

Book Review: The Prosperity of Vice: A Worried View of Economics

by blog admin

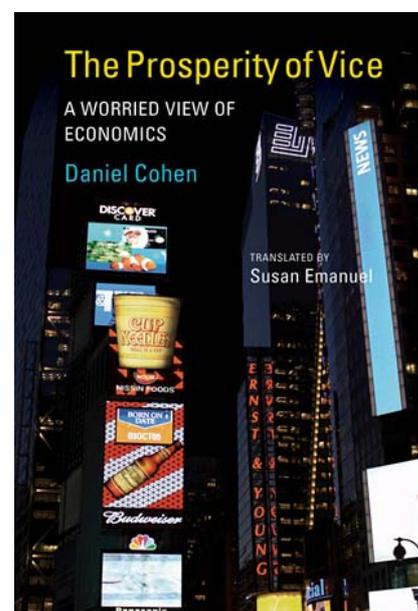
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*In his latest book, French economist **Daniel Cohen** shows that violence, rather than peace, has been the historical accompaniment to prosperity. Peace in Europe came only after the barbaric wars of the twentieth century, not as the outcome of economic growth. Cohen goes on to examine what will happen this time for today's eagerly Westernizing emerging nations. **Alex Moore** finds the author manages to cover a tremendous range of ideas in a unique and entertaining way.*



The Prosperity of Vice: A Worried View of Economics. Daniel Cohen. The MIT Press. February 2012.

(<http://www.amazon.com/The-Prosperity-of-Vice-ebook/dp/B0071ARU2S>) (<http://books.google.co.uk/books?>



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David Cameron announced to some ridicule in 2010 that the UK will begin to measure its progress not by economic growth alone, but by how happy its people are (<http://www.guardian.co.uk/news/datablog/2011/dec/01/happiness-index-david-cameron>). Not only was it suspiciously good timing to relegate growth in this way, it was also suggested that the admin costs involved in the exercise (estimated at around £2 million per year) may in fact contribute to people's unhappiness. But beyond the cynicism surely lies a valid question: what really is the purpose of growth? Are wealthier societies happier or safer? In *The Prosperity of Vice: A Worried View of Economics*, Daniel Cohen (<http://www.parisschoolofeconomics.eu/fr/cohen-daniel/>) presents a fascinating – and gloomy – account of why they are not.

In his introduction, Cohen reflects that “we are sometimes reassured by thinking that prosperity will foster peace, that commercial trade will pacify international relations... alas, nothing allows us to be sure of that, and many recent studies point to the opposite”. Citing recent empirical work, Cohen argues that international trade in fact makes it easier for belligerent nations to diversify their sources of supply during a conflict. Growth increases the competition for raw materials, and so heightens rather than eases hostilities. The thrust of Cohen's argument is that the developing world today is following Europe's historical example. European prosperity and technological innovation were driven by fierce competition

amongst rival nations, but a competition that would ultimately end in disaster: “World War I wasn’t an ‘accident’ along Europe’s journey; it was its logical outcome”. Emerging powers today continue to bicker over ancient quarrels regarding borders and precedence, albeit “with unprecedented wealth and military power”.

So peace is by no means an assured outcome of prosperity – “neither wealth nor education will make a bad man better...they offer him new ways of staying bad” – but what about happiness? Again, no such luck. Citing now relatively familiar evidence, Cohen argues that societies do not become any happier as they get richer. At the same time however, the rich in society are usually happier than the poor (according to Cohen’s figures around 90 percent of the wealthiest respond to surveys that they are “very” or “somewhat” happy, whereas only 65 percent of the poorest say the same). To explain this apparent contradiction, Cohen posits that happiness is driven not by wealth *per se*, but by envy. The wealthiest in society are happy not because they are rich, but because someone else is poor. Cohen (somewhat facetiously) suggests that the rich should spend as much time with the poor as possible to benefit from this psychological boost. As he says, it would be wrong to raise children in “rich ghettos”, for fear that “their world becomes as sad as that of the poor”.

Cohen is keen to draw a distinction between *growth* and *wealth* however. In terms of happiness, growth is actually a good thing as it enables individuals to fulfil their aspirations and satisfy their addiction to consumption. Growth is also necessary for the social security system to function smoothly, as “the more rapid the growth, the more people are ready to cede the fruits of their labour to the state”. It is better therefore to live in a rapidly growing poor country than a stagnant rich one. But ultimately growth itself comes at a steep price – an ecological one. With the rise of emerging markets, most notably India and China, will come an explosion of additional demands on the earth’s resources. Whether the planet can cope is far from clear, as is the question of whether mankind will do anything about it.

The Prosperity of Vice truly fulfils its claim to be a “worried view of economics”. The author does offer some grounds for hope, arguing for example that growth will enable more goods to be produced at a lower cost; both economic and ecological. Ultimately however, the book’s message is that action must be taken: “humankind should accomplish a cognitive task as immense as that realized during the Neolithic Revolution or the Industrial Revolution: to learn to live within the limits of a solitary planet”. Such a message parallels that of Jared Diamond’s *How Societies Choose to Fail or Succeed* (<http://books.google.co.uk/books/about/Collapse.html?id=QyzHKSCYSmsC>) – upon which Cohen draws – and Ronald Wright’s superb (<http://books.google.co.uk/books?id=e6xivZWx0XsC&pg=PA141&dq=Ronald+Wright%E2%80%99s+superb+A+Short+History+of+Progress&hl=en&sa=X&ei=x2eiUPGOB83N0AWruoDYDw&ved=0CDAQ6AEwAA#v=onepage&q&f=false>) *A Short History of Progress* (<http://books.google.co.uk/books?id=e6xivZWx0XsC&pg=PA141&dq=Ronald+Wright%E2%80%99s+superb+A+Short+History+of+Progress&hl=en&sa=X&ei=x2eiUPGOB83N0AWruoDYDw&ved=0CDAQ6AEwAA#v=onepage&q&f=false>).

Judged against such works, it would probably be fair to say that *The Prosperity of Vice* does not deliver as much as it could or, perhaps, should. It does suffer from a notable lack of structure that leaves it feeling somewhat rushed. The opening section – “Why the West?” – for example makes no real attempt to answer the question it sets: why was it that Europe and not China found the key to lasting growth? This theme is eventually taken up, but not until the final section. Likewise, there is a lengthy section devoted to the Weimar Republic which appears to serve little purpose in the context it is set. So although Cohen delivers a “worried view of economics”, and an interesting one at that, it isn’t necessarily a coherent one.

Nevertheless, the book is enjoyable and covers a tremendous range of ideas in a unique way – such as his interpretation of Malthus’ Law that “The European person was on average richer than the Chinese person at the start of the eighteenth century, because he was dirty”. This accessibility and entertaining style certainly serves to broaden its appeal to the more general reader.

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