Preface

This book is based on my extensive research and teaching, most of which concerns the economics of family and social behaviour. It began with the PhD dissertation I wrote at Brown University, entitled ‘A Theory of Intergenerational Transfers’, for which I won an Alfred P. Sloan Doctoral Dissertation Fellowship in 1993. However, it took me many years to realize that the key idea of the thesis could best be summarized as follows: parents transfer wealth to their children to perpetuate the high social status (or vanity) of their grandchildren and future generations.

I have been much enlightened about family issues in general and the ground covered in my thesis in particular by many years of teaching an undergraduate course entitled ‘Economics of the Family’. College students are naturally very interested in the issues of romance, marriage and the family. The lively discussions in the classes among the young and energetic students substantially improved my understanding of such issues. I gradually came to realize that ‘vanity’ is the key word in both male–female and intergenerational relationships.

Possibly because classical economists were motivated by a more naked type of capitalism over 100 years ago, they assigned vanity a central role in the study of people’s economic and social behaviour and gave it a clear definition, as ‘the mere desire of superiority over others by whatever criteria’.

I have lived and taught in Hong Kong for two decades, which has allowed me to observe unfettered local capitalism and that in Mainland China. Hong Kong has long been considered the freest economy in the world. China is at an early stage of capitalism in which its people’s mentality is quite similar to that which the classical economists observed in Western countries 100 years ago. Moreover, the ever-vanishing ideology of communism and the lack of religious belief have turned China into a spiritual vacuum, in which vanity is manifested in the most conspicuous and unscrupulous ways. This book is also inspired by those observations. Indeed, as Albert Einstein insightfully pointed out, ‘the whole of sciences is nothing more than the refinement of everyday thinking’.

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This book has two main interrelated goals. First, it aims to reach a better understanding of numerous issues of marriage, sex and family by analysing them from the perspective of economics. Gary Becker (1991) made path-breaking contributions on family issues that have revolutionized economics and enriched other social sciences. This book intends to significantly extend Becker’s work and related work in other studies.

Second, it tries to explore further the role of social status (or ‘vanity’) in social and economic behaviour, and thereby expand the frontier of economics and contribute to other social sciences. Thorstein Veblen (1899) advanced the idea that vanity plays an important role in consumption activities. This book applies Veblen’s idea to the study of gender and family issues. In Veblen’s theory of ‘conspicuous consumption’, vanity is obtained from the consumption of luxuries such as expensive handbags and brand-name cars. In this book, vanity is achieved from having a ‘high-quality’ spouse and children, in terms of beauty and intelligence.

This book contributes to both ‘vanity economics’ and the economics of the family from numerous angles. By thoroughly elaborating the crucial role of vanity in the study of male–female and intergenerational relationships, this book aims to contribute to the development of a new field in economics, in which social status is the main driver of a person’s social and economic behaviour. This new field could be called ‘vanity economics’ or ‘social economics’.

Moreover, at a more general and philosophical level this book implies that the ‘survival of the gene’ and hedonistic pleasures are not the only human motivations; vanity is another important driver that explains both individual behaviour and social and economic progress.