A CRITIQUE OF ROEMER'S CONCEPTION OF EXPLOITATION

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Abstract

The paper deals with Roemer's claims that the Marxian theory of surplus value is logically faulty and should be considered the special case of his own "general theory of exploitation" (the "GTE"). It is shown that Roemer's model and theorems implicitly confirms the main point of "Das Kapital": profit does be the converted form of surplus value produced by working class under capitalism.

Introduction

It is widely acknowledged that the central problems with which Marx wrestled are still with us (e.g., see [1, p.5]). Marx's methodological achievements, however, have not yet been fully adopted by some modern streams of economic thought [2, pp.7-15].

From Roemer's point of view, "the definition of exploitation in terms of property rights is not only more general than the surplus labour definition but is a better definition as well, due to the concrete institutional alternative which it poses" [3, p.218].

In particular "a coalition is considered capitalistically exploited if it would be better off with access to its per capita share of society's alienable assets (means of production, resources)" [4, p.207].

We confine ourselves in this paper to consideration of the capital-ist exploitation abstracting from the reduction of skilled labour to simple one.
1. A Subsistence Economy With Labour Market

Let us consider a key model of "pre-capitalist economy" with labour market, paying attention to relevant conclusions derived from the analysis of models of pre-capitalist economy with no labour market. We’ll follow Roemer’s terminology and notation (see [3, pp.33-86]).

There are a certain number of private commodity producers \((\nu, \mu = 1, \ldots, N)\). They all have one unit of labour power to dispose of, but they possess, in general, different vectors of produced goods \((\omega) \in R^*_+\).

All producers have the same subsistence requirements, a vector \(b \in R^*_+\). There are markets for produced goods and for labour power, but there is no credit market. Each producer can choose to operate production activities on his own, hire labour to operate them, or sell his labour power for a wage.

Subject to the goal of subsisting, each tries to minimize labour performed. In this model \(A\) is an \(n \times n\) commodity input-output matrix of activities, \(L\) is an \(1 \times n\) row vector of direct labour input coefficients, \(x^\nu \in R^*_+\) is the vector of activities that the owner \(\nu\) of the means of production operates himself (there are \(n\) processes in the Leontief technology), \(y^\nu \in R^*_+\) is the vector of activities \(\nu\) hires others to operate, \(x_0^\nu \in R^*_+\) is the amount of labour time \(\nu\) sells, a scalar.

Commodity input \(A_j\) (the \(j\)-th column of \(A\)) and \(L_j\) units of labour, measured in producer-days, are the same for all producers.

"ASSUMPTION 1. \(A\) is indecomposable and \(L > 0\)" [3, p.28].

Facing a commodity price vector \(p \in R^*_+\) and wage rate \(w \in R^*_+\), each producer will "choose \(x^\nu, y^\nu, x_0^\nu\) to
\[
\min Lx^\nu + x_0^\nu \quad \text{subject to} \\
p(I - A)x^\nu + (p - (pA + wL))y^\nu + w_0^\nu \leq pb \quad \text{(reproducibility),} \quad (P_i) \\
pA(x + y) \leq p \omega^\nu \quad \text{(feasibility),} \quad (P_{ii}) \\
Lx^\nu + x_0^\nu \leq 1 \quad \text{(length of working day),} \quad (P_{iii}) \\
x^\nu, y^\nu, x_0^\nu \geq 0" \quad [3, p.63]. Here and below \(I\) is a unit matrix.

According to Roemer, \((P_i)\) states that net revenue should not be ex-