



Infi-flux

Definition Fallacy

People naturally seek efficiency, conserve energy, and prioritize comfort. This subconsciously means that deep down 'People like optimizing, a moment of comfort and relaxation. This is a simple note. our collective attention span appears to be diminishing. This trend is evident in the entertainment industry, where short-form content like reels and shorts has become increasingly popular. This growing preference for brevity reflects a broader desire for efficiency and ease of access across various domains. We are witnessing the rise of sophisticated software designed to anticipate our needs and streamline tasks, blurring the line between user input and automated completion. This dialogue explores the psychological factors driving this shift toward convenience, comfort, and the potential for reduced cognitive effort.

When it comes to understanding the definitions of entities within a specific ecosystem, consider a simple question: what is a pen? Many would describe it as a tool used for writing on paper or making marks on surfaces, typically made of paper. We often find ourselves in agreement with this answer. Generally, people tend not to delve deeply into the definitions of everyday items, leaving out intricate details. This tendency can be attributed to various factors, including the desire to conserve energy, and time, and prioritize comfort.

It's important to note that the question posed is about the definition of a pen, not its intended use. We've observed that subconsciously, we tend to associate definitions of entities with their utility, overlooking technical nuances. The emphasis lies more on explaining what an item is used for rather than its precise specifications. One might question the significance of investing time in understanding what a pen is. We encourage you to consider this: What goes into creating the ball used in a ballpoint pen? This seemingly simple object presents complexities worth exploring, despite its ubiquitous presence in our lives.

In this scenario, it may not seem crucial unless you are directly involved in the pen manufacturing industry. For many of us, the simple definition suffices, as the intricacies hold little significance in our daily lives. The question posed earlier serves merely as an illustration to introduce the concept of the Definition Fallacy, as we see it. However, consider entities that impact everyone and are utilized daily by all. While we haven't compiled a comprehensive list of such entities, it's worth pondering.

We aim to shed light on a particular aspect of the Definition Fallacy, focusing on instances where the practical usage of an entity contradicts its technical definition, albeit temporarily, on a widespread scale. Over time, we've observed a tendency, especially among the newer generations, to prioritize utility over technicalities, effectively equating the use of an entity with its definition. We perceive this trend as potentially hazardous, particularly within financial markets, where it can impact both service providers and consumers over the long term.

Sub-Case 1: This phenomenon can lead to entities being categorized as liabilities, despite their potential long-term asset status, and vice versa. Examples: Educational debt, Research and Development (R&D), Training and Development programs, Healthcare initiatives, non-profit endeavours such as Climate initiatives, etc.

Sub-Case 2: Entities may be initially recognized as assets based on their short-term performance, only to reveal themselves as liabilities in the long run. Examples: Collateralized Debt Obligations (CDOs), Credit Default Swaps (CDS), Subprime Mortgage-Backed Securities (MBS), Collateralized Loan Obligations (CLO), Structured Investment Vehicles (SIVs), Credit-Linked Notes (CLN), high-yield junk bonds, etc.

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In numerous cases, these entities exhibit fluidity across sub-categories, influenced by the dynamic nature of market conditions. This variability adds complexity to determining whether they qualify as assets or liabilities.

To circumvent this particular manifestation of our Opinionated Definition Fallacy, one must resist the temptation of intellectual laziness, particularly within financial markets. We apologize for the repetition of this phrase but assure you it won't recur in this document.

IN OUR OPINION, delving deeply by posing probing and seemingly simplistic questions during the learning phase, and persisting with such inquiries beyond, serves as the most effective antidote to the aforementioned Definition Fallacy. Exercise caution.

Thank you,

By Infi-flux