

GEMS FROM THINKERS ...

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Jottings from Talks, Articles

Farnam Street - Shane Parrish

“What the pupil must learn, if he learns anything at all, is that the world will do most of the work for you, provided you cooperate with it by identifying how it really works and aligning with those realities. If we do not let the world teach us, it teaches us a lesson.”
— Joseph Tussman

A Framework for Making Smarter Decisions and Fewer Errors

Farnam Street - Shane Parrish

Why Mental Models?

- ▶ No one Taught you How to Decide
- ▶ There is no class called “decision making”.
- ▶ It isn't one skill but rather a series of tools and frameworks.
- ▶ We use same tool for any problem that comes to us.
- ▶ Need to develop tool box of various mental models

Mistakes made by the famous

- ▶ Napoleon deciding to invade Russia (and Hitler doing it again 130 years later)
- ▶ NASA's decision to ignore the O-ring issues on the Challenger
- ▶ Juergen Schrempp, the CEO of Daimler-Benz, deciding to merge with Chrysler despite massive internal opposition and a general history of big M&A deals working very poorly

YK Italian Mayor starting campaign to start hugging Chinese tourists, to show 'SOLIDARITY' proved fatal wrt CORONA outbreak

Sources of Stupidity

- ▶ unintentional: when tired, overly focused on a goal, rushing, distracted, operating in a group, or under the influence of a group
- ▶ have the wrong information
- ▶ use the wrong model
- ▶ fail to learn
- ▶ trying to look better than doing good

[YK] murkha lakshan and padhat murkha by Ramdas

Intelligent Preparation: The World Is Multidisciplinary

If you're going to compete with people, you want to compete with people who are way less sophisticated than you.

- ▶ Inversion — Otherwise known as thinking something through in reverse or thinking “backwards”, inversion is a problem-solving technique.
- ▶ Second-Order Thinking - Ask yourself, “And then what?”
- ▶ The Map Is Not the Territory —The map of reality is not reality itself. If any map were to represent its actual territory with perfect fidelity, it would be the size of the territory itself.

e.g. Sexy Internet businesses are rarely effective, no matter how good they are, because the others are nearly just as good. What you want is contrast — to be the big fish in a small pond.

has about 100 models, some examples:

- ▶ Redundancy/backup system model from engineering.
- ▶ Compound interest from mathematics
- ▶ The breakpoint/autocatalysis from chemistry/physics.
- ▶ Modern Darwinian synthesis from biology.
- ▶ Cognitive misjudgment from psychology.

Combination of models AND application of them together = critical mass, they reinforce and amplify each other. (“Lollapalooza effect”).

Fair Division

- ▶ Problem: While distributing a cake between two brothers, the younger feels that the elder one is cutting into unequal chunks and taking the bigger piece.
- ▶ Core Issue: Division and Allocation is done by same person.
- ▶ Solution: Separate both. Meaning, one of them cuts the cake and the other picks. So, almost no chance that the one who divides will make unequal pieces!!



"I-Cut-You-Choose"
Cake-Cutting Protocol
Inspires Solution to
Gerrymandering - Byron
Spice (SCS) and Jocelyn
Duffy (MCS)

References

- ▶ Farnam Street, Mental Models
<https://fs.blog/mental-models/>
- ▶ Farnam Street, How To Decide:
https://fs.blog/smart-decisions/#how_to_decide

Jottings from Talks, Articles

Nassim Taleb

Skin in the Game

Talk at Google

Expert Problem

- ▶ Who, in your field, recognizes you? your peers or the client? If peers, then its Expert Problem.
- ▶ Who recognizes actors? the Film-fare awards (ppl from same fraternity), then not good? but if it goes well on Box office, then the client/public approval, is supreme.
- ▶ (yk): In company, who decides you are better than your neighbor? you peers/boss, then not good. If appreciated by client, who pays you, then its good. The One who pays, his/her opinion matters.

Hammurabi's code

- ▶ If building collapses, then the architect needs to be given death punishment.
- ▶ Its not just the symmetry or tit-for-tat balancing principal, but a risk assignment principal.
- ▶ If you have created risk for others, you OWN it.
- ▶ That's "skin in the game".

Asymmetries

- ▶ “If you do not lose from the losses of a business, you shall not gain from the gains of it”
- ▶ There is an asymmetry in rewards in the scenarios of losses and gains.
- ▶ Do decision makers, politicians, armchair intellectuals suffer, if their decisions cause, wars/riots.
- ▶ Unless you yourself suffer from your own decisions, your skin is not in the game.
- ▶ Need to take that RISK, of being exposed to results of your decisions.

Risk as Virtue

- ▶ If you don't suffer yourself, you can not be the Christ. That's where respect comes.
- ▶ If you don't bet your life, like Socrates, for your ideas, you don't earn the respect.
- ▶ Journalists covering stories in dangerous situations.

Inequality

- ▶ Static (does not change) and dynamic (changes over time)
- ▶ Static: the same top 50 families have been the richest since the last 500 years
- ▶ Dynamic: The rich and the poor are taking turns. Getting swapped.

Green Lumber Fallacy

- ▶ How much ever research you do from outside, that wont be enough.
- ▶ To play the game to know it from the inside instead of reading/researching about it.
- ▶ One sees things differently from the inside.

Lindy Effect

- ▶ Ideas which have stood test of time, will continue to do so.
- ▶ Older things in the intellectual domain, which are non-perishable such as books, ideas are likely to outlive newer ideas and books
- ▶ For perishable objects, the less likely it is for the old to outlive the new.
- ▶ For example, a 90-year-old human being is less likely to outlive a 40 old-year-old human being.

Minority Rule

- ▶ The ones who are crazy enough to think they can change the world, are the ones who do
- ▶ The ones who challenged the status quo and were unwilling to give up or compromise, brought us freedom from the colonial rules, brought us innovation and have changed the world.

References

- ▶ Lessons from Fireside chat by Nassim Nicholas Taleb and Naval Ravikant - Ravi Ranjan

Jottings from Talks, Tweets

Naval Ravikant

Life Playbook

Happiness = Health + Wealth + Good relationships

▶ Health = Exercise + Diet + Sleep

- ▶ Exercise = High Intensity Resistance training + Sports + Rest
- ▶ Diet = Natural Foods + Intermittent Fasting + Plants
- ▶ Sleep = No Alarms + 8-9 hours + Circadian Rhythms

▶ Wealth = Income + Rol

- ▶ Income = Accountability + Leverage + Specific Knowledge
 - ▶ Accountability = Personal Branding + Personal Platform + Taking Risk
 - ▶ Leverage = Capital + People + Intellectual Property
 - ▶ Specific Knowledge = Knowing how to do something that society cannot yet easily train other people to do
- ▶ Rol = Buy-and-Hold + Valuation + Margin of Safety

Life Play-book Summary

- ▶ Fast, lift, sprint, stretch, and meditate.
- ▶ Build, sell, write, create, invest, and own.
- ▶ Read, reflect, love, seek truth, and ignore society.
- ▶ Make these habits. Say no to everything else.
- ▶ Avoid debt, jail, addiction, disgrace, shortcuts, and media.
- ▶ Relax. Victory is assured.

Top 10 Life Learnings ...

When looking for a purpose to life, notice that most things are stepping stones, done for ulterior motives.

If you ever want to have peace in your life, you have to move beyond good and evil.

To measure the quality of your life, simply do nothing, and see how it feels.

No one can compete with you on being you. Most of life is a search for who and what needs you the most.

Living a life of integrity pays off, but it takes a very long time.

Three things in life: your health, your mission, and the people you love. That's it.

Play iterated games. All the returns in life, whether in wealth, relationships, or knowledge, come from compound interest.

Religion, science, and spirituality help us make sense of the world.
Life without at least one of them is a lonely and confusing place.

Life is a single-player game.

You can get almost anything you want out of life, as long as it's one thing and you want it far more than anything else.

Of all the cards you can pick in the game of life, choose intelligence and drive. You can trade those two for almost anything else.

Top 10 Meditation Learnings ...

Meditation is not you going through thoughts - it's letting thoughts go through you.

Yoga cultivates Peace of Body. Meditation cultivates Peace of Mind.

Meditation and transcendence are the birthrights of every human being..

Consider meditation as “self-therapy.” Instead of paying a therapist to listen to you, listen to yourself (non-judgmentally) until you accept or drop the fears.

Meditation, arts and artisan-ship, craftsmanship, politics, are other activities with learning curves detached from physical ability.

Meditation is turning off society and listening to yourself. It only “works” when done for its own sake.

Insight meditation lets you run your brain in debug mode until you realize that you're just a subroutine in a larger program.

Perhaps one reason why yoga and meditation are hard to sustain is that they have no extrinsic value. Purely single-player games.

Meditation is intermittent fasting for the mind. Too much sugar leads to a heavy body, and too many distractions lead to a heavy mind.

If meditation was easy, you'd do nothing else.

Goals vs Being Present

- ▶ Goals: living in future, obligations, urge to do more and more
- ▶ Being Present: less obligations, more natural, more productivity, better quality of work.

How to get rich

- ▶ There is no skill like Business.
- ▶ Business cannot be learnt in school
- ▶ What you really want is to figure out what Society wants and does not know how to get it yet. You need to provide that and that too, at scale.
- ▶ Mostly dynamic, but if you have specific knowledge that you are passionate about, you can find matching desire from society. Or time brings it to your plate.
- ▶ Need: Specific Knowledge, Accountability to own brand, Leverage/amplification

Meaning of Life

- ▶ Nonsense question.
- ▶ One end goal leads to another and so on.
- ▶ These are games, first marks, then education, then job, status, money, etc. Just games.
- ▶ Living the life as it goes.

Wealth vs Status

- ▶ All of us want to be Free.
- ▶ Easiest way to solve money problem by money. Be rich first.
- ▶ Wealth positive sum game. Create more wealth without taking away from anyone.
- ▶ Status is zero sum game. Only one can be number one at the cost of others.
- ▶ Status guys attack Wealth as they cannot get it.

What to look for in people

- ▶ In Business: Intelligence, Energy, Integrity
- ▶ In Relationships: Honesty, Calm (emotional self control)

Philosophy book recommendation

- ▶ For starters: Siddhartha, Herman Hess
- ▶ For Advanced: Krishnamurthy Total Freedom, Osho Great Challenge, Marcus Meditations

Modern Struggle

- ▶ All our diseases are diseases of abundance in the modern times.
- ▶ In old times, of scarcity, you consume whatever you get your hands laid on eg Sugar, News, etc for my survival
- ▶ We are over exposed to everything. Brain can not cope up with that deluge. If you pay attention to all, it will drive you insane.
- ▶ Social media is addictive like Sugar.
- ▶ Resist.

Farnam Street talk

- ▶ My number one priority in life, above my happiness, above my family, above my work, is my own health.
- ▶ I try and set up good systems and then the individual decisions don't matter that matter much
- ▶ Science is, to me, the study of truth. It is the only true discipline because it makes falsifiable predictions.

Farnam Street talk

- ▶ To me, happiness is not about positive thoughts. It's not about negative thoughts. It's about the absence of desire, especially the absence of desire for external things.
- ▶ Happiness to me is mainly not suffering, not desiring, not thinking too much about the future or the past, really embracing the present moment and the reality of what is, the way it is.

Farnam Street talk

- ▶ I don't believe that I have the ability to say what is going to work.
- ▶ Rather, what I try to do is try to eliminate what's not going to work.
- ▶ It's not about having correct judgment.
- ▶ It's about avoiding incorrect judgments.

Farnam Street talk

- ▶ I think all the benefits in life come from compound interest.
- ▶ I only want to be around people that I know I'm going to be around with for the rest of my life.
- ▶ I only want to work on things that I know have a long-term payout.
- ▶ I think if you take a very long-term point of view and if you take the emotion out of it, then I wouldn't consider those things mistakes anymore.

Farnam Street talk

- ▶ Macroeconomics is a combination of voodoo complex systems and politics.
- ▶ You can find macroeconomists that take every side of every argument.
- ▶ I think that discipline, because it doesn't make falsifiable predictions, which is the hallmark of science, it's become corrupted.
- ▶ I gave up macro and I embraced micro. I think it's all micro. It's like change yourself, then maybe change your family and your neighbor before you get into abstract concepts about I'm going to change the world.

Farnam Street talk

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- ▶ With modern technology and large workforces and capital, our decisions are getting leveraged more and more.

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References

- ▶ Lessons from Fireside chat by Nassim Nicholas Taleb and Naval Ravikant - Ravi Ranjan

Thanks ... yogeshkulkarni@yahoo.com