

Play-station.

Secondly, we think more about what we may lose, rather than what we are gaining. Ever wondered why we often refuse to sell some cherished gifts? Because the moment we begin thinking about giving up our treasured chattels, we are already grieving the loss.

Thirdly, we assume that our perspective will match the other party's when transacting. If we own a car, we have some emotions attached to it and when we sell it, we expect that the buyer will have the same emotions too. So we might tend to overvalue the price.

Now what's intriguing is that ownership is not limited to material things; it also applies to points of view. Once we breed an idea, we start loving it more than we should; praising it more than it's actually worth. If someone is fascinating, we keep on telling ourselves that he/she is fascinating and we find them even more fascinating. And the problem is that we can't stand letting go the idea. And we are left with nothing, but a dogma, stiff and non-transforming.

Ills of ownership can't be cured. It is woven into our lives as Adam Smith said. But being responsive might actually help. The temptation to perk up the quality of our lives, to buy expensive furniture, a larger home, a better Sedan and all should be held back, because it's psychologically painful if one is demoted to a pre-ownership state. It's a loss, one cannot put up with. So next time when you make a transaction, do put some distance between yourself and the item of interest first.

References

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Trading ideas, not stocks

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The current Occupy Wall Street movement is like watching history repeat itself as a reality show. If only Marx had been here to see his prophecy come true.

He described the new stage that unfolds as soon as 'the capitalist mode of production stands on its own feet'. "One capitalist always kills many. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working-class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself. The monopoly of capital

becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialization of labour at last reach a point where they become incompatible with their capitalist integument. Thus integument is burst asunder". Ironical as it may sound Marx said that the second transformation resulting in re-appropriation of property would be an easier process as the base of socialized production on which capitalism essentially exists carries with it all the ready-made potential for transformation into socialized property and the attending class struggles change not only the economic structure of society but the superstructure as well. When one of the signs at the Occupy Seattle protest read: "Dear 1%. We were asleep. Now we've woken up. Signed, the 99%." It shows that Marx and Engels had rightly said that "not criticism but revolution is the driving force of history". However, the question remains as to whether a seemingly communist movement run by socialists trying to bring down the free enterprise system is a solution? As Brett Scott rightly questions in his article in The Guardian, "Has the Occupy Movement considered subverting global finance from within?" Not to make the long march through the institutions to change the system from within, but to gain inside knowledge in order to target the system and influence the people in it from without seems like a sensible idea. In his brilliantly written article he tells us why Karl Marx would have been an excellent hedge fund manager because essentially a hedge fund manager is looking to constantly diverge and look at big picture views and ideas, something every individual in the Occupy movement is essentially looking at. As Marx had said,

development is not imposed on us from the "outside", nor do we simply adapt, in passive ways to social change. We, in fact, initiate those changes and, by so doing, make ourselves worthy of the new conditions. So to think that the free enterprise system entails corruption and lopsided distribution of wealth is pretty much initiated by us is not wrong. The misconception that finance is "complicated" actually is in interest of the industry and is something that the activists find comforting too. The insider-outsider approach of the occupy movement leaves little scope for either of the two classes in essence. Public opinion is now mass manufactured, and behaviors are created to keep the public distracted from the real issues in life. An immediate passage of "The Dream Act" leaves nothing but for the future.

The Economics of terrorism

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Ever since 9/11 in the USA and 26/11 in India, terrorism and the threat of terrorist attacks have loomed large in public debate and academic research. The economic analysis of terrorism is a fascinating area of research with sweeping policy and welfare implications. I present herewith an overview of the existing literature.

What motivates terrorists? Grossman (1991) presents a general equilibrium model that treats insurrection and the suppression of