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BOOK REVIEWS

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Vollrath, Dietrich (2020) *Fully Grown: Why a Stagnant Economy is a Sign of Success.* McGraw-Hill Book Company: University of Chicago Press, Chicago, IL. ISBN 978-0-226-66600-6, 260 pp., $27.50 (hardcover).

Reviewed by *Amitrajeet A. Batabyal*, Rochester Institute of Technology

We are now used to being told that economic growth in cities, regions, and nations is, in general, a good thing, and therefore, it makes sense to implement policies that stimulate economic growth. However, in the last two decades, the average growth rate of per capita gross domestic product (GDP) in the United States has been 1 percent, half of what it has been for several decades preceding the year 2000. The instinctive assumption that many people make from this statistic is that the decline from 2 to 1 percent is a negative reflection. The objective of this book is to challenge the above orthodoxy and "to share the surprising story of why growth slowed down—and why that's a good sign" (p. viii). In what follows, rather than provide a tedious chapter by chapter review, I shall sample selectively from the book's contents. Such an approach should provide the reader with an adequate flavor for the intellectual contributions of the book. The proceedings commence with the author indicating that the average growth rate of per capita GDP from 2000 to 2016 in the United States was only 1 percent which is 1.25 percent less than the corresponding growth rate from 1950 to 2000. If we are to comprehend this 1.25 percent decline, then we need to recognize that because economic growth involves the growth of goods and services, this growth cannot be understood without investigating the growth of the relevant inputs. The two salient inputs on which to focus are physical and human capital. Although physical and human capital both grew slowly in the 2000-2016 time period, the slow growth of physical capital explains very little of the average GDP growth slowdown. The slower growth of human capital, in contrast, explains 0.8 percentage points of the 1.25 percentage point decline that the author is seeking to account for. Since the slow growth of physical and human capital together do not adequately explain the overall decline in economic growth, we must look at the notion of residual growth which "captures everything else involved in economic growth that is not due to growth in human and physical capital" (p. 3). Given that the slowdown in the growth of human capital explains a non-trivial portion of the overall reduction in economic growth, it makes sense to ask why there was a slowdown in the growth of human capital in the first place.

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The answer is that this happened to a large extent "because of the baby boomers' move into retirement" (pp. 33-34). Even so, it is important to understand that when it comes to the intertemporal behavior of real GDP per worker, "the role of human capital was smaller, and the role of the residual larger" (p. 54). Another key aspect of the decline in human capital growth concerns the effect of ageing. In particular, the ageing population has reduced the fraction of working-age adults and has increased the fraction in dependent categories such as "children" and the "elderly." This means that the fraction of workers to the total population, which was already declining in the early 2000s, will continue to decline in the future. Relative to the lingering impacts of the 2008 recession, these demographic changes are more important in understanding the overall growth slowdown in the United States. A further aspect of the growth slowdown in the United States is related to the general shift in the economy from a focus on goods to services production. This matters because goods (services) producing industries tend to exhibit faster (slower) growth. Therefore, "moving from goods to services would be responsible for some of the slowdown in productivity growth" (p. 85). This observation is followed by an excellent discussion of the "cost disease" of the service sector, a concept introduced into the literature by the now deceased economist William Baumol. As the author rightly emphasizes, slow productivity in services arises because of the time and attention intensive nature of services production and not because the pace of innovation or our technological know-how has diminished. In this context, the point to grasp is that the "shift into services is a consequence of our incredible success at making goods, not a sign of some failure or problem with the economy" (p. 100). Quantitatively, our success in producing goods and then shifting into services together explains 80 percent of the entire slowdown in overall growth. Although many believe that the increasing possession of market power by a certain group of firms is poor for economic growth, we must comprehend that an increase in market power does not necessarily reduce output production. Instead, it shifts "output away from workers and capital, toward economic profits" (p. 113). Following this observation, the author provides a thoughtful discussion of the necessity of market power, rightly explaining that "market power is what generates the incentives to innovate in the first place" (p. 127). Is there insufficient turnover of the factors of production in the American economy? The author addresses this question, paying particular attention to the supposed decline in geographic mobility within the United States. The data show that there has been a definitive slowdown of mobility across space. This fact, when viewed in concert with the data on output per worker across metropolitan statistical areas (MSAs), raises the possibility that the declining spatial mobility has had an adverse influence on productivity growth. Number-crunching and plausible verbal analysis by the author reveal that the "decline in geographic mobility was not trivial, but it does not explain the growth slowdown" (p. 169). The final part of this book questions whether the government, through taxation and regulation, inequality, investment and spending pattern changes, and international trade (particularly trade with China), have impacted the overall growth slowdown in the United States. Using data-driven analysis, the author demonstrates that "although all three of these had real effects on the economy, no effect was large enough to account plausibly for the growth slowdown. None of them had much of an effect on the growth rate at all..." (p. 170). Since there has been significant discussion about the insalubrious effects of inequality on the American economy, it is worth emphasizing two points. First, the author agrees that the presence of inequality corroborates stories about how the increasing market power possessed by some firms has given rise to an increase in the amount of income flowing to the executives of such firms. Second, the first point notwithstanding, the "rise in inequality is not, per se, a source of the growth slowdown" (p. 194). Let me conclude this review with three observations. First, the author emphasizes the point that one reason why we ought to view the overall growth slowdown in America as a success and not a failure is that women's welfare has improved greatly. However, research (see Stevenson and Wolfers (2009)) shows that in the last three to four decades, women's happiness has declined both absolutely and relative to men. The author does not address this salient point. Second, although inequality and international trade with China do not affect the overall growth slowdown, they still have a non-trivial impact on the welfare of many Americans and hence deserve policy attention. Finally, the preceding two points notwithstanding, *Fully Grown* is an excellent book that provides the reader with a good background in growth economics and simultaneously explains why growth is not always the best way of measuring economic success in a nation.

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Philippe Aghion, Céline Antonin, and Simon Bunel (2021) *The Power of Creative Destruction: Economic Upheaval and the Wealth of Nations.* The Belknap Press: Cambridge, MA, USA and London, UK. ISBN: 9780674971165, 393 pp., $35 (hardcover).

Reviewed by *Taylor Friedman*, Indiana University of Pennsylvania

In *The Power of Creative Destruction: Economic Upheaval and the Wealth of Nations* Philippe Aghion, Céline Antonin, and Simon Bunel (2021) attempt to explain what the future of capitalism may look like through the lens of creative destruction. The authors describe creative destruction as "the driving force of capitalism" where it ensures renewal and reproduction but also generates risks that must be managed and regulated efficiently (Aghion et al., 2021, p. 1). Growing inequality, stagnant growth, environmental changes, and now the COVID-19 pandemic have revealed countless failures within capitalistic economies. These failures call for a change in the ongoing operations of capitalism, ranging from remedying the pause in long-term growth to evaluating the health and happiness of citizens. To begin analyzing how to create better capitalism, Aghion, Antonin, and Bunel (2021) base the book on three decades of academic research to take the reader on a journey through economic history and explore the enigma of economic growth. The purpose of this extensive research is to open what the authors call a "black box" of long-term growth secrets. Joseph Schumpeter, the Austrian economist who first coined the term "creative destruction," is acknowledged heavily throughout the book. There are three pillars mentioned in the opening chapter that the authors use to support and test Schumpeter's ideas. The first pillar is that the diffusion of knowledge and innovations are at the heart of the economy's growth. Second, societies can maximize their innovation by providing incentives and protecting an individual's property rights. The third pillar is creative destruction itself (Aghion et al., 2021, p. 4-5). The authors note that creative destruction disrupts the growth process: Today's innovators need motivation to innovate, and yesterday's innovators must not prevent new innovations from occurring. Schumpeter's answer to this dilemma was simply that capitalism will fail, and incumbent firms will always obstruct new innovations. However, Aghion, Antonin, and Bunel (2021) argue that with proper regulation, capitalism can overcome the contradiction and be transformed for the better through creative destruction. Based on the three pillars from Schumpeter, the authors' book essentially falls into two parts. The first half is how creative destruction has shaped the world we currently live in and why it is still needed for the future to establish a more environmentally friendly and sustainable world. The second half is how to manage creative destruction to allow innovators to innovate. This management includes how the government, civil society, and markets can work together to improve overall collaboration. Each subsequent chapter encompasses a major political-economic question. The authors provide their insight and policy guidance using theories from past economists as well as an impressive amount of statistical evidence. Using an array of different economies over different time periods, the authors attempt to answer each question. They first discuss the growth that accompanied Great Britain's Industrial Revolution. This sets the tone for the examination of other economic development questions such as why some economies are world leaders while others are impeded. Other chapters review ideas like political corruption and competition between companies and countries. The chapter on income inequality is especially compelling. Aghion, Antonin, and Bunel (2021) find that innovation is a key factor in income inequality at the top by examining patents and production data in American states. When analyzing non-innovative and innovative firms, they find that wages for low to medium-skilled workers are higher in the innovative firms. The higher wages for these workers help increase overall social mobility (Aghion et al., 2021, p. 82-103). Though these results seem contradictory, the authors note that innovation is not the only reason there is income inequality at the top. Lobbying and barriers to entry are common issues paired with incumbent firms. The larger incumbent firms grow, the more they invest in lobbying to maintain their place at the top. In turn, this makes entry costs more expensive, rendering it difficult or impossible for the small innovative firms to grow. Aghion, Antonin, and Bunel (2021) suggest taxation as a solution because it will not only allow the state to invest in different growth levers such as public health and education, but it can also entirely redistribute the wealth. The purposes of this book, addressed by the authors, are to examine historical enigmas associated with world growth, reexamine debates over innovation in developed countries, and reassess the role of civil society and the state (Aghion et al., 2021 p. 1). The authors consistently delivered theoretical or statistical evidence that aligns with those purposes. I found this book to be extremely educational on the topics discussed. At the end of the book, the authors introduce what they call the "golden triangle." The triangle consists of markets, civil society, and the state, where the ideal combination of all three entities will stimulate innovation and creative destruction (Aghion et al., 2021, p. 301-302). A call for changes in capitalism is not a new idea, and the authors acknowledge that their hopes for transformation may be naïve. However, the goal of this book is not to answer all the questions regarding mending the cracks in capitalism but rather to point us in the right direction. They conclude the book with contrasting "cut-throat" and "cuddly" capitalism. Cut-throat capitalism generates innovation and is present in the United States. Cuddly capitalism is present in Scandinavian countries and is far less innovative. Instead of being either/or, the authors pose the question of being both/and. They conclude that it is in fact possible to combine the two styles of capitalism. They end with a quote from Henri Bergson, "The future is not what will happen to us, but what we will do" (Aghion et al., 2021 p. 319). The future of capitalism is truly in the hands of society, and I believe this book can help educate individuals to start making those changes.

Sandel, Michael J., 2020 *The Tyranny of Merit: What's Become of the Common Good?*, Farrar, Straus and Giroux, New York, NY. ISBN 978-0-374-28998-0, 272 pp., $28 (hardcover).

Reviewed by *Amitrajeet A. Batabyal*, Rochester Institute of Technology

The distinguished Harvard political philosopher Michael J. Sandel is clearly unhappy about the ugly turn that politics in the United States (US) and the western world has taken with the 2016 election of Donald J. Trump as US President and the Brexit decision in the United Kingdom. As such, his central objective in this book is to "explain how this happened, and to consider how we find our way to a politics of the common good" (p. 6). An immediate problem is that the author never defines exactly what he means by "the common good," thereby erroneously giving the impression that there is either a universally accepted definition of this expression or that there is enough agreement on its meaning so as not to require a clear definition. That said, let us set this lacuna aside and investigate the book's innards. In what follows, rather than provide a tedious chapter by chapter review, I shall sample selectively from the book's contents. This should provide the reader with an adequate flavor for the intellectual contributions of the book.

The proceedings commence with the author indicating that elites in the US are legitimately worried about the threat to western—and in particular US—democracy posed by the rise of Donald Trump and other populists. A key problem is that the elites do not comprehend that the upheavals being witnessed now in the US are fundamentally a political response to a "political failure of historic proportions" (p. 19). What are the causes of the resentment that so many people feel towards the powers that be? The author lucidly points out that there are two causes. The first is the technocratic way in which the public good has been conceived, and the second is the meritocratic way in which winner and losers are defined.

The author contends that the relentless emphasis on creating a fair meritocracy in the US is ultimately misguided because of the "corrosive effect [it has] on the way we interpret our success (or the lack of it)" (p. 23). In addition, the meritocratic ethic promotes morally unattractive attitudes among both the winners and the losers. To avert these problems, we must energize democratic politics. According to the author, this can be conducted by finding our way to a "morally more robust public discourse. . . that takes seriously the corrosive effect of meritocratic striving on the social bonds that constitute our common life" (p. 31).

Moving on to discuss the moral history of merit, the author places considerable importance on the "Protestant work ethic." In addition to giving rise to the spirit of capitalism, we learn that this ethic gives rise to a torrent of energetic striving that generates great wealth but concurrently reveals what the author calls the "dark side" of responsibility and self-accomplishment. Specifically, the "humility prompted by helplessness in the face of grace gives way to the hubris prompted by the belief in one's own merit" (p. 41).

Many elites believe the notion that America is great because it is good. However, we learn that it is problematic to believe in this notion at the level of nations but not at the level of individuals. In other words, why is "might signifies right" permissible for countries but not for the top one percent of the US income distribution? The lesson here is that "[m]orally and theologically, providentialism abroad and meritocracy at home stand or fall together" (p. 51). Comparing aristocracies and meritocracies, the author rightly indicates that unlike aristocratic privilege, meritocratic success gives rise to a sense of achievement for having earned one's place. This notwithstanding, it is important to note that a "society that enables people to rise, and that celebrates rising, pronounces a harsh verdict on those who fail to do so" (p. 115). Quoting from Michael Young's The Rise of the Meritocracy approvingly, the author contends that Hilary Clinton is representative of elites who are so impressed by their own salience that they lose sympathy for the people they govern. Why? Because she once referred to some Trump supporters as a "basket of deplorables." But given, inter alia, the insurrection at the Capitol on 6 January 2021, surely Hillary Clinton was right and hence deserves praise for being prescient and not opprobrium.

A key claim made by the author is that higher education in the US has now become a sorting machine "that promises mobility on the basis of merit but entrenches privilege and promotes attitudes toward success corrosive of the commonality democracy requires" (p. 155). To substantiate this contention, the author makes two useful points. First, we are told that although the promise of a mobile society based on merit is better than a hereditary hierarchy, it is important to comprehend that this promise does not come with any attendant promise to attenuate inequality in society. On the contrary, this promise legitimizes "inequalities that arise from merit rather than birth" (p. 161). Second, we learn that a system that rewards the most talented is likely to undervalue the rest, either explicitly or implicitly. Although elite including Ivy League universities claim that they are salient agents of upward mobility in society, according to the author, they underdeliver on the mobility front but are successful in consolidating privilege. Therefore, even though it sounds nice when politicians claim that the solution to rising inequality is increased mobility, it is important to bear in mind that even attending the very best universities does not guarantee mobility. The author then goes on to criticize politicians and the "credentialed classes" for urging people with no college degree to "better their condition by getting one..." (p. 169). However, the author makes no distinction between the educational choice decision-problem from the perspective of a single individual versus the decision-problem of an appropriate authority pondering social welfare. In this regard, an individual generally cannot alter the rules by which a meritocracy operates. Therefore, why shouldn't such an individual with no college degree attempt to get one given the huge "wage premium" that separates those with only a high school education from those with a college degree?

A powerful claim made in this book is that meritocracies standardly fail to recognize the value of work that does not require at least a college degree. Pointing to the many "" of despair" among middle-aged white persons with no college degree, particularly males, the author writes that this saturnine situation must change. Noting that "blue-collar dads" are frequently depicted on television as "ineffectual and dumb," the author laments the fact that "[e]lite disparagement of the working class can be heard in common parlance" (p. 202).

Although this lamentation about the working class in general makes sense, it is not always clear whether the author is referring to the entire working class or just to the white working class. In order to recognize work more meaningfully, the author suggests reducing the payroll tax and replacing the lost revenue with a financial tax on high-frequency trading which, he claims, “contributes little to the real economy” (p. 210). Unfortunately, it is difficult to evaluate the utility of this proposal because the author is silent about how high the tax on high-frequency trading would have to be to raise the lost revenue from the reduced payroll tax and whether such a tax would be politically feasible.

In sum, this book suffers from a small number of errors of commission and omission. Even so, I would be remiss if I did not clearly state that *The Tyranny of Merit* is a thought-provoking and lucid book that effectively educates readers about the importance of luck in human affairs, the need to adopt an ethic of humility and solidarity, and the value of affirming the dignity of all work.

Céline Rozenblat and Zachary P. Neal, 2021 *Handbook of Cities and Networks*. Edward Elgar Publishing Limited: Cheltenham, UK. ISBN: 9781788114707, 651 pp., $340.

Reviewed by *Michael Cary*, West Virginia University

This book is an edited volume containing an excellent collection of chapters on many different types of urban networks spanning several broad contexts. Additionally, entire sections of this volume are dedicated to making the reader familiar with the fundamentals of cities and networks, theoretically and mathematically. The chapters are grouped into five categories: Theoretical Conceptions of Cities and Networks, Cities and Networks in History, Methods and Models of City-Network Interactions, Network Processes Within Cities, and Network Processes Between Cities. This edited volume provides a framework and background for understanding the vast, interdisciplinary topic of cities and networks, and it includes a discussion of network theoretic methods as well as many applications studying various properties of urban networks.

The first section of this book provides background for the topic of cities and networks. Chapter 1, which is written by Céline Rozenblat and Zachary P. Neal, introduces the reader to the idea of modelling socioeconomic processes with networks and discusses the roles of levels of aggregation and geographic scale in defining a network. Levels of aggregation include micro (e.g., individual agents), meso (e.g., institutions in cities), and macro (e.g., cities). Geographic scales can vary from components of a city (e.g., neighborhoods or districts) to cities, to regions (e.g., states), and to a global scale. Chapter 2, which is written by Denise Pumain, provides an interdisciplinary discussion centered around the question of ‘What is a city?’ and eschewing the notion of ‘the’ city offering agglomeration economies that was put forth by Marshall (1890), a notion commonly underlying economic thought. Pumain uses this to provide a framework explaining the development not of individual cities but of systems of cities and the role of economic, geographic, social, and cultural processes in shaping this process. Chapter 3, which was written by Luís M.A. Bettencourt, explains how complex networks can model urban processes. This chapter includes discussions of fundamental concepts such as centrality and connectivity, and it provides some mathematical formalization of certain network processes to include individual gains in connectivity over time in a social network and infection in a contagion network.

The second section of this book provides an historical perspective on cities and networks. Chapter 4, which was written by Elizabeth Bogumil and Christopher Chase-Dunn, considers the development of settlement networks, how hierarchies within social networks in individual settlements emerge, and their impact on sociocultural evolution. Chapter 5, written by J.W. Hanson, studies the network of cities in the Roman empire and provides evidence from the structure of this network that cities in the Roman empire were highly interdependent. This result furthers the existing literature on ancient network structures which shows that while the global market has historically had relatively distinct components, the Mediterranean market has historically been strongly interconnected (Temin, 2012).

The third section of this book presents methods and models for city-network interactions. Chapter 7, which was written by Marc Barthelemy, introduces the reader to fundamental concepts and structures in network theory, including the average degree of a network, degree distributions, shortest paths between locations within the network, the concept of clustering, aggregating from the edge/node level to the network level, planar graphs and potential uses of faces therein, cores of networks, and scaling. Chapter 8, written by Juste Raimbault, presents a theoretical model for the co-evolution of cities and networks in which urban growth has been endogenized. Chapter 9, written by Meg Bartholomew and Alasdair Jones, introduces the reader to community detection in networks and uses this technique to analyze the network of citations by papers in the field of urban studies. By largely correlating communities to distinct academic disciplines which study urban phenomena, the authors show that the field of urban studies is comprised of what the authors call "intellectual silos." Chapters 10 through 12 provide further discussion of centrality and proximity. While they introduce more nuanced notions of centrality than the reader has seen in previous chapters, no chapter in this section introduces a single global (network-level) measure of distance or connectivity. Measures such as the density, diameter, eccentricity, and radius of a network are ignored, even though most of these will eventually be used in analyses in later chapters. I believe that a less repetitive, more thorough section on common methods and models would have made this book significantly more valuable to readers lacking a background in network theory.

The fourth section of this book consists of chapters exploring network processes within cities. Chapter 16, written by Susan A. Burtner and Alan T. Murray, used the California Household Travel Survey, focusing on trips taken by individuals in Los Angeles and Orange counties to study racial disparities in urban mobility. By creating a directed network in which vertices represent neighborhoods and edges indicate the amount of travel (by group) from one county to another, the authors find that compared to Asian, Black, and Hispanic residents, the network for White residents had more vertices and edges, a larger average degree, density, and clustering coefficient, and a smaller diameter, all of which indicate a greater degree of urban mobility for White residents than Asian, Black, or Hispanic residents. Chapter 18, written by Sara S. Metcalf, Harvey D. Palmer, Quiyi Zhang, and Mary E. Northridge, proposes an agent-based model for the dissemination of health information across a social network and belief dynamics pertaining to health. The authors validated their model using beliefs regarding dental care among low-income Chinese Americans in New York City. Chapter 19, written by Michael Batty, considers the problem of opinion pooling and demonstrates the importance of weighted averaging and Markov processes. Chapter 20, written by Darryl A. Pieber and Anabel Quan-Haase, discusses the role of locative media (mobile technologies which use real-time data on user location conditions) in how people experience a city by denoting the increased emphasis on micro-level network applications in economic decision-making.

The fifth and final section of this book consists of chapters exploring network processes between cities. Chapter 22, written by César Ducruet, uses the international maritime transport network to study the evolution of the relationship between ports and their cities. Chapter 23, written by Neave O'Cleary, Samuel Heroy, François Hulot, and Mariano Beguerisse-Díaz, studied the forces underlying urban industrial agglomeration. To do this, they used community detection to cluster industries based on co-agglomeration tendencies and used this as an input in a regression model. They found that co-location factors are industry-dependent, with some industries clustered based on labor pooling, and others attributable to input-output linkages. Furthering the analysis, the authors found that industry clusters, which show a preference for labor pooling, tend to employ workers with more years of education. Finally, in Chapter 26, Ronald Wall and Umakrishnan Kollamparambil studied the relationship between network position and income inequality both across cities and across nations in a network describing FDI flows. Centrality measures were shown to affect the level of income inequality even after controlling for other relevant city or national level factors.

Overall, *Handbook of Cities and Networks* is a valuable resource which serves two functions. First, readers unfamiliar with the fundamentals of network analyses are given the opportunity to build a substantial skillset of relevant methods and models. Second, perspectives, models, and techniques from throughout the social sciences are combined into one volume, enabling the reader to learn new approaches to studying urban networks. This, along with the diversity of applications presented in this book, inspires future research on cities and networks across multiple disciplines.

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