

*Chapter 1. A First Lesson in the  
Epistemology of Fat Tony: the Grand  
Demarcation Between Sucker and NonSucker*

*No use for Nero – Tony is not the elephant – On the difference between sucker and nonsucker – Introduction to social epistemology – The bigger the mistake, the better – Reading for 9,000 years --Don't buy a coffee machine – Beware the gorilla – Is epistemology the sucker-nonsucker problem?*

**INDOLENT FELLOW TRAVELERS**

Before the economic crisis of 2008, the association between our two main characters, Nero Tulip and Anthony Di Benedetto, known as “Fat Tony” or “Tony Horizontal”, would have been hard to explain to an outsider; a novelist would find it very difficult to put two such characters in any form of social relationship, given the lack of plausible intersection between them.

Their regular conversations about “things” would be hard to invent, but reality is far more imaginative than novelists. To see how far apart the two are, just consider that Nero’s principal activity in life is reading books, with a few auxiliary activities in between, like occasional commercial transactions, torrid romantic fights with one Yevgenia Krasnova, a novelist and neuroscientist (much on whom, later), or her occasional replacement, and visits to the gym. As to Fat Tony, he read so little that, one day when he mentioned he wanted to write his memoirs, Nero joked that “Fat Tony would have written exactly one more book that he had read”. So, unburdened with time consuming (and to him, “useless”) reading activities, and highly allergic to structured office work,

Fat Tony spent a lot of his time doing nothing, with occasional commercial transactions in between. And, of course, a lot of eating.

### **The Importance of Lunch**

While most people around them were running around fighting the different varieties of insuccess, both Nero and Fat Tony were mostly terrorized of boredom, particularly when you wake up early with the perspective of an empty day ahead of you. So the proximate reason for their getting together before the crisis was, as Fat Tony would say, “doing lunch”. If you live in an active city, say New York, and have a friendly personality, you will have no trouble finding good dinner partners, people who can hold a conversation of some interest in an almost relaxed way. Lunch, however is a severe difficulty in modern society, particularly during the phases of high employment. It is easy to find lunch partners among the residents office inmates but, believe me, you don’t want to get near them. They will have liquefied stress hormones dripping from their pores, will act under severe constraints, will exhibit anxiety if they discuss anything that may divert them from what they think is their course of “work”, and when, in the process of picking their brain you hit on a less uninteresting mine, they will cut you short with a “I have to run”.

Moreover, Fat Tony got respect in exactly the right places. Unlike Nero, whose ruminating philosophical episodes erased his social presence, making him invisible to waiters, Tony elicited warm and enthusiastic responses when he showed up in an Italian restaurant. His arrival triggered a small parade among the waiters and staff; he was ostensibly hugged by the restaurant owner, and his departure after the meal was a long procedure with the owner and, sometimes, his mother, seeing him outside, with some gift, like perhaps homemade grappa (or some strange liquid in an unmarked bottle), more hugs and promises to come came for the Wednesday special meal.

Accordingly, Nero, when he was in New York, could reduce his anxiety about lunchtime, as he could always count on Tony. He would meet Tony at the health club; there our horizontal hero did his “triathlon” (Sauna, Jacuzzi, and Steam bath), and, from there they would go get some worship from restaurant owners. So, a few years ago, Tony explained to Nero that he had “no use” for him in the evenings –he could get better, more humorous, more Italian-New Jersey friends; those, unlike Nero, who could give him ideas for “something useful”.

Nero, for his part, his evenings, he occupied himself by attending philosophy seminars and theoretical physics workshops populated with semi-autistic researchers; he had long dinners practicing the art of confusing people, drank semi-cheap white wine in art galleries talking with sophisticated (but, alas, very thin) ladies. As to his days, he spent them talking long soothing slow walks, what the French call *flâner*. He also spent his postprandial, post-Tony soporific time in the upper floors of New York University Bobst library reading whatever happened to be in his way, occasionally training himself to write longhand ambiguous responses to Yevgenia’s feverish letters. Nero could sometimes convince himself that he lived as in the old days, when everything interesting came from the motivated and erudite dilettante, before the arrival of the corrupt *salarymen* of knowledge<sup>i</sup>.

Or, mostly, he sat in his study with his laptop on the table set against the window, occasionally looking dreamingly at the New Jersey shore across the Hudson river, and reminding himself how happy he was to not live there. So he conveyed to Fat Tony that the “outside this and this, I have no use for you” was reciprocal (in equally nondiplomatic terms), which, as we will see, was not true.

### **Finding the Suckers**

After the crisis of 2008, the “things” of their conversation and other commonalities became obvious: the two characters were spending time discussing “where the suckers are”, and Tony’s idea on how to make a

buck from the impending sucker's crisis. What had gotten them together was that they had been both convinced that a crisis of such magnitude, with a snowballing destruction of the modern economic system, in a way never seen before, was bound to happen, simply because "they were suckers", the "they" to be defined (but it will take part of the book for this). But the two came from two entirely different schools of thought.

Fat Tony was a businessman-who-does-not-read-books and believed that nerds, bureaucrats, and, mostly, bankers were the ultimate suckers. He had a natural ability to detect nonsense and, in Nero's eyes, he ranked as a grandmaster in the application of epistemology, the branch in philosophy concerned with knowledge, how do we know if something is true or false, what is and what is not no-nonsense, and, where Tony's specialty really lies, in the boundaries between suckerdome and nonsuckerdome. The ability to find that subtle boundary between sucker and nonsucker was an expertise you could rarely find—and, further, Fat Tony had derived his income from that activity, while leading as we saw a life of leisure. Nero was also interested in epistemology, but in conjunction with something called complex systems and the associated practical problem of *false experts*, which is quite the same think Tony was saying, except that, stripped of New Jersey language, it was dressed up within the intellectual traditions. How people believe, where they can be deceived, and how they can act on bunk beliefs was the core of epistemology. To Nero, this extreme overestimation about expert's understanding of the nature of some complex things caused the buildup of massive hidden risks into the system, so fragile that it would certainly collapse at the first storm; which it did spectacularly well in 2008.

### **Tony's Options**

Fat Tony had another "edge", as he looked for what he calls *optionality*, the ability to ferrets options and make bets that do not hurt him when he is wrong, but help him disproportionately well when he is right. In his mind, the greater the uncertainty, the better off he was: uncertainty is extremely beneficial for those "who are not chicken",

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provided they look it in the eye and wrested its neck. But I leave the discussion of his decision-making theories to Chapter x --for know let us focus on his epistemology.

### **On Cheap Tawk**

To Nero and Tony, the financial gains seem to them minute compared to the thrill of feeling they were right, and the others were the suckers. They were not victims of pathologies and delusional thinking – they were *not* crazy.

Note that the financial windfall from his victory allowed Nero to start living with the frugality he always cherished, as he could now afford to own inexpensive clothes, like shirts with the “made in Mexico label”, \$60 (though elegant) Swatch watches, and avoid homework-style complicated meals in French restaurants. To Nero, a stoic, wealth was the most dangerous thing in the world and could be easily misused --like a medication, it needs to be used wisely, for what it is for, that is, freedom and avoidance of stress hormones. Nothing else.

Nero’s main debt to Tony was that he prodded him to just focus on action, decisions, deeds, instead of opinions, and avoid “cheap tawk”. “There is no point winning arguments against suckers”; they will be too stupid to give you credit and, even if they did, “you can’t even pay for a subway ride with their recognition”, or some Tony-style deep point about the perception of contributions in society and the allocation of rewards, on much of which later. Tony convinced him that the way to “feel good” is make a shekel out of it, and take a glance at the bank account (or the gold bars in the basement) once in a while, just to see the evidence, no more. It does not have to be a lot of dough, just enough that you look into the assets and feel that you don’t need the suckers’ confirmation. Yet Nero’s occasional anger at not haven been heeded before by *those suckers*; his anger (with all its biological manifestations) was only mildly alleviated by looking at the checking account.

### **The World is Crazy**

A word on Nero's loneliness. For Nero, in the dark days before the crisis, it sometimes felt painfully lonely to be alone with his ideas – wondering at times, particularly Sunday nights, if there was something particularly wrong with him or if there was something wrong with the world. Lunch with Fat Tony was like drinking water after an episode of thirst; it was immediate relief to just realize that he was either not crazy, or, at least, not *alone* in being crazy. Things out there *did not make sense*, and it was impossible to convey it to others, particularly people deemed intelligent.

Consider that there were close to a million professionals employed in economic activities, whether in government (from Cameroun to Washington, DC), academia, journalism, banking, corporations or doing their own private homework for economic and investment decisions, less than a handful saw it coming –furthermore, aside from a handful, not one of those who saw dangers in the economic system managed to foresee the full extent of the damage. In other words, some people recognized that something was wrong, but did not take things to their conclusion by overcoming their mental hang-ups and accepting the unavailability of a *total* collapse of the banking system. And consider that out of the millions of journalists with trillions of babbles, almost not one got close.

So Nero could stand near the former World Trade Center, in downtown New York, across the large colossal buildings housing mostly banks and brokerage houses, with hundreds of people running around inside of them, expending gigawatts of energy just moving and commuting from New Jersey, consuming millions of bagels with cream-cheese, with insulin response inflaming their arteries, producing gigabites of information just by talking and corresponding and writing articles. And all it was, was just noise. What is noise? In science, noise is a generalization beyond the actual sound to describe random information that is totally useless for any purpose, and that you need to clean up to

make sense of what you are listening to. For example, consider elements in an encrypted message that have absolutely no meaning, just randomized letters to confuse the spies, or the hiss you hear on a telephone line and that you try to ignore in order to just focus on the voice of your interlocutor. So noise it was: wasted effort, cacophony, unaesthetic behavior, increased entropy, production of energy that causes a local warming up of the New York area ecozone, and a large scale delusion of this thing called “wealth” that was bound to evaporate somehow.

So, imagine how hard it is to be looking at a collection of people waiting in line to be slaughtered thinking they are there for a Broadway show. And there is no point telling them –they would punish you.

Worse even, the disconnect becomes more pronounced the higher you went up in the intellectual sphere. Nero once attended the Boston meeting of the American Economic Association, with thousands of economists, some nerdy, others less nerdy, running around pontificating on some strange items, in his opinion, without a clue about the central problem. You could peruse tens and tens of thousands of research papers written by these academics. entire libraries containing knowledge about our society, getting the minute detail about things of close to zero relevance. You could stack the books and they would constitute an entire mountain. So you learn more from a couple of lunches with Fat Tony than from the entire Harvard libraries of social science<sup>2</sup>, with close to two million books and research papers, for a total of 33 million hours of reading, close to 9,000 years worth of reading as a full-time activity.

Talking about a major sucker problem.

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<sup>2</sup> The only exception in that social science library is the psychology literature --some of it works.

### **The Tangibility of the Past**

Tony was right to insist that Nero takes a ritual look at the physical embodiment of the spoils like a bank account statement –as we said, it had nothing to do with the financial value, nor even the purchasing power of the items, just their symbolic value. He could understand why Julius Cesar needed to incur the cost of having Vercingetorix, the leader of the Gaul rebellion, brought to Rome and paraded in chains, just so he could exhibit victory in the flesh. An intangible victory has no value.

Nero's spoil was not a secret: xxx before tax, which, after deducting the cost of a new car ( a mini), a new \$60 swatch watch, amounted to around xxx dollars sitting in a portfolio, the representation of which was mailed to him monthly from a New Jersey address, with three other statements from overseas countries.

So talk, when it comes to a prediction, can be just *talk*, devoid of embodiment, and stripped of evidence, something that should be limited to academics; and without pressure from Tony Nero would have been acting like an academic. Stripped of evidence? Just consider that because of the retrospective distortion, people who of course did not see the crisis coming, will remember some thought in the shower to that effect, and will manage to convince themselves that they predicted it, before proceeding to convince others. There will be after every event many more postdictors than true predictors, people who had an idea in the shower without taking it to its logical conclusion, and, given that they take a lot of showers, say nearly twice a day (if you include the gym), they will have a large repertoire to draw from<sup>3</sup>. They will not remember the numerous ideas they had in the past that are either noise, or actually in conflict with the observed present –by the consistency bias, they will retain the elements of what they thought in the past that correspond to their perception of the present. So these journalists who were so proudly

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<sup>3</sup> Even then, one is struck with the following fact: the crisis of 2008-2009 had fewer near-predictors than random.

and professionally providing idle babble will eventually appear to win an argument, since they are the ones writing, and suckers who read them before will look at them for future guidance. So the past is fluid, marred with selection biases, and constantly revised memories. So suckers will never know they were the suckers because that's how our mind works.

But evidence on whether one has been a sucker or a nonsucker is easy to find. When you look at the actual history of someone's actions, instead of what thoughts he will deliver after the facts, things become crystal clear. Reality removes the uncertainty, the imprecision, the vagueness, the self-serving mental biases that make us appear more intelligent. Mistakes are costly, being right bring rewards. Of course, there are other checks one can do to assess the *b\*\*\*t* component of life: investigate people's investments. You would discover that many people who claim to have foreseen these events we saw in 2008 had some of their savings invested in stocks, and had financial companies in their portfolios. Indeed, there was no need to "profit" from the events like Tony and Nero to show nonsuckerness: just avoiding being hurt by them would have been sufficient.

This appeared to Nero as the most underestimated argument in favor of free-enterprise and a society driven by individual doers, not central planners and bureaucratic apparatuses. Academics and slow-thinking bureaucrats live in a system of rewards based on "tawk" and the opinion of others, with job evaluation and peer reviews. Yet the biological world evolves by survival not opinions and "I predicted" and "I told you so". The economic world should, too, but institutions mess things up, as suckers may get bigger. Note that in the long term, social and economic evolution nastily takes place by surprises, discontinuities, and jumps.

### **THOSE QUALITIES THAT MAKE YOU A SUCKER**

I said that, to Nero, Tony was a raw thinker. A "raw" thinker? It is someone who could use his own brain, just on his own, regardless of the

social pressure and the stereotypes and categories imposed on him by the surrounding members of society. Sort of going the extra inch to take things to their natural conclusion –a small, but consequential, inch. And education had little to do with the formation of such raw thinking –nor does intelligence, or what we call intelligence, whether in the scholarly or the colloquial domains, has any bearing on it. It just helps those who express themselves express themselves in a more conventional and convincing way.

*Nascitur poetae fiunt oratores*, if orators are made, poets are born. Just are there were some people Nero knew to be *natural* mathematicians, in the sense that math was effortless to them and non-math was effortful. They would never learn anything new in class, listening to the teacher –what they got out of school is a way to phrase their innate mathematical knowledge in a manner that conforms to the conventions in textbooks and their peer’s research, nothing more. *Natural* thinkers were like those who had a musical ear; a purely natural thinker would be the equivalent of someone with a perfect pitch. They needed no training, no education. What struck Nero was that unlike these people with a Harvard degree, who wear nice, clean suits, go the health club, repair to nice vacation places on and off-postcards, play tennis, ski powder, can order the right Bordeaux wine out of a mail order website, go to the opera premieres, and come out of a lifestyle catalog, and worse, *think* out of lifestyle catalog, Fat Tony was the real thing, and, in spite of this hideous New Jersey accent, spoke out of no catalog.

What does it mean to think out of no catalog? This, perhaps the result of his courage, is very rare attribute, and not necessarily a good thing. Sokrates of Athens, a man who had an ugly wife, was another one who did his thinking outside a catalog (and like Tony, had read no books, but, unlike Tony, wanted to write none, as he was opposed to the idea of writing). He was put to death, but, we will see later, according to Tony, perhaps for the right reason.

Nero built from Tony three main principles, not directly, as Tony’s conversation was never structured, and he mostly talked about food and

activities he claimed to do in his bedroom. But there emerged the following principles about who is and who is not a sucker.

*Primo, there are some mistakes that are only made very big, in billions, perhaps even trillions rather than millions.*

*Secundo, it is easier to fool a crowd than a single person.*

*Terso, never trust an idiot with too much education or information.*

Before presenting the three points, let me present the classical demarcation problem between sucker and nonsucker and link it to its historical roots.

### **Consensus v/s Experiment**

The classical *demarcation problem* between what we call science<sup>ii</sup> and something that is non-science became a central subject in the practice and the philosophy of science. The demarcation is quite real and is often visible with the naked eyes to scientists, though not quite so obviously to philosophers, and we can usually tell with some certainty what lies completely outside of science: astrology, almost all of what is called alternative medicine, most of medicine before recent times, such as theories of humors, psychoanalysis and much of what we call clinical psychology, political science, and economics –there are many disciplines that may or may not appear to fall to the layperson under what is called science but does not quality at all.

*Consensus v/s experiment:* My take on what makes the difference is as follows. Science is whatever body of beliefs that are subjected to challenges by experiment, and lend themselves to some clear contradiction by reality, with some consensus among practitioner on what experiments are needed or whether they are valid; while non-science relies exclusively on consensus, with people under opinions and beliefs that are either contradicted by the real world, or not possible to refute. In the later case, beliefs that can neither be refuted or certified by