

on wealth is provided in “Aristotle’s Views on Wealth” (first published in *Vita Contemplativa. Βίος Θεωρητικός, Essays in Honour of Demetrios N. Koutras*, 2006). The author deftly draws attention to the crisis of democracy as a by-product of the vanishing of small rural property, as stated in *Politics* (Z 2, 1318 B 9-16, 1319 A 19-39, 3 1320A 30).

The volume is completed with a review of Scott Meikle’s seminal book on Aristotle’s economic thought, “The Economic Thought of Aristotle” (Scott Meikle, *Aristotle’s Economic Thought*, 1995, first published in *Mésogeios* 1, 1998). In my opinion, it is a rather brief note for a work that deserved more attention.

In conclusion, Dr. Baloglou delivers a good and helpful introductory work to Aristotle’s economic thought. Without taking risks in venturing any original interpretation, Dr. Baloglou takes well-balanced and confident steps in exploring both the sources and the implications of Aristotle’s economic ideas. The arguments are mostly clear and well evidenced, and his exposition can serve as a good guide for further study of the topic. In sum, this is a worthy contribution to Greek bibliography on ancient economic thought.

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Samuel Hollander, *Essays on Classical and Marxian Political Economy: Collected Essays IV* (London and New York: Routledge, 2013) pp. xxviii, 404. ISBN 978-0-415-52768-2.

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This volume reprints eighteen essays published from 1998 to 2011 and three hitherto unpublished essays, the first of which (chapter 1) is one of the most substantial in the collection. The diligent student of “classical” economic thought will already be

acquainted with the six articles reprinted from *JHET*, *EJHET*, and *HOPE*. But it is convenient to have them brought together here, and valuable to have the material from less well-known publications and the edited collections. In an “Afterword” Samuel Hollander continues the story of his life after retiring from the University of Toronto in 1998. These twenty-one pieces, taken together with the contents of volumes II and III of his *Collected Essays* (1998, 2000) and his very substantial books on Jean-Baptiste Say (2005), Karl Marx (2008), and Friedrich Engels (2011), are an astonishing output for any scholar during the first thirteen years of his retirement. In most Canadian universities this alone would suffice for a professorial promotion or appointment.

Like most historians of economic thought, Hollander is willing to use the term “classical Political Economy,” sometimes treated as synonymous with “Classical Economics” (Hollander 1987), without wanting to be tied down too closely to any precise definition. In his own festschrift collection he defines it in merely literary terms as “orthodox British economics written during the century 1770 to 1870” (Hollander 2001, p. 7), which leaves open the question of who counts as “orthodox.” In this volume he temporizes by inserting the conjunction “and” before “Marxian.” The book includes three chapters on Adam Smith, seven on “The Classical Canon” (chiefly David Ricardo and related matters), five on T. R. Malthus, and three on Marx. His recent papers on John Stuart Mill have already appeared in volume III.

In chapter I, Adam Smith is described as “Market-failure pioneer and champion of ‘Natural Liberty.’” As against those who canonize Smith as patron saint of the American, neocon variety of *laissez-faire*, Hollander provides abundant literary support for historians who maintain that Smith sought “a middle way that would take the best from both market and the State” (p. 9). In so doing, he perfectly illustrates his own methodological credo: “Which passages one chooses, or happens to hit upon, makes all the difference. Partial reading is the great enemy of accurate understanding, here as in so many other instances” (p. 38). No other historian of economic thought reads the primary texts and their surrounding literature as thoroughly and as carefully.

Chapter 2 considers the views of Smith’s first biographer, John Rae, and concludes that the “contrast between Rae and Smith on the role of government in development is greatly exaggerated by Rae” (p. 57). Chapter 3 constructs “a ‘Smithian’ reply to Bentham” on the usury laws and suggests that “Smith’s justification for a legal maximum interest in some respects resembles the rationalization of credit rationing by Stiglitz and Weiss” (p. 79).

Part II begins with Hollander’s important article in this *Journal* (1998) on Paul Samuelson’s (1978) “Canonical Classical Model” (chapter 4). He correctly objects that diminishing returns to a variable “labor-cum-capital” factor with fixed land—the DNA test of “classical” economics—though perceptible in *Wealth of Nations* (*WN*) are not integrated into its analysis; and that increasing returns to scale, virtually ignored by his successors, are important for Smith. But after an exhaustive review of the writings of nearly all “the expert or properly qualified economists” of the English School, he concludes that “the evidence fully confirms Professor Samuelson’s impressionistic judgment regarding a fundamental commonalty of position” (pp. 108, 87). And—which is crucial for his own, long-held historiographic thesis—he agrees with Samuelson that “classical political economy” is continuous with, and does not “offer an alternative paradigm ... to modern mainstream economics” (p. 107).

Chapter 5 shows that despite widespread belief to the contrary, Samuel Bailey was “a Ricardian *malgré lui*” (p. 114). Chapter 6 shows that Say adopted “a land scarcity-based growth model of the canonical variety” (p. 145). Chapters 7 and 8 defend “what has been misnamed the ‘New View’ growth model” that Hollander attributes to Ricardo. In my opinion this is a waste of ammunition. Hollander is clearly right and his critic(s) clearly wrong. Chapter 9 criticizes Piero Sraffa’s “one-legged” account of Ricardo’s value theory, and chapter 10 is a reply to Antonella Stirati’s “Comment” on chapter 9.

Chapter 11 on “The Malthus-Ricardo Relationship” summarizes the *Economics of Thomas Robert Malthus* (Hollander 1997). There was no “substantive” difference with Ricardo on value theory, and the canonical classical model was common property, as was “Malthus’s surprisingly orthodox perspective on monetary and fiscal policy” (p. 215). Even on general gluts there was “less of a divide between Malthus and the Ricardians ... than Malthus (and Keynes) believed” (p. 214). Only in his quasi-Physiocratic view of land and his heterodox support for agricultural protection was Malthus seriously at variance with the Ricardians—and on the latter he eventually changed his mind. The following chapter, on “Malthus and Method,” notes Malthus’s “penchant for long-run deductive theory” and shows that his “charges made against Smith and Ricardo relating to irresponsible theorizing can be redirected to the sender” (p. 228). Chapter 13 shows that “Sraffa’s corn-profit interpretation of the early Ricardo applies in fact to T. R. Malthus” (p. 13). Chapter 14 defends Hollander’s claim, criticized by John Pullen, that Malthus changed his mind on agricultural protection; and is intended to use Pullen’s recent discovery of unpublished letters as evidence against him. Chapter 15 reprints his “Comment” on my bicentenary Malthus survey (Waterman 1998), which gives me an opportunity to recant: not of my historiographic taxonomy, but of my too hasty assignment of Hollander’s work to “history of economic analysis” alone, without acknowledgment of its considerable “intellectual history” component—the less excusable in that I had read every word of his 1,000-page *Malthus* in draft.

Part IV is on “Marxian Political Economy,” but its first chapter (16), reprinted from Hollander’s contribution to my festschrift, takes us back to Malthus. “It emerges that Marx himself attributes a major role to population pressure in accounting for the ‘necessary’ trends ... supplementing the descent of the middle classes into the proletariat” (p. 261). Chapter 17, “On the Marxian Entrepreneur,” demonstrates Marx’s “abandonment of the doctrine of exploitation under industrial capitalism” (p. 278); and affirms that it was “to Marx’s great credit that he was ready to revise his original denial that the ... capitalist engaged in genuine entrepreneurial activity” (pp. 291–292). It therefore remains a mystery why Marx “should have published a work on classic industrial capitalism incorporating the doctrine of exploitation which he himself no longer maintained” (ibid.) In chapter 18, hitherto unpublished, Hollander continues his critique of Marx’s doctrine of exploitation; and replies to critics of his *Economics of Karl Marx* (2008), the fifth and final work in his monumental series of *Studies in Classical Political Economy*. And it appears that with Marx, as with his four great predecessors, “there is a fundamentally important core of general-equilibrium economics” (Hollander 1987, pp. 6–7). Samuelson was right. “Classical” economics is not an “alternative paradigm.”

Part V, “Biographical Perspectives,” contains essays on James P. Henderson, Martin Bronfenbrenner, and Lawrence Moss, and continues Hollander’s own personal memoir.

When Hollander tells us that Smith was not a Chicago economist, or that Malthus's objections to Ricardo's method apply equally to his own, or that Ricardo's analysis conforms to the "New View," or that Marx contradicted himself on exploitation, we may be quite sure that he is right. No one else can speak with such authority on these matters. What then can the reviewer offer by way of keeping the debate open? I shall suggest three topics, though there are probably more.

To begin with, although (as I now admit) there is much genuine history in Hollander's work, it doesn't reach very far. For example, he shows conclusively that there is no textual evidence for Thomas Carlyle's caricature of *WN*: "anarchy plus the constable." *But why then has almost everyone believed it for more than two centuries?* We need to know that it was Dugald Stewart and his disciples on the *Edinburgh Review* who deliberately fostered this distorted or at least partial view in order to harness Smith's enormous prestige to their whiggish political agenda. In his *Account of Smith* (Smith 1980, p. 322) Stewart printed Smith's primordial opinion (1755) on the matter: "Little else is required to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things." Most of the Edinburgh reviewers migrated to London where they joined Malthus, Ricardo, Robert Torrens, James Mill, and others in the Political Economy Club, which existed—at least in part—to propagate and popularize this doctrine and to counteract the influence of "hurtful publications" that gainsaid it (Waterman 2008).

Next, Hollander's readers will note that he continually refers to a classical (etc.) "growth model." But he never specifies any model. Can one formally specify a growth model without mathematics? I doubt it, for we need to know the causal nexus between dated variables, and it is hard to formulate these without difference or differential equations. It seems to me that Hollander's unwillingness to use mathematics not only risks subjecting his readers to the misery of equations in words; more seriously, it may sometimes hinder him from penetrating to the heart of his subjects' analyses. He correctly notes, for example, that Samuelson's "canonical" model takes no account of increasing returns in *WN*. But what he ignores is that Samuelson (1977), in his heroic attempt to "vindicate" Smith's price theory, was obliged to impose the un-Smithian assumption of constant returns to scale, and thus to suppress the division of labor. For consistency therefore—and not least because it would have inflicted severe damage on the 1815 analyses of Malthus, Ricardo, Sir Edward West, and Torrens—Samuelson (1978) had also to suppress the division of labor in his "canonical" growth model. In this he had the more excuse, since Smith's own "classical" successors suppressed it too. Hence we are stuck with a problem, as yet unsolved. *Either* we treat the division of labor as an unintegrated element in *WN* that can be eliminated without danger to our understanding of Smith's program; *or* we acknowledge the division of labor as integral to Smith's understanding of economic growth and development, and are willing to take the analytical consequences. With the first option both Smith's price theory and the Malthus–Ricardo growth theory are vindicated, but Smith's growth theory is crippled, dependent upon "parsimony" alone, and his development theory wiped out. With the second, Smith's growth-and-development theory is revealed in its full richness, but his price theory is incoherent and his successors' "canonical" growth model seriously impaired. Perhaps all this is visible to the naked eye. But mathematical models

are powerful observational instruments; and in fact it is only since the development of modern growth theory that historians have become aware of this problem and of others like it.

Lastly, taxonomy. Is there any detectible difference between “political œconomy” and “economics” during the last 300 years, or can the terms be used synonymously as Hollander often does? In either case, what work does the adjective “classical” do? I wish to suggest that until *WN* “political œconomy” meant a recipe book for running the nation-state top-down; that Smith redefined the term to mean a scientific study of the wealth of nations; that for three generations the English School (save the perspicacious Richard Whately) followed Smith in understanding it as the *science of wealth*; but that over the nineteenth century it gradually mutated into the *science of scarcity*: and therefore had become “economics” in the sense later defined by Robbins. How did this happen? Malthus was the hinge on which it all turned. Diminishing returns with fixed land, already visible in the first *Essay*, soon became the fingerprint of what we now call “classical” political economy. Diminishing returns are a consequence of scarcity. When in the 1870s the marginalists generalized diminishing returns to all possible factors of production, they became “neo-classical” thereby, scarcity became universal, and their science became “economics.”

What does it matter? Precision of terminology can help us appraise some of Hollander’s judgments, especially with respect to Marx. Was he “classical”? Samuelson included him in the “canonical” model (provided we relax the land constraint in his case). Hollander (chapter 4) prudently ignored that provocation. Yet Marx himself explicitly identified his own analytical method with that of the English School. Moreover Samuelson included Smith in the “canonical” model, making it seem—what Hollander very properly doubts—that Smith used diminishing returns in his growth theory. *So neither Smith nor Marx is really “classical” at all*, despite the fact that both the “classics” and Marx were engaged in an heuristic enterprise that Smith inaugurated. Perhaps we should give up on the word “classical” and simply refer to the “English School” (of which Say was an honorary member from the first). From Hollander’s standpoint that would have the advantage of recognizing the continuity he correctly insists on between post-Smithian “political economy” and post-Jevonian “economics.”

None of the above is intended to cast the least doubt on Hollander’s enormous achievements in the history of economic thought. They are simply meant to show that no one scholar, however productive, can say it all. There is still useful work left in our sub-discipline both for intellectual historians like Donald Winch and for mathematical analysts like the late Paul Samuelson.

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