

**Review of Ricardo F. Crespo's *Philosophy of the economy: an Aristotelian approach*, Springer, 2013, 154 pp.; and of *A re-assessment of Aristotle's economic thought*, Routledge, 2014, 145 pp.**

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Ricardo Crespo's two short books are welcomed contributions to the small but growing literature on the relationship between Aristotle's work and contemporary economic theory and society. There is considerable overlap between the two books, both having basically the same goal: to demonstrate Aristotle's "contribution to present day economics" (2014, 6). Despite having been published earlier in 2013, Crespo's *Philosophy of the economy* seems to have been written after *A re-assessment of Aristotle's economic thought*. It is also a smoother read, and contains some provocative material in the later chapters not found in the other book, especially what he considers to be Aristotelian approaches to economic model building, business, and human labor. Hence, since the two books are such close substitutes, I recommend *Philosophy of the economy: an Aristotelian approach* as the better and more important book.

Crespo has a PhD in both philosophy and economics, so he is a well-trained and sure guide to the subject. His main contribution—found in both books—is his articulation of what he thinks a properly constructed science of economics should be, based upon Aristotelian lines. By Crespo's interpretation of Aristotle, the term "economics" may denote an action, a capacity, a habit, as well as scientific knowledge associated with the use of the material things required to live a good life. Economics is a practical science, which should explicitly consider various values; hence it is also an essentially moral or evaluative science. Ideally, people ought to only acquire the goods needed to live a virtuous life for human fulfillment. Humans are also by nature political animals, so to live virtuously, people need to live in a *polis*. Hence, virtues are always developed and consolidated within a community. A *polis* is an association of families with the common goal of living the good life. Therefore, economics as a practical science should be subordinated

to politics. Moreover, market exchange is natural, but, Crespo argues, the market itself should also be subordinated to the ends of both individuals and the *polis*. Hence, from an Aristotelian perspective, the proper education and development of economists should have a very broad curriculum, including instruction in political science, ethics, other branches of philosophy, cultural anthropology, history, economic history, and the history of economic thought. Crespo also argues for methodological pluralism in the study and practice of economics, including for example, various case studies which aim to develop the necessary practical wisdom and interdisciplinary abilities needed for skilled economists.

Crespo claims that economics deals with general facts, which occur most times in the same way. Although he emphasizes that explanation (as opposed to prediction) is the main aim of economics and other sciences, he also insists that “values must be placed on the table” (2014, 123). Since economics is based upon generalizations which occur most of the time in the same way, its explanations and predictions will necessarily be inexact. So, to summarize, for Crespo, economics should be explicitly normative, concerned with the promotion of personal virtues, and taught as part of a virtue-based education, embedded in ethics and politics. It will help people deliberate with reason, to make good, proper choices to satisfy human needs and to live the good life. Along the way, Crespo—as to be expected—criticizes twentieth century mainstream economics from an Aristotelian perspective. These criticisms include, among other things, being too narrowly focused, overly concerned with mere technique, imperialistic forays into other social sciences with its instrumental maximizing rationality (epitomized by the research program of the late Gary Becker which is denigrated as being economics in an improper sense), its putative dichotomy between facts and values, and its claims to value neutrality.

Although I am largely in agreement with Crespo, there are some parts of Aristotle’s corpus which most contemporary philosophers and economists will want to deeply consider before fully embracing his approach. Firstly, I think most modern and post-modern philosophers and economists will have a difficult time accepting Aristotle’s epistemological and ontological claims that humans can grasp reality, and that we mortals can acquire absolute knowledge of the true essences and causes which lie behind empirical observation. Crespo approvingly quotes Aristotle from *De Anima* that our “actual

knowledge is identical with its objects” (III, 7, 431a: 1; in 2014, 105). So, for Aristotle and Crespo, things exist, they are knowable, and our intellectual intuition can grasp this knowledge and sometimes even become one with them. I think the dubiousness of this position is evident when Crespo discusses economic model building (2013, chapter 6, 67-80). Crespo holds that the building of a model assumes the ability to grasp what is essential through processes that require imagination, intellectual intuition, well-trained practical reason, and essential knowledge about reality. For Crespo “the described model should bring the knower to the real connections involved in a way that allows him to understand them directly” (2013, 71) so that knowledge of these real relations will pass through models to the modeler. Hence, Crespo claims that though Aristotle does not talk about models, models fit with the Aristotelian theory of knowledge.

I think Crespo is overly optimistic about the ability of models to describe and grasp real causes, essences, and reality; a bit of wishful thinking. Moreover, I am not persuaded that model building fits in with Aristotle’s theory. If we humans can truly appropriate reality directly, why would there be a need for models at all? More likely, economists use models of reality precisely because they cannot understand reality itself. Reality is much too complicated, complex, and unfathomable for economists to fully comprehend. Hence, economists create models, and manipulate and explore their properties in the hopes of shedding light on economic reality. Yet, the precise relationship between the models and the reality that they purport to illuminate is always problematic. Moreover, economists tend to confuse their little toy models with reality itself (see Morgan 2012, especially the concluding chapter 10, “From the world in the model to the model in the world”). This is a continuing vexing problem for contemporary economists.

Also problematic and worth serious, deep reflection is Crespo’s interpretation of Aristotle’s concept of chrematistics. For Crespo, there are good and bad types of chrematistics. Good chrematistics is the technique of wealth acquisition that can be positively used to moderately and liberally support the acquisition of goods needed for the good life. The bad type of chrematistics occurs when acquisition goes beyond satisfying human needs, and money is obsessively pursued as an end in itself, due to unlimited appetites and desires. While the good life, the life of virtues, that leads people to fulfillment and flourishing lives depends upon the good type of chrematistics, the bad

life is one that pursues unlimited money for its own sake, knows no limits, is wicked and unnatural (2014, 51).

The key question, what causes bad chrematistics, was starkly posed in an exchange between William Kern and Spencer Pack in *History of Political Economy* (1985). Crespo follows Kern in arguing that for Aristotle, the cause is relatively superficial. Our passions tend to dominate our reason, and we need to control these passions for unlimited wants, desires, and greed with reason, backed by good habits and excellent education. Pack argued that the cause is much deeper and more systemic. It is the mode of acquisition itself, the use of money to acquire more money, the final goal of capitalist enterprises, and of what we would now call capitalism itself, which, for Aristotle, necessarily generates the destructive bad side of chrematistic acquisition. On chrematistics itself, the scholar of medieval economic thought Odd Langholm explained that,

the word is not used consistently [...] sometimes it is used broadly to mean acquisition in general, elsewhere it indicates acquisition by trade, and this is the kind which Aristotle condemns. The root of the word is “chrema”, thing needed or used; in plural it means goods, property. But chrematistics in its narrow sense is one of the Aristotelian words which have found their ways into modern languages untranslated; it is hard to convey with precision its particular sense of disdain for the slightly unsavory skills of the commercial classes (Langholm 1983, 51).

There is a tradition (that includes Marx) which views Aristotle as providing the basis for a successful critique of capitalist society and of mainstream modern economic theory (see Pack 2010, especially pp. 109-111). For recall that for Aristotle, retail trade, the use of money to acquire more money, knew no limit, was unnatural, and was bad. Even worse, and more unnatural for Aristotle, was the lending out of money for interest, for more money; its goal was also simply to acquire more money and also knew no limit. For Aristotle, even wage labor itself was unnatural and bad (Pack 2010, 15-32). This tradition offers a much more radical, critical reading of Aristotle than is explicitly proffered by Crespo.

By this reading, the use of money to acquire or accumulate more money is for Aristotle a corruption of money’s positive state and form which should merely be used to circulate goods, that is, to facilitate the exchange process. However, when the acquisition and accumulation

of money, wealth and riches becomes an end in itself, the natural or proper function or excellence of money is corrupted and becomes unnatural. Thus, it is our mode of acquisition, money which is used to acquire more money, which causes people to become ruled by their desires and passions. Capitalism, our socioeconomic system, is ruining our characters.

Yet, notice also what this value-laden discourse does to our own discourse, should we whole-heartedly adopt, or go back to an Aristotelian approach. This reading of Aristotle, suggests that we may want to especially view our business, our corporate leaders, and their hired representatives, lackeys, and spokespeople, as unnatural, corrupt, wicked and morally bad characters obsessed by the desire to acquire more money. Yet, do we really want to go down this road? Characterizing our opponents as unnatural, corrupt, bad people is for me indeed tempting. Yet, I ultimately think this ratcheting up the stakes and heat of our discourses to this level is probably not a good idea; I also think it is where a fully Aristotelian approach tends to lead us.

In discussing the bad type of chrematistics, Crespo writes that “the point is not eliminating capitalism, as Marx claimed, but rather living up to the virtues associated with economic prosperity” (2013, 111). Nonetheless, I think Crespo’s own Aristotelian analysis calls for changes that are much more radical than he seems to realize. Crespo writes in *A re-assessment of Aristotle’s economic thought* that “Society should not be a market subject to competition, but rather, a community of cooperating human beings” (2014, 71-72). He does not follow up the implications of this, but I think this really is a call for a post-capitalist society. This call becomes more evident in chapters 10, “Capital and entrepreneurship”, and 9 “Human labor” in *Philosophy of the economy*. For Crespo, following Aristotle, thinks profits should be a condition, not an end in itself (2013, 131). Firms should contribute to the common good and “a firm’s commitment must be to society, not to profit” (2013, 136). Crespo concludes that “firms’ operations should take place in the context of their service to the common good of civil society and the business community. Profits and salaries thus remain limited to being conditions of these activities and cannot have maximizing goals, but rather sufficient and limited ones” (2013, 136). Yet, is any of this possible in a competitive, capitalist society? Will not firms in our society that try to follow this be run out of business?

Similar, but even more severe problems occur with his handling of human labor. In Crespo's view, labor should be fulfilling to workers, and contribute to their self-realization. Hence "understanding labor as a personal human action [...] bears profound consequences. First, in terms of human action, work should perfect workers" (2013, 124). Again, is this possible under competitive capitalist conditions? This seems rather utopian in our current society. For the most part, capitalists and their managers generally care not a whit about the perfection or moral development of their workers. Nor can they, and remain in business for long. Also, in these chapters there is a tendency for Crespo to think that he is criticizing the science of economics, when he is really criticizing the socioeconomic system itself. So, for example, he concludes that "[...] given the particularly personal nature of labor, current economics, so concerned with work as a factor of production, neglects its most valuable elements almost entirely" (2013, 126). Yet economics, as the study of the economy, seems to be doing a pretty good job reflecting this aspect of reality, since it is the underlying economy itself which does indeed generally consider the worker only as a factor of production. The problem here is not the science of economics; Crespo, I think, is actually calling for the replacement of capitalism, of rule by the market, of competition. Ultimately, I think, even by Crespo's reading, an Aristotelian philosophy of the economy is not a philosophy of a capitalist economy at all. Were it to be really put in practice, it would need, or call for, a post-capitalist economy.

Crespo's work is careful, knowledgeable, scholarly, and thought-provoking. All interested in the complex relationship between Aristotle's work and contemporary economic theory and society should read it and contemplate its implications.

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