Review of

Peter C. Dooley, *The Labour Theory of Value*, Routledge, London and New York, 2005, pp. 284,

for "History of Economic Ideas".

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This is a book on the history of economic ideas written by Peter Dooley, a Canadian author (University of Saskatchewan) who does not seem to believe in an intuitive strength of the labour theory of value. He examines the origins and developments of such theory, from the early 'labour and land' theories of Petty, Locke and the physiocrats up to the classical theories of Smith, Ricardo and Marx. Familiar topics to every student of economics, covered in undergraduate programs and dealt with by a very extensive literature.

The structure of the book – included in the well known series of the "Routledge frontiers of political economy" – is simple and unsophisticated. The language terse and concise. An introduction on the predecessors of the theory is followed by a series of chapters on single authors – Petty, Locke, Cantillon, Quesnay, Hutcheson, Hume, Smith, Ricardo and Marx – with brief descriptions of their lives. There are no chapters on the Ricardian critics (Robert Torrens and Samuel Bailey are never mentioned) and on the treatment of the problem by Malthus (in *The Measure of Value* and in his correspondence to Ricardo). A final chapter deals with 'classical relics in early neoclassical thought'. The book does not go further on. It is completed by a bibliography and an index.

In his preface to the volume, the author – who in 1990 wrote the entry *Value* in the collective work *Foundations of Economic Thought*, edited by John Creedy – says that "this book offers a new interpretation of the labour theory of value based on the concept of past labour and on the distinction between the origin, measure and regulation [in the sense of relative price determination] of value". He then explains: "It is not a rehabilitation of the labour theory of value. It is not an encyclopaedia of past authors. It is not a commentary of modern commentaries. It does not ask what we derived from classical economics that is valid today. It asks, where did the classical economists get their ideas?". Which is, in my opinion, a quite reasonable though rather restricted task, whose limited relevance can hardly justify the more comprehensive and promising title of the volume.

As one of the founding and most controversial ideas of economic science, the labour theory of value deserves a careful, respectful and competent historical examination. One based on an accurate reconstruction and critical exposition of the theoretical standing of the various authors and suitable to distinguish between the significance of a 'pure' labour theory of value, implying strict proportionality between values and long-run equilibrium prices (as assumed by Marx, with his erroneous 'law of value'), and that of broader labour theories of value. Those which involve both the acceptance of the basic idea that labour is the 'substance of value' and the refusal to believe that in a capitalist system commodities may be reduced to an amount of undifferentiated abstract social labour directly and indirectly employed in producing them, without residuals. It should not be treated as a "metaphysical or metaeconomical" concept, arguing that "past labour is not knowable".

The book does not intend to deal with the subject from the heuristic perspective of the contribution it could make to a progressive economic program, but only from the point of view of its historical development. Dooley thinks that "the scientific perspective distorts the history of economic thought" and rejects any mix of these two approaches.

Unfortunately, the book does not go beyond Marx, who went beyond Ricardo by introducing the concept of labour-power and by reducing labour of different qualities to 'abstract' labour (a term not mentioned in the book). The story Dooley tells does arrives at its end more than a century ago. His treatment of the subject does not cover some interesting post-Marxian developments in the classical tradition of the labour theory of value. Namely, those made by Tugan-Baranowsky, Dmitriev, Bortkiewicz, Seton, Sraffa and Morishima, all of whom went beyond the Marxian treatment of the problem. It also disregards the more recent works on the subject, which aim at defending Marx's labour theory of value from the claim that it uses a faulty transformation procedure. More specifically, those which look at labour-values and prices as 'successive approximations'; those which assume the existence of a 'real mediation' between them (or between social labour time and money value); and the so-called 'monetary labour theories of value', which redefine Marxian value, cutting off some of its Ricardian rootes, and use the money wage (instead of the real wage, or of units of labour time) to perform a monetary elaboration of the labour theory of value and to propose 'a monetary expression of labour-value'.

We may think at Duménil and Foley's 'New Interpretation of the Transformation Problem', which tries to preserve the Marxian quantitative relations between paid and unpaid labour and between the aggregate wage bill and total gross profits, and measures the monetary expression of labour by the ratio of the net product, valued in money terms, to the productive labour, so that the Marxian equivalence between gross profits and unpaid labour holds and the rate of exploitation of labour by capital may be computed. Or at Wolff, Callari, Roberts, Kliman and McGlone's much discussed 'Temporal Single-System', or diacronic sequential approach, also known as 'non-equilibrium Marxism', which defines the monetary expression of labour almost in a similar way (i.e. as the ratio of the money value of the net product to the living labour employed), thus preserving the same proportionality of the wage bill and gross profit with paid and unpaid labour. In a broader sense, one may think also at Moseley's 'macro-monetary' interpretation of the initial givens in the Marxian theory of value.

Readers of this journal interested in knowing in what consists Dooley's "new interpretation of the labour theory of value" should look at the conclusions of the volume. There, they will discover that "the concept of the origin of value ... is not a scientific concept, but an historical one"; that "the scientific perspective distorts the history of economic thought"; that "confusion arises from the transformation problem" ("a fixation" of modern economists seeking to explain how competition transforms labour values into market prices); and that "the political influence of David Ricardo is actively felt today under the names of monetarism and globalization".

Dooley seems to miss the inner significance of the classical labour theory of value, which was essentially a twofold one. First, the theory intended to tell the mankind that its economic fate was not predetermined, but depended on the intelligent human efforts aimed at producing real wealth. It was, therefore, in the man's own hands. And, second, the theory was meant to provide a consistent framework for an analysis of the functional and personal distribution of total wealth.

According to the author of the volume, the Smithian theory of value was only a compendium of received ideas. Smith "repeated two concepts of values found in Aristotle: value in use and value in exchange". He "also considered money and corn as measures of value, which Petty, Locke and many others had done before him". But it was not enough. He "confused his readers... by presenting two different labour measures of value".

Ricardo "misinterpreted Adam Smith's theory of value, because he did not recognize the old distinctions between the origin, the measure and the regulation of value". He "misread Smith, which led others to misread him, too". Ricardo's strenuous search for an invariable standard measure of exchangeable value is shortly and superficially analyzed (and Sraffa's 'standard commodity' solution to the problem is completely ignored). Hollander and Hicks's *new interpretation* of the Ricardian theoretical system and the *natural wage interpretation* of the Anglo-Italian neo-Ricardian Cambridge school are not mentioned in the book.

Facing the central question whether Ricardo had a labour theory of value or a cost of production theory of value, Dooley says that Ricardo, as previously done by Locke and Smith, "included the labour embodied in the capital goods used up in production", but "did not and could not deny that profits affected relative values". And he concludes that "he clearly had both [theories]". Which is disputable on the base of a textual exegesis, and logically impossible.

The book does not afford an important analytical point concerning the nature of the Marxian concept of labour value: whether such value should be measured by the historical labour cost of a commodity, i.e. by embodied labour (as in Kliman's 'temporal' or 'historical' interpretation), or by the present replacement cost (as in Foley's 'simultaneist' interpretation). And it does not discuss the way Marx measured necessary labour and distinguished it from surplus labour, his method of starting from the abstract ('abstract labour') and moving to the concrete, and the political and ethical implications of his theory of value.

To conclude, in my opinion Dooley's work is neither a thoughtful and stimulating critical essay, nor a comprehensive and useful reference book. It is a conventional and outdated introduction to an important subject matter. Something which has very little to do with a valuable book series on the "Frontiers of political economy".

Duccio Cavalieri
(Dept. of Economics, Univ. of Florence)