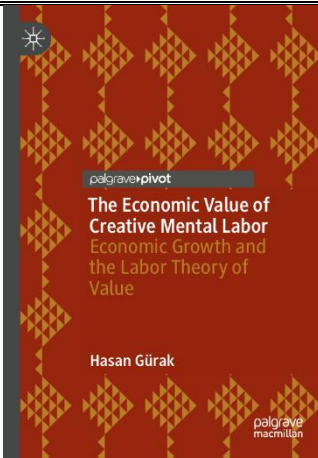


Book Review: *The Economic Value of Creative Mental Labor: Economic Growth and the Labor Theory of Value*

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Extended abstract**1. Introduction**

In recent decades, growth theories have expanded the concept of human resources—initially understood simply as "labor"—to encompass notions such as human capital, knowledge, skills, and innovation as key drivers of long-term economic growth. This evolution reflects a fundamental shift in focus from the quantity of labor to the quality of human capital. Within this context, Hasan Gurak, in the present book, adopts a critical approach to examine the shortcomings inherent in conventional growth models. He endeavors to offer a novel interpretation of the role of human resources in the growth process, with particular emphasis on creativity as a distinctive function of the human mind. The author seeks to address the central question: Why are mainstream growth theories, despite their theoretical advances, unable to properly explain certain dimensions of economic growth?

2. The book's key points

Gurak introduces two new concepts "Creative Mental Labor" and "Skilled Mental Labor" as explanatory variables for short-run and long-run growth, respectively. He contends that theories of value, price, and growth must incorporate a missing element: the creativity inherent in the human brain. He argues that endogenous growth models, despite being the latest iteration of growth theory, have failed to provide a realistic and satisfactory account of the origins of creativity.

Critiquing the traditional notion of capital as a factor of production, the author asserts that while capital is necessary for production, it does not, in itself, create value; only labor and nature are value-generating. Capital, he argues, should be considered a supplementary input—akin to raw materials or energy—rather than a source of value creation. Consequently, Skilled Mental Labor is essential for the efficient deployment of existing technologies, but Creative Mental Labor is both necessary and sufficient for long-term growth. Without Creative Mental Labor, sustained progress and enduring profits are unattainable; Skilled Mental Labor can only implement and exploit technology—whether old or new—but cannot generate innovation on its own. This emphasis on the creative capacities of the human brain is, in the author's view, the missing piece in all theories of value, price, and economic growth. To substantiate this claim, the author reasons as follows: a new production method for a given product reduces unit costs and yields short-term profits. However, with a fixed product, the market saturates rapidly, demand and profits decline, and the rate of profit falls toward zero. In contrast, creativity—by generating an entirely new product—creates fresh demand, yields above-average profits, and prevents the profit rate from collapsing to zero. This, according to the author, is the fundamental flaw in standard growth models: they conflate both types of mental

labor (skilled and creative) under the single rubric of "human capital". Recognizing this distinction has profound implications for value and price formation, economic growth, income distribution, international trade, profit sustainability, and innovation policy. Hence, a new theory of value based on productivity is needed—one that cannot be fully realized through price theory alone, despite price being the most important driver and regulator of the entire economic system.

The book also touches on several related themes. It highlights the role of the service sector in economies—a sector often neglected in traditional growth theories, or whose productivity and growth are mistakenly measured by the same yardstick applied to physical goods. This, the author notes, presents a challenge for pricing and growth theories in the service sector, where Skilled Mental Labor plays a more prominent role than Creative Mental Labor.

Another topic addressed is the issue of patents. In conventional economics, patent holders enjoy monopolistic power, enabling them to control prices and output. Their profit rates are (unfairly) above the market average, and true competition is absent. To resolve this, the author proposes an abstract "technology ecosystem" in which technology-producing firms and technology-using firms operate as separate entities (i.e., innovators are not the users of their own innovations), thereby creating a market between them and fostering greater global competition. The author further contends that developing countries, even without cutting-edge technology, have enormous growth potential through massive investment in existing technologies (acquired from developed countries) and by leveraging their skilled labor force. In this process, factors such as education and the institutional environment are decisive. However, an unjust patent system can severely impede this potential.

If we interpret the book's content as a critique of mainstream neoclassical growth models, its perspective can be classified within the tradition of heterodox economic approaches. Critiques of the book can be advanced on both theoretical and empirical grounds.

Theoretically, the most significant weakness is the lack of micro-foundations. The absence of a micro-economic basis—grounded in the optimization behavior of economic agents—and the lack of assurance regarding the attainment of a steady state from a modeling perspective, limits the book's central argument to the level of an idea or at best a suggestive theory, rather than a fully-fledged model. Furthermore, the author adopts a somewhat mechanistic approach, overemphasizing Creative Mental Labor as the sole origin of all technologies and the unique engine of growth, while neglecting psychological, sociological, and historical dimensions, as well as incentives such as profit and competition, knowledge spillovers, and governance and institutional factors. Another theoretical issue is the abstract bifurcation of human capital into skilled and creative mental

labor (alongside physical labor) without providing adequate real-world, operational definitions or empirical counterparts. A more rigorous theoretical model that precisely delineates the distinct roles and contributions of skilled and creative mental labor (and physical labor) in the growth process would be a valuable next step in strengthening the author's thesis.

Empirically, two points stand out. First, the author claims that Creative Mental Labor is the sole source of long-run growth and the reason the profit rate does not fall to zero. However, empirical evidence consistently shows that total factor productivity (TFP)—itself a function of a broad range of factors—accounts for the dominant share of cross-country differences in per capita income. Second, the proposed ecosystem of separate technology-producing and technology-using firms, while ethically appealing from a justice perspective, remains abstract and operationally vague, with little guidance on implementation.

3. Conclusion

In conclusion, while the book cannot be regarded as a fully developed scientific theory in the field of growth economics, it represents a valuable step in posing fundamental questions about ongoing and emerging issues in economic discourse—particularly concerning intangible assets, artificial intelligence, and the changing nature of human work in the modern economy.

Conflict of interest

The author declared no conflicts of interest.

Ethical considerations

The author has completely considered ethical issues, including informed consent, plagiarism, data fabrication, misconduct, and/or falsification, double publication and/or redundancy, submission, etc. This article was not authored by artificial intelligence. The free online version of the Deepseek AI was used for language enhancement.

Data availability

The dataset generated and analyzed during the current study is available from the corresponding author on reasonable request.

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