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AND STEPHEN J. DUBNER

[General](#) Stephen J. Dubner on 21 May 2007 11:27 am

[Straight From the Black Swan's Mouth](#)



A few days ago, I blogged about [Nassim Nicholas Taleb](#)'s new book, [The Black Swan](#), and solicited [questions](#) for a Q&A that NNT had agreed to answer. Here now is our inaugural user-generated Q&A.

Many thanks to all of you for the good questions and observations, and thanks especially for NNT's thoughtful replies.

It seems fitting that we post this reply shortly [after the announcement](#) that a Florida treasure-hunting outfit discovered a Colonial-era shipwreck called — yes — Black Swan. Its treasure is reportedly worth some \$500 million. Now *that's* a black swan.

Q: What is *The Black Swan* (hereafter “TBS”) about?

A: I wanted to have fun while fighting the commoditization of books by “me-too” publishers. Very simple: I took the “book proposal form” and made sure that my book could not possibly fit any category and that not a single one of the standard publisher questions could be answered. The question, “who is it for?” was particularly annoying. I also put in a fictional character (unannounced) to confuse the fiction/nonfiction distinction. The funniest part was when I told them that it had enough material to be a textbook. “But in what discipline?” they asked.

I also wanted to make sure that no reviewer could possibly write a review by “skimming” the book or reading the table of contents. But only two reviewers [fell into the trap](#). In brief, the book is a map on how to live in a world we don't fully understand – and enjoy it.

Q: What is “random”?

A: Someone asked about why I consider planned events such as 9/11 to be random (when they were in fact planned by the perpetrators). I keep writing here and there that my definition of randomness is as follows: incomplete understanding or incomplete information. If I see a pregnant woman walking down the street, the sex of her child is a random event for me – but not for her doctor, and certainly not for God. Likewise, nothing in a coin flip is truly random for someone capable of doing differential equations in his head – but we are not cognitively equipped for that. So randomness is epistemic and it needs to be treated in epistemology (theory of knowledge). So the degree of randomness is observer dependent.

In *TBS* a turkey is fed for many, many days. Every feeding helps it confirm how favorable the human race is to its welfare ... until a couple of days before Thanksgiving. Its non-feeding will not be a Black Swan event for the butcher – only for the turkey. So for me, the Black Swan is epistemic, having to do with confident but incomplete knowledge, “epistemic arrogance.” It has to do with being a turkey.

This definition is key as I equate randomness with human frailty in knowledge – it is not incompatible with religion or belief in agency. As I hinted, *TBS* is about how not to be a sucker – in things that carry consequences. In brief, the book is a map on how to live in a world we don't fully understand – and enjoy it.

Q: What are you writing next?

A: I am interested in two subjects that were the same until recently: medical beliefs and religion. I am also interested in the boundary between the holy and the empirical, between the aesthetic and the functional. It will be a continuation of a few points in *TBS* but here again, avoiding commoditization.

Q: Do you hate **Plato**?

A: No, I do not hate Plato – I just used him (shamelessly) as a whipping boy. My targets are people who are both boring and wrong. Plato is not boring – and not always wrong. He has charm. He is my kind of playful and undisciplined fellow, but I had to concoct a term, “Platonicity,” after the idea of Platonic “forms” as a disease of knowledge.

We like to have maps – and seem to prefer to have the wrong map of reality to no map at all. For a long time we liked to have any medicine to no medicine – and medicine only started helping (not hurting) patients in the 20th century. We prefer any theory, even wrong, to no theory.

Theorizing is the default activity for our brain; suspension of belief is an active one. Because of the narrative fallacy, our minds default to theory making. It takes more conscious effort – and energy - to suspend beliefs. It also takes more training – we train children to find “explanations” instead of just teaching them to have the guts to say, “I don't know” in certain circumstances.

In a way, it is **Aristotle**'s pupils that I am after – the proponents of the superiority of “knowledge” over saying “I have no clue.” I have been trying to revive the class of skeptical thinkers who resisted Plato and Aristotle. I have also tried to revive pre-enlightenment thinkers – people who focused on the fallibility of human understanding.

Q: What about quantum mechanics and fake uncertainty?

A: *TBS* has an entire chapter on the uncertainty of the phony. It is the uncertainty of quantum mechanics, rendered inconsequential because it is mild and obeys very tame statistical properties.

It is key that one's skepticism be limited to areas in which our knowledge is softer than others. *TBS* makes the distinction between two domains: Mediocristan and Extremistan. The bright *Wall Street Journal* reviewer **David Shaywitz** explains it as follows: “If 100 random people gather in a room and the world's tallest man walks in, the average height doesn't change much. But if **Bill Gates** walks in, the average net worth rises dramatically.” The difference between domains is right there.

So quantum mechanics is from Mediocristan. It is not real uncertainty – it becomes inconsequential under averaging. Uncertainty is what might happen in Pakistan, not quantum mechanics.

Q: Talk about **Malcolm Gladwell**'s [profile of you in the New Yorker](#), and its focus on finance.

A: Finance is invaluable for the following reason: it is the only place where I can pull my routine pranks

without diplomatic incidents. For instance, I often call hotshots and leave urgent messages to call back “Arnaud-Pierre de Ceraisin from the Franco-American Royalist Friendship Society,” and people know immediately that it’s me and call me back. I also send investors e-mails in Arabic using a vocabulary that is not picked up by Google Translator. They fake enjoying the jokes. Publishers freak out at such pranks. As to academics...

You can also use finance to learn about the dynamics of history (though not the reverse). But Gladwell’s profile, while I thank him for it, had the side effect of putting me very narrowly in the finance box in the eyes of millions. This is very bad. It is like trying to describe my house and limiting the account to the bathroom in the basement while ignoring my library. Moreover, people think that if you are in finance, everything needs to turn into “what stock to buy” – as if I (or others) knew anything about stocks. Also, it simplified my “bet on rare events” or “hedge against the Black Swan” into “bet on volatility,” which is massively different and often contradictory. Italy is more volatile politically than Saudi Arabia; Saudi Arabia is more vulnerable to a big blowup. (Technical note: I am usually “short volatility” while “long tails.”) True, it would not have been possible to get the readers without such reductions. But I wrote my (unpublished) finance autobiography (15 pages) which has some boring details but should set the record straight.

Q: How can you tell if someone has actually read your book?

A: I immediately know if someone has read the book or not if they ask me if I could “predict five possible Black Swans.”

NNT’s Conclusion:

I admire the fact that **Stephen Dubner** invited me to talk about *TBS* while assuming that I would be hostile to *Freakonomics*. He took the risk while being aware of my “bluntness” (in print, anyway – I am overly diplomatic in social settings). But in fact, I consider *Freakonomics* one of the few works in empirical economics that is robust to consequential observation errors (i.e., Black Swans). And the results do not come from data mining (unlike, say epidemiology or quantitative finance). To conclude, thank you for your questions - and thank you, Freakonomics, for the hospitality.

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16 Responses to “Straight From the Black Swan’s Mouth”

1. on 21 May 2007 at 12:16 pm [# egretman](#)

While Taleb is obsessed with Extremistan, everyone else is making money in Mediocristan. He seems to have taken a good idea, randomness of extreme events, and followed it to it’s illogical conclusion.

2. on 21 May 2007 at 1:22 pm [# frankenduf](#)

this ‘definition’ of random seems biased- since nothing is “completely understood” than everything is random- which segues quite nicely toward relativism, which I presume is the epistemic (and moral?) stance here- however, I don’t think the proper use of random is epistemically loaded, so perhaps a different descriptor would be fair (unpredictable?)

3. on 21 May 2007 at 1:23 pm [# bgriffs](#)