

Aristotle, Adam Smith and Karl Marx
On Some Fundamental Issues in 21st Century Political Economy

by Spencer J. Pack

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reviewed by Theodore P. Lianos*

This book does exactly what its title and subtitle claim. It discusses some of the basic ideas of these great theorists and it shows how relevant these ideas are to understanding some important problems of contemporary society. The book is organized in four parts. The first part (with three chapters) presents and analyses some economic ideas of Aristotle. The second part (four chapters) presents and discusses some ideas of Adam Smith. The third part (three chapters) presents and discusses the ideas of Karl Marx on the same issues. There are three main issues on which the author concentrates, namely exchange value and money, capital and character, and government and change. In the fourth part (four chapters), the author discusses these same issues in the context of modern society in general and more specifically that of the United States.

This book is well written, very well balanced in its coverage of the various issues, and it focuses on those ideas of these three great thinkers which are essential in understanding modern capitalist society. In a book of this type, the author cannot avoid expressing implicitly or explicitly his own judgment and ideas. Spencer Pack is right in most cases when he expresses his opinions or criticizes the viewpoints of others.

However there are various issues on which I would disagree with the author. One of them is his conclusion about the labor theory of value in the case of a fully automated economy. Spencer Pack gives an example of a fully automated economy where robots do everything and thus there is no labor involved in production but there are people owning robots. The numerical example shows that in this economy there can be prices of inputs and outputs and also a uniform rate of profit, and Pack concludes that "...the above equations suggest that this is not so, and that Marx's labor theory of value is quite wrong" (p. 189). I believe Pack is wrong. According to Marx, if there is no labor in capitalism, there is no labor exploitation and thus there is no surplus value

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and no profit from surplus value. In a fully automated economy there may be surplus but not surplus value. The surplus may come from the earth in producing wheat and this surplus may belong to the owner of robots and land, but it has no value in the meaning of the Marxian theory.

A related issue is the commensurability of goods. Pack believes that Marx is “wrong when he claims that what makes commodities commensurate, that they may be exchanged with each other in definite ratios, is that they are produced by human labor power” (p.175). And immediately below he proposes a Sraffian type explanation of commensurability by saying that “Instead, they may be viewed to be commensurate simply because they are commodities. As commodities they are goods generally made with the goal of being exchanged.” I may be missing the point but to say that commodities are commensurate because they are commodities is no answer to the problem of commensurability.

Finally the author makes a surprising but unfounded statement that “there is too much trouble and instability with our current socioeconomic system; and there are indeed economic trends which suggest that one day the era of economic scarcity could indeed be over” (p. 219). The validity of this prediction depends on when and under what presuppositions that “one day” would be. However, at the present time to speak of an era that would be free of economic scarcity worldwide is tantamount to speaking of a mythical state of affairs. It is true that world production has increased tremendously over the centuries and particularly during the 20th century, but population has also increased at a very high rate while the resources of the planet have not increased.

The above comments reflect this reviewer’s opinions but in no way detract from the value of the book. Spencer Pack has written a very illuminating and a very insightful book that shows clearly the relevance of the classical writers to the modern world of international economy and our intellectual debt to them.