

# Economic Sociology Part 2 with Anna Gifty Opoku-Agyeman and Steven Levitt

## Ologies Podcast

### February 2, 2021

Oh hey, it's still that gift card that you found in the back of your wallet and you have no idea how much is left on it, Alie Ward. We are back with the second half of the episode that was never meant to be. It's economics. Well, it's economic sociology, so there is an ology; it's money, savings, spending, stocks, and stonks, and GameStop and Reddit and hedge funds, and the Amazon, universal basic income, and more, with two of the world's most exciting economists.

Okay but first, a really quick thank you to everyone at Patreon.com/Ologies for supporting the show for a mere \$1 a month or more. You can submit questions and see behind-the-scenes videos, and there are livestreams and stuff.

Thank you to everyone wearing *Ologies* merch, which we post on Instagram every Monday, just hashtag it #OlogiesMerch so that we can creep you. Thank you to everyone who has made sure they've clicked subscribe and perhaps rated the show and maybe took a minute or two to leave a review, because you know I do read them all.

From PaigeCraigPhotography:

*On a 1,700-mile road trip, I happened upon this podcast by serendipitous happenstance. "Please, please let me find some way to mentally benefit from three grueling days behind the wheel," I begged of the cyber universe. Low and behold, she blesseth me with the whimsical and endearing curiosities of Ologies.*

PaigeCraigPhotography, thank you so much for that. Please drive safe. Also, you can follow Paige on Instagram @WayWithWords. Look at that, I shouted you out.

Now, since this is an economics episode, I'm going to cut right to the chase. Get ready to hear from two Harvard scholars, published writers, incredible voices in the behavior that drives how we value and what we spend. Two fascinating and groundbreaking economists who I talk all about their backgrounds in Part 1. Go to that first if you haven't heard it yet. But anyway, they would probably not call themselves economic sociologists, but still, *the* Anna Gifty Opoku-Agyeman and Steven Levitt.

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**Alie Ward:** Can I ask you some questions from patrons?

**Anna Gifty Opoku-Agyeman:** Sure, oh my god!

**Alie:** We have economic questions, are you ready? I thought this was a good question from Kate Bell. Wants to know: Did you get an allowance?

**Anna:** No. My parents are Ghanaian immigrants, I did not get an allowance. Actually, I think my dad tried once and then was like, "You don't know how to manage money." I just kept spending money on pizza. So yeah, no, that ended. [*laughs*]

**Alie:** We didn't get an allowance either and I always thought, "Well, heck... they feed us and buy us shoes."

**Anna:** That's exactly right.

**Alie:** Yeah, I didn't have a slush fund as a child. It was like, "There's a casserole in the oven, you're lucky."

**Anna:** Exactly. I was about to say, I was not on *Gossip Girl*, okay guys? I was not Blair Waldorf.

*[clip from Gossip Girl]*

*Blair Waldorf: Dorota, are you insane?*

*Dorota: I don't know.*

*Blair: You used the everyday china! Cyrus will think we're just common upper-middle class.*

**Anna:** You understand the reference. *[laughs]*

**Aside:** Okay, so if you didn't watch the CW show *Gossip Girl*, which ran for a wealth of six seasons from 2007 to 2012, it was about rich people in New York. Also, fun behind-the-scenes facts, Leighton Meester, the actress who played Blair Waldorf, was born while both her parents were incarcerated for smuggling giant amounts of reefer from Jamaica. So, TV: Not always reality.

But how many kids have an allowance, and should they? There has been some hot, steamy debate on this from the 1960s and onward, and the latest figures, from a survey by the American Institute of Certified Public Accountants, they show that two-thirds of American parents give their kids an allowance, averaging about 30 bucks a week. One 2017 article on Fatherly.com quotes a child psychologist in New York, Stephanie O'Leary, who says:

*If children receive allowance without any contingencies, it sets the precedent that free money is available. That money can backfire and create dependence.*

So, a lot of economists and psychologists say a better way to do it is to let kiddos earn money for chores that are usually not their responsibility, like really gross chores involving cat turds and stuff.

Also, including kids in financial discussions and budgeting can help them when it comes to their own finances later in life. This child psychologist went on to say that once your kid is like, 7, just assign them to a utility bill. Just say, "Listen Cherk..." or Rhode Island, or whatever people name their children these days, "... the electric bill is all you. You gotta be on top of it, you gotta know the due date, you gotta hit 'pay online' when it's due, and just let me know if we're spending more than the budget on it." You don't actually have to make the child pay with their chore money, but just in general, give them some responsibilities when they're tiny.

Now, let's have our other economist, Steven Levitt, hop in and answer your questions.

**Alie:** Can I ask you a few questions from patrons, from listeners?

**Steven Levitt:** Of course, I would love that.

**Alie:** Okay, they're very excited that you're on. One question we got from quite a few people, Jacob Elsbree, Hilary Larson, Jessie Dragon, RJ Doidge, and Adam Drake all kind of had the same question. In Jacob's words: What the hell is the stock market and why should I care? Is there a way to lightning round answer that?

**Steven:** So, this is *the* most common question asked of economists and economists hate the question because it has nothing to do with economics, [*"Sorry."*] but I will answer it.

The stock market is a way of allowing people who have built companies to diversify their risk. So, if I start a company and it's really successful, I own it. If it crashes and burns and people stop wanting what I make, then I will lose everything I have. What companies do along the way is they offer ownership to anybody who wants a piece of ownership. So typically when I start a company, I both own the company and control the decisions that are made about how to run that company.

With the stock market, what you do is you divorce those two pieces. The people who run the company still have the control over the decisions, but they give the ownership to these people who own stock in the company. What that ends up doing is that the people who founded the company get paid a bunch of money in order to open up the stock to everyone. It has benefits in that it makes it easier for these companies to raise capital and all sorts of things.

But that's what the stock market is, it's just the opportunity for regular people who have money they want to invest, to be able to take very teeny, tiny ownership interests in all these different companies that have chosen to allow outsiders to invest.

**Aside:** Okay, quick aside, and I'm sorry, it's not quick at all. I lied. But it's important and weird and I just learned a lot of it.

So, the New York Stock Exchange was essentially founded in the 1790s. The Nasdaq, which is another market, only emerged in 1971. It's so fresh and new! But it was the first market with electronic trading and that was very futuristic back then. So, that's still the favorite place for tech stocks like Dell, Apple, and Microsoft.

But okay, what is with the Nasdaq Composite then? What is that? So that's a market index and it serves as kind of a daily snapshot to see how well the market is doing for the Nasdaq exchange. It tracks about 3,000 companies traded on the Nasdaq. In general, a market index is like a daily report card, kind of like a health checkup of commerce. So then, what in the gentle fuck is the Dow and the S&P? Great questions.

The Dow Jones is another market index. Out of about 6,000 or so publicly traded US companies, it tracks the top 30. We're talking the McDonald's, and the Coke, and the Johnson & Johnson, the big guys. The daily report on the top 30 companies lets folks see how the market fared that day.

The S&P is another market index. It stands for Standard & Poor. I thought maybe this has to do with 'standard living versus being poor', I dunno. I looked it up, and it turns out that Standard was a company name, and Poor comes from a guy named Henry Varnum Poor, who was a 19th-century man who made a buttload in the timber industry. Mr. Poor was loaded! He lived in a place called Tuxedo Park. Can it get any less poor than that? I don't think so.

So imagine that; just gilded invitations to the finest parties, with the richest people, addressed to Mr. Poor of Tuxedo Park. I'm sure he found it quite humorous and probably laughed his way to the literal bank. But regardless, the S&P, or the Standard & Poor 500, tracks yes, 500 companies to check daily market health.

Just so you know, because I never knew this; a bull market is on the rise, a bear market is when things start to suck. So, think of, like, a bull trampling a bear. Or a green bull [*"Going up."*] and a red bear [*"Because you're going down."*]

Speaking of market health, I left in my question last week about when will shit really hit the fan, to which Anna responded, “Oh there is shit all over this fan. People are broke all over the place,” which sucks and also I hate it. I urge anyone who can to send some cash, even a tiny little bit, to mutual aid funds to help people immediately in your community. But what I meant by that very naïve and very poorly worded question was, “Will there be a huge depression or recession years later from this? Or, what’s going on with the market?” Something along the lines of, “Will a crash like the ones in 1930 or 2008 happen?”

What I didn’t know is that there was already a coronavirus crash in 2020 from February to April. And then of course, this week, some GameStopped hedge funds, and there’s going to be more on that in a minute.

The huge lesson from last week, the market indexes like the S&P 500, the Nasdaq Composite, and the Dow Jones may indicate the health of the market, but they don’t tell the health of the economy. So what does? Is there, like, a misery index? Boy howdy, I did some digging, and there is. It’s called... the Misery Index. I’m not even joking a tiny bit.

So the US Misery Index is released by the Bureau of Labor Statistics. The number they arrive at is calculated by adding the US inflation rate and the US unemployment rate. The US Misery Index went almost as high as 22 in 1980. Then pre-pandemic, in early 2020, once again, the US Misery Index was about 5.8 and then it rose a staggering 15.3 in April of last year during the pandemic. It’s now leveled off at about 8.3 but let’s just get those stimmy checks, can we? Can we get the stimmy checks? And hopefully, spend them on local businesses. Or you could invest them. Like in the stock market?

**Steven:** So, the reason you should care about the stock market is because, in the long run, the stock market has shown greater increases in value than almost any other asset that you might reasonably want to invest in.

Let’s say you have some money and you want to save money. In general, it’s a good idea to save money because when you’re in your 30s and 40s you’re at your prime earning age and you eventually will want to retire, so you’ll want to have lots of money socked away. It is true that because of the miracle of compounding, if you save money when you’re young and the stock market does well, which it historically has, you will have a lot more money when you’re old than you would naïvely expect.

**Aside:** *If you’re able to save it, which not everybody can, especially folks with student loans who have experienced layoffs, or with disabilities, folks who can’t work from home, out of a podcast closet, for example.*

**Steven:** The idea is that, especially when you’re young so you aren’t so worried about short-term ups and downs, the stock market provides an excellent vehicle for you to invest your retirement savings so that they are large when you’re old. Historically, the returns on the stock market have been higher than returns on other assets. So you could invest in gold, say. Gold would be something that you could buy.

My mom for instance, my mom’s kinda weird. My mom bought a bunch of gold coins and hid them in the house thinking that was a good way to store our wealth when I was a kid. Turned out, not a very good way to store your wealth. You can buy housing. That’s another thing to do. I could invest in a house and if housing appreciates then it’s a valuable investment.

But the simplest way to take your money, and with a high probability grow it into a much bigger pile of money, is to invest it in the stock market. That's why regular people should care about the stock market.

**Aside:** So, regular people should also care about the stock market because this is the most nutty few weeks we've seen in quite some time. If you're like, "What is happening with the GameStops and the Robinhoods, what the...?" Okay. I'm gonna break it down.

Short selling, or going short, is when an investor borrows a stock, waits for it to fall further, like in failing companies, like say, a brick-and-mortar retailer that sells games that are now mostly purchased digitally. The investor borrows the stock from someone, and then sells the stock, and then buys the stock back after it's fallen to return to the lender, and the investor gets to keep the difference.

Hedge fund managers make literally billions gaming the market like this. Also, hedge funds are less regulated by the SEC (Securities and Exchange Commission). Who can play the game is gate-kept to accredited or qualified investors who make more than \$200,000 a year or have over a million in assets, not including their houses; so, millionaires.

So, knowing that the rich were getting richer selling shorts, a guy on the WallStreetBets subreddit – username DeepFuckingValue, real name Keith Gill, a 34-year-old insurance firm worker in Massachusetts – says, "Hey, let's mess with the rich guys. Let's all buy GameStop and drive the price up 2000%."

What does Steven Levitt have to say about all these developments? I emailed him and he said, "I think the GameStop phenomenon is fascinating, and I find it bizarre that Robinhood stopped allowing purchases, but I don't have anything to say that hasn't already been said 1,000 times by others."

Which others? Well, let's hear Anna's reaction. She put out a tweet thread late last week and I'm just gonna read it to you:

*Essentially what's happening now on Wall Street is fucking amazing. A thread because history is happening. And Wall Street, for the first time ever, is kind of losing?? We love to see it.*

*So if you watched The Big Short, a short is basically a bet against a stock to become so low that the company basically goes out of business. If you win that bet, your returns are many times whatever you bet, basically. People who usually "short" against companies are already pretty freaking rich, so I think that is part of the reason WallStreetBets did what they did.*

*Here's what they did (I think): They said, "Okay, these rich people are going to get richer, so what if we make sure they lose this bet? If we artificially force the price up because the stock market is basically magic and fairy dust then they will lose BIG." And that's exactly what happened. GameStop basically was worth \$5 or something two weeks ago, and WallStreetBets drove it up to almost \$500 at its peak yesterday. (This was last week.)*

*Wall Street is now panicking because people who are playing the game aren't supposed to be playing the game – mwuhahahaha – and so trading platforms like Robinhood are probably getting pressure from big banks to stop the trades. And that is why #don'tsell and #holdtheline are trending. Here is why this is history: I am pretty sure there has never been collective action to ensure that bets against*

*declining companies don't fail and this was orchestrated by people NOT on Wall Street."*

So in all of this, who's winning? Well, some folks who hopped on GameStop before it hit its peak were just regular people who sold it off and were able to pay off student debt and finance a pet's operation, etc. My favorite stock trader in the ongoing GameStop saga is Jaydyn Carr. He's 10 and his mom bought him 10 shares of GameStop when it was just \$6, about a year ago. According to a New York Times article:

*Ms. Carr handed her son a certificate she created from an online template to explain to him that he was the owner of a tiny part of GameStop. She told him the gift was in keeping with the spirit of Ujamaa, or cooperative economics, one of the seven principles of Kwanzaa."*

This was December 2019. Cut to this week when this stock is worth \$3200. Jaydyn said he felt shocked and excited at the same time to learn how much it was worth. He cashed it out, and he'll reinvest it. Might check out AMC stock, Nokia, I dunno, just see what people are posting on #stonks.

Now if you didn't hop on this WallStreetBets subreddit, what do you do?

**Alie:** Jen Athanas wants to know: How much money do I really need to retire at 60 and live to be 80? I'm 43 and have \$2 in savings.

**Anna:** Wooooow! I really don't know but let me tell you who does. *The Broke Millennial* is a blog that, if you're a millennial or a Gen-Z person, you should be following! Basically, it's this woman who gives advice on how to save, why you should save, how to pay off debt, and that sort of thing. I really don't know the amount, but I definitely know that \$2 is... That's not good. So you might want to follow that account and get some tips from her. She also has a book as well. I would start with that.

**Alie:** Go for the not-fully-loaded avocado toast, I guess, because that must be where it all went. Not, you know, student loans, or a pandemic, or healthcare prices. Must be the toast.

**Aside:** Also, if you missed all the avocado toast hubbub, in 2017 a millionaire by the name of Tim Gurner wrote an article saying that millennials can't buy houses because they spend all their money on \$19 smashed avocado toast. To which millennials said, "How dare?" Also, the average cost of a serving of avocado toast is \$7.

According to researcher Jason Dorsey, in an interview with *Business Insider*, the reason why millennials can't buy houses is not avocado toast. It's because millennials have faced, "a long economic headwind due to the Great Recession, wage stagnation, rising cost of real estate, and student loan debt." Also, Tim Gurner, the guy who said it was an insatiable lust for avocados, turns out, became a millionaire after he started a real estate venture funded by a \$35,000 gift from his grandfather. So maybe it's not the brunch. Perhaps it's lack of generational privilege and wealth.

But how cheap should you be? What *should* you have anxiety about?

**Steven:** You know, it's interesting you say that because it's another thing that I think is a really basic guiding principle of life that I think is useful. When I was young, I was stingy beyond belief. I mean, it started when I was a kid. All the other kids would buy candy and I would only buy gum because gum would last indefinitely. Candy, you'd eat it and it'd be gone! [Alie laughs] So I was a weird kid.

As I got older, I would deprive myself of everything. I might be thirsty, but I would try to find a drinking fountain rather than get a bottle of water. And it came from a good spot, this idea that we should save money and we should be frugal and whatnot, but ultimately, I experimented with something. I said, "Hey, what if I just have a rule that anything that costs less than \$5, I'm just not even gonna think about it?" We've talked about scarcity, and scarcity of mental attention is one of the biggest forms of scarcity. And it just was, you know, chewing up a lot of my brain worrying about "Should I buy a candy bar," or "Is a hamburger too expensive, should I get something else?"

So I just made a switch and I felt liberated by it. [*heavenly angels singing*] So anytime anything was under \$5, I just didn't even think about it. I didn't care if it was \$4.99 or two cents, whatever. If it's under \$5, I'm not allowed to worry about it. [*Alie laughs*] And as my income went up and as I realized how powerful it was, I just raised that number. And honestly, of the hacks that I've done in my life, I would put that as one of the single best things I've done. Because if you think about cheap things, you know, cheap depends on your income level, but I can add up all the things that I buy for under \$20 in a year and it just doesn't add up to that much relative to my consulting wage if I want to go out.

So, it doesn't make sense to spend hours and hours, for me, cutting coupons. If it's fun, that's fine. If you have fun cutting coupons, that's great. But for me, I just found that being liberated from this concern about spending on particular items has just been great. I just enjoy life a lot more that way.

**Aside:** So try not to sweat the small stuff. Now, on the topic of small change tinkling its way down the economic strata...

**Alie:** Terry Goss asks: How can we combat the pernicious lie of trickle-down theory on the lay level? It's truly awful and it's killing us slowly.

**Anna:** It's a lie! Number one. [*laughs*] Reagan really messed that up. I think it really begins with your individual relationships, right? Because a lot of people's parents believe in that stuff where it's like, "Oh, well, you know, if the government just lays off and corporate just makes all their money, it'll come down to me eventually." No it won't! Because people are greedy! [*laughs*] Okay? And if people make more money, they don't give money that they have in excess to people who don't have money. They just invest it.

So, I think emphasizing that corporate greed is real and giving them examples, or books, or podcasts to listen to, to give them an introduction to why that's the case is a really great place to start. I think, for the most part, a lot of people hold onto the idea of trickle-down economics from the Reagan era because, you know, that's what they grew up on, and that's sort of what was beaten into their head. But I think a lot of them fundamentally know that nothing's trickling down to them. So, giving them further affirmation through different resources is probably a really great place to start.

**Alie:** Okay, great.

**Aside:** If you're like, "What's the Cliff's Notes on Reaganomics?" Ronald Reagan took office at a time when the misery index was pretty high. But his philosophy was, "Listen, let's give tax cuts to the big corporations. They'll pay their workers more! Let's cut them from 70% to 28%." Was there less money for social services, and food stamps, and disability benefits, and did they start using more private contractors for government services like for-profit prison systems? Maybe. But hey, the economy grew and... there may have been a recession afterward, and a lot more government debt and lasting

policies that favored the rich and increased economic division... but the effects, some argue, are still trickling down. Was the economic trickle a toxic sludge? It really depends on who you ask.

Now, on the topic of the Earth...

**Alie:** A few people, Chelsea and Robert Gladwin both wanted to know: How can we use economics to help the planet and help put out the fire that's Earth?

**Steven:** Yeah, I think there are a couple reasonable answers one can give here. So let me start with the one that's going to piss everybody off because I think it's important and hopefully people will still listen to my second one after I talked about the one that will piss them off. *[Alie laughs]*

So the basic premise of environmentalism has been: If we just tell people how terrible the situation is, they will do the right thing. That was the premise, your carbon footprint and everything to do with environmentalism. And the sad fact is that that just doesn't work. *["Gosh darn it!"]* And the problem we have around the planet is what economists call 'externality'. And by externality, that's a case where actions that I take have a negative impact on you, but you don't really have any direct say in my actions.

So when I burn a bonfire in my backyard so I can have friends over during covid, I let all sorts of carbon dioxide into the air and you don't have any say. You have no way of stopping me from doing that. That's what I mean by externality. And the problem is that, while we wish it were true that we could all just come together as humanity and all just agree to do the right thing and do it, there is zero evidence in recorded history that any important problem has ever been solved by asking people to do the right thing and them doing it. And I think that's... Obviously, we all wish it were otherwise, but that has been the sad story around most environmental issues over the last... Certainly global warming. Global warming especially because it's a global problem.

At a local level, you can sometimes solve problems. You can all come together and solve, but at a global level we haven't been able to do it. So that's economics. That's simple economics, which is the idea that people, more or less, follow the path that's in their own best interests. So I made that bonfire outside last night because my kids wanted to all be outside and, you know, have my sister come over. And look, from the perspective of the planet, I probably shouldn't have, but I did. And billions of us do those things all the time. And so we haven't done a good job managing climate change.

So now, let's take that as fact and that it's just true that carbon emissions have steadily gone up for the last 30 years even as we've been talking about trying to get them down. So what do you do next? Well, the obvious economic solution is to price the externality. So when people pollute, that has a cost to society, and we could put a dollar value on that cost and then tax people on it. When people talk about a carbon tax, that's what they mean. So the idea would be now, whenever I do some activity that involves carbon going into the air, I will be taxed. I will be taxed the appropriate amount that makes me make the right decisions, that takes into account the adverse impact on the rest of society.

And I think the number that the Obama administration put on it, the social cost of a ton of carbon, was I think \$50 or maybe it's \$100. You tax carbon at that rate and then that would be a big step towards having people now doing the right thing because by facing the right prices, they would say, "Oh god, well, the bonfire is not really worth that much to



me.” And that cost of the wood would be much more expensive because it would be taxed to get the right price.

**Aside:** While there’s no standard carbon tax in the US at the moment, carbon offsetting programs like GoldStandard.org list a bunch, they exist where you can calculate your approximate carbon footprint and then donate to an organization that plants trees or works with renewable energy development to offset that impact.

Detractors say an ounce of prevention is worth a pound of cure, but it’s better than just farting greenhouse gasses into the air and shrugging while you charter a 747 to your fracking ranch for a red meat barbecue.

**Steven:** I did an episode on the *Freakonomics* podcast where I talked about what I believe to be the single most important and cost-effective environmental thing we can do to fight climate change right now. And it involves the Amazon, in Brazil. Not the company Amazon, but the real Amazon. The Amazon rainforest is an unbelievably valuable asset to the planet. It is under threat. It’s under threat for the silliest of all reasons, which is that the private incentives for people to burn it down to grow cattle are really positive. It’s not even good for raising cattle, but the land is there and the people who don’t have a lot of other options are burning it down to raise cattle.

**Aside:** And sidenote, once that beef is raised and shipped to companies like Cargill, and JBS, and Wal-Mart, and Costco, and McDonald’s, and Burger King, et cetera, the razed forest typically doesn’t support grazing or soybeans for more than a few years. So the farmers have to move on to newly cleared land. And the Brazilian administration that took office in 2016 is like, “Go for it! Let’s make some money.”

**Steven:** What’s crazy is that when you do really simple calculations you find out that the value of the Amazon preserved is probably 50 times greater than the value of what Brazil is doing with it right now where they are kind of steadily cutting it away to raise cattle. So, there are enormous gains from trade that Brazil should be willing, for, say, \$20 billion a year, to say, “We will just leave the Amazon alone.” Probably for less. Brazil should be willing to do it for five or ten billion. The world should be willing to pay a hundred billion.

So, there’s enormous value in doing this. It is just a political thing. I lay it out in the podcast that I did that this is just a no-brainer and is complete idiocy that we are putting the Amazon at risk just from a perspective of climate change. Forget about biodiversity, forget about the fact that it’s a horrible, immoral thing to destroy something as amazing as the Amazon. Again, it is simple economics, but economics doesn’t usually win the day. Usually, politics is what wins or loses the day and politically we have absolutely been losing the battle of the Amazon.

**Alie:** Hmmm.

**Aside:** So, in a perfect world, political policy would align wonderfully with the planet and the economy but life, sadly, is not science fiction. And because economics is all about the tradeoffs, we’re going to hear from a few sponsors of the show who make it possible to donate to a cause of the ologist’s choosing.

And this week we are sending some cash to the Center for Radical Innovation for Social Change or RISC. That was founded by Steven Levitt. RISC investigates current social issues like prison reform, and monitoring and reducing unjustified use of force for the police, and developing a safe and anonymous platform for reporting unlawful gun possession and use. They do things like this by using empirical data and then they

generate radical solutions with real-world relevance. Then they test and scale those solutions through a mix of partnerships with academics, and nonprofits, and government agencies, international organizations, and private corporations. So, a donation went to that work at RISC thanks to the following sponsors.

[Ad Break]

Okay back to your questions, including one about a post-scarcity world in which you can replicate anything you want. We're talking Trek-onomics.

**Alie:** Danielle Larmon, first-time question-asker, wants to know... not sure if you're familiar with this: Do you think that an economy such as exists in *Star Trek* is feasible in the real world, and how might we get there (aside from eating the rich)?

**Anna:** Woow.

**Alie:** Does Star Trek have money? I don't even know!

[clip from *Star Trek: First Contact* (1996)]

*Captain Picard: Economics of the future are somewhat different. You see, money doesn't exist in the 24th century.*

*Lily Sloane: No money? You mean, you don't get paid?*

*Captain Picard: The acquisition of wealth is no longer the driving force in our lives. We work to better ourselves and the rest of humanity.*

**Anna:** [laughs] Well first of all I don't watch *Star Trek*, I don't watch *Star Wars*, but I am a *Lord of the Rings* fanatic. I love *Game of Thrones*. I'm very fantasy heavy, which is very interesting. I'm going to ignore the first part of the question because I can't address it. Eating the rich? Let me tell you something: if you're not following AOC, Alexandria Ocasio-Cortez, please follow her. I think she's one of the best Congresspeople we've ever had in history. Not just because she's the youngest, which is definitely a benefit, but because she fundamentally understands that unless we have an imagination about our economy, we are not going to get past inequality, and corporate greed, and how all of those things function together to keep marginalized groups marginalized.

So, I think in terms of "eating the rich," we might have to! I'm not saying we should... I sound crazy, but I'm saying, like, we might have to through systemic policies and it requires a lot more of us saying, "Hey, this is not right." So, the way we go about that is through activism, advocacy, actually being in those spaces, and advocating and centering groups that are marginalized. So yeah, I think "eat the rich" has definitely, kind of, been the theme of 2020 especially. So, we'll see if it actually comes to pass.

**Alie:** And by eat... taxing works?

**Anna:** Yes! Let me tell you guys something. Jeff Bezos has \$300 billion! I don't think we understand how much money that is. It is an excessive amount of money. It's more excessive than the most excessive amount of money, okay? Somebody showed Jeff Bezos' wealth in the form of grains of rice. This guy could fund all HBCUs, probably fund American healthcare, maybe improve a lot of the under-resourced areas of our country, and *still be a billionaire*. That is how much money this guy has!

So, the fact that one individual has that amount of money, and then you find out that his workers are unhappy, the working conditions are poor, I understand why people say, "eat the rich." At some point, the greed gets to you and messes with your ability to be a human

and somebody needs to knock you down a few notches. So, we're hoping that while we knock him down a few notches we get some of that money towards public works and improving our society.

**Alie:** Well, that was a question that a lot of people had; Thomas N Wyndham, Lani Boucher, Esther Cohen, Iris McPherson, and Danae DeJournett all wanted to know about Universal Basic Income. Good idea? Bad idea? What do you think?

**Anna:** So, UBI is an interesting concept. Obviously, we want people who don't have income to get income. We want people who are poor to get money so that they can live long, and happy, and healthy lives. The issue with UBI is that *everybody* would get income, including the rich. So, the critique there is that if I'm making a million dollars and somebody else is making \$10,000, and they get \$2,000 extra, and I get \$2,000, well, they're going to use that \$2,000 to survive. I'm going to use that \$2,000, as a millionaire, and probably reinvest it and turn it into \$10,000.

So, the question of whether or not it would actually close the gaps in wealth and equality is something that a lot of economists have been debating. But from what I can understand, I don't think it is a quick fix. There's a lot of different components that need to be ironed out, and perhaps what it means is, you know, a scaled UBI to some degree, where certain groups get more money than other groups.

But again, there are people who are really good at breaking this down. Someone I would suggest you guys look into and that Leslie Jones actually shouted out on Twitter and called him 'Professor Ice Cube', is Darrick Hamilton. So, Darrick Hamilton's work around the racial wealth gap kind of touches on this. He talks about having every child, especially marginalized groups, born with a certain amount of money that they can invest into their education and their wellbeing; called Baby Bonds. So that's something you guys might want to look into a little bit more. But yeah, UBI is a bit of an iffy subject.

**Alie:** And what about capitalism? Caitlyn Powell said: Why all the recent hate on capitalism? It was the "best thing ever" in the 20th century and now people blame it for all of our problems. Is this fair?

And then Bennett Gerber asks: Why does everyone have a boner for capitalism when it doesn't seem that great? So, people obviously are very divided. Spencer Parks just wants to know: Why are we so fucked? Any thoughts on, as a capitalist nation, what would be the healthiest, the greatest happiness principle, what would be best for all of us, a country of our size?

**Anna:** So, really quick around the question around capitalism. To answer the person's question around, "Why do people hate capitalism so much? It seems like it was such a great idea?" Well, the question is, "*Who* thought it was a great idea?" because when people thought capitalism was a great idea, people were still enslaved, soooooo... That's all I'm going to say about that.

Anyway, moving forward to your last question. There's this concept that I've plugged in every single interview I've done around economics called Black Woman Best; it's coined by Janelle Jones. She is a Black woman who currently is the managing director of research and policy at the Groundwork Collaborative, which is an organization that asks questions around, "What does an inclusive economy look like?" The idea here is, if the economy is not working for Black women, it's probably not working for everybody. That's basically

the idea. So obviously, you hear in the news that people say, “The economy’s recovering, the stock market is doing so well.”

Well, one, the stock market is not the economy. Those guys are rich, they’re just getting richer. It’s not a good indication of what’s happening with everybody else. Two, around the question of recovery, the question is, “Who is the economy recovering for?” If it’s recovering for just white guys who already had stable jobs and were already working in a certain sector, then it’s not really recovering; it’s just recovering a very specific way for a very specific group.

So, this idea of Black Woman Best says the most marginalized, or one of the most marginalized groups, are Black women. So, if we can get Black women to a place where they’re economically stable, financially secure, and empowered in the economy, then perhaps everybody who is less marginalized will be better off.

**Aside:** One thing I love is how many great people Anna has mentioned these past two episodes and I have put links to find those people on my website which is linked in the show notes. Now on the topic of marginalized populations...

**Alie:** Advice that you would give for people who are entering this field who do not feel welcome or who typically don’t see themselves represented?

**Anna:** Yes. I would say tap into community. I believe that community is powerful. I am a product of people who invested in me and the community that invested in me. So, if you are a Black woman or someone who is from a marginalized group such as Black, Latinx, Native, or if you are LGBTQ+ or somebody who has a disability, I would say tap into communities within the profession.

Some that I can name right off the top of my head, the Sadie Collective of course is for Black women, but we also invite allies to join our community. I would say Research in Color Foundation is an organization that is trying to get more Black and Brown people into the profession with one-on-one mentoring; it’s incredible. There’s also the AEA Summer Program, the American Economic Association Summer Program. It recently moved to Howard University. It is basically a summer camp for minority students who are interested in learning more about what economics is and how they can get prepared for it. You can also get college credit and it just recently moved to Howard University... which I might have said twice, but my whole point is it’s an HBCU, so being in DC, and being around other Black students, and having Black professors is something that will change your life.

I know for me, meeting Dr. Cook, even though she wasn’t my professor at the time, was fundamentally life-changing. So, being a part of communities that you can see yourself later on as visualized through a mentor or somebody who’s just a role model is critical. I would encourage you highly to get involved with these communities.

**Aside:** Again, more links in the show notes. Now, wrapping things up...

**Alie:** The thing that you hate about your job the most. It could literally be anything from something petty to something huge. But what is one thing that just vexes you?

**Steven:** So, you act like I have a job. I actually don’t have a job. I’ve ordered my life in a really effective way. I have hobbies. Some of which pay and some of which don’t pay; that’s how I think about my life. So, I would say the only really vexing thing that I have in my work life is that I run this little center called RISC, and we just take on projects and we try and

go and do good things. So, the Amazon project that I talked about is one of the things that we've been working on. We're trying to change education in schools, how we do math education and to get data science introduced and whatnot. The only thing that I despise more than anything is raising money. Some people don't mind it, but I grew up in the Midwest and the idea that you would ever ask anybody for any help is really foreign.

Almost the whole reason I went into academics is that I didn't want to have to have clients, and kowtow to people, and do what they wanted, and pretend I like people when I don't like people. I'm really bad at that. So... god, the one miracle for me, if somebody else could raise money for me, would be the most wonderful breath of fresh air. Really, what I need is a billionaire who just says, "Steve, you're awesome. You do such great stuff. Why should you be troubled with actually having to worry about raising money?" But it's funny, I've talked to a lot of billionaires but somehow none of them have had that reaction to me.

**Alie:** How is that possible? RISC is a non-profit right?

**Steven:** It is part of the University of Chicago, yeah. I'm not serious, but if people want to give money to us, they can deduct it. I understand it completely, there are a million great things to give your money to. Or spend it on yourself, that's great too. It's hard to ever convince people to part with their money.

**Alie:** Well, we donate to a cause of the ologist's choosing every week, so we'll donate it that way. How's that?

**Steven:** That would be awesome.

**Alie:** So good, we just saved you a little bit of fundraising there.

**Aside:** What does Anna hate?

**Alie:** Augh, okay. Thing that you hate about your job the most. It can be anything it can be petty, it can be systemic, it can be anything.

**Anna:** I think what I don't like is the fact that there are people who fundamentally believe that Black and Brown people are less intelligent and therefore cannot participate in discussion around the economy and what it means for us. There are people who have carved a place online and they just talk shit, you know, about folks because they are different from them and that they think differently from them.

I apparently am a very popular subject in those interwebs, and I'm always the person who's like "Yo, if you wanna pull up, pull up! And let's have a conversation, but you clearly don't want to do that. You come into my little mentions or whatever anonymous. You don't have the guts to actually have a conversation."

I don't pay any mind to people like that, but I think I have built a pretty thick skin, and so for me, the priority is to make sure the people who are coming after me don't have to deal with that BS. That's the part of the profession that I really don't like.

**Alie:** Yeah, that's very valid. When you are coming in and representing people who have been historically unwelcome in that space, you're bound to rock a boat that's working for them. A boat that needs to be rocked, quite frankly. One that needs to be sunk and rebuilt.

**Anna:** One thousand percent.

**Aside:** So, to quote Indigenous Fashionology guest, Riley Kucheran, who said: "Well, the emails aren't great, but the racism is probably worse." Stitch it on a pillow, my friends.

But what about positive things?

**Alie:** What about your favorite thing among all of your jobs? You get to talk to people who you mostly admire for a living. You have hobbies that pay, but what do you love the most about economics, about Freakonomics, about your career?

**Steven:** I would say right now this new podcast I do, *People I (Mostly) Admire*, is fun in a particular way that nothing else I do is fun, but I think you would probably say the same.

When I have to interview someone, I really prepare a lot. I become completely and utterly absorbed in understanding everything I can about that person. And it's hard, and it's draining, and then I find the actual interviewing to be harder than anything. I am practically comatose after my interviews because I'm thinking so hard, and it's really hard for me to be friendly and social. It's demanding.

So, what I love about it is that there's this concept of 'flow' and the idea that you get completely embedded in something so you kind of forget the whole sense of time and space, and the only place I get that in my life is in the podcasting. For you, it's probably easier than it is for me, but for me, I find that podcasting is hard and it's that exact hardness which is so much fun.

I really only spend maybe a day a week doing it, but that day is a day of intensity that I really relish, maybe because I've organized my life around avoiding intensity, and so those bursts of intensity are really, really rewarding.

**Alie:** That's great to hear from someone else that something difficult can be so enjoyable. [laughs] As Dorothy Parker says, "I hate writing, but I love having written."

**Aside:** And what does Anna love?

**Alie:** And what about your favorite thing about economics, about what you do?

**Anna:** You know, I kind of talked about it at the very beginning, but economics is such a cool subject, guys. If you're in college, or even if you're not somebody who wants to get a higher education degree, I encourage you guys to really learn more about the subject.

There's some really cool ways to do that. NPR has a show called *The Indicator*. It's ten-minute episodes that summarize economics and what it means in very real terms without using a lot of jargon. I think *The Atlantic* also does a great job of talking about issues related to the economy that are interesting. If you're somebody who likes reading *Teen Vogue*, their politics section is actually really good in terms of giving people information about: what does it mean, what does it all mean and why should we care?

And so, for me, what I love the most about economics is that when you have a really good understanding of its impact, you can really change the world. Economists advise everyone from technology leaders, to presidents, to world governments, to teachers. That's their breadth, and they can cover a lot of topics, from sex work, to education, to healthcare. This idea of having a certain set of tools that give you a lens to look at the world through is really, really powerful. I would hope that more people would learn more about it and maybe even join the profession.

**Alie:** I mean, we're all economists to a degree.

**Anna:** Exactly. I would say you all are honorary economists. [laughs]

**Aside:** So that was economist Anna Gifty Opoku-Agyeman.

**Alie:** Thank you so much for doing this. This is great. You're amazing.

**Anna:** Thank you so much for having me. I'm just so humbled to be here and so excited to talk with you.

**Aside:** And *Freakonomics* author and host of the podcast, *People I (Mostly) Admire*, Steven Levitt.

**Alie:** Thank you so, so much for doing this.

**Steven:** Thank you. The pleasure was all mine. Fantastic.

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Two smart people to whom I asked the most basic naïve questions because I did not know jack shit about the economy or the stock market, but now I have an MBA, and five yachts, and \$14 billion, and Harvard asked me to be the president of their school place.

If you want to hear more from Steven Levitt, he hosts the podcast, *People I (Mostly) Admire*. You can also find him on *Freakonomics Radio*, you can look into his books on *Freakonomics* and check out his organization, RISC, which is linked in the show notes. Follow him on [Twitter](#) @StevenDLevitt.

You can follow Anna Gifty Opoku-Agyeman @ItsAfromomics on [Twitter](#) and [Instagram](#). She's so great on both and her website is also linked in the show notes, as is the organization that she co-founded, The Sadie Collective.

We are @Ologies on [Twitter](#) and [Instagram](#). I am @AlieWard on [both](#) platforms, so do say hi. And if you want to find some other ologites in the wild, there are *Ologies* t-shirts, and hoodies, and sweatshirts, and totes, and masks at [OlogiesMerch.com](#). May I also suggest checking out the comedy podcast, *You Are That*, which is hosted by Portland sister duo Shannon Feltus and Boni Dutch. They also manage all the merch for us.

Erin Talbert admins the Ologies Podcast [Facebook Group](#), which has offshoot groups such as Flirtology Singles. [*excitedly*] Ha! Get it on! I'll officiate your wedding, but no pressure.

The incredible Emily White runs the Ologies Transcribers Group of wonderful people who take chunks of the show and make transcripts available on my website for free for deaf or hard of hearing folks or anyone that needs or wants them.

Caleb Patten has been bleeping them and those are also up on my website in case you need kid-safe episodes. Noel Dilworth helps me schedule all the interviews. She is a lifesaver, as is assistant editor and full-time fiancé, Jarrett Sleeper, who hosts quarantine calisthenics on Twitch every weekday morning at 9am in case you'd like to do squats and kettlebells and see our garage. We have some gymnast pull-up rings that look very sexual, and I assure you that they are not.

Thank you of course to Steven Ray Morris, lead editor and also host of *The Purrrrcast* about cats and *See Jurassic Right* about dinos. He's a treasure. Nick Thorburn made the theme music.

If you stick around 'til the end of the episode, you know that I reward you with a confession of some kind. This week my secret is that I bought a share of GameStop at \$342 and I'm just holding the line. I just wanted to be part of a movement and a moment, and I hope if anyone's selling it that they get their pet the operation that they need.

We'll see what happens. Stay tuned.

Okay, berbye. Hold the line!

*Transcribed by:*

*Aveline*

*Wendy Fick*

*Brian Davis*

*The snowman who's lost his head but is still standing in your backyard, Elena Horne*

**More links you may enjoy:**

A donation was made to: <https://www.sadiecollective.org/>

Another donation was made to RISC: [risc.uchicago.edu](http://risc.uchicago.edu)

Steven Levitt's "Freakonomics" book on [Bookshop.org](http://Bookshop.org)

[Dr. Lisa D. Cook](#)

Esther Duflo & Abhijit Banerjee's "[Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty](#)"

A link to all of their books on [Bookshop.org](http://Bookshop.org)

Harold Pollock's "[The Index Card](#)" book:

Follow Dr. Rhonda V. Sharp, founder and current president of the Women's Institute for Science, Equity, and Race at [Twitter.com/rhondavsharpe](https://twitter.com/rhondavsharpe)

Follow Fanta Traore, co-founder of The Sadie Collective at [twitter.com/TheFantaTraore](https://twitter.com/TheFantaTraore)

[Dr. Cecilia Rouse, labor economist](#)

[William Dairity Jr., economist who focuses on equity](#)

Onetime assistant to Yara Shahidi, [Raiquan Thomas](#)

[December 2020 U.S. Unemployment Rates](#)

[Anna's Tweet thread about #stonks](#)

[Wall Street Bets subreddit](#)

[The Broke Millennial](#) blog

"[Black Women Best](#)" by Janelle Jones

[Groundwork Collaborative](#)

[Research & Color Foundation](#)

[American Economic Association summer program via Howard University](#)

NPR Planet Money show, [The Indicator](#)

[Dr. Kojo on TikTok](#)

[Atlantic: Next Economy section](#)

[Anna's writing for Teen Vogue](#)

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