

Feedback Loops, Positive & Negative

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Preamble:

"To the one who has much, more will be given, and he will have an abundance, but from the one who has little, even what he has will be taken away." -Jesus

The world is filled with feedback loops.

A 'Positive Feedback Loop' is when one good thing leads to another, and another, and another...spiraling upwards.

A 'Negative Feedback Loop' is when one bad thing leads to another, and another, and another...spiraling downwards.

Generally speaking, successful people do not rise linearly; they rise exponentially. A runaway positive feedback loop takes them up into the stratosphere.

Conversely, those who experience downfalls rarely deteriorate linearly; they deteriorate exponentially.

1) Status and Networking Feedback Loop:

When you are high status, people are eager to do you favors and be in your contact list. The favors they do you help you attain more success, which boosts your status even higher. With even higher status, people become even more eager to do you favors. Easier access to favors and contacts makes it even easier to attain more success, and boost your status even higher yet again.

This feedback loop can go on and on, throwing your status up into the stratosphere.

Conversely, when you are low status nobody is going to bother doing you any favors and nobody wants you in their contact list. The inability to access favors

and contacts makes it difficult or impossible to attain improve your situation. Your lack of success ensures that your status stays low, which ensures that you still can't access favors or contacts, which ensures that you will continue to lack success, which will continue to ensure that your status stays low.

The positive manifestation of the Status/Networking Feedback Loop may alone explain why billionaires exist.

The negative manifestation may alone explain why many people never escape poverty.

The reason people perceiving you are high status makes them eager to do you favors is because it makes them assume you wield the power to repay a favor in a meaningful way.

Conversely, the reason people perceiving you are low status makes them unwilling to do you favors is because it makes them assume you *lack* the power to repay a favor in a meaningful way.

Given this information, it is wise to make others perceive that your status in the macro hierarchy is as high as possible. Maximizing the status others perceive you as having is a matter of tactical necessity, not just stroking your ego.

Most people subconsciously understand this, and so they will try to portray themselves as being of higher status than they really are.

2) Revenue Generation, Social Proof Feedback Loop:

"One deal leads to another." -Francesco Guicciardini

The hardest customer to get is your first.

Going from customer 100 to customer 1,000 is easy. Going from zero customers to having just 1 customer is the difficult part.

Why?

Because every potential prospect will ask "Who are your current clients?" If your answer is "We have none; you would be our first!", they will reject you since you have no social proof.

As such, revenue tends to grow exponentially rather than linearly.

The positive feedback loop that can shoot revenue into the stratosphere is that as you gain more customers, gaining *additional* customers becomes

exponentially easier since with each new customer you gain you have more and more social proof.

For details on the phenomenon of 'Social Proof' see Robert Cialdini's book [Influence](#)

3) Feedback Loops for Modern Americans:

What follows are some feedback loops that are likely to affect the lives of many Americans.

3A) Upper Class Americans, Positive Feedback Loops:

Stress Levels:

You have plenty of money, so you don't have any 'real problems'. You don't have to worry about whether or not you can pay the rent on time.

As a result, your stress levels are low (lower neuroticism). This is great for productivity; your low stress levels enable you to do the rigorous work necessary to make even more money.

Looks:

You have money, so you can afford to buy nice clothes, a haircut, and high quality food. This makes you look physically attractive. Your physical attractiveness allows you to benefit from the halo effect.

Because you benefit from the halo effect it's easier for you to get hired for a job, it's easier for you to get promoted, and you will likely be paid more money than a coworker who is equally qualified but less physically attractive.

Having money makes it easier to be good looking, and being good looking makes it easier to make money.

Status/Networking:

You are high status, so people are eager to do you favors and hesitant to harm you.

This makes it easier for you to make money, regardless of whether you are simply searching for a good job, or trying to raise capital to start a business.

Having money gives you high status, and having high status makes it easier to seize new opportunities to make money.

Energy, Health:

Because you have money, you can buy top tier medical care. You can get TRT (testosterone injections). This gives you high energy levels, which in turn makes it easier to make more money.

Having lots of money allows you to buy good health, and having good health makes it easier to make money.

Shelter:

Because you have money, you can get a studio apartment all to yourself. You don't have to waste time and energy dealing with the annoyance that is roommates.

This boosts your productivity (more time and energy), which in turn allows you to make more money.

3B) Poor Americans, Negative Feedback Loops:

Stress Levels:

When you are poor, you have *real problems*; there is a very real risk that you won't have enough money to pay the rent on time. This drives up your stress levels, which inhibits productivity, and deters your ability to make money...further trapping you in poverty.

Looks:

Because you don't have money, you can't afford to buy nice clothes, or get a good haircut, or buy high quality food. This causes you to be physically unattractive.

Your ugliness makes you suffer from the 'Horns Effect'. This makes it harder to get hired for a good job, harder to get promoted, and you are likely to be paid less money than an equally qualified coworker who is more physically attractive than you.

Your lack of money causes you to become ugly, and your ugliness in turn makes it difficult to make money.

Status/Networking:

Because you are relatively poor, you are low status. Your low status makes people less eager to do you favors and more willing to harm you. This makes it harder for you to make money, whether it be getting hired for a good job or raising capital to start a business.

Your lack of money gives you low status, and your low status makes it difficult to make money.

Energy, Health:

Because you don't have money, you can't buy medical care. This damages your health and decreases your energy levels.

Your low energy levels make it harder for you to make money, thereby keeping you poor, and ensuring you will never be able to afford medical care.

Shelter:

Because you are poor, you need to have roommates to keep rent expense down. This forces you to waste valuable time and energy dealing with roommates rather than being productive and making money.

Your poverty forces you to have roommates, and your roommates take up your energy thereby preventing you from being productive enough to escape poverty.

4) Pareto Distribution, Driven by Feedback Loops:

In every human society, wealth is pareto distributed; a minority of people have a majority of the wealth, and most people have little or nothing.

This is commonly referred to as the '80/20' rule. In most societies, the richest 20% of people own roughly 80% of the wealth.

Leftwing people look at the fact that wealth is pareto distributed and think "This is a sign that the economic system is crooked; the rich are robbing everyone else."

Rightwing people look at the fact that wealth is pareto distributed and think "This is a sign that most people are stupid and lazy. That's why they can't create or acquire any wealth."

Both are wrong.

In reality, **feedback loops are what cause wealth to be pareto distributed.**

The rich are constantly being helped by positive feedback loops which leads to them becoming richer, while the poor are constantly being wrecked by negative

feedback loops which leads to them becoming poorer or at best remaining stagnant; the end result is that a tiny minority of rich people have the overwhelming majority of the wealth.

5) Wealth Redistribution Creates a New Pareto Distribution

Every society has elites; a minority of people who are on the winning side of the pareto distribution.

Revolution does not end the existence of a pareto distribution or the existence of elites; it simply eliminates the current elites, and replaces them with new elites.

Vilfredo Pareto himself referred to revolution as a 'Circulation' of elites.

It has been said that if all the wealth in a country were to be confiscated and then redistributed equally among every citizen, within 2 years those who were rich before the redistribution would be rich again.

This is a half truth.

Within 2 years, there would indeed be a pareto distribution with a tiny minority of people owning the overwhelming majority of the wealth. However, those who were on the winning side of the pareto distribution *before* the redistribution, and those who are on the winning side of the pareto distribution 2 years *after* the redistribution, would be different people.

There may be overlap in who the old elites were before redistribution and who the new elites are after redistribution, but they will not be precisely the same group of people.