

## Profits and exploitation: a reappraisal\*

Naoki Yoshihara<sup>1</sup> and Roberto Veneziani<sup>2</sup>

<sup>1</sup> The Institute of Economic Research, Hitotsubashi University, Naka 2-1,  
Kunitachi, Tokyo 186-0004, Japan  
(e-mail: yoshihara@ier.hit-u.ac.jp)

<sup>2</sup> Department of Economics, Queen Mary University of London, Mile End Road,  
London E1 4NS, United Kingdom  
(e-mail: r.veneziani@qmul.ac.uk)

**Received:** January 17, 2011

**Revised:** September 2, 2011

**JEL classification:** D31, D46, B51, B24

**Mathematics Subject Classification (2010):** 91B50, 91B15, 91B66

**Abstract.** This paper provides a mathematical analysis of the Marxian theory of the exploitation of labour in general equilibrium models. The two main definitions of Marxian exploitation in the literature, proposed by Morishima (1974) and Roemer (1982), respectively, are analysed in the context of general convex economies. It is shown that, contrary to the received view, in general these definitions do not preserve the so-called Fundamental Marxian Theorem (FMT), which states that the exploitation of labour is synonymous with positive profits. A new definition of Marxian labor exploitation is proposed, which is shown to preserve the FMT in general convex economies, in equilibrium.

**Key words:** exploitation, profits, reproducible solutions