

*The Darwin Economy:
Liberty, Competition, and the Common Good*
by Robert H. Frank

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According to Robert H. Frank, one of the great failings of economists has been to overlook Darwin's evolutionary model for understanding competition. Evolution rewards the development of tools for competition, such as cumbersome antlers or bright feather displays, rather than tools which benefit the species. This is analogous to economics where companies are driven by their need to beat their rivals. Corporations, customers, and the environment are all harmed through the unshakeable focus on competition within capitalism. Wasteful and damaging practices, such as excessive competition, should be discouraged by taxation and the money raised should be spent on improving infrastructure, education, and social housing. This is the backbone of Frank's enjoyable and often convincing *The Darwin Economy*.

Frank is a Professor of Economics at Cornell University and has been publishing in economics for over twenty years. He is the author of several monographs and writes a regular column for *The New York Times*. In *The Darwin Economy* he styles himself as non-ideological: he is fiercely, but not dogmatically, critical of libertarians, who have become mobilised in recent years as the Tea Party and in mainstream media, not least Fox News. Frank is also highly critical of conservatives and, correctly acknowledging how much success and luck are intertwined (see chapter nine, 'Success and Luck'), argues that those fortunate

enough to have wealth should not feel indignant when their wealth is taken to support others.

Though he might disagree, Frank's economics fit comfortably within modern liberal theories, such as that of John Maynard Keynes who Frank cites occasionally (as opposed to classical or laissez-faire liberalism associated with Milton Friedman). Frank's advocacy of redistributive justice, social engineering, and of weak individual property rights are certainly a part of this wide ideology. His denial of this affiliation to modern liberalism is at best naïve, and at worst dishonest. Though it has no substantive effect on the value of his arguments, it does impact on his credibility thereby making it easier for his arguments to be overlooked.

Unsurprisingly for a book which is primarily aimed at non-experts, Frank's work is highly accessible. He generally avoids going into excessive depth on economic theory and instead conveys his ideas through illustrative parables, such as that of his son falling off his bike and how legal requirements to wear a helmet saved his life. His tone is casual, welcoming, and often darkly humorous. For example, he tells us a story of how a camper,

[...] awoke to see his friend frantically putting on his running shoes as an angry bear approached their campsite. 'Why bother?' he asked. 'Don't you know there's no way you'll be able to outrun that bear?' 'I don't have to outrun him', the friend responded, 'I just need to outrun *you*' (p.218).

There are several substantive elements to this book which make it of value both to scholars and laypeople, and relevant to current debates on economics. For example, the obsession with dogmatically cutting spending in the public sector frequently tips the balance of any cost-benefit analysis. Investing in infrastructure now would tackle unemployment and save money down the line. Frank gives the example of carrying out repairs on a section of

Interstate which will cost \$6 million today, but if left to worsen, repairs will cost \$30 million in just two years. The political paralysis caused by wealthy, libertarian, anti-tax media and lobby groups results in massive government inefficiencies.

Frank's progressive taxation model is very attractive *prima facie*. He highlights that prohibition of harmful activities is far less effective than if we were to discourage them through taxation. The money raised by taxing harmful activities, including industrial pollution, could be spent on good causes such as welfare schemes. This is appealing, but the issue this raises is that only those who can pay to behave in a harmful way can exercise that privilege. One rule applies to the wealthy, and another to the poor. Take Frank's example of two potential college room-mates, Tom and Sam. Tom is a smoker, Sam is not. They can either pay \$2000 each for one-bedroom apartments or spend \$3000 in total to share a two-bedroom apartment. According to Frank, they would both benefit by living together with Sam paying a higher proportion of the rent to compensate Tom for not smoking. Even if Sam paid \$1900 and Tom \$1100, Sam would be better off than if he lived alone. But what if there is only the two-bedroom flat available and Sam only has a budget of \$1500? In this case he must live with Tom the smoker and deal with the health drawbacks that arise. Frank's economics leave too much room for cases where individuals are vulnerable through no fault of their own. He focuses purely on long-term societal interests when what is needed is a more flexible system which considers individual interests and societal interests in the short, medium and long terms.

This brings me on to a more significant problem with Frank's argument. He takes a consequentialist account of morality and justice, and focuses a great deal on efficiency, typically using the economist Ronald Coase's calculations (see chapter six). In doing so, Frank gives efficiency disproportionate emphasis over other factors such as justice. Take the example Frank gives of a confectioner and

a doctor. The confectioner has been running her shop, complete with machinery room at the back, for some years before a doctor arrives and sets up a practice. Several years later the doctor extends her property by adding a consultation room at the back which is adjacent to the confectioner's machinery room. The noise of the confectioner's machinery causes disturbance in the new consultation room. The cheapest way to settle this would be for the confectioner to soundproof that part of her building, rather than the doctor moving her practice. To Frank the right thing to do is for the confectioner to carry out the soundproofing as this is the least wasteful solution to the problem.

Yet it was the doctor's decision to set up her practice on those premises and her decision to extend the practice. I would argue that it is the doctor's responsibility to pay for the cost of soundproofing, even if it is not the most efficient way. The point is that any harm done by the confectioner's machinery can be avoided and that it is the doctor's responsibility to avoid it. The structural problem with Frank's theory is that the progressive, caring, social justice side is starkly contrasted with what is a morally vacuous economic theory which discards issues of justice entirely in the name of efficiency. A shift in emphasis towards justice over cold efficiency would result in a far more persuasive theory.

Despite its flaws, I have no problems recommending *The Darwin Economy*, especially to non-academics with an interest in economics and to undergraduate students of economics. Seasoned researchers will find some of Frank's more provocative arguments of interest, but it is clearly aimed at non-experts. Frank's book is enjoyable to read, it is insightful and *incite-ful*, and on balance it is a clear force for good amongst popular economic discourse.