Labor Value and Exploitation in Global Economy

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ABSTRACT:

We discuss labor value and rate of exploitation in global economy using international input-output table. Labor value is defined as multiplication of labor coefficient and Leontief inverse. The exploitation means amount of labor embodied in wage commodity is less than amount of labor sold. Okishio proved the Fundamental Marxian Theorem that the conditions of profit existence and the existence of exploitation are equivalent.

In the context of international Input Output table, we introduce the concept of global labor value, which is the vector of embodied labor of various countries. The Theorem should be modified that the existence of profit requires exploitation in at least one country. In other word, exploitation may not exist in some countries (non-exploitation).

In the empirical study using *World Input Output Database* (WIOD), we find (1) the largest share of global labor value is own country's labor in all countries, (2) the second largest share is Chinese labor is the second in many countries, (3) there are the non-exploitation cases in several countries.

KEYWORDS:

Fundamental Marxian Theorem, Exploitation, Profit, Global Economy, World Input Output Table