

# Skin in The Game - Nassim Nicholas Taleb

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This book by Nassim Nicholas Taleb explores the various risk asymmetries present in day to day life and how these asymmetries can have great social and personal consequences. The book encompasses four main themes, the uncertainty and the reliability (or lack thereof) of knowledge, or to put bluntly: Bullshit Detection. Symmetry in social affairs, justice, responsibility and reciprocity. The asymmetry of information within transactions and rationality in complex systems. "In Academia there is no difference between academia and the real world; In the real world, there is." Nassim starts off by talking about the inherent risk asymmetries created by the construct called Bureaucracy. This is because there's generally a level of separation, or multiple, between the results of the actions and the individual creating the change. Nassim starts Lack of Skin in the Game. A prime example of this is payoffs for financiers who work for the government. This creates a major risk asymmetry from the perspective of the public to the financiers. The financiers are essentially in a win-win situation. This situation, as Nassim coins it, is called the Bob Rubin Trade. Nassim also talks about the class of individuals called the Intellectual Yet-Idiot. These are generally well educated individuals, who tell you how to do what to do, what to eat, how to speak, who to vote for. Listening to such individuals can be dangerous as they may not follow the principles they talk about. 1) Lack of Skin in the Game, 2) Ask what is in someone's portfolio rather than what is in their mouth they think you should buy. Nassim also touches on the irony



effect, and the importance of utilizing the fact when  
deciding on old and new. Another primary axiom within  
this book is the Semergan of the golden rule,  
the silver rule, "Do not treat others the way  
you would not like them to treat you". This rule works as  
a fractal and can be used at all scales. Taleb also  
touches on the massive importance of Decentralization,  
this creates a fault tolerant system due to the fact  
that it is easier to macrobulkify than microbulkify.  
Taleb also touches on the subject of wealth irregu-  
larity, while in the current system there is  
mobility upwards, he believes there should be a  
Churn factor to who is at the top, similar to politicians  
aging out "Dying". On expected value, your chance  
of winning Russian roulette is  $\frac{5}{6}$ , but if you keep  
playing you will die. Reputation or Exposure is critical  
a short term dopamine rush may have a discrete  
positive cost benefit analysis, but you still should not  
~~smoke~~ ~~and~~ do it because risks are cumulative. All risks  
are not equal, many confuse  $O(1)$  risks  
such as people dying from a bath to risk like a  
pandemic that could easily spread and increase  
to  $O(n^2)$ . Finally, the most important axiom contained  
within this book "You must survive to do science,  
but you do not need science to survive". I  
survival above all else. This, in my own  
opinion is the most foundational form of  
science in the game as it is inherently biolog-  
ical and has been present in nature  
since the first single celled organism  
was conceived.