An economist's campaign against age-obsessed billionaires

AN OPEN DIALOGUE

ABDULLAH SHIBLI

IT is well-known that once you become rich, you can stay rich with little effort. Some of the super-rich in today's world, for example, Microsoft's Bill Gates, Facebook's Mark Zuckerberg, and Jack Ma of Alibaba have accumulated an enormous amount of wealth already and are likely to get richer in future. In the parlance of business, the super-rich or billionaires are on a path to exponentially increase their "net worth".

I don't know if such trends were viewed with any concern in the previous centuries when the Tatas of India, the Rockefellers of the US or the Rothschilds of France started to build their empires and assume the role of tycoons. Nowadays, however, some of the common headlines one notices around the globe are "The rich are getting richer," "Income inequality accelerates," "The rich must pay a wealth tax," etc. The driving force behind some of these eye-catching news items is a universal sentiment: most modern societies aspire to be just and equitable. Inequality in income and wealth is considered a disruptive force in today's world.

Some of the billionaires, on the other hand, have come to the realisation that the rich cannot get richer forever. All the billionaires have to die one day and while they can pass on their wealth, most societies impose a hefty estate tax which is levied on the property left behind by the deceased. Inheritances get divided among the offspring, siblings, and other beneficiaries. It is no secret that the billionaires' biggest wish is to live longer or, as in some cases, to pass on their brain to a clone or to have it transplanted to a chosen one. Will their dream come true? Research on brain transplant is a new field, but anti-aging is not. The field of medical research, which is striving to slow the process of aging, has received a boost from the billionaires who are pouring money into "anti-aging research", life extension technology, etc.

Can the billionaires live forever? COLLAGE: CHOW KWOK-WANG

Unfortunately for the ordinary mortals, the medicines that slow the process of aging are quite expensive and only a few can afford it. Medical insurance in all western countries considers these drugs experimental and refuses to cover the costs of anti-aging drugs.

Now Paul Krugman, the noted economist and *New York Times* columnist, has joined the fray. "Billionaires Shouldn't Live Forever" is the title of an op-ed by Krugman published on July 15, 2019. If the column was written by anyone other than Krugman, who is the winner of the Nobel Prize in Economics in 2008, it would not have received as much attention globally. However, Krugman is one of the most powerful voices in academia and mass media. Once you dive into this article, you will find a fascinating story about our future and the role of rich oligarchs in tomorrow's societies. But, be warned, as the editors of NYT tell us, "the opinion piece is a work of fiction."

The op-ed Krugman wrote is part of a series called "Op-eds From the Future." On this page, science-fiction authors, futurists, philosophers and scientists write columns that they imagine we might read 10, 20 or even 100 years from now. "The challenges they predict are imaginary— for now— but their arguments illuminate the urgent questions of today and prepare us for tomorrow."

Let us consider Krugman's thesis. First of all, Krugman is alarmed at the growth of inequality across the globe. The US is struggling with epic levels of inequality, which also is now a global trend. He writes, "Even in the early 21st century, a growing number of people realised that America was becoming an oligarchy, with a hugely disproportionate share of income, wealth and power held by a small number of people."

According to Salon.com, the world's richest 1 percent own 45 percent of total wealth. By contrast, 64 percent of the population (with an average of USD 10,000 in wealth to their name) hold less than 2 percent. And to widen the inequality picture a bit more, the world's richest 10 percent, those having at least USD 100,000 in assets, own 84 percent of total global wealth.

Now, imagine a scenario where the billionaires decide that they do not want to get older and die, rather live forever. If they can have access to a magic pill which will slow the process of aging, or completely stop it altogether, the rich can have more time to enjoy the riches they accumulate and continue to grow their companies or business enterprises. I have not seen any statistics that proves that as the rich get older, they become a better businessperson or make money at a faster rate, but it makes sense. One gets better with experience!

For many years now, research on anti-aging medicine has been generously supported by the billionaires. Prominent among these billionaires are Peter Thiel of PayPal and Larry Ellison of Oracle. Since the cure for aging is expensive, there is no doubt that the primary beneficiary of anti-aging technology will be the billionaires. Krugman seizes upon this possibility and predicts that in 50 years, we might see a few oligarchs who are not aging and plan to live forever.

The medicines that reduce aging or the life extension technology are so expensive that only a few can afford it. In fact, only billionaires. So only these people, by a process of natural selection, will live until 100 or more and be able to continue their money-making endeavours, Krugman says. "We're talking about people who were generally power-hungry to start with—that's how they got where they are—and they've had an unnaturally long time to build connections and buy influence."

But that is only a manifestation of Darwinian Dynamics. "As for Darwin, in the world of financial evolution, those with wealth or power will do what's in their best interest to protect that wealth, even if it's in no one else's interest at all."

Let us now turn away from Krugman's dismal predictions, and ask ourselves, how do we counter the Darwinian process of the survival of the richest? The answer can be phrased in terms of Newton's first law of motion, sometimes referred to as the law of inertia. An object at rest stays at rest and an object in motion stays in motion with the same speed, and in the same direction, unless acted upon by an unbalanced force. So "those in power will remain in power unless acted upon by an external force. Those who are wealthy will only gain in wealth as long as nothing deflects them from their present course." It is the role of the majority, who are not wealthy, to act and be the external force to counter the growing trend towards inequality.

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The hidden dangers of behavioural economics

RAFIQUA FERDOUSI

HAVE you ever wondered why stores tend to have big flashing signs with prices presented in fractions like 3.99 instead of just putting a 4? Well, if you did, then congratulations to you! Because, you are one step ahead in the realm of behavioural economics. To some, this is a comparatively new field of study, while others might not consider it as much novel. Nevertheless, behavioural economics started to attract the attention of academics and policy makers around the world after Daniel Kahneman and Richard Thaler received the Nobel Memorial Prize in Economics in 2002 and 2017, respectively, for their contributions in the field. Standard neo-classical models of economics consider that humans are rational and self-interested beings, which means that they are able to decide what is best for them given a set of alternatives. But behavioural economists have shown that human behaviour and decision-making process often deviate from the standard economic concept of "rationality".

So, coming back to our 3.99 price problem, it is simply an example of one of the many behavioural fallacies or cognitive biases that we face in our day-to-day life. It is nothing but a case of what is called an "anchoring effect". It occurs when someone relies too much on an initial piece of information that is offered to them and forgets to critically evaluate the complete scenario.

Now let's look around ourselves one more time. Can you think of someone who had taken up gym membership and, as time passed by, hardly ever visited the gym? Well, actually we all might have such a similar memory of our own time-inconsistent behaviour. Human beings are generally time-inconsistent most of the time and they put more weight on the present compared to any other time in the future. When we take a decision for the future, we tend to think that we are

going to probably behave or feel the same way as we do now. But as time goes by, we keep discounting our future for instant gratification in the present.

Yet again, can you recall reaching out for the good in the shopping aisle with a free tag or being ecstatic to receive free gifts with your purchases? But are businesses out of their mind? Why are they giving away stuff for free every so often? This, again, can be explained with one of the key concepts of behavioural economics—that is, the prospect theory. It shows that people often make biased decisions because they prefer to avoid losses more than an equivalent gain. According to the theory, it is better to separate gains from aggregate losses. For example, businesses often use the technique of offering free goods with certain purchases because people usually project higher willingness to pay when the gains of two goods are presented separately. An alternative scenario takes place when we keep charging the credit card for our frequent shopping trips. We feel happy to use the credit card because it provides a method to aggregate losses. People encounter losses when they pay at the end of a month rather than on each transaction and thus tend to spend more.

So, how does behavioural economics work? First of all, it embraces the fact that human behaviour and decision-making process often deviate from the economic concept of rationality. However, behavioural economists have shown that these deviations are large, systematic and predictable enough to allow for the development of new descriptive theories of decision. Hence, fundamentally, this field of study helps us to better understand ourselves and also the people around us.

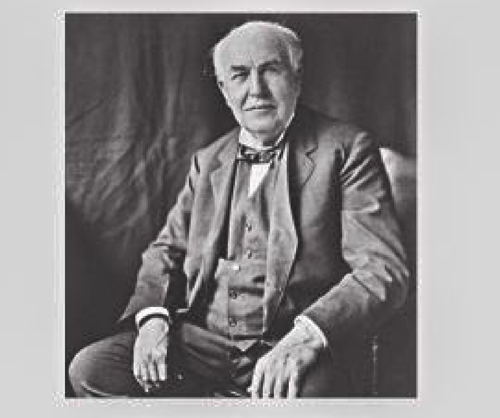
Nonetheless, behavioural economic insights can also be used in detrimental ways. Research shows that individuals often rely on intuition, stereotypes, degrees of belief, past experience and availability of some immediate information, etc. rather than evaluating the actual consequence of their action or decision. Moreover, subtle changes can influence people's action or decision to a great extent. Therefore, elites, powerful lobby groups, businesses and large corporations can use certain behavioural insights for personal gain.

Consequently, increased awareness regarding the behavioural insights can be a pivotal step for a country like Bangladesh. Given the fact that Bangladeshis still have to bear around 75 percent of medical expenses out of their own pocket, behavioural economics may remind us to make healthier choices and save more for the future. Secondly, individuals may also avoid the possible risks of manipulation and exploitation by individuals or groups who use "nudging" as an instrument. Some proponents of behavioural economics have already warned us that lie can also be one of the forms of influence. Therefore, a statement might be literally true and therefore not a lie, but nonetheless, deceptive or manipulative.

At this point, someone might say that we all know this and there is no need for behavioural economics. While it might be true that we might more or less know what is good for us, in reality, we still falter to improve our lifestyle or to make the right choices. So why do we keep failing over and over again? And how can we use behavioural insights beyond just profit-making? We need to conduct more evidence-based research in order to find the answers to such fundamental questions. In fact, the clock is ticking for us to begin the debate on the implications of behavioural insights for the design of appropriate public policies. Could there be an alternative path to take the country any further?

Rafiqua Ferdousi is Research Economist, South Asian Network on Economic Modeling (SANEM).

QUOTABLE *Quote*



THOMAS EDISON

(1847–1931)

American inventor and businessman, who has been described as America's greatest inventor.

Many of life's failures are people who did not realise how close they were to success when they gave up.

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Plague
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13 Ghana's capital
14 Praline nut
15 Spoil
16 Tries hard
18 Take advantage of
19 Low digit
20 Long time
21 Tennis star Sampras
23 Add the score
25 Small tablet
27 Block up
28 Appraised
30 Fancy do
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34 Jazz style
36 Lush
37 Draw attention away from
39 Express despair
40 Brings up
41 Not dozing
43 Bicker
44 Pet store
45 Rider's horse
46 Bring to bear

DOWN

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4 Screw up
5 BLT base
6 Understand without hearing
7 Top draft rating
8 Spa offering
9 Nasal
10 Good judgment
17 Young one
22 "Dig in!"
24 Fall behind
26 Cheapened
28 Everett of film
29 Pluto, for one
31 Attractive person
32 Optimally
33 Luminous glows
35 Treaty goal
38 Faithful
42 Candle makeup

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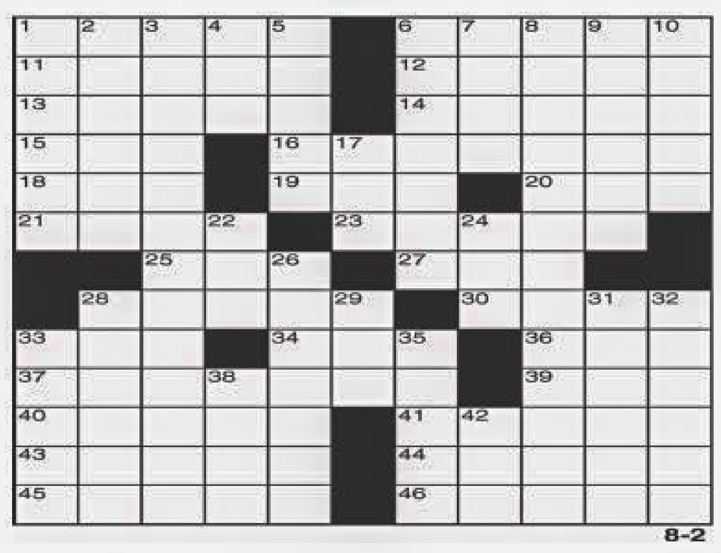

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YESTERDAY'S **ANSWERS**

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BEETLE BAILEY by Mort Walker

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