THE QUESTROM BUSINESS REVIEW

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GRWM: CEO Edition

ELIZABETH RICARDO

WE ARE WHAT WE READ, FOR BETTER OR WORSE

JOHN LYONS

MAKE ARGENTINA GREAT AGAIN?

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The Questrom Business Review

ISSUE NO. 2

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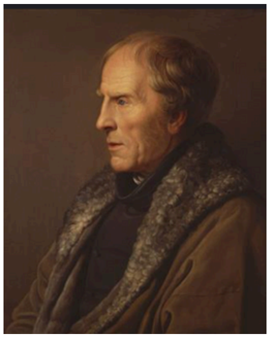

Caspar David Friedrich (1774 - 1840) was a German Romantic painter. He is best known for his allegorical landscapes such as *Wanderer Above the Sea of Fog*, from which this issue's cover was inspired.

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LETTER FROM THE EDITOR

John Lyons (QST '26)

Dear Reader,

The painting on the following page is called Wanderer above the Sea of Fog. It features a man standing heroically before a vastness of untouched and untamed wild. The exaggerated ridges and peaks would fit naturally into some sort of pastel fairytale world, or even an uncharted corner of our own. The intensity of the scene is heightened by the self-destructive drive of the man, who embraces his mortido with a brazen assurance, who has an atavistic hunger for the uncertain. The word "wanderer" suggests that the man's travels lack the concertedness of, say, Frodo's trek to Mordor; his destination is simply "on". He strives toward no end or proverbial pot of gold, seeking only to elevate his consciousness and breathe the forbidden stratospheric air. But his journey is no less existential – no less important – than any dragon-slayers' or ring bearers'. His journey is humanity's, and it's a great one.

Such images of man confronting the world have an almost archetypal significance in the human psyche today, but that was not always the case. When Caspar David Friedrich painted Wanderer in 1818, it could easily have raised some disproving eyebrows. The man in the piece is at the literal and figurative center of his world, which was no doubt a blasphemous proposition for the time. In Wanderer, Friedrich limns a man, not a God, who is great, suggests that his greatness is predicated in his capacity for wonder. That is, in his odd proclivity for staring at mountains, turning over stones, and, well, wandering. I say his journey is all of ours precisely because we can all relate to the feeling of awe at what Friedrich's contemporaries might have called "the sublime". For Friedrich, it is on account of this unique, perhaps impractical affinity for our world that we ought to be accorded with a special kind of status.

But that was then. Today, our love affair with nature has become awkwardly paternalistic as we learn to conquer her. Earth is now in many ways the ward of humanity, and if Friedrich were to give us a remastered Wanderer in 2024, the man might be doing more "harboring over" than "standing before". Could this be because we are becoming more interesting and impressive than the world that taught us how to be interested and impressed?

In providing spiritual fulfillment, the world has rendered to us a great service. Yet some are rather off put by the fact that we've returned the favor not with grace but with cauterized forests and noxious plumes of smoke. They believe that our wonder has morphed into a rapacious and infinite hunger for growth. They hardly share Friedrich's magnanimity towards humanity, and they hold that the central argument of Wanderer—that of man's greatness—must be scrutinized.

One more radical denomination of this school of thought is the so-called "degrowth" movement, which advocates a kind of repentance in the form of controlled economic contractions. In effect, "degrowthing" means large-scale deindustrialization, a shuddering of businesses, and lower standards of living for the vast majority of people. And much like the clerisy in 1818, degrowthers would probably regard Wanderer as blasphemous iconography.

Herein lies the focus of our Fall 2024 issue. It is true that Friedrich's glowing account of humanity is complicated by the fact of our capacity for reckless consumption. Many today have taken this to mean that our institutions were borne of sin, so to speak, and our confidence in them is resultantly faltering. Friedrich believed it was our wonder that made us great, but the temporal winds have blown, and it is worth asking why—or whether—we still are. So we will explore another of our great quirks, namely our penchant for taking risks and learning, which may well salvage our self-impression if we can thwart the misanthropic zeitgeist of our day. We will explore our equally great love of nonconformism, which is no better exhibited than in Argentina's recently elected President Javier Milei. We will explore what makes a great business leader, or at least how they might start their day. And we will explore things that have nothing to do with any of this, but that you'll still find pretty cool.

You're probably wondering what Romantic-era paintings and degrowthers and the quality of the human condition have to do with business. It would not be an exaggeration to say, in a word, everything. If humanity goes to trial, over crimes real or imagined, business would be Exhibit A. We bless with social validity those businesses that provide us with the most, the fastest, the best, so it is not hard to see why business has become the subject of perhaps the most intense scrutiny. We see this bearing out in public opinion; Gallup reported in 2019 that socialism polls nearly as well as capitalism with young adults. In many of their views, our gluttonous partaking of the world's fruits has been enabled and fueled by business's sordid incentives.

The idea for this issue goes something like this: if we can reestablish that people are still great, we might then have a foundation on which to make the case for business. Fortunately, we will not be alone in mounting this defense of business, in spite of its flaws. Questrom's new Mehrotra Institute for Business, Markets, and Society, endowed by its namesake just last year, will be joining us. Per its mission statement, it pledges to "help others understand and appreciate the role business and markets do, can, and should play in creating lasting prosperity, advancing societal goals, and solving global challenges." The alignment between the Mehrotra Institute's goals and our own is clear, and we look forward to partnering with them in pursuing our shared ends this year.

This issue will be an unabashed celebration of us. So as you read on, ask yourself what about people is worth celebrating. Ask yourself how business can—and has—allocated resources to those who best exhibit this quality, and where it has fallen short. And ask yourself how business might justify its existence in the public mind again and weather the attacks of its critics. Because even if we concede that the wonder Friedrich celebrated was just incipient greed (and I doubt this very much), our greatness might derive itself from somewhere else. As practitioners of business, we should see ourselves in the wandering man, as someone who embodies the very best a human can be. But in an age of cynicism, we must also convince the world of our value, lest it be rather unkindly reappraised. Count on the Questrom Business Review to take up the mantle.

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BU RUNS ON CELSIUS

Luca Glickman (QST '27)

How do you spruce up your dorm? Tapestries? Succulents? Cheap LEDs? If you share my freshman year roommate's taste for decor, you opt to erect a four-by-three-by-ten wall of Celsius cans.

Every morning, sunbeams would refract off of that aluminum wall, straight into my sleepy eyes. Come nighttime, my roommate's desk lamp would eerily illuminate it as I dozed off. I could not escape Celsius. As a cashier at Buick Street Market, it seemed 1 in 2 customers purchased a Celsius; a trip down Commonwealth Ave promised an encounter with a Celsius brand ambassador, free giveaway, advertisement, or a friendly face from class — Celsius in hand. Even my first date at BU brought her own Celsius to our taco dinner.

Having resigned to its omnipresence, I thought it worth asking how exactly this drink had captured the public consciousness — and taken over my freshman year.

It was 2005 in Delray Beach, Florida, when Steve Haley produced the first bottles of Celsius, his new calorie-burning, weight-loss elixir. Haley, a seasoned investor in the beverage industry, was privy to an Iron Law of marketing: the company that owns the category wins. In the energy drinks sector, Red Bull's 49% market share and new entrants like Monster deterred Haley. So, to own the category, he created a new one.

By 2008, though not yet profitable, Celsius was a thriving business. The drink's prominence had grown nationwide, Haley had shifted from expensive glass bottles to sleeker aluminum cans, and universities were publishing peer-reviewed studies on Celsius' potential as a calorie-burner. This peaked Florida multi-millionaire Carl Desantis' interest, who invested big in the drink and helped take it public.

After a brief peak, the stock tanked until it delisted from NASDAQ in 2011. Though its lack of profitability plagued the company, John Fieldly (who would become Celsius' CFO in 2012) posited that the company's woes stemmed from the fact that, in his words, Celsius "just didn't connect with consumers". Haley failed to create a market.

So it pivoted. Celsius investors visited Jack Trout, the legendary marketing guru and author of works such as Positioning: The Battle for Your Mind, The New Positioning, and Repositioning: Marketing in an Era of Competition, Change, and Crisis. According to Forbes, the meeting with Trout inspired a major shift in Celsius' product positioning. The drink would remain mostly the same, yet its marketing, and market, would change dramatically. John Fieldly, now Celsius' CEO, reportedly "realized [he] had a great, amazing energy drink on [his] hands". Celsius was once a calorie-burning drink. It now reemerged as an energy drink — that also happened to burn calories.

Product positioning must be preceded by market segmentation and segment targeting (remember SM 131?). Celsius decided to target the fitness-focused consumer, mainly within the ages 18 to 24 segment. To Gen Z, Celsius is a healthier alternative to a Red Bull or Monster. Their packaging began to reflect this repositioning; cans became lighter and sleek, adorned with fruit, and emblazoned with zesty flavor names like Tropical Vibe. This new and improved can also helped Celsius target a relatively untapped segment in the energy drink market, fitness-focused women, as most competitors' marketing espoused a more macho, masculine message. Celsius also began sponsoring 5Ks, recently became the official beverage of the MLS, and is partnering with fit, Gen Z influencers like Brooke Monk and Madison Beer. Celsius' marketing became defined by a slogan ideated during the seminal Jack Trout meetings: Live Fit.

To Live Fit is to be high-performing, healthy, and fueled *by drinking Celsius*. Broad and all-encompassing, the slogan is remarkably Just-do-it-esque. Whether you're an athlete wearing Nike cleats or a soccer mom donning Air Forces, wearing Nike is adopting a high-performance lifestyle. This idea that a brand can sell a lifestyle, fueled by the broad Live Fit mantra, propelled Celsius into a global success.

This is where its prevalence at BU comes into play. Through initiatives such as Celsius University and Celsius on Campus, the brand has established campus footholds through student brand ambassadors. The Celsius on Campus website features quotes from fit college students that highlight the mantra's ability to, like Nike, encompass performance in all contexts. Celsius fuels FSU's Brianna Joseph "in the gym and the classroom", enables USF's Meghan Shahan to "balance school, work, and sorority life", and helps UMiami's Will Beck to "reach [his] athletic goals". That is why Celsius feels like it is everywhere; because in our little collegiate microcosm, it is. Though sorority life and schoolwork aren't fitness-focused activities, the "Live Fit" slogan manages to apply. Celsius has shifted from marketing a product trait to marketing an idea.

This isn't to say that Celsius' repositioning was the sole reason for its turnaround. Luck was on its side when COVID-19 induced more people to prioritize their health. In a strategic move, Celsius secured Pepsi as an investor and distributor, providing them with nationwide fulfillment channels and streamlined operations.

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Celsius has shifted from marketing a product trait to marketing an idea.

- Luca Glickman

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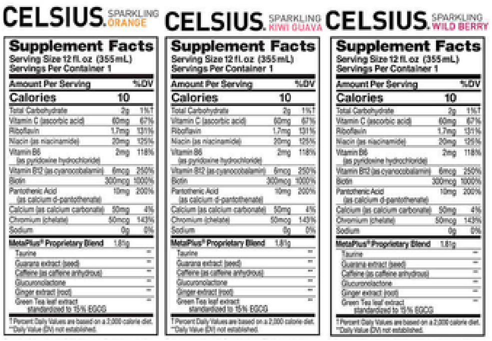
In fact, their marketing 180 even damaged its brand a few times, most notably when misleading labels about preservatives triggered a class action lawsuit against the company, resulting in a $7.8 million settlement.

Nonetheless, Celsius serves as a valuable case study of a successful brand metamorphosis. It also seems I've cracked the code: sublime product repositioning was the fizz that started the buzz, at BU and beyond. While America used to run on Dunkin, Celsius is now the on-the-go energy source for the new, 'fit', America.



ABOUT THE AUTHOR:

Luca Glickman is a sophomore in the Questrom School of Business who hopes to soon stumble upon a career. In the meantime, he keeps himself busy as a brother in Delta Sigma Pi and Delta Kappa Alpha, a member of the BU Squash Team, and a TA for SM131. Outside of school, Luca is an avid traveler, soccer enthusiast with a special affinity for washed-up teams (go Man United!), and a son who always observes his family motto: "try harder".

You, 2.0

Zach Kaplan (QST '26)

In 1991, social psychologist Kenneth Gergen, Ph.D warned in his Jeremiadian book "The Saturated Self" of a future where technology might obfuscate an individual's sense of self to the point of "multiphrenia," a shattered version of the self that is pulled in so many directions that the "self" could be lost altogether. Today, this book appears to have been eerily prescient.

If you haven't been living under a rock, you've probably heard of "doom-scrolling." I am admittedly guilty of it myself during my limited free time as a junior in CORE. However, I'm far from the only one who falls victim to this time vacuum: a 2020 study by WhistleOut found that the average American will spend 8.74 years of their life looking at a phone. But what is "doom-scrolling?"Tess Brigham, a mental health coach, describes doom-scrolling as "when you realize you've landed on a story and have no idea how you got there." Dr. Susan Albers, a psychologist at the Cleveland Clinic, added that, "if you're continuously scrolling, [doom-scrolling] becomes a mindless habit. It becomes second nature. Once you have a spare moment, you pick up your phone and start scrolling without really being aware of it."

The science behind social media is pretty simple. Scrolling can trigger the release of dopamine, a chemical associated with rewards, motivation and pleasure, which can lead to a cycle of reinforcement, according to the Cleveland Clinic. Natural sources of dopamine include sunlight, exercise, meditation and doing other activities that 'feel good' like winning a game or hanging out with friends. However, these natural sources all either require physical exertion or some degree of thought and effort. Unlike social media, you have to consciously pursue these natural sources of dopamine, which is why the mindless scrolling of social media entraps us without fail. It's too easy.

For my part, I've tried several different strategies to try to reclaim my free time. I've tried apps that limit or block screen time during a specified time of the day, and I've even deleted some apps altogether, though to mostly no avail. There is no shortage of opinion pieces bemoaning the perils of social media, nor a shortage of studies attesting to them. This piece will ask a different question:

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> **Why do we keep coming back to social media with all the real world has to offer?**
> - Zach Kaplan
> "

Why do we have social media addictions when we live in one of the most historically rich and culturally vibrant cities in the world, attend a great school, and are in the company of students from every corner of the world? Shouldn't we be practically drowning in natural dopamine?

On my Instagram reels page, I see a lot of extremes. As the user, I'm being fed a steady diet of personalized videos that provoke strong reactions, whether it be nostalgia, humor, shock, or curiosity. Our social media feeds, and what we post ourselves, are often sensationalized renderings of everyday life. Dr. Sherry Turkle, a clinical psychologist at MIT, writes that "on social networking sites such as Facebook, we think we will be presenting ourselves, but our profile ends up as somebody else—often the fantasy of who we want to be," Dr. Ali Jazayeri, Ph.D., adds that, far from merely a way to communicate, social media is now largely a "creation of people." The ever-increasing functionality of social media apps means that people can not only broadcast their lives, but upgrade them with Hollywood-esque glamorizations. As a result, social media has become a circus of impossibly attractive, wealthy, and interesting people, and the apps themselves now find themselves in an arms race to out-pizzaz each other. Dr. Jazayeri admonishes that this has led many people to measure their own existences against those they see online—a game that can never be won.

Social media is appealing because it presents an opportunity for the user to reintroduce themselves to the world. This can be achieved through selective posting. When you see posts from someone else, they are intentionally and carefully curated snapshots of a moment, chosen to aggrandize the poster. Eleazar Eusebio, Psy.D., discussed this idea: "whether your inner nature tends toward paranoia, narcissism, manic, depressive, or even melodramatic behaviors, they unconsciously and publicly manifest themselves in an online setting like Instagram or TikTok." Facebook, he says, represents "the best modern example" of what he calls the "collective unconscious personified.". "How do we choose to present ourselves to this world? In addition, at what point do we stop?"

Admittedly, I fall into this trap as well, which is why I found it a pressing issue to examine. I have created an Instagram persona that represents a selective version of myself, almost a reactionary measure to the content I see on my feed. In doing so, I leave out the highly human parts of my life: the doubts, the stressing over friends and exams, the bad hair days. By merely following the status quo, I'm perpetuating a cycle of inauthenticity that creates a digital rat race. In a world where we're blind to banality, to quote Shakespeare, "all the world appears a stage."

So why do we keep coming back to social media world with all the real world has to offer? Because comparing the two reveals Dickensian contrasts; social media is a sandbox for the subconscious mind, while the real world is fraught with limitation. The world of social media is a chance for a new beginning, while the real world is stained with the past. The great irony is despite being able to completely bend reality on social media, no one is terribly happy there. Not until the unbeatable game is won, anyway.

This is the temptation we all face as we carve out an online identity. With few mechanisms to verify the authenticity of our online personas, we have little reason not to project our idealized selves into the digital ether. Social media apps like Instagram, TikTok and even LinkedIn have given us the power to design an online persona that can digitally embody our subconscious desires and purge our subconscious insecurities. And in a virulent feedback loop, those who fall prey to our own streams of subconscious striving online will feel compelled to release their own. In this world, You 1.0 hardly stands a chance. So don't try.

ABOUT THE AUTHOR:

Zach Kaplan is a contributor for the Questrom Business Review. He is a junior in the Questrom School of Business pursuing an independent concentration. Outside of classes, you'll find him breaking down obscure New York Yankees baseball stats and watching Knicks basketball, listening to any classic rock, talking politics, exploring Boston, and pursuing creative writing opportunities. He's originally from New York City.

The Firms of the Future

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Jennifer Cernada (QST '25)

As the foreword of this issue described, many have soured on business for its seemingly apathetic disposition towards the problems of the day. Traditionally, financial performance and operational efficiency were the hallmarks of a successful business, but on the surface, these figures seem to have troublingly little to say about my and your preferred social issues or causes. Businesses, in other words, appear to have a vested interest in preserving the status quo.

This thinking is exactly backwards. Businesses have a vested interest in *upsetting* the status quo, because that is by definition what value creation means. *Wanderer* aptly celebrates wonder as the piston that powers the pushing of old limits. Business is the thing that channels human creativity and wonder into tangible products and services. Financials are the metrics by which we can evaluate the success of a business in carrying out this function. As a result, we continually achieve the unthinkable and better our standard of living. A firm's "social responsibility" is not to deprioritize profit, but rather to innovate and turn expertise into a market, collecting what profit it may as a byproduct of that conversion. This is why companies are now changing the way that they interact with, say, the environment.

This piece will highlight four companies who exemplify this concept. By examining some of their innovative developments, we can see how businesses are harnessing creativity and entrepreneurialism to address global challenges and simultaneously extract value. The following firms are no more "profit-minded" than those to which we are less sympathetic. They are different only in that they source that profit from change.

> "**Businesses have a vested interest in upsetting the status quo**
> Jennifer Cernada"

Sublime Systems

As we compare modern the innovative instincts of business to the spirit of the sublime art movement, we'd be remiss not to mention Sublime Systems, a company that electrified the manufacturing process for cement. The cement and concrete industry contributes to approximately 8% of all global carbon dioxide emissions, having a significant impact on climate change and environmental degradation. By electrifying the traditional process of cooking raw materials in a kiln—a method that relies heavily on fossil fuels— Sublime Systems is able to generate low-carbon cement cheaper. Their approach uses electrochemistry to extract components from materials that are then blended into performance standard cement.

Pivot Bio

Agriculture is another leading source of pollution in many countries, and in the U.S. it contributed to more than 10% of greenhouse gas emissions in 2021. Pivot Bio is a company focused on developing innovative biological solutions to improve agricultural sustainability. They have developed microbial products that naturally capture nitrogen from the air into a form that plants can use. Nitrogen is crucial for plant growth, and by enabling direct consumption for plants, it reduces the use of synthetic fertilizers and chemicals, which also saves farmers money. Pivot Bio's technology acts like a natural fertilizer, making it easier for plants to get the nutrients they need from their surroundings in an unprecedentedly cost effective way.

Heirloom

Even if the world were to completely stop producing CO2 tomorrow, to keep temperatures below the threshold of a 1.5 Celsius increase, we would need to remove billions of tons of CO2 each year. To put into perspective, that's 10-20% of today's annual global emissions. Heirloom, a low-cost carbon removal technology, is capable of scaling rapidly to potentially make this viable. By capturing CO2 through limestone by extracting it from the atmosphere, Heirloom can permanently and safely store it underground. When CO2 is removed from limestone, the remaining mineral is hydrated with water to form calcium hydroxide, commonly known as lime. Lime is "thirsty" for CO2 because it wants to return to its original state, and it acts like a sponge. Heirloom taps into this natural property of limestone to sequester CO2, reducing the time necessary for this process to take place from years to less than 3 days. After capturing the CO2, it is safely stored underground or in concrete.

Allonnia

Allonnia is an innovative biotechnology company dedicated to tackling environmental challenges through advanced synthetic biology. By engineering microorganisms and biological systems, Allonnia develops solutions for pollution remediation, waste management, and sustainable resource production. Allonnia focuses on the contamination of PFAS, synthetic chemicals that are water and grease resistant that are often found in consumer products like cookware, water-repellent fabrics, and food packaging. These chemicals are also known as "forever chemicals" because they resist degradation in the environment and in the human body. At Allonnia, they have developed a patented method of separating PFAS molecules from contaminated water, transforming them into a destruction ready hyper-concentrate with just air.

ABOUT THE AUTHOR:

Jennifer Cernada, originally from Westchester, New York, is a current senior in the Questrom School of Business concentrating in strategy and information systems. She is passionate about sustainability, and is a writer for the student-run publication The Emerald Review and an intern for the non-profit organization Earthday.org. She is an incoming business development and marketing intern at Net Atlantic. Outside the classroom, you can find her running on the Esplanade or at Coolidge Corner Theater watching the newest films.

Too Fast and Too Furious?

Skye Mada (QST '26)

Hear me out: Teslas are cringe. They drive around in pretentious silence, have a holier-than-thou air of superiority, and lord help me if I have to hear about the touchscreens again. Teslas, and electric vehicles (EVs) more broadly, are a novelty that I've watched evolve with a macabre fascination. They began, like any technological marvel, as the realization of brilliance. Regenerative braking and lithium-ion batteries have enabled us to get around faster and cleaner. But then, perhaps predictably, they became less a product and more a posture, a way for coastal elites to sententiously flash their badges.

Granted, those are qualities of the drivers, not the cars. But EVs themselves have real, practical issues too. They have very limited ranges, they take up to six hours to charge, they are very sensitive to cold weather, and they are incredibly heavy. That, and disposing of the batteries is very taxing on the environment as the decomposition process can take over a century.

For both cultural and practical reasons, I clearly am not the audience for Tesla, and that's fine. The decision to purchase an EV is a matter of tradeoffs, personal preferences, and the unique needs of the individual driver. It's a choice that I probably won't make, and in a competitive market, producers of EVs can decide whether or not I'm worth winning over. If I turn out to be the only EV naysayer, it would be tremendously wasteful for Tesla to create a product just for me or to lower their prices. If there is a critical mass of naysayers that Tesla feels could be converted, they'll try. Regardless, my wallet is my voice and my "vote", and since I'm not paying, I don't need to care that Teslas exist.

But now I am paying. And so are you.

In November of 2021, the U.S government unveiled $7.5 billion in new federal funding for EV charging stations. Since then, the government has issued $521 million in grants for charging stations in 29 states. The Inflation Reduction Act's $1 trillion in energy tax credits included tens of billions in credits expressly earmarked for the purchases of new EVs. This comes as the Environmental Protection Agency (EPA) pushes for 56% of all new vehicles on the road to be emissionless and for 500,000 charging stations to come online by 2032.

Normally, the average price of an EV is upwards of $60,000, while standard ICE vehicles fetch for closer to $40,000. The high upfront cost and aforementioned downsides to EVs have led to poor demand recently. Ford, for instance, has had to significantly scale back production of their F150 Lightning from 3,200 to 1,600 cars a month due to their unpopularity. Up until this move, Ford had lost $36,000 on each of the 36,000 EVs they had delivered to dealers. Former Toyota CEO and current chairman Akio Toyoda recently told reporters that he believes the EV industry will only ever make up 30% of the market without government assistance, citing their lackluster sales. Interestingly, the new CEO of Toyota, Koji Sato, has had more luck pushing hybrids, which have gained more traction with consumers. But the headwinds facing the EV industry have induced companies like Hyundai to offer free chargers and discounted installations with new EV purchases—services which would normally cost $1,100.

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> **But now I am paying. And so are you.**
> Skye Mada
> "

In a normal market, that's what happens. But if the federal government inserts itself into the market and subsidizes its preferred products and services, the one-customer-one-vote dynamic no longer applies. An EV is priced at $60,000 because that is the price that enough people decided it is worth to them. If we apply the maximum $7,500 tax credit and assume this is the credit the average American would receive, the effective cost of an EV drops to $52,500. This reduction in cost is not the result of economies of scale or efficiency gains on the part of the manufacturer, nor an attempt by the manufacturer to win over more price sensitive customers. The new price tag is the result of a market distortion by a third party—the government—who believes that the prevailing market forces are not getting EVs into enough people's hands.

This kind of industrial policy is misguided. In effectively subsidizing a portion of the price, EV makers will not feel as great a need to address the deficiencies in the cars that hampered demand in the first place. If demand is lagging because the cars are prohibitively expensive for consumers, EV manufacturers will lower the price anyway (as many have done) without government assistance. If range anxiety is keeping consumers away, they will deploy capital to research and development to configure better batteries. But an artificially reduced price says nothing about how much the product is valued; rather, it says how much the government values it.

This is not to say that the government should play no role in markets or try to accelerate the automobile transition. The government is right to, for example, build charging stations in rural areas where it would not make normal economic sense for them to be. Right now, many rural areas have level two chargers that can be as much as 70 miles away from each other. These types of public chargers take 4-6 hours, and the distance between them deters ruralites from buying EVs. The government's push to build faster level three charging stations makes sense, as it broadens the market without muddling it.

In an undisturbed market, EVs might not sell very well. But as Toyota is discovering, there may be a large appetite for products like plug-in-hybrids (PHEVS). These vehicles have the ranges of traditional ICEs but are generally cheaper than EVs. For the average non-rural suburban driver, a car that drives 50 miles electrically and uses gas for the rest would be more than enough range for their daily commute. But these kinds of Goldilocks products are only created when existing products do not deliver ample returns. In footing the cost of EVs, the government puts a moratorium on creative destruction by insulating firms from market realities. Strong hybrid sales could have been a valuable signal to consumer-literate automakers. With subsidized products, though, these automakers have little reason to even try to read.

In inserting itself into the marketplace, the US government is both masking the flaws of a product that the general public has been unwilling to adopt and giving producers no good reason to improve it. This amounts to a prodigal waste of taxpayer dollars and an uneconomical misallocation of resources. This kind of industrial policy also invites lobbyists to make their own cases for special treatment. When the unit economics on EVs improve and subsidies are no longer necessary, it's hard to imagine industry leaders ungrudgingly letting go of them. A far better use of the government's time might be to expand options for transportation altogether by reforming permitting and earmarking state grants for civil infrastructure projects. Trains, for instance, can significantly reduce the amount of day-to-day emissions caused by commuters while also being a viable alternative to ICE cars. According to the Department of Transportation, individual vehicles on average produce 0.96 lbs of carbon dioxide per passenger mile, while the public transit average is 0.45 lbs of carbon dioxide per passenger mile. While it sounds like a major expense, the government would mostly just need to free up federal land and enter into public-private arrangements to lay the tracks. Private operators could tap into the capital markets and take it from there—investors have long sought a route between the Houston, Dallas, and Austin metro areas, for example. This would expand, not warp, consumer choice and solve the environmental externality problem.

There is a better way to decarbonize transportation. By embracing market incentives, the U.S government can help unlock new modes of transportation through permitting reform and expanding EV manufacturers' serviceable markets without distorting the valuable signals that prices give us. That is not to say that the current approach lacks good intention. We'd only do well to remember what road is paved with them.

ABOUT THE AUTHOR:

Skye Mada is a Contributor for the Questrom Business Review. She is a junior in the College of Arts and Sciences studying Economics and minoring in French. Outside of class, she is a Case Analyst for Boston University Alternative Investments Group. She is an incoming Private Markets summer intern at Hamilton Lane. She also works in the Writing Center and teaches a Table Tennis PDP class. In her free time, she enjoys playing tennis, table tennis, golf and competitive dinghy sailing. Besides sports, she loves cooking, traveling, and binge watching her favorite TV shows. She is from Cherry Hill, NJ but claims Philadelphia as a close hometown second.

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The Confucian School of Economics

Elise Choi (CAS & QST '26)

T The late and renowned economist Robert Lucas Jr. famously said that, "once you start thinking about [economic] growth, it's hard to think about anything else." It's no surprise, then, that economists have since produced dizzying flurries of theories as to what drives it. One common argument is that a country's natural resources prescribe its economic destiny. For instance, oil-rich nations in the Middle East have long enjoyed vast economic wealth due to their bountiful resource endowments. Yet Asian Tigers like Singapore and Taiwan have no such blessing and have largely fared quite well. If natural resources were the key to economic success, the Tigers would not have developed so rapidly.

Another theory emphasizes the role of institutions, particularly the need for a fair and impartial judicial system and legally acknowledged property rights. This argument has merit, as people would have no reason to start businesses if their contracts could not be enforced or if they could not have legal ownership of their assets. However, many developing nations with functioning institutions have experienced a different meteoric rise than the Tigers.

Neoliberalism, popularized by the likes of Friedman and Stigler in the late 20th century, stresses low taxes and minimal government intervention in the economy. While the Tigers certainly drew from the heritage of the neoliberal school in formulating their economic policies, especially in Hong Kong and Singapore, this alone does not explain the full extent of their success. Moreover, South Korea and Taiwan actually employed a more interventionist approach, guiding their markets and providing state support for industries.

If the Tigers' rise cannot be solely attributed to natural resources, institutions, or neoliberal economic policies, what can explain their extraordinary growth? A less studied yet highly compelling answer may be Confucianism, a deeply rooted cultural and ethical system that shaped the behaviors, attitudes, and social fabric of many Asian societies in ways uniquely conducive to economic development.

Confucianism, a philosophical and ethical system that has influenced East Asian societies for centuries, strongly emphasizes values such as hard work, education, respect for authority, and social harmony. These principles created a cultural environment in the Asian Tigers that facilitated their rapid economic development.

Central to the Confucian way of life is education, which is thought to be a path to self-betterment and societal advancement. Naturally, education became a cornerstone of the Tigers' development strategies. All four nations made significant investments in their education systems, producing highly skilled workforces capable of driving technological innovation and industrialization. In South Korea, for example, education was treated as a national priority, and by the 1990s, it boasted one of the highest literacy rates in the world. This ensured a steady pipeline of human capital flowed into the labor force and allowed the Tigers to be competitive in the global knowledge economy.

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A less studied yet highly compelling answer may be Confucianism

Elise Choi

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Another central tenet of Confucianism is respect for authority and hierarchy, which, in the Tigers' view, translated to a high level of trust in government and corporate leadership. In Confucian societies, this trust enabled governments to implement long-term economic policies with minimal public resistance. South Korea and Taiwan, for instance, were able to pursue rapid industrialization under highly centralized governments with relatively little pushback because citizens generally believed that their leaders were acting in the national interest. The Confucian focus on harmony also helped mitigate labor disputes and social conflict, often obstacles to economic growth.

Confucianism also emphasizes the family as the basic unit of society. In the Tigers, this focus on family values fostered a sense of collective responsibility and long-term thinking in the citizenry, translating into high savings rates and a preference for stable, incremental growth. In Taiwan and South Korea, family-owned conglomerates (chaebols in Korea) played a significant role in driving industrialization. These family-owned businesses often took a long-term approach to growth, reinvesting profits into new plants and equipment rather than prioritizing short-term gains.

What primarily motivated this piece was the analytical work of Gordon Redding, a British professor, author, and consultant on China and regional ethnic Chinese. In his work on the "spirit of Chinese capitalism," Redding explored how Confucian values were not betrayals of, but drivers of, Chinese capitalism. He argued that Chinese capitalism in port cities was distinct because it combined the Confucian focus on long-term planning, social harmony, and hierarchical social structures with the profit orientation of global capitalism. This created a unique form of capitalism that was relational and network-driven rather than purely market-driven.

Redding also noted that the success of Chinese capitalism in port cities also relied on extensive, informal trust networks. Confucianism's call for mutual obligation and respect for authority helped these networks function effectively, enabling businesspeople to navigate the risks and uncertainties of international trade without relying heavily on formal legal systems.

The success of the Asian Tigers cannot be divorced from the cultural context in which their economic policies were implemented. Confucianism provided the ethical and social framework that allowed for a high level of societal cohesion, long-term thinking, and trust in authority, all of which were crucial in igniting and sustaining the Tigers' rapid economic growth.

In South Korea, for instance, the government's close cooperation with chaebols like Samsung, Hyundai, and LG was facilitated by a Confucian respect for hierarchy and authority. The resulting industrial policies favoring heavy industry, shipbuilding, and electronics were executed effectively and transformed South Korea into a global economic juggernaut.

In Taiwan, small and medium-sized enterprises, many family-owned, benefitted from the Confucian emphasis on family and community. These businesses played a crucial role in the country's industrialization, producing everything from textiles to electronics.

Under Lee Kuan Yew's leadership, Singapore explicitly invoked Confucian values in governance, emphasizing meritocracy, pragmatism, and social order. Lee's Confucian-inspired model of governance allowed Singapore to create an environment where economic development could flourish.

It is tempting to think of economic growth solely as the realization of policy. It is perhaps empowering for academics and politicians to view the economy as something scientifically controllable, that some combination of devices from a policy smorgasbord can produce desired results. While policy certainly matters, the case of the Asian Tigers reveals that it is necessary but hardly sufficient to engender the sort of growth that the Tigers enjoyed. Business-friendly policies work only insofar as the people of the country value the kind of sedulous entrepreneurialism required to start and maintain a business. Investments in education work only insofar as the beneficiaries care to be educated. With the Asian Tigers, Confucianism was instrumental in shaping the cultural, social, and political environments in which these nations could develop. In cherishing education, hard work, respect for authority, and social harmony, Confucianism provided the social adhesive necessary for the Tigers to rapidly industrialize and achieve sustained economic growth. When we think about economic policy, it is therefore highly important to consider the sociological profiles of the countries in question.

ABOUT THE AUTHOR:

Elise Choi is a Guest Writer at the Questrom Business Review. She is a junior studying International Relations with a regional concentration in Asia, a functional concentration in security studies, and a minor in Business Administration. On campus, she is involved with BU Student Government, International Relations Review, BU Consulting Group, Delta Phi Epsilon professional fraternity, and BU International Affairs Association. Outside of BU, she is an intern for the Department of Agriculture's Agricultural Research Services and the Department of Defense (USCENTCOM J2). She enjoys making coffee, shopping on Newbury Street, and listening to Fleetwood Mac in her free time.

Make Argentina Great Again?

Edoardo Tosti (QST '27)

In the final stretch of Rolling Stones cover artist-turned-economist Javier Milei's presidential campaign, the budding politician's prospects were faced with mounting skepticism from the international community. Milei's portrayed himself – convincingly – as a political outsider fed up with what he believed to be institutional rot and bureaucratic bloat in Argentina's government. It was a message that was famously emblematized with Rambo-style machismo by revving a chainsaw on the campaign trail. His doubters pointed to the fact that his campaign was in many ways experimental, as he sought to put a populistic, celebritized face on what conventional wisdom says should be a very unsexy platform. A few short months later, the 53 year old iconoclast achieved the politically impossible: he made austerity cool.

Argentina has struggled to maintain a stable economy since it gained its independence in 1827. Decades long deficit spending combined with poor debt management by asleep-at-the-wheel monetary authorities have caused the country to default a staggering nine times over its short 200 year history. In 2001, Buenos Aires, once admiringly called the "Paris of South America", suffered the biggest sovereign debt default by a municipality in history, failing to repay $95 billion worth of bonds to institutional investors. During one of Argentina's most virulent economic periods, the political situation devolved into a game of hot potato with the country's woes; five presidents succeeded each other in a two week span. Finally, severe austerity measures were put in place to secure funding from the International Monetary Fund and the Paris Club. As a consequence, country-wide protests broke out until the government was able to restructure its debt in the following years, leaving most bondholders with 30 cents on the dollar. This left economic conditions at a standstill, though there were two additional minor defaults in 2014 and 2020.

Owing to its poor bond rating, Argentina was unable to tap into international debt markets, and the nation struggled to stay liquid after 2020. The government then turned to high-yield lenders, tethering itself to exorbitant future interest payments. In addition, the value of the Argentinian Peso (ARS) had massively depreciated; a dollar could buy 59 ARS in January 2020 and 350 ARS in 2023. Starved for capital and faced with a plummeting currency, Argentina injected massive amounts of Pesos into its money supply, and YoY inflation reached 270% as of July 2024. To tame the inflationary monster it had created, the government directed the Argentinian Central Bank to hike its rates to a whopping 53% (ours recently topped 5.5%, for comparison). This made it exceedingly difficult for Argentinians to acquire mortgages and auto loans and for businesses to finance new ventures. For years, many politicians tried to take control back of the situation, proposing different – and mostly dubious – economic remedies. Attempts to attract foreign direct investments through artificial currency devaluations were made, but these measures largely failed to resolve Argentina's deep-rooted problems.

Such was the backdrop of Javier Milei's political ascent. The Argentinian economist publicly derided the government's deficit spending as the source of the country's economic troubles and proposed massive cuts to public expenditures. But to achieve his vision, he first had to be elected to the country's highest office—no small task considering the crux of his platform involved sealing off the spigot of government largesse. Add that to the fact that the man facing this insurmountable political challenge had virtually no political experience at all.

The question of fiscal austerity has not historically been limited to Argentina. Drastic spending cuts tend to be (often defining) features of most inflation-borne economic crises. Although the causes that bring about austerity measures differ, the reaction of the people has been historically uniform: civil disorder, waves of protests, and no-confidence votes on public officials. For these reasons, politicians are hesitant to discuss, let alone enact, these measures unless they can disguise them as mandates from higher financial authorities. During the 2010 European sovereign debt crisis, for example, austerity laws in countries like Greece, Italy and Spain were pitched to the electorate as having come from the

"Troika", a triumvirate formed by the EU Commission, European Central Bank, and International Monetary Fund. While politically expedient, these kinds of rebrandings would have been harder to pull off in Argentina, as they are not a member state of any similar organizations. Milei would have to charter a different course.

In a Hail Mary move, Milei decided to give his agenda a populist flavor. He campaigned around cities brandishing a chainsaw, symbolizing the cuts he hoped to make to the bloated federal budget and what he perceived to be self-ruling government agencies. In this way, Milei was able to distract the public from the inevitable pains of austerity by channeling people's anger towards public officials. This combined with his jaunty swagger, larger-than-life persona, electric public appearances and digital outreach strategies propelled him into The Casa Rosada.

Since taking office last October, Milei has already checked off some major agenda items.To reduce the country's deficit, he froze multiple public-works projects and laid off over seventy-thousands public employees. After the dust of his onslaught settled, he had decreased the number of ministries comprising his cabinet by some fifty percent. To attract more foreign investments, his administration devalued the Peso by more than half, and he has flirted with adopting the US dollar as the official currency(which would be the death knell for Argentina's monetary bodies like the Central Bank). To get in the good graces of the United States, he also decided to cancel Argentina's pledge to the BRICS economic alliance, applying instead to NATO and donating two military helicopters to Ukraine as a gesture of goodwill. Impressively, the administration managed to bring month-over-month inflation to 4% by July 2024, down from 25% in December of last year. Markets seem to be responding well to Milei's early successes;Argentine government bond prices have risen steadily since his inauguration.

Reform has not come without setbacks. President Milei still continues to endure backlash from members of the Argentine Parliament and the trade unions who are bearing the brunt of the welfare cuts and price cap lifts. In August, the Senate passed a two-thirds majority vote (which allows the Parliament to override any President's veto) to increase pension spending by approximately 0.45% of the nation's GDP. His omnibus bill also failed to secure enough votes to advance. Elected officials even tried to increase their own monthly salaries to nine-million pesos, or about $9500. Although he was able to block the proposal, the issue of government employee compensation will continue to haunt Milei, even as he takes victory laps for securing Argentina's first budget surplus since 2008. Further complicating matters are the tens of thousands of people at the Plaza del Mayo in Buenos Aires protesting Milei's radical overhaul of the public sector. But he remains above water in his polling, Argentina had its eighth consecutive trade surplus in July, and his work so far has received high marks from the International Monetary Fund and major investors.

The lesson here is twofold. For one, we should be reminded that fiscal and monetary discipline, however unsavory, are good. We would do well to reject the pernicious strain of thinking that would have government officials spend as much as they wish so long as they keep a finger hovering over the printer. Milei's pursuit of austerity and economic liberalization is showing early signs of success, and his willingness to rip off the bandaid of government excess and absorb the scorn of the public is commendable.

Secondly, we might take some notes for when we in the United States will have to do the same. In fiscal year 2023, the United States accrued a deficit of $1.7 trillion, a $320 billion dollar increase from the year before. The CBO projects that the debt will reach a historical high of 108% of GDP by 2028. And all the while, entitlement reform remains so politically toxic that the victor of this year's election will probably be the one who can deflect those accusations best. But the case of Javier Milei reveals that monetary discipline can be made palatable to the public if done the right way. Much of Milei's campaign centered around educating voters with accessible graphs and data. He turned the wrath of the public not towards the reformers but the resistance, and he carried himself with elan and flair such that he could not be mistaken for a stale vestige of the past. This is not to fawn over a politician (we don't recommend that), but rather to make note of what could prove to be a valuable political insight: it matters far less what is served than how.

ABOUT THE AUTHOR:

Edoardo Tosti is a sophomore in the Questrom School of Business, concentrating in Finance and Business Analytics. Outside the academics, he is the Director of Financial Operations for Boston University Financial Modeling Club, an Investment Associate for BU Finance and Investment Club and the Partner of The MergerSight Group's BU branch. He is in addition the Treasurer and E-board member for Boston University Italian Students Association. Edoardo is originally from Milan, Italy and he is a big supporter of Inter Milan Soccer Team and Scuderia Ferrari F1 Team.

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GRWM: CEO Edition

Elizabeth Ricardo (QST '26)

As early as 3:45 a.m. (for Apple CEO Tim Cook), a clamor of alarm clocks awakens some of the world's most powerful business executives. Bob Iger (Disney) and David Zaslav (Warner Bros. Discovery) are among the early-bird executives who begin their days between the wee hours of 4:00 and 5:00 a.m. After getting out of bed, Brian Niccol (Chipotle) loosens up with a jog. Not one to be outdone, Meta's Mark Zuckerberg starts the day with an MMA training session. Jamie *Dimon* (JPMorgan Chase) manages to accomplish all of that and read five different newspapers before stepping into the office. When we consider the superhuman skills demanded of those who run the world's largest banks, restaurant chains, and entertainment studios, it's worth wondering if these morning rituals help these execs pull it off. Are America's CEOs privy to the secrets to infinite productivity? Or are these routines just an attempt to "out-hustle" the other C-Suiters and show off their superior energy and hyperactivity levels?

Research shows that following a disciplined pre-work routine can put you in an "optimal state" for productivity by the time you arrive at the office. A preplanned routine can also help alleviate the "decision fatigue" that clouds and stalls the many small decisions of the morning like what to eat for breakfast or whether to watch the morning news.

But why the pre-dawn alarm clocks? The lack of distractions is a good reason for some execs. By waking up at times most would find obscene, they can enjoy a sort of grace period before they're barraged with emails and phone calls. And whether they realize it or not, they are also priming their brains for peak cognitive work. Our body temperatures begin to rise after we wake, leading to an increase in working memory, alertness, and concentration. Since most adults don't tend to wake up until 7:00 a.m., their cognitive performance doesn't peak until the late morning. But by getting a headstart on their days, these executives will likely reach peak performance right when they hit their desk.

Richard Branson (Virgin Group) has incorporated tennis matches and kite-surfing into his morning routine, while Adena Friedman (Nasdaq) rides her Peloton bike for an hour. Exercise can increase the brain's production of serotonin and norepinephrine, which can better help us deal with stressors. In squeezing workouts into their routines, they quite literally adapt their brain chemistries to cope with the tumult of the day. Exercise also increases blood circulation, and is even linked to heightened creativity and productivity two hours after working out. All of these effects are especially beneficial for business leaders, whose jobs require Herculean levels of stamina and a megawatt of brain power on a daily basis.

Following their exercise routines, many executives partake in a nutritious breakfast. Tim Cook reportedly eats scrambled egg whites, sugar-free cereal, unsweetened almond milk, and bacon. This particular pairing of foods is intentional; nutrient-dense, balanced breakfasts can help regulate blood sugar levels and prevent energy crashes later in the day.

> **Exercise also increases blood circulation, and is even linked to heightened creativity and productivity**
> Elizabeth Ricardo

For Fortune 500 CEOs, even the first cup of coffee is strategized. Since our body's cortisol levels are naturally higher for the first couple of hours after waking up, we feel more awake. If you have a coffee during these first few hours, you'll likely feel your energy levels deplete by the middle of the day. By prolonging the time between waking and caffeinating, natural energy levels can be preserved and coffee can be used later as a pick-me-up. It's a very simple way to maximize endurance.

It turns out that the often grueling morning routines of America's most well-known executives may be more purposeful than performative. Each of their mornings are scientifically master planned; their workouts turn their bodies into steroid factories, their early start times bring them to lucidity just as the rest of the world battles morning grogginess, and their breakfasts give them the nourishment they need to take on the day.

And the great news is that little stops

"us from doing the same. Instead of sleeping in this weekend, why not take a sunrise jog along the esplanade, swap the Fruit Loops for an omelet at Marciano's, and stagger those coffee runs? It could (quite literally) pay dividends throughout the day!

ABOUT THE AUTHOR:

Elizabeth Ricardo is a contributor at the Questrom Business Review. She is a sophomore at the Questrom School of Business concentrating in finance. She is also a Junior Analyst in the Boston University Finance and Investment Club and a Deans' Host at the Questrom School of Business. When she's not in class, you can find her drawing portraits, listening to music, doing pilates, and visiting coffee shops with her friends. She is originally from Long Island, NY.

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We Are What We Read, For Better or Worse

John Lyons (QST '26)

My great-grandfather was an Irish émigré. His father was a barrel maker, as was his father's father (we think). Now what do they all have in common with myself? We all looked, through hereditarily blue eyes, at the same stars. I am connected with these of my forefathers through Orion's Belt, Cassiopeia, and all the other characters of the frozen empyrean scene above us. But most in my lineage could not say that they understood what a star was. That's because only recently in the course of human history did we demand answers from these stars when we looked up. Only recently did we wonder why they dot our cosmos, or for that matter why fire burns or why we get sick. It is a remarkable fact that our species is nearly 200,000 years old but can only claim to have been "enlightened" for a few hundred.

It is worth asking then why the rate of human curiosity and discovery has been so nonlinear. Save for a few blips during the times of the Mayans, the Song Dynasty, the Greeks, and the Abbasid Caliphate, our concerted and collective drive for knowledge did not really begin until the Renaissance era or so.

The economic historian Joel Mokyr has an interesting conjecture as to why our "late bloom" happened when it did. He argued that early-Enlightenment thinkers created a culture centered around knowledge, where "eureka moments" were treated like sacraments. I'll go further and propose that these thinkers were themselves inspired by the revelations of the Age of Navigation and the subversiveness of the Reformation. The discovery of the Americas surely led some Europeans to wonder what else they'd gotten wrong, and growing Protestant movements would have empowered some thinkers to break away from the papacy's epistemic hegemony.

And what plants such cultures into the public psyche? Books, of course. While this new culture of knowledge was originally somewhat insular, it became mainstream as literacy rates improved. Of chief importance, however, are the *kinds* of books that people were reading. In 2023, four economists conducted a textual analysis on over 170,000 books printed in England between 1500 and 1900 and found that in the 17th century, there was both a "separation in the language of science and religion" and a heavy emphasis on progress. As these kinds of literary works were consumed, scientific inquiry became both fashionable and addictive. That every event in the universe could be defined as a mathematical expression meant that we did not need to be the votaries of religious elders and clergymen. We could be liberated from ignorance. From there, the Industrial Revolution gained steam (no pun intended), as invention and creation now had a popular mandate. Enter in electricity, the telegraph, anesthesia, and a considerably more bearable human experience.

So the voyages of the mercantilist age caused some European brainiacs to scratch their heads at the world, which fueled a new scientific zeitgeist enabled and spread by contemporary literature, which finally sparked an industrial fervor and unprecedented economic growth. We might say that growth, then, is downstream from literature if we can assume that the literature is "growth oriented". So what can this insight tell us about today?

In March, the Harvard Crimson reported that Harvard would be abandoning a geoengineering experiment that involved deploying aerosols into the stratosphere to see if they might reflect sunlight back into space. This came after venerated climatologist Greta Thunberg complained that it would mask the effects of climate change and promote irresponsible human behaviors. She was joined by several other climate activists in demanding the project be halted.

By her same logic, Greta might also abolish lung transplants because they encourage smoking. But regardless, Greta and her ilk effectively embody what I believe to be the defining features of today's mood: risk aversion, prudence, and fear. We fear becoming Prometheus. We fear forging unholy pacts with Mephistopheles in pursuit of forbidden knowledge.

And today's culture of catastrophizing goes beyond science. A survey last year from the Foundation for Individual Rights in Education (FIRE) found that nearly 20% of university undergraduates think that blocking students from attending a speech is sometimes or always acceptable. The risk that a speaker may pose to the sacred campus dogma, this fifth of us believe, outweighs the potential for new perspectives. Perhaps Pope Urban VII was similarly trepidatious when Galileo started playing with telescopes.

So how did this happen? As our theory would predict, this behavioral shift from adventurousness to timidity followed a stark change in our literary appetites. John Burn-Murdoch of the Financial Times found that words per million relating to themes of progress and futurism in books have dropped by some 25 per cent since the 60s. That drop has coincided with a staggering uptick in themes of caution and risk. Predictably, our cinematic appetites have changed in a very similar way.

Doomsaying is practically a genre of film now; consider Planet of the Apes on drug development, Oppenheimer on nuclear science, Terminator on robotics or Jurassic Park on genetic engineering.

While the growth-oriented literary canon of the Enlightenment emanated from a few scholars, it isn't obvious to me that today's paranoia canon necessarily emanates from a cabal of chronically nervous luminaries. Maybe it did, I don't know. But if we want to get ourselves excited about growth again, it might be as simple as reading different things. There doesn't need to be an intellectual "epicenter"; an 18th century reader of Voltaire's space travel novel Micromégas probably didn't need to know who, say, Copernicus was to get excited about space. We don't need cultural spearheaders to get the ball rolling, in other words. We just need to read.

Both-siderists would say that the pursuit of progress is fine, but must be moderated with equally intense considerations of risk. This is a false balance. The desire for truth is at least somewhat innate to us, and to pursue it is a cardinal law and natural necessity – what Acquinas might call a "basic good". While the pursuit of truth and discovery should not be reckless – the Challenger crew should have checked for ice – we should be reasonably biased towards "yes". We subconsciously assume that the human condition will continue to improve, that the enigmas of science will continue to be elucidated, because that hope is why we bother to live and plan to live. If growth is downstream from literature, then so too is decline. There is a civilizational imperative to engrossing ourselves in the books that make us wonder about the universe. Remember that our children too will look up at the same stars, tracing the Big Dipper with shaky, excited fingers. I hope very much that they will know more about them than I do.

ABOUT THE AUTHOR:

John Lyons is the Editor-in-Chief at the Questrom Business Review. He is a junior in the Questrom School of Business. He is also the VP is Investment Research in the BUFC and an incoming Investment Banking Summer Analyst at JP Morgan. When he isn't with reading, you'll find him cheering on the Phillies, talking about European castles and little-known movies, and running around Boston with his girlfriend. He is originally from Philadelphia, PA.

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Tax&Entitlements Guide

By Greg Durgin

"Two things in life are certain - death and taxes."
- Benjamin Franklin

1 How am I taxed?

If you earn an income, a portion is deducted from your paycheck. Social Security and Medicare taxes, often called FICA taxes, are included in this deduction, as are federal income taxes.

2 How much do I have to pay?

That depends mostly on your income, but also on your marital status, your dependents, and any credits or exemptions you may qualify for. In general, 6.2% of the first $137,700 and 1.45% of the first $200,000 of your wages paid are taxed for FICA. Depending on your state, you may have a state income tax obligation too.

3 What tax forms do I complete?

When you are first hired, you will complete a W-4 Form. This tells your employer how much to withhold from your paycheck. If you are owed a refund, you can file a 1040 form on the IRS website.

4 Am I eligible for a refund?

File a 1040 and find out! In general, if you can be claimed as a dependent or are single and have an annual income below $13,850, you are exempt from federal income tax withholding.

5 What can be taxed?

Quite a bit. To name a few, your income (salary, dividends, interest, etc) and capital gains are taxed federally. In some states, things you buy, inheritances, and estates can also be taxed.

Entitlements

Taxes

1 What Are FICA Taxes?

The Federal Income Contributions Act requires employers to withhold a portion of an employees paycheck for a payroll tax. This tax funds social security and Medicare. These are called entitlements.

Social Security? 2

Social security is a term used for the Old-Age, Survivors, and Disability Insurance program. One of its functions is to provide retirees with benefits. To qualify, a worker must be at least 62 and have "paid into the system" for 10 years.

3 Medicare?

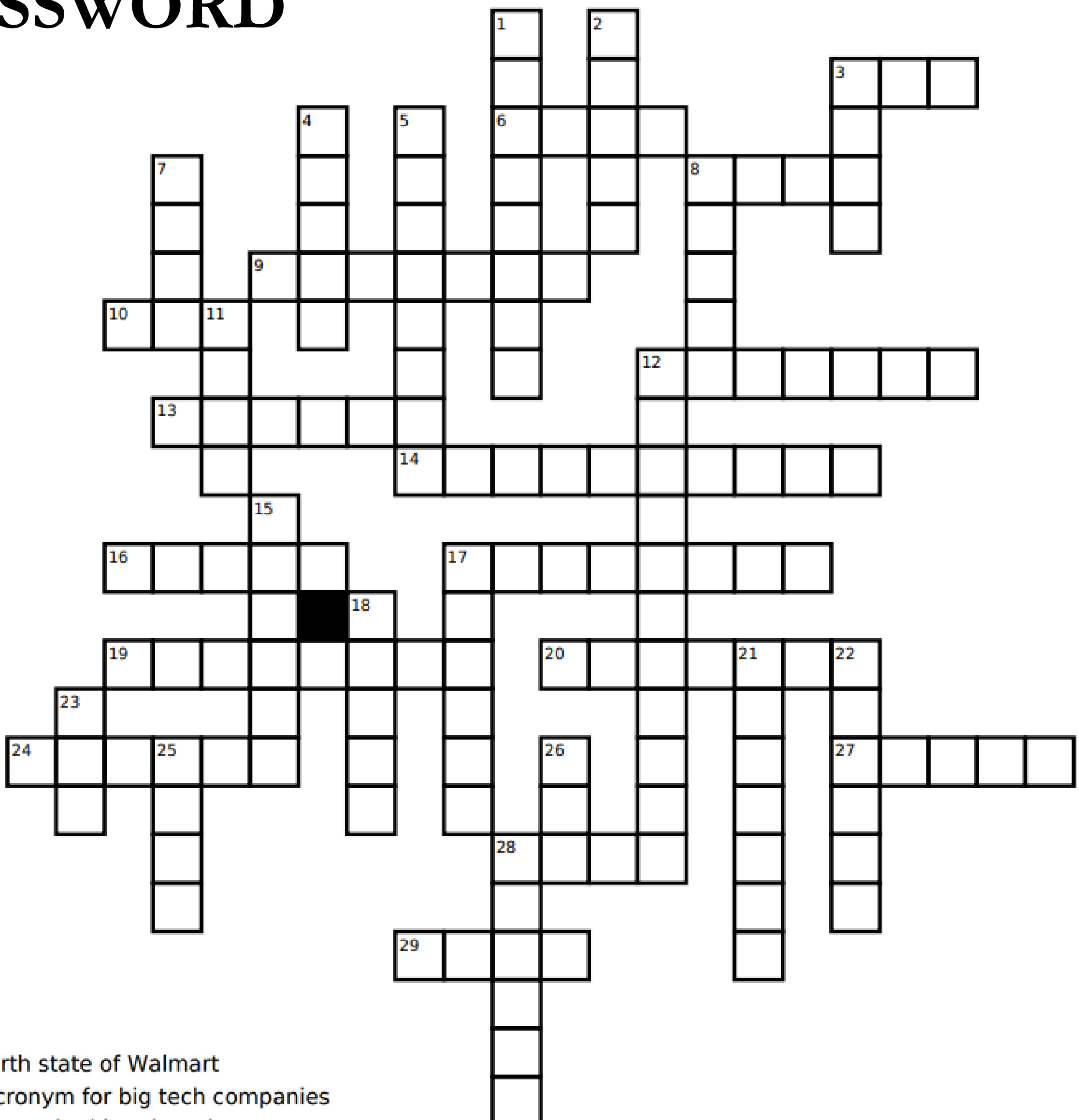
Similarly, Medicare is the federal health insurance program for people who are 65 or older or have certain disabilities. Not to be confused with Medicaid, which is an assistance program for low income people of every age.

4 Can I Be Exempted from FICA Taxes?

Not usually. However, some public employees, nonresident aliens, and student workers employed at their university are exempt. This exemption is designed to accommodate the unique circumstances and contributions of these groups to the academic community.

"I don't think you'll find a catchy quote about social security." - John Lyons

CROSSWORD



Down:

1. birth state of Walmart
2. acronym for big tech companies
3. a very bad bond grade
4. a liar's game
5. Questrom's new institute
7. employer or Joe Kernen and Becky Quick
8. Adam _______, the godfather of economics
11. but only up to $250,000
12. to eat your own sales, or people
15. you'll want this kind of parachute
17. flower with its own exchange during the Dutch Golden Era
18. return on a bond
21. Black _____, 1929
22. NYSE competitor
23. Questrom building acronym
25. common discount rate, or "that's crazy"
26. recent piece of legislation, or Irish paramilitary group
28. Powell predecessor

Across:

3. NYC's main airport
6. Lisa ______, current head of the FTC
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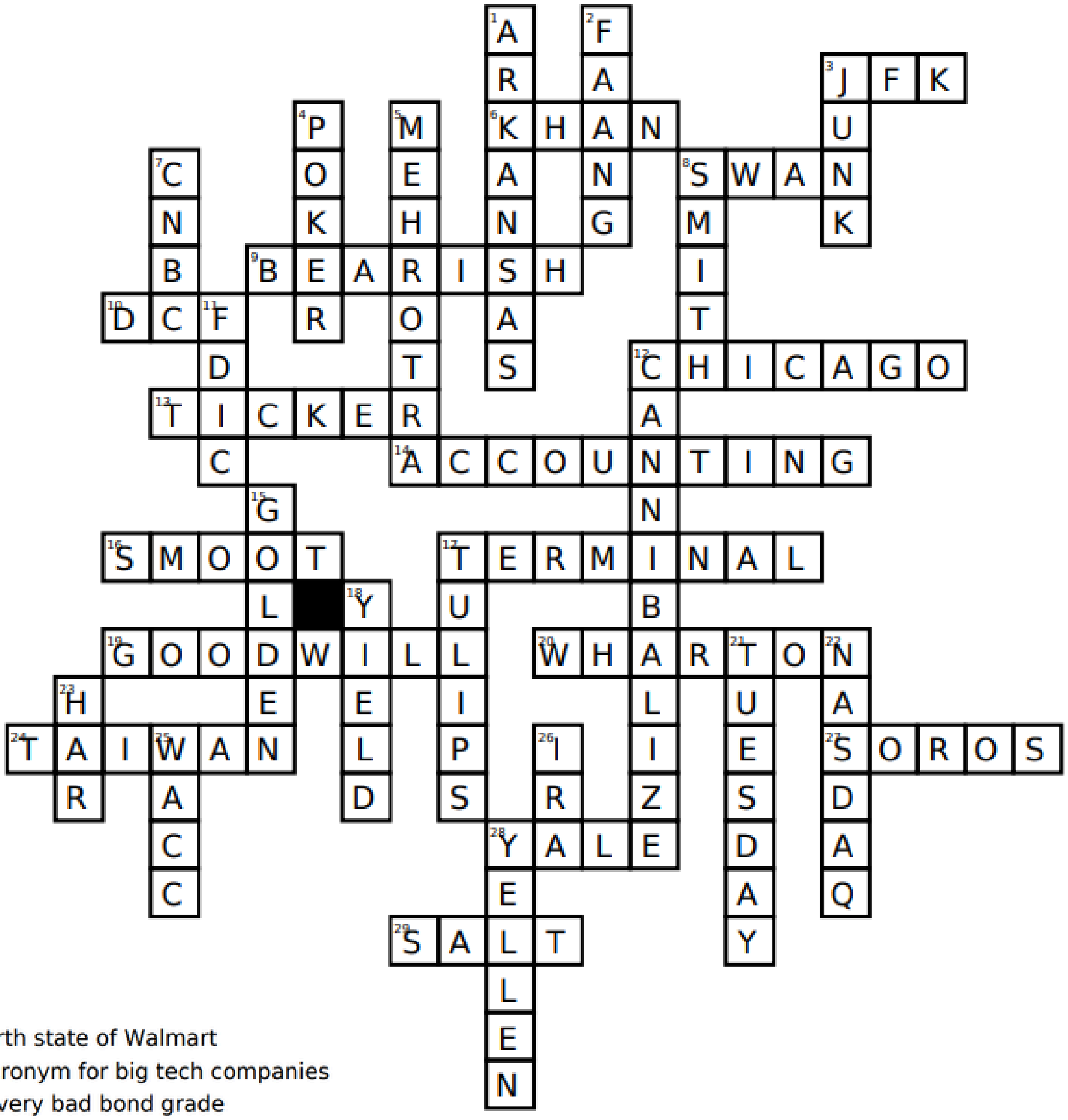
10. walk me through a
12. Friedman's school of economics
13. a stock's identifying marker
14. the language of business
16. _____-Hawley, poorly timed tariff
17. for pricy stock analyses, or trains
19. kindness, or an intangible asset
20. America's first business school
24. the "T" in TSMC
27. famously shorted the British pound
28. JD Vance's law school
29. kind of tax, or seasoning

ANSWERS



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GRAPHICS AND ILLUSTRATION

Amélie Brid is a junior in the College of Arts and Sciences studying art history on a pre-law track. She is a language enthusiast, studying French, Ancient Greek, Spanish, and Russian. She's a lover of great books, painting, and baking cookies. She's also a member of Phi Alpha Delta, a professional pre-law fraternity, and has recently finished her summer internship at the DA's office in Delaware County. Amélie is originally from Seattle, WA and yes, she loves Starbucks.

DIRECTOR OF TALENT

Nivia Wilson is a junior in Questrom with a dual concentration in Finance and Law. She is also the VP of Student Affairs for the Sophomore Slate, a Junior Analyst in BUFC, and a member of Delta Sigma Pi. Outside of class, you can find her walking the esplanade, watching true crime, and sharpening her chess skills. She is originally from Sharon, Massachusetts

DIGITAL MEDIA DIRECTOR

Amelie Miller is a junior in Questrom concentrating in finance. She is also a junior analyst in the Boston University Finance & Investing Club and a Strategy Lab analyst for the Boston University Consulting Group. Outside of school, she enjoys playing guitar and piano, shopping on Newbury Street, and making Spotify playlists. She is originally from Chicago, Illinois.