

Review of: "[Commentary] The Paradox of Wealth: A Satirical Exploration of Intelligence and Financial Success"

Andrea Herrmann

Potential competing interests: No potential competing interests to declare.

It is indeed well-known in economics that really high profit is made almost exclusively by taking high risk. The cash cow enterprises which safely make profit make small profit. The explanation for this is competition. If there was a business idea where you could certainly make high profit, all the others will do it, too, which will reduce the profit because high competition lowers prices and consequently profit.

What the authors forget to mention is this: If the risk is so high that it is silly to take it, say the chance is only one out of a million to be successful, there will be 999,999 losers to one winner. They will be recognized as being silly by everyone.

While the one-in-a-million winner will write a book about how he did it. Even if it was by chance that he won.

As this article is about becoming rich and not about becoming successful, I agree. Because success in the sense of "good work results" is another story. :-)

This article does not get 5 stars from me because the argumentation could have more scientific depth, maybe mathematical formulas and models as they are used in economics, or refer to a quantitative study measuring the IQ of rich persons and proving the hypothesis.

In a first online search, I found three studies:

<https://www.sciencedirect.com/science/article/abs/pii/S0160289607000219>

https://link.springer.com/chapter/10.1057/9780230227439_39

https://www.reddit.com/r/slatestarcodex/comments/10vqp9v/extremely_rich_people_are_not_extremely_smart/?rdt=33158