



## The Prosperity of Vice: A Worried View of Economics

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### **The Prosperity of Vice: A Worried View of Economics**

Daniel Cohen

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Daniel Cohen is Professor of Economics at the Ecole Normale Supérieure and at the Université de Paris I. His published academic work focuses on macroeconomic dynamics, economic development and growth, and international trade. The current book belongs to the class of works examining the central theme of the nature, purpose and general repercussions of long-run economic growth. However, it follows a broad approach in that the discussion is conducted from a historical, political and ecological perspective. In this sense, it can be viewed as belonging to the genre of ‘grand theories’ of socio-economic development. Several basic arguments make this book particularly interesting and novel, but also controversial in some respects.

The book is comprised of three parts, each containing five chapters. The first part, entitled ‘Why the West?’, starts with a discussion of the birth of an economy in the ancient world with the emergence of agriculture, and proceeds to the more organized societies of Ancient Greece and Rome. Next, it discusses the birth of the modern world, emphasizing the scientific, economic, civil and military breakthroughs that constituted what the author calls ‘the European miracle’. Still focusing on Europe, he then proceeds to a description of the crucial developments of the 18th and 19th centuries, including the rise of scientific discoveries and their industrial applications, and the demographic transition that took place during that era. The discussion also involves the contributions of major figures in economic thought (Smith, Malthus and Marx). Cohen’s key point here is that until the industrial era, the Malthusian principle kept prosperous societies in check. Consequently, continuing technical progress gave the false impression of the possibility of perpetual economic growth.

The second part, entitled ‘Prosperity and Depression’, examines the historical, economic and political developments since the beginning of the 20th century. Cohen maintains that the major conflicts of that century were the logical outcome of the unprecedented wealth and military might of European powers. This argument captures Cohen’s central thesis that economic growth, the improvement of living standards, and international trade do not necessarily bring peace. On the contrary, as he writes, ‘we are sometimes reassured by thinking that prosperity will foster peace, that commercial trade will pacify international relations. . . . [A]s, nothing allows us to be sure of that, and many recent studies point to the opposite’ (p. xii). The discussion is supplemented by an overview of developments in economic thought and especially of the ideas of Keynes, Schumpeter and Hirschman.

The last part (‘The Time of Globalization’) concentrates on the current trend towards globalization. It contains chapters with indicative titles: ‘The Return of India and China’; ‘The End of History and the West’; ‘The Ecological Crash’; ‘The Financial Crash’; and ‘The Weightless Economy’. Cohen’s usage of the

term 'globalization' however, encompasses not only the standard meaning but also the immaterial globalization enabled by the Internet and its economic, cultural and ecological consequences. He elaborates his core argument here by claiming that the developing world is today following in Europe's historical footsteps, in the sense that prosperity and technological innovation are driven by fierce competition among rival nations. However, as the European experience shows, this process can lead to conflict. A possible way out, and the grand hope of the 21st century, might be the creation within this cyber-world of a new awareness of solidarity. This, the author argues, requires 'humankind to 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' (p. 188).

We can summarize the central thesis of the book as follows: the industrial revolution freed Europe from the Malthusian trap and gave the impression of perpetual economic growth. Today, globalization is Westernizing all humanity, as China and India add a sizeable portion of mankind to the market-oriented economy. However, according to Cohen, this development need not lead to a worldwide shift to market democracy and peace, as the European experience has shown. One of the main reasons for this pessimistic outlook has to do with the empirical findings of happiness research (mainly by Richard Easterlin) that happiness depends more on growth rates than on GDP levels, and that societies do not become any happier as they get richer. Given that China's and India's per capita income are bound to reach the level of the rich countries, and given the ecological constraint, domestic and international tensions are likely to emerge.

Cohen builds his arguments by also linking major developments in economic thought with social trends and economic policies. For instance, he discusses not only the 'thirty glorious years' of high economic growth and low unemployment that followed the Second World War, but also, and more importantly, the creation of the welfare state. He connects this trend with the rise of Keynesianism exemplified by the social policies based on the ideas of William Beveridge. He does the same with the 'addiction to growth' that characterized Western societies during the post-war years. Cohen refers to Marx's envy concept (people enjoy doing better than others), which he combines with the modern concept of rising aspirations and the empirical findings of scholars such as Easterlin that societies do not become happier as they get richer. This linkage to the history of economic thought is a significant merit of the book.

However, in some places the arguments need more support than Cohen provides. One such instance is his very interesting account of the fall of the welfare state that 'had softened the struggle between classes' and the subsequent re-emergence of minimally regulated capitalism. Cohen suggests some reasons for this, but he fails to give due attention to some other important reasons, such as the removal after 1989 of the Eastern bloc regimes as an indirect source of pressure for the maintenance of the welfare state. In several passages, sweeping and controversial statements are made without much justification. For example, Cohen's remark that Greek science ignored the 'possibility of recognizing the perceived world as a territory of reason' (p. 16) runs against the preponderance of specialist scholarship, to say the least. In other places, Cohen neglects to acknowledge the existence of controversy on a particular issue. For example,

Easterlin's empirical findings on the relationship between income and overall happiness have been contested by some scholars. Finally, the structure of the book leaves the reader with a feeling that its composition was somewhat rushed. The historical comparison between Europe and China on the achievement of lasting growth, for example, is treated in two separate unrelated chapters. But such shortcomings are perhaps to be expected in a book that aims to cover almost the whole spectrum of human history in less than 250 pages.

Without doubt, this is a challenging work with plenty of interesting and controversial elements. It covers a vast range of ideas and provides a fresh look at major issues that have attracted wider attention. The book is a pleasure to read and it will inspire the reader to look more carefully at some widely accepted interpretations and beliefs, especially the ones related to the course of economic development and to the nature of globalization. I think that it will be enjoyed by the general public as well as by specialists, something that is an accomplishment in itself.

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