

Skin in the game means that you do not pay attention to what people say, only to what they do, and to how much of their necks they are putting on the line. Let survival work its wonders.

How much you truly “believe” in something can be manifested only through what you are willing to risk for it.

Rationality

In a strategy that entails ruin, benefits never offset risks of ruin.

(...)

Rationality is avoidance of systemic ruin.

Quis custodiet ipsos custodes? Who will judge the judges? Well, survival will.

“The Romans judged their political system by asking not whether it made sense but whether it worked,”

Artisans

Artisans do things for existential reasons first, financial and commercial ones later. (...) They combine art and business. Tertio, they put some soul in their work (...) If you can’t put your soul into something, give it up and leave that stuff to someone else.

Stochastophobe tawker

The voyeur who wants to watch but not take ris

Pathemata mathemata

Skin in the game is necessary to understand the world. (...) just like **Antaeus**, you cannot separate knowledge from contact with the ground.

Pathemata mathemata
“guide your learning through pain,”

The knowledge we get by tinkering, via trial and error, experience, and the workings of time, in other words, contact with the earth, is vastly superior to that obtained through reasoning, something self-serving institutions have been very busy hiding from us.

The very status of a lord has been traditionally derived from protecting others, trading personal risk for prominence—and they happened to still remember that contract. You can’t be a lord if you aren’t a lord. (...) The curse of modernity is that we are increasingly populated by a class of people who are better at explaining than understanding, or better at explaining than doing.

“Sophrosyne”

The classical sophrosyne means **precaution, self-control, and temperance** all in one. It was replaced with something a bit different. “Rationality” was forged during the post-enlightenment period

(...)

It assumes absence of randomness, or a simplified random structure of our world.

Genius - a person that has the clarity of mind to see through the mud.

Adding people without fundamental insights does not sum up to insight;

Skin with others

Synkyndineo = “**taking risks together**,” (Synkyndineo has been translated into Latin by maestro classicist Armand D’Angour as *compericitor*, (..) but I guess risk sharing will do in the meanwhile.

For whenever the “we” becomes too large a club, things degrade, and each one starts fighting for his own interest.

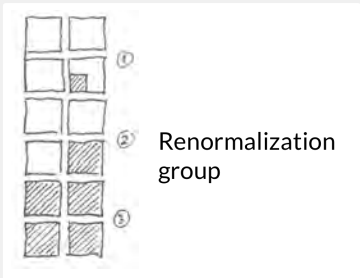
Being somewhat tribal is not a bad thing—and we have to work in a fractal way in the organized harmonious relations between tribes (...) just put some markers somewhere, and they suddenly become friendly to one another.

True intellect should not appear to be intellectual.

Harvard is like a Vuitton bag and a Cartier watch

Minority rule

Intransigent minority with significant skin in the game (or, better, soul in the game) to reach a minutely small level, say 3-4% of the total population, for the entire population to have to submit to their preferences.



Outcomes are paradoxically more stable under the minority rule—the variance of the results is lower and the rule is more likely to emerge independently across separate populations.

Society doesn’t evolve by consensus, voting, majority, committees, verbose meetings, academic conferences, tea and cucumber sandwiches, or polling; only a few people suffice to disproportionately move the needle. All one needs is an asymmetric rule somewhere—and someone with soul in the game. And asymmetry is present in about everything

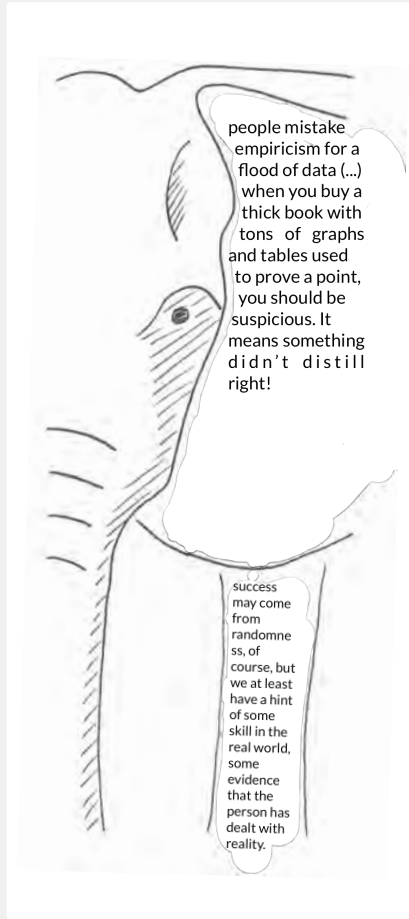
Intelligentsia

their main skill is a capacity to pass exams written by people like them (...)

„IYI” “**The Intellectual Yet Idiot**,” pathologizes others for doing things he doesn’t understand without ever realizing it is his understanding that may be limited. (...) Nietzsche called Bildungsphilisters—educated philistines.

Intellectualism

is the belief that one can separate an action from the results of such action, that one can separate theory from practice, and that one can always fix a complex system by hierarchical approaches, that is, in a (ceremonial) top-down manner. Intellectualism has a sibling: scientism, a naive interpretation of science



Fragility and disorder

being fragile, it necessarily has a nonlinear reaction to stressors: up until its breaking point, shocks of larger intensity affect it disproportionately more than smaller ones).

Time is equivalent to disorder

Sacrifice

A system with skin-in-the-game requirements holds together through the notion of a sacrifice in order to protect the collective or entities higher in the hierarchy that are required to survive.

What is rational is what allows the collective—entities meant to live for a long time—to survive.

Sacrifice is necessary (...). **A god who didn’t really suffer on the cross would be like a magician who performed an illusion**, not someone who actually bled

Libertarianism

It does not fit the structure of a political “party”—only that of a decentralized political movement. The very concept doesn’t allow for the straitjacket of a strong party line and unified policy (...) Political parties are hierarchical, they are designed in a way to substitute someone’s own decision making with a well-defined protocol. This doesn’t work with libertarians. The nomenklatura that is necessary in the functioning of a party cannot exist in a libertarian environment

libertarians share a minimal set of beliefs, the central one being to substitute the rule of law for the rule of authority. Without necessarily realizing it, libertarians believe in complex systems. And, since libertarianism is a movement, it can still exist as splintered factions within other political parties.

Deontic liberatianism

freedom is one’s first most essential good. This includes the freedom to make mistakes (those that harm only you); it is sacred to the point that it must never be traded against economic or other benefits.

Virtue

Virtue is not something you advertise. It is not an investment strategy. It is not a cost-cutting scheme.

Collaboration

People can only be social friends if they don’t try to upstage or outsmart one another. Indeed, the classical art of conversation is to avoid any imbalance,

A **community** as a space within which many rules of competition and hierarchy are lifted, where the collective prevails over one’s interest.

If the “**law of the jungle**” means anything, it means collaboration for the most part, with a few perceptual distortions caused by our otherwise well-functioning risk-management intuitions. Even predators end up in some type of arrangement with their prey.

Markets as a structure

The **underlying structure of reality** matters much more than the participant

(...)

Under the right market structure, a collection of idiots produces a well-functioning market.

(...)

Individuals don’t need to know where they are going; markets do.

Rigor in discourse

Mathematicians think in (well, precisely defined and mapped) objects and relations, jurists and legal thinkers in constructs, logicians in maximally abstract operators, and ... fools in words.

Two people can be using the same word, meaning different things, yet continue the conversation, which is fine for coffee, but not when making decisions

(...)

But it is easy to trip them, as Socrates did, simply by *asking them what they think they mean by what they said*—hence **philosophy was born as rigor in discourse and disentanglement of mixed-up notions, in precise opposition to the sophist’s promotion of rhetoric**.

Curse of dimensionality

The higher the dimension, in other words, the higher the number of possible interactions, and the more disproportionately difficult it is to understand the macro from the micro, the general from the simple units.

Higher-order questioning requires more intellectual confidence, deeper understanding of statistical significance, and a higher level of rigor and intellectual capacity—

Sophistication can, at some level, cause degradation, what economists call “negative utility.”

Pebbles in your shoes

Pebbles in your shoes (that is, someone who bothers you and doesn’t get the hint)

Socrates was put to death because he *would not compromise his standards*.

The great Karl Popper often started a discussion with an unerring representation of his opponent’s positions, often exhaustive, as if he were marketing them as his own ideas, before proceeding to systematically dismantle them.

Straw man arguments by which one not only extracts a comment but also provides an interpretation or promotes misinterpretation. As an author, I consider straw man no different from theft.

Calumny - false and defamatory statements in order to damage someone’s reputation

Via negativa

You want **maximal free time, not maximal activity**, and you can assess your own “success” according to such metric. Otherwise, you end up assisting your assistants, or being forced to “explain” how to do things, which requires more mental effort than doing the thing itself. Holding a very high benchmark for doing something, while others have their days filled with unnecessary “meetings” correspondence.

Knowledge distortion

We produce, under evolutionary pressures, some *shortcuts and distortions*. Our knowledge of the world is fundamentally incomplete, so we need to avoid getting into unanticipated trouble. And even if our knowledge of the world were complete, it would still be computationally near-impossible to produce a precise, unbiased understanding of reality.

Pay to reveal preferences

“you will not have an idea about what people really think, what predicts people’s actions, merely by asking them—they themselves don’t necessarily know. What matters, in the end, is what they pay for goods, not what they say they “think” about them, or the various possible reasons they give you or themselves for that”

- *Judging people by their beliefs is not scientific.*
- *There is no such thing as the “rationality” of a belief, there is rationality of action.*
- *The rationality of an action can be judged only in terms of evolutionary considerations.*

Error-free

An error-free world would have no penicillin, no chemotherapy ... almost no drugs, and most probably no humans.

Lindy effect

Useful heuristic: the longer an idea has been around without being falsified, the longer its future life expectancy. (...) Broadway shows that lasted for, say, one hundred days, had a future life expectancy of a hundred more. For those that lasted two hundred days, two hundred more.

Fragile

Being fragile, it necessarily has a nonlinear reaction to stressors: up until its breaking point, shocks of larger intensity affect it disproportionately more than smaller ones).

Time is equivalent to disorder,

Lindy-proof knowledge of the ancients

While our knowledge of physics was not available to the ancients, human nature was. So everything that holds in social science and psychology has to be Lindy-proof, that is, have an antecedent in the classics; otherwise it will not replicate or not generalize beyond the experiment.

By classics we can define the Latin (and late Hellenistic) moral literature (moral sciences meant something else than they do today): Cicero, Seneca, Marcus Aurelius, Epictetus, Lucian, or the poets: Juvenal, Horace, or the later French so-called “moralists” (La Rochefoucauld, Vauvenargues, La Bruyère, Chamfort). Bossuet is a class on his own. One can use Montaigne and Erasmus as a portal to the ancients: Montaigne was the popularizer of his day; Erasmus was the thorough compiler.

what you learn from the intensity and the focus you had when under the influence of risk stays with you.

Knowledge

Knowledge is the reverse of an athletic contest. In philosophy, the winner is the one who finishes last, he said.

Executives are different from entrepreneurs and are supposed to look like actors.

Skilled thieves at large should not look like thieves. Those who do are more likely to be in jail.

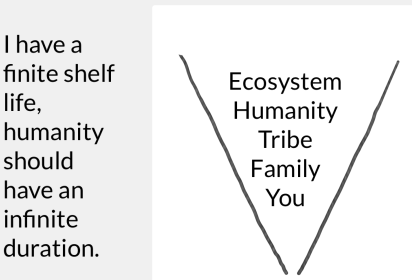
..it doesn’t mean that details are not relevant, only that those we tend (IYI-style) to believe are important can distract us from more central attributes

*„the people you understand most easily were necessarily the bull***tters.”*

„business plan is a useful narrative for those who want to convince a sucker.”

The worst thing

Unless you are perfectly narcissistic and psychopathic—even then—your worst-case scenario is never limited to the loss of only your life.



Courage is when you sacrifice your own well-being for the sake of the survival of a layer higher than yours.

Fearmongering about some classes of events is fearmongering; about others it is not. Risk and ruin are different tings.

Elmination

The foundation of evolution that systems get smart by elimination.

Fools of randomness are purged by reality so they stop harming others.

A **system with skin-in-the-game** requirements holds together through the notion of a sacrifice in order to protect the collective or entities higher in the hierarchy that are required to survive.

Necessity of suffering

A god who didn’t really suffer on the cross would be like a magician who performed an illusion, (...) Life is sacrifice and risk taking, and nothing that doesn’t entail some moderate amount of the former, under the constraint of satisfying the latter, is close to what we can call life.

“human nature knows no upper bound, as if to punish itself”
Lucretius

Virtue ethics

By applying symmetry to relations between individual and collective, we get virtue, classical virtue, what is now called “virtue ethics.”

“Conduct yourself toward your parents as you would have your children conduct themselves toward you”

“act in such a way that you treat humanity, whether in your own person or in the person of any other, never merely as a means to an end, but always at the same time as an end,”
Kant’s first formulation

Universal behavior is great on paper, disastrous in practice (...) we are local and practical animals, sensitive to scale. The small is not the large; the tangible is not the abstract; the emotional is not the logical.

Freedom & risks

Tale by Ahiqar, picked by Aesop & La Fontaine:

the dog boasts to the wolf all the contraptions of comfort and luxury he has, almost prompting the wolf to enlist. Until the wolf asks the dog about his collar and is terrified when he understands its use. “Of all your meals, I want nothing.” He ran away and is still running.

Freedom entails risks—real skin in the game. Freedom is never free.

Ironically the highest status, that of a free man, is usually indicated by voluntarily adopting the mores of the lowest class.

“Watching Putin made me realize that domesticated (and sterilized) animals don’t stand a chance against a wild predator. Not a single one.”

Intelligence of time

1) time removes the fragile and keeps the robust,

2) the life expectancy of the nonfragile lengthens with time). Ideas have, indirectly, skin in the game, and populations that harbor them do as well.

What is rational is what allows the collective—entities meant to live for a long time—to survive.

Robust - being invariant to time, place, situation, and color of the eyes of the participants.

“Some things can be, simply, too large for your heart”

Vauvenargues,

“Those who talk should do and only those who do should talk”

“Skin in the game brings simplicity—the disarming simplicity of things properly done”

Thinkers of rationality

Three rigorous thinkers (and their schools) orient my thinking on the matter:

Herb Simon the cognitive scientist and polymath, who pioneered artificial intelligence;

Gerd Gigerenzer the psychologist;

Ken Binmore the mathematician, logician, and decision theorist, who spent his life formulating the logical foundations of rationality.

Honor

Skin in the game is about honor as an existential commitment (...) honor means that there are things you would do unconditionally.

“Compendiaria res improbitas, virtusque tarda” — the villainous takes the short road, virtue the longer one.

Gharar and transactional risk

Inequality of uncertainty. The aim is for both parties in a transaction to have the same uncertainty facing random outcomes, an asymmetry becomes equivalent to theft. Or more robustly:

No person in a transaction should have certainty about the outcome while the other one has uncertainty.

Gharar = both uncertainty and deception, hazard, chance or risk. Negative element in transaction

Effective policies

Theory is too theoretical for humans. The more confined our ethics, the less abstract, the better it works.

“The most effective, shame-free policy is maximal transparency, even transparency of intentions.”

Jewish ethics distinguishes between thick blood and thin blood: we are all brothers, but some are more brothers than others.

Ergodicity & Absorbing state

Perfect **ergodicity** means that each one of us, should he live forever, would spend a proportion of time in the economic conditions of the entire cross-section

The exact opposite of perfect ergodicity is an **absorbing state**. The term absorption is derived from particles that, when they hit an obstacle, get absorbed or stick to it. An absorbing barrier is like a trap, once in, you can’t get out, good or bad.

“Risk aversion does not exist: what we observe is, simply, a residual of ergodicity.”

Exposure to reality

For without skin in the game, via exposure to reality, the mechanism of fragility is disrupted: things may survive for no reason for a while, at some scale, then ultimately collapse, causing a lot of collateral harm.

Free person does not need to win arguments - just win

Belief cannot be a free option. It entails a symmetry between what you pay and what you receive.

Primum vivere, deinde philosophari

Hobbes

Survival comes first, truth, understanding, and science later. you do not need science to survive (we’ve survived for several hundred million years or more, depending on how you define the “we”), but you must survive to do science.

unpunished

You may make mistakes with impunity provided you lower your dispersion.

decreasing the level of how wrong you are

Scale effects in politics

The fatuousness of left vs. right labels:
“I am, at the Fed level, libertarian; at the state level, Republican; at the local level, Democrat; and at the family and friends level, a socialist.”

“Kant did not get the notion of scaling—yet many of us are victims of Kant’s universalism.”

Some people do not know their own interest