

Review of Spencer J. Pack's *Aristotle, Adam Smith, and Karl Marx: on some fundamental issues in 21st century political economy*. Cheltenham: Edward Elgar, 2010, 288 pp.

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Spencer Pack's new book can be understood as an architectural guidebook to three great buildings: the intellectual systems of Aristotle, Adam Smith, and Karl Marx. There is also an outlook on the contemporary landscape, as announced in the subtitle. For the most part, however, Pack analyses the writings of these three seminal figures, and he looks at them through the lens of three pairs of concepts: exchange value and money, capital and character, change and government. Spencer does not provide a detailed justification for his focus on these concepts or on these three thinkers—except that they are important figures in our intellectual tradition and stand in a kind of “dialogue” (p. xi). So the proof of the pudding is in the eating; but, to anticipate, the overall result justifies this choice of focus, as it illuminates central dimensions of the thought of Aristotle, Smith, and Marx, and leads to insightful comparisons.

Starting out with Aristotle, Pack discusses his views on money and exchange and his rejection of chrematistics, the use of money for acquiring more money, as unnatural. He lays out Aristotle's view of human nature with its focus on habit, and shows how this relates to his views of choice and consumption. He emphasizes Aristotle's cyclical view of history, which also applies to his view of government, which tends to become corrupt and decline into unnatural forms.

Adam Smith, in contrast, saw commercial society, including what Aristotle called chrematistics, as perfectly natural. Pack discusses Smith's arguments about the positive influence that commercial society can have on the human mind, but also mentions the problems with the character of “merchants and manufacturers” and other socio-economic groups in commercial society. He rejects the misreading of Smith as neoliberal by providing a well-rounded discussion of Smith's view of the state, which, on the one hand, has important functions to fulfil, but on the other hand can become an instrument in the hand of the rich for

preserving their privileges. In contrast to Aristotle's view of history as going in circles, Smith sees history as a more or less linear development and evolution, and, as Pack notes, did not seem to see species as eternal, which points in the direction taken up by Darwin.

In Part III of the book, Pack analyses Marx's writings with an eye to the same concepts he focused on in the first two chapters. Karl Marx knew and referred to the works of both Aristotle and Smith, which makes this analysis especially interesting. Pack emphasizes that Marx's attempts to find the "essence" of social relations is a genuinely Aristotelian move, and that large parts of Marx's early writings build on his adoption of the Aristotelian distinction between use-value and exchange-value, which he combines with his labour theory of value. He discusses Marx's analyses of the development of money and of the role of capital in the history of capitalist society, as well as the question of the character of the protagonists of this society. He notes, for example, how Marx, in comparison to Aristotle, shifts the focus to the working population, and especially the unskilled workers, who stand in an extreme contrast to the capitalists. Pack also discusses Marx's view of the state and of history, distinguishing his functional, instrumental and alienated power views of the state. Finally, he analyses Marx's view of history, focussing both on the relation between the "natural" and the "social" in Marx and on his developmental account of capitalism, which owes elements to both Aristotle and Smith, and which also relates to Marx's views on science as a secularizing force that emancipates individuals from the "opium" of religion.

The ideal reader of this part of the book already has some general knowledge of Aristotle, Smith, and Marx, for Pack does not start out with general introductions to their thought. But he presents their ideas in a very clear manner, reducing jargon to a minimum, and embedding the aspects he focuses on in their wider systems. One might disagree with some of his interpretations, such as whether Smith really had a labour theory of value, or whether he saw this as an adequate model only for the early stages of society (see Blaug 1996, 38, 51f.). On the whole, however, Pack does a good job in presenting the central architecture of the views of these authors on economic issues.

The changing view of what is "natural" or "unnatural" about commercial society is an important theme in Pack's comparative discussions, and it shows that to call something "natural" is almost never a value-free statement. Another point that Pack underlines is the

degree to which Marx takes up Aristotelian ideas and concepts, which he shows in great detail, focussing, for example, on the four types of causality in Aristotle that Marx also covers in *Capital*. Speaking more generally, the great attention to details is certainly one of the strengths of the book. Hidden in the footnotes are interesting asides, which often shed additional light on aspects of modern economic theorizing. For example Pack's point that the idea that commerce might create friendship, which was present in Aristotle and Smith, has been completely lost in modern economic theory with its assumptions of anonymous markets (p. 39). Naturally, not everything in Pack's analyses is new—that is the price for writing about well-known, influential figures. But unless one is an expert on all three of them, it is likely that one will come across new and interesting insights, many of which are brought out by the comparative perspective.

Part IV is different from the first three parts in that Pack here focuses on contemporary issues, in combination with (sometimes slightly repetitive) summaries of his earlier analyses. The structure follows the same three pairs of concepts: exchange value and money; capital and character; government and change. Pack brings in additional thinkers, notably Piero Sraffa and Vladimir Dmitriev, who both contributed to a better understanding of economic value. He explains Sraffa's model of the production of commodities from commodities, which dethrones labour as the only factor that creates value. Using Smith's and Marx's reflections on the need for commensurability of goods in an exchange economy, he argues that the US dollar may have taken on the function of a world currency, similar to the gold standards of earlier days, and discusses the implications for the trade and current account deficits as well as the monetary and economic policies of the United States.

In the chapter on capital and character, Pack discusses the problem of how those without property might be able to earn a living in an economy that becomes more and more automated. He rejects the argument that the expansion of capitalist economies is held back by a lack of savings, which he sees as founded upon a problematic definition of savings that leaves out certain forms of savings that are not processed by the financial markets. He also cautions the reader not to forget the problem of character, especially with regard to managers in both capitalist and in communist enterprises, taking up arguments from the literature about the structural "convergence" of capitalist and

communist systems as a result of the interests of managers from the 1980s. The communist system does not exist any more, but the question of “how do we control our managers?” (p. 202) remains relevant in the 21st century, Pack holds.

With regard to government, Pack is equally sceptical. Referring to a body of critical literature about the presidency of George W. Bush, he argues that the risk that the state becomes a tool in the hands of the rich and powerful is as much alive now as it was in Adam Smith’s time. He argues that one of the ways in which the not-so-rich and not-so-powerful have reacted to the fall of communism and the loss of Marxist hopes for a betterment of their lives was to turn to religious movements that are more or less fanatical in character. At this point, the discussion becomes somewhat speculative, but the general question of what people can turn towards in order to imagine a better future is certainly a valid one.

All of the problems discussed in the fourth part of the book are interesting and important, and Pack does a good job of showing how arguments drawn from Aristotle, Smith, Marx, and other historical thinkers are relevant for reflecting about them. A problem with this kind of analysis, however, is that Pack pulls out individual threads from what are extremely complex issues, and although they are certainly important threads, one wonders whether it is sufficient to discuss them in isolation. For example, the question of whether the US dollar might function as a world currency in today’s globalized economy, and what this means for US monetary policies, seems to be closely connected to Chinese trade policies, since, according to one common argument, the US trade deficit has at least as much to do with the decision of the Chinese government to keep their currency undervalued in order to strengthen the export sector as with the dollar’s function as a world currency.

Pack’s decision to focus on the key concepts that he has chosen as a common thread for the book, however, means that such aspects remain outside the scope of analysis. But one has to say in his favour that Pack does not try to provide easy solutions to these problems. His aim rather seems to be to point out which questions we should ask, and maybe also which questions we have forgotten to think about because the history of economic thought, in which they had been asked, is not widely researched and taught any more. The questions Pack shows us may not be the only ones, but they are certainly worth asking, and for this it is

helpful to take into account our intellectual heritage and the shift in perspective that it makes possible by showing the historical contingency of many of the concepts and ideas that we take for granted.

An important meta-question implicitly raised by the last part of the book, however, is whether it is enough to answer these questions in a piece-meal fashion. Pack's method of picking out certain concepts and elaborating their implications stands in some contrast with the overarching systems that Aristotle, Smith, and Marx built, and which Pack so brilliantly describes. It would of course be unfair to charge Pack with not having come up with something as grand as the systems he writes about, and one might even argue that it is questionable whether we will ever have such a system again. On the other hand, it also seems problematic not to have *any* overarching system, precisely because the problems are so complex and intertwined that overarching principles are needed both in order to know what to look at in the confusing wealth of phenomena and in order to evaluate the salient issues in a unified way.

The philosopher who is often said to come closest, in the 20th century, to an overarching system in political philosophy, is, of course, John Rawls (especially, Rawls 1971), and arguably part of what made him so influential is precisely the fact that he approached the problem of how to construct a just society in a more principled and systematic way than many other writers. But this also comes at a cost: Rawls's system stays rather abstract, and he says relatively little about the concrete institutions he would want to see in a just society, and in particular its economic organization.

What seems to be needed, at the present, is a synthesis between the overarching theories of justice that Rawls and others have provided, and more detailed accounts of economic life that are sensitive to its many normative dimensions. Not least because of the financial crises of recent years there is indeed an increased interest in economic questions among political philosophers coming from various parts of the political spectrum (e.g., Tomasi 2012; Honneth 2011, part C.III.2). The call for more "non-ideal theory", despite meaning different things to different people (e.g., Sen 2006; Wiens 2012), also implies that one needs to take a closer look at economic questions when one wants to talk about justice. A deepened understanding of the seminal figures that shaped the history of economic thought is a good basis for such an endeavour. This, together with the food for thought it offers through its wealth of

observations, recommends Pack's books to readers both in the history of economic and political thought and in political philosophy in general.

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