the world having gone other than it morally ought to have without any actor

being at fault in Lawford-Smith, 2014). So, considerations parallel to those in the quote above give us reason to accept the PPP.

We need to complicate the above slightly. Butt's original argument is stated in terms of *effects* of injustice, but the PPP's central notion is *dependence*, understood counterfactually. On some analyses of causation, the profit counts as being caused by poverty (Lewis 1973a), but on others it does not. This issue need not detain us here, however, since it remains plausible that aversion to benefit *which depends on* a moral outrage is partly constitutive of moral agency, whether or not dependence constitutes causation.

5. Clarifications

The PPP is restricted to worlds of *moderate scarcity*, in which it's impossible to satisfy everyone's demands, but possible to satisfy everyone's basic needs (Rawls 1999, p. 110). We assume, as is common, that ours is such a world.⁸

Second, to reiterate, conditions (1) – (3) being fulfilled are *sufficient* conditions for profit being illicit, not necessary ones.

Third, that the company *moves* operations is merely a dramatic device. Companies which for the first time set up operations, or which continue operations, in

⁸ Why? Suppose it were metaphysically impossible to eradicate poverty, and let the counterfactual set be the set of all the poor. Then the antecedent of (2) is impossible and the conditional vacuously true, on standard semantics (Lewis 1973b; Stalnaker 1968). X, Y, and Z can then be arbitrarily high, as can, consequently, $[(X + Y + Z) - (x + y + z)]$ be, so the *entire* profit comes out as morally illicit. As the text below makes clear, this is an unwanted result. (Thanks to [withheld] and [withheld] for discussion here.)

a region where many are poor, are on a par with a company which moves. The PPP captures these cases equally well.

Fourth, profit is illicit whether or not it's known to be so. What makes the profit illicit is that the dependence holds, not that it's known to hold.

Fifth, we stress that the PPP does *not* yield the verdict that moving operations always gives rise to the obligations described here. If the workers at the destination are not poor, the PPP does not apply. Other things being equal, a company which moves from Norway to Australia, for example, will increase profitability, because the wealth of the workforce is lower in Australia than in Norway (let's assume). Such a company may incur moral obligations for other reasons—to share the profit in a fair way between workers and owners, say—but the PPP does not deem the increased profit morally illicit.⁹

Sixth, the PPP abstracts away from the details of the link between poverty and the conditions workers accept. This is one of its chief strengths. So long as the counterfactual dependence holds, further details do not matter *for the profit's being illicit*. This allows some of the indirect connections we discussed above to be captured, for example if poverty prevents campaigns for legal protection of unionisation, which would have resulted in better conditions. Moreover, there's nothing morally special about connections between profit and poverty that go via

⁹ What about profit that does not depend on poverty in the sense outlined, but which depends on people falling just above this threshold? Our aim is to establish that profit which depends on poverty is illicit, so we employ a strict definition, which rules in only very clear cases. A more relaxed definition is in our view also plausible. However, since some moves which increase profits are clearly morally legitimate, there is a threshold *somewhere*.

workers' conditions. Principles which abstract further—capturing cases where the dependence goes via access to cheap parts, say—are equally plausible. We focus on the PPP as formulated to present as clear and unambiguous a case as possible.

We do not claim that further details never have moral implications. It may be morally worse to fail to give one's workers a decent salary than it is to fail to redirect one's illicit profit after having done so if this constitutes exploitation, for example. The PPP does not speak to this. Its conditions may be met in a variety of circumstances that otherwise differ significantly.

Finally, the most straightforward case of the PPP applying is when the workers in the company are themselves poor, and accept the conditions offered because all other options are worse. However, things need not be this simple. For instance, working for the company may bring all workers out of poverty, or workers may be above that threshold to begin with. The conditions may still be met, since the workers accepting the conditions might depend on *other* people being poor. The set of poor people which the PPP singles out is not limited to the workers in the factory, but includes all those whose poverty is counterfactually connected to expenditure on conditions being lower than they would otherwise be.

To see this, note that the workers may accept the conditions offered because they know that others are ready to accept them, and that they will lose their job if they do not. In turn, those others may be poor. If those others would not accept the conditions were they not poor, they constitute the counterfactual set. Or these others may not themselves be poor, but have accepted worse conditions than those accepted by the workers in our company because they *also* know that they will lose their jobs if

they do not, since still further people who *are* poor stand ready to accept them. Then this third group constitutes the counterfactual set. The company which forms the ‘link’ here will of course itself be making illicit profit. However, here the point is that the illicitness of profit may *propagate upwards* to companies which do not employ poor people, even to companies at significant apparent distance from poverty, so long as the required link is preserved.

6. To whom?

When conditions (1) – (3) in the PPP are fulfilled, the profiting party is morally required to redirect the illicit profit to someone else. But to whom?

If one focused only on the most straightforward case, in which the counterfactual set is wholly constituted by workers in the factory, one might conclude that the money should always go to improve workers’ conditions. However, the PPP can apply when workers start out poor but are lifted out of poverty by employment, even where they are not poor to begin with. These cases show that it is membership in the counterfactual set which entitles a person to a share of the illicit profit. Even where the counterfactual set is wholly constituted by workers, it is not in virtue of being workers these people are correct recipients of the funds, but in virtue of being members of the counterfactual set.

When profits are illicit because the PPP applies, the illicit profit should, other things being equal, be redirected to *all and only* the members of that set, regardless of who they are. If the workers remain poor after being paid, they are typically in the set. If they are not poor after being paid, or not even before that, it’s to those that *are* poor the money should go. Typically, both workers and many others in society will be

poor. There's then a strong reason to ensure that not all the redirected profit goes to those 'lucky' enough to secure a job, but also to the less fortunate poor. It's a further question whether it should be distributed evenly among the members of the set, according to each person's shortfall from the poverty-threshold, according to some measure of efficiency, or in some other way.¹⁰ We take no stance on this here. Further, it may be that the best way to achieve good is to improve infrastructure in the community, rather than to make direct cash transfers to poor members of the set. If so, then arguably, that's what should be done. This last question is, we take it, primarily concerned with development efficiency rather than morality.

A consequence of our view is that children, the elderly, and the infirm may not receive redirected illicit profit, even if these are the worst off. That's because the counterfactual dependence may not hold between *these* people's poverty, and the fact that expenditure on conditions are lower than they otherwise would be. It may be sufficient for the workforce to accept the conditions they accept that other potential *workers* are poor. Perhaps some would not have accepted if they did not have others to care for. However, the elderly, children, and the infirm will only be members of the counterfactual set if people are willing to work to support them. Relatedly, when profit is directed to the counterfactual set, it is not in general guaranteed to be directed to where it can do the most good; there may be more efficient ways to combat poverty.

We recognise that these consequences strike some as counterintuitive, but we think they should be embraced. The PPP provides a *pro tanto* moral reason to act.

¹⁰ Many thanks to [withheld] for impressing this point upon us.

There are other moral reasons. As Kagan notes, *pro tanto* reasons always have weight, in contrast to *prima facie* reasons, which may merely *appear* to be reasons (Kagan 1989, p. 17). *Pro tanto* reasons always have weight but are not necessarily *decisive*: they can be outweighed. We claim that the PPP gives reason to redirect the illicit profit to the members of the counterfactual set as opposed to non-members, but recognise that if a great moral good can be served by spending the money in another fashion, that may be what the agent has all-things-considered moral reason to do.

None of this is peculiar to the PPP. For instance, the principle of contribution dictates that *other things being equal* one has stronger reason to direct funds to those to whose suffering one has contributed than to others. But things may not be equal; if you cause severe damage to another person's car and owe him compensation it may nevertheless be morally incumbent on you to use all your available means to help someone in a situation of much greater need.

The key to appreciating the principle's demands is to remember what grounds the obligation to relinquish the profit. It's *not* a general duty of assistance to the poor (which, recall, we assume has been discharged), but the dependence-relation between poverty and profit. This dependence explains why the PPP gives one a reason to distribute funds to those on whose poverty one's profit depends. It may nevertheless be an open question whether a person should comply with the PPP or do something else. Other moral reasons may be of greater importance.

7. Further Objections, and Replies

Another type of objection alleges that the PPP is false because it yields perverse incentives. Suppose a company which intends to move production is considering two

destinations, 'BNP' and 'P'. In BNP, no-one are poor, but a large number of people are barely non-poor. In P, many are poor.

Bracketing the PPP, the company has an incentive to move to P: their profits will be larger than in BNP, since the poor will accept worse conditions than the barely non-poor. PPP dictates that this difference must be relinquished and redirected. The company, so the objection goes, no longer has an incentive to move to P rather than to BNP. But it ought to have such an incentive, since providing work to poor people in general constitutes a greater good than does providing work to the barely non-poor.

But the company *does* have a reason to move to P rather than to BNP. Providing work to poor people, and helping other poor people by redistributing profit, creates a more significant benefit than the alternative, exactly as the objection notes. Of course, the company may not be moved by such considerations, but that does not speak against the principle: if agents' tendency to not be moved by moral principles counted against them there would none left standing. This objection shows that we sometimes have reason to allow *legal* requirements to vary from moral ones. Perhaps what should be legally required is only to relinquish *some portion* of the illicit profit, to retain beneficial incentive structures. But that we might have reason to let these two diverge is no news to anyone, and has no bearing on the truth or falsity of the moral principle.¹¹

¹¹ We are concerned with moral *truth*, with the question of how actions, states of affairs, etc., are to be evaluated, and *not* with which 'conduct-guiding structures', of laws, values norms, or what have you, we should try to effectuate. See Pogge (1992).

A potentially more serious type of objection may seem to follow from the idea of a poverty threshold. We have argued that there's a special problem when the available workforce—and the counterfactual set in general—is not only less wealthy than some other potential workforce, but is *poor*. We are committed to the claim that there's a morally significant threshold, such that where someone falls with respect to the threshold impacts on our obligations to them.¹²

Consider, therefore, a poor slum dweller with a great business idea, which exploits an empty niche in the marketplace. She skilfully implements the idea, hires poor people from her community for manufacturing, benefits her workers, and makes good money. The PPP seems to say that she may not enrich herself further than to barely escape poverty, unless she also lifts all her employees out of poverty; indeed until she ensures that the counterfactual set is empty. That may seem unduly demanding: it was *her* idea, after all, and one might feel that she ought to be able to reap a reward greater than this for having the idea, and for skilfully implementing it.

Our answer proceeds in two steps. First, it's important to note that it will nearly always be the case that only a small portion of a company's profit depends on poverty. A company may be profitable because it exploits an empty niche, because it employs efficient methods of production, and so on. Moreover, a worker typically adds greater value to a product through her efforts than the difference in expenditure

¹² We have in mind an absolute conception of poverty, and not a relative one, such that “[t]he poverty line has some absolute significance and to cross it's a change of some importance” (Sen 2009, p. 167). There is, we agree, an ‘irreducibly absolutist core’ in the concept of poverty (p. 159). Samantha Brennan shows that thresholds are implicit in *rights* discourse (Brennan 1995, see also Brennan 2009). For discussion of moral thresholds in the context of health and poverty, see (Acharya 2004) and (Alvarez 2007).

between the conditions she does accept and those she would have accepted had the counterfactual set been empty. This shows that a company will nearly always be able to relinquish the illicit profit while having a significant amount left. So, the case as described in the objection will very rarely obtain.

But second, if this is, as per *very* unusual, not the case, then the poor entrepreneur *does* have a moral obligation to relinquish the illicit profit. She is no more permitted to reap financial reward from other people's lack of the resources required to lead a minimally decent human life than anyone else is. That is a demanding conclusion. But poverty is, morally speaking, an extremely serious condition, so demanding conclusions are to be expected.

It is of course in no way morally acceptable that the entrepreneur finds herself in this predicament to begin with. To hone in on the issues we aim to highlight we have assumed that the owner has discharged her contribution- and assistance-based obligations to the poor. But we have *not* assumed that everyone else has! We assume that poverty is preventable. Consequently, both the entrepreneur and the members of the counterfactual set are likely owed compensation, or aid, or both. Were those obligations discharged, the entrepreneur would not find herself in the present dilemma. This notwithstanding, we maintain that the conclusions just reached correctly describe her obligations in the world as it actually is.¹³

It bears noting, perhaps, that the poor entrepreneur's profit may *completely* fail to counterfactually depend on poverty. Quite possibly, the profit would accrue even if no one were poor. In that case, the PPP does not speak against her keeping all of the

¹³ Thanks to [withheld] for helpful discussion.

profit for herself (though other considerations might). This does not undermine the plausibility of the PPP, though it does say something about its scope.

8. The PPP, Benefiting from Injustice, and Exploitation¹⁴

The PPP purports to capture a source of moral obligations to poor people, so it's interesting to consider how it relates to other such sources, in particular *benefiting from injustice* (BFI) and *exploitation*. We now argue that the source of obligation captured by the PPP *is distinct from both of these*, so that appreciation of the principle constitutes a genuine addition to our understanding of the moral terrain.

We have no interest in the merely verbal dispute (Chalmers 2011) of whether what the PPP captures should be *called* 'BFI', or 'exploitation'. We also take no stance on the substantial question of whether, when moral theory is completed, PPP will fall within one of the categories picked out by those names. This depends, among other things, on the true metaphysical nature of moral kinds, a question well outside the scope of this article. We do claim, however, that as those categories are *now* understood, the PPP, as a source of obligation to the poor, differs from both BFI and exploitation. This means, among other things, that we do not rely on, and do not need to take a stance on, the moral status of either BFI or exploitation. Let us now look more closely at these two cases in turn.

Where poverty is preventable, it's not unnatural to think that to be poor is to suffer an injustice, and thus that the obligation captured by the PPP is equally or better captured

¹⁴ [Redacted.]

by a principle which says that when one benefits from an injustice, one incurs obligations to its victim(s).

Daniel Butt is an early proponent of a view of this kind (Butt 2007; Butt 2009; Butt 2014). He defends the following principle:

Beneficiary Principle (BP): Agents can come to possess obligations to lessen or rectify the effects of wrongdoing perpetrated by other agents through benefiting, involuntarily, from the wrongdoing in question (2014, p. 338).

Butt (2007) argues in favour of this principle in part by generalising from considerations raised by David Miller (2001). Miller is concerned with ‘bad situations’, in which people suffer deprivation so severe that there’s no reasonable disagreement that *someone* ought to act, only concerning *who*. Even when we can support claims of the form ‘*x* ought to act here’ for several distinct values of *x*, there’s often good reason to allocate the responsibility to one party in particular, especially when an agent has “unjustly benefited from the injury he has inflicted” (470). What Butt convincingly argues is that the agent who benefits can come apart from the agent who harms. It’s natural to wonder whether this line of thought can be taken still further, so that BFI grounds obligations also in cases where the benefit accrues deliberately and voluntarily. We give an affirmative answer to that question.¹⁵ But

¹⁵ As does Avia Pasternak (2014) in a recent paper. Discussing cases much like the ours, she suggests that owners “must make sure that it does not profit from the workers’ suffering”, for example by “transfer[ing] to the workers whatever profits it makes as result of the fact that the factory does not provide them with decent working conditions, or invest[ing] the profit it made in improving the

this may not yet be a reason to think the two come apart in a principled way; perhaps the PPP is a natural extension of the BP (or already implicit).

Butt adopts Miller's 'connection theory' framework.¹⁶ The central claim is that several different connections to a bad situation can be relevant to assigning responsibility to assist: causal and moral responsibility, capacity, and community. Butt adds BFI as a further connection, a claim Miller later accepts (2007, pp. 102-3). But both Miller and Butt agree that *none of these connections is guaranteed to give rise to responsibility*. We have to consider each case on its merits, usually several connections are relevant, and judgement comes down to intuitions about which connection weighs more heavily. Having benefited from injustice may thus easily fail to give rise to any obligation whatever.

And this is not a point that is idiosyncratic to Butt's defense of the BP. Indeed, that benefiting from injustice is sometimes *but not always* a source of moral obligation is widely accepted in the literature concerning benefiting from injustice as a potential source of moral obligation (Goodin & Barry 2014, pp.364–5; Anwender 2005, pp.40–1; [Omitted] 2014, pp.351–2; Caney 2010, p.210; Lawford-Smith 2014, pp.396–400; Goodin 2013, pp.483, 488; Barry & Wiens 2014). This stands in sharp and principled contrast to our claim. We hold that when conditions (1) – (3) are fulfilled the PPP *always* generates a moral obligation. It's a *pro tanto* obligation which may be outweighed, but it's always there, and it always has weight.

conditions at the factory, or in regulating the factory's behaviour" (382). Her account otherwise differs significantly from ours, notably in that it focuses only on the workers, not on all the members of the counterfactual set.

¹⁶ Our discussion of the framework does not imply endorsement.

Third, while it's not unnatural to think that to be poor is to suffer an injustice, we do not rely on this assumption. The PPP enjoys significant plausibility *as it stands*, with no mention of injustice. Indeed, the Principle's plausibility is not diminished by the stipulation that, in a particular case, the fact that the members of the counterfactual set are poor does *not* constitute an injustice. It remains just as plausible as before that moral agency in part consists in aversion to benefits which depend on a moral outrage, whether or not that outrage constitutes an injustice (and whether or not the dependence constitutes causality). So again, acknowledging the truth of the PPP constitutes a genuine addition to our understanding of the moral landscape.

Finally, what grounds the moral obligations that arise out of innocently benefiting from an injustice is most naturally thought of as a relation between an *act* of wrongdoing, on the one hand, and the *event* of receiving a certain benefit and/or the *state* of retaining and / or enjoying it, on the other. By contrast, what grounds the obligation captured by the PPP is a relation that in the first position has a *state* of morally outrageous deprivation: human beings lacking the resources required to enjoy a *minimally decent human life*. Facts, moral or otherwise, about how that state came about, do not matter for the PPP.

To sum up, the moral obligation captured by the PPP (1) allows that the benefit is obtained voluntarily and deliberately, something which most (though not quite all) participants in the debate about BFI believe places a situation outside the scope of that moral category. Further, the PPP (2) always gives rise to a moral obligation which has weight, contrary to a universally accepted feature of BFI, namely that it does so in some but not all cases. Moreover, while (3) BFI of course

takes point of departure in an *injustice* (it's in the name!), the source of moral obligation captured by the PPP does not obtain only in cases of injustice, but also in cases where there is no injustice, though still a morally outrageous situation. And finally, (4) the obligation captured by the PPP is differently grounded than the obligation arising out of BFI. For all these reasons, then, the PPP is not reasonably regarded as a species of BFI, given how that moral category is currently understood; the PPP captures a distinct source of moral obligation. Consequently, in arguing for the PPP, we do not need to defend the claim that BFI really is a source of moral obligation. As noted in §4 above, *if* BFI is accepted as a source of moral obligation, some of the arguments used to establish that conclusion will carry over directly to the PPP. But we do not need BFI to establish the PPP; the case for the PPP is independently plausible.

Why do proponents of BFI generally focus on cases where benefit accrues involuntarily? Likely because cases where it accrues deliberately are thought to be better captured by the concept of *exploitation*. Exploitation is often discussed in connection with *sweatshops*; factories where workers toil long hours in poor conditions. Such are exactly the cases on which we have been focusing, so this source of obligation may be thought to already cover the ground we have been traversing.

The exploitation debate has largely focused on what working-conditions and wages a multi-national company should, morally speaking, offer sweatshop workers. Some claim that, when determining the level of wages, conditions, and benefits a company should offer, “[t]he appropriate test is not whether the wage reaches some

predetermined standard but whether it's freely accepted by (reasonably) informed workers" (Maitland 1997, p. 607). Others argue that, even though the wages need not match those in first world countries, there are substantial limits to how low they can be (Meyers 2004).

If successful, our argument establishes that, in morally assessing the operations of a company in an area of widespread poverty, determining what conditions it should offer workers does not mark the end of inquiry. In a general sense this point was already obvious; a company cannot operate morally if it severely damages the environment, employs children, produces inherently vicious products (torture-instruments, anti-personnel mines, cluster bombs...), and so on. However, we have argued that *even in what regards the relationship between profit and the living standard of people who live where the company operates*, there is more to be said, morally speaking, than what the company owes its employees. The company will often have moral obligations not only to its workers, but to a larger group of people besides. If the above is correct, then *whether or not* it's wrong to exploit workers, it *is* wrong to derive profit which depends on poverty. The moral obligation captured by the PPP is therefore distinct from any moral obligations not to exploit one's workers.

[Omitted] argues that, for a case to qualify as exploitation, the exploited party must first have available to them a *given option* (a status quo they can allow to continue); an *exploitative option* must be presented to them; their acceptance must be *voluntary* (no physical coercion); and the transaction must be *beneficial* to both parties (Omitted 2013, pp. 323-4). This makes it easy to see that the obligation the PPP captures is distinct from those arising from exploitation, since these conditions

clearly needn't be met for the members of the counterfactual set. Many and possibly all the members of the set *are not made any offer* whatever.

[Omitted]'s is of course not the only account of exploitation worth considering, but the point we have just made generalises widely to other accounts. For example, Allen Buchanan argues that "to exploit a person involves the *harmful, merely instrumental utilization* of him or his capacities, for one's own advantage or for the sake of one's own ends" (1985, p.87). However, the non-working members of the counterfactual set do not qualify as being exploited under this definition, since a) they are not plausibly *utilised* by the company's owner, or, if they are utilised in some attenuated sense of that word, b) that utilisation is not harmful. Nancy Holstrom's position is that "[i]t is the fact that the [capitalist's] income is derived through forced, unpaid, surplus labor, the product of which the producers do not control, which makes it exploitative" (1977, p.359). Again, this does not apply to non-working members of the counterfactual set; they are not labouring for the capitalist. In general, a common thread in different accounts of exploitation is that some *transaction* must take place between the parties for exploitation to occur. By contrast, part of our point has been that a weaker relation, namely that of counterfactual dependence of profit on poverty, suffices to generate an obligation, even in the absence of any transaction between the agent with the obligation, and those to whom the obligation is owed.

Thus, with the exception of the limiting case when the counterfactual set is exhausted by the workers, the members of the set are not (all) exploited by the company under consideration. It is not in virtue of entering into a financial relationship with the company, or in virtue of participating in an exchange with it

(Meyers 2004, p. 328), that the people in the set are morally relevant, but in virtue of the counterfactual dependence of the company's profit on their poverty. Again, the moral obligation captured by the PPP is distinct from moral obligations to not exploit one's workers. Moreover, our argument shows that exploitation is not the only, and may not be the most important, moral problem that arises in connection with sweatshops.

Finally, in much the same way as what we saw above, the moral obligation captured by the PPP, and that which arises out of exploitation, are differently grounded. The latter obligation is most naturally thought of as grounded in a relation between the act of offering or continuing to offer one's workers exploitative working conditions, on the one hand, and the event of making an (overly large) profit, on the other. By contrast, as we saw above, the obligation captured by the PPP is grounded in a relation that in the first position has a *state* of morally outrageous deprivation, where the facts about how that state came about do not matter.

To sum up, then, the moral obligation captured by the PPP differs from that which arises from exploitation, in that (1) the latter, but not the former, is limited in scope to those that work for the company (or, at any rate, to those with whom some substantial transaction takes place), and (2) in that the two moral obligations are differently grounded. The moral obligation captured by the PPP is thus not reasonably regarded as of a kind with those that arise out of exploitation (as that moral category is currently understood); the PPP captures a distinct source of moral obligation. As with the case of BFI, this means that, in arguing for the PPP, we do not need to defend a particular stance about exploitation; the case for the PPP stands independently.

9. Concluding Remarks

We end by considering a final objection, namely that the Poverty-Profit Principle overgeneralises. In a world as interconnected and with as high incidence of poverty as ours, the thought goes, it might be that *everyone's* profit depends, to some extent, in some way or other, on poverty. That would yield the result that some part of everyone's profit is morally illicit.¹⁷

Again, what matters is whether the dependence relation in fact obtains. If it does, the consequence should be adopted. Indeed, this possibility is one reason why the PPP is so important. Insofar as a person's or company's profit depends on people's being poor, however far removed from poverty the person or company might initially seem to be, that profit *is* morally illicit, and should be redistributed to the people in the counterfactual set. There will usually be significant epistemic problems associated with working out whether a given person's or company's profit actually is counterfactually dependent on poverty, and, if so, how large a proportion of it is. But if these obstacles can be overcome, and if the dependence holds, then the conclusion, even if uncomfortable, is correct.

¹⁷ At issue is a plausible generalisation of the PPP as we have formulated it, in which it's not restricted to a relation between poverty and profit that goes specifically via working conditions. See also Jeremy Waldron's discussion of the 'contagion of injustice' (Waldron 1992), pp. 11-12.

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