

GLOSSARY

Academic libertarian: someone (like myself) who considers that knowledge is subjected to strict rules but not institutional authority, as the interest of organized knowledge is self-perpetuation, not necessarily truth (as with governments). Academia can suffer from an acute **expert problem** (q.v.), producing cosmetic but fake knowledge, particularly in **narrative disciplines** (q.v.), and can be a main source of Black Swans.

Apelles-style strategy: A strategy of seeking gains by collecting positive accidents from maximizing exposure to “good Black Swans.”

Barbell strategy: a method that consists of taking both a defensive attitude and an excessively aggressive one at the same time, by protecting assets from all sources of uncertainty while allocating a small portion for high-risk strategies.

Bildungsphilister: a philistine with cosmetic, nongenuine culture. Nietzsche used this term to refer to the dogma-prone newspaper reader and opera lover with cosmetic exposure to culture and shallow depth. I extend it to the buzzword-using researcher in nonexperimental fields who lacks in imagination, curiosity, erudition, and culture and is closely centered on his ideas, on his “discipline.” This prevents him from seeing the conflicts between his ideas and the texture of the world.

Black Swan blindness: the underestimation of the role of the Black Swan, and occasional overestimation of a specific one.

Black Swan ethical problem: Owing to the nonrepeatable aspect of the Black Swan, there is an asymmetry between the rewards of those who prevent and those who cure.

Confirmation error (or Platonic confirmation): You look for instances that confirm your beliefs, your construction (or model)—and find them.

Empty-suit problem (or “expert problem”): Some professionals have no differential abilities from the rest of the population, but for some reason, and against their empirical records, are believed to be experts: clinical psychologists, academic economists, risk “experts,” statisticians, political analysts, financial “experts,” military analysts, CEOs, et cetera. They dress up their expertise in beautiful language, jargon, mathematics, and often wear expensive suits.

Epilogism: A theory-free method of looking at history by accumulating facts with minimal generalization and being conscious of the side effects of making causal claims.

Epistemic arrogance: Measure the difference between what someone actually knows and how much he thinks he knows. An excess will imply arrogance, a deficit humility. An epistemocrat is someone of epistemic humility, who holds his own knowledge in greatest suspicion.

Epistemic opacity: Randomness is the result of incomplete information at some layer. It is functionally indistinguishable from “true” or “physical” randomness.

Extremistan: the province where the total can be conceivably impacted by a single observation.

Fallacy of silent evidence: Looking at history, we do not see the full story, only the rosier parts of the process.

Fooled by randomness: the general confusion between luck and determinism, which leads to a variety of superstitions with practical consequences, such as the belief that higher earnings in some professions are generated by skills when there is a significant component of luck in them.

Future blindness: our natural inability to take into account the properties of the future—like autism, which prevents one from taking into account the existence of the minds of others.

Locke’s madman: someone who makes impeccable and rigorous reasoning from faulty premises—such as Paul Samuelson, Robert Merton the minor, and Gerard Debreu—thus producing phony models of uncertainty that make us vulnerable to Black Swans.

Lottery-ticket fallacy: the naïve analogy equating an investment in collect-

ing positive Black Swans to the accumulation of lottery tickets. Lottery tickets are not scalable.

Ludic fallacy (or uncertainty of the nerd): the manifestation of the Platonic fallacy in the study of uncertainty; basing studies of chance on the narrow world of games and dice. A-platonic randomness has an additional layer of uncertainty concerning the rules of the game in real life. The bell curve (Gaussian), or GIF (Great Intellectual Fraud), is the application of the ludic fallacy to randomness.

Mandelbrotian Gray Swan: Black Swans that we can somewhat take into account—earthquakes, blockbuster books, stock market crashes—but for which it is not possible to completely figure out their properties and produce precise calculations.

Mediocristan: the province dominated by the mediocre, with few extreme successes or failures. No single observation can meaningfully affect the aggregate. The bell curve is grounded in Mediocristan. There is a qualitative difference between Gaussians and scalable laws, much like gas and water.

Narrative discipline: the discipline that consists in fitting a convincing and well-sounding story to the past. Opposed to experimental discipline.

Narrative fallacy: our need to fit a story or pattern to a series of connected or disconnected facts. The statistical application is data mining.

Nerd knowledge: the belief that what cannot be Platonized and studied does not exist at all, or is not worth considering. There even exists a form of skepticism practiced by the nerd.

Platonic fold: the place where our Platonic representation enters into contact with reality and you can see the side effects of models.

Platonicity: the focus on those pure, well-defined, and easily discernible objects like triangles, or more social notions like friendship or love, at the cost of ignoring those objects of seemingly messier and less tractable structures.

Probability distribution: the model used to calculate the odds of different events, how they are “distributed.” When we say that an event is distributed according to the bell curve, we mean that the Gaussian bell curve can help provide probabilities of various occurrences.

Problem of induction: the logical-philosophical extension of the Black Swan problem.

Randomness as incomplete information: simply, what I cannot guess is random because my knowledge about the causes is incomplete, not necessarily because the process has truly unpredictable properties.

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Retrospective distortion: examining past events without adjusting for the forward passage of time. It leads to the illusion of posterior predictability.

Reverse-engineering problem: It is easier to predict how an ice cube would melt into a puddle than, looking at a puddle, to guess the shape of the ice cube that may have caused it. This “inverse problem” makes narrative disciplines and accounts (such as histories) suspicious.

Round-trip fallacy: the confusion of absence of evidence of Black Swans (or something else) for evidence of absence of Black Swans (or something else). It affects statisticians and other people who have lost part of their reasoning by solving too many equations.

Scandal of prediction: the poor prediction record in some forecasting entities (particularly narrative disciplines) mixed with verbose commentary and a lack of awareness of their own dire past record.

Scorn of the abstract: favoring contextualized thinking over more abstract, though more relevant, matters. “The death of one child is a tragedy; the death of a million is a statistic.”

Statistical regress argument (or the problem of the circularity of statistics):

We need data to discover a probability distribution. How do we know if we have enough? From the probability distribution. If it is a Gaussian, then a few points of data will suffice. How do we know it is a Gaussian? From the data. So we need the data to tell us what probability distribution to assume, and we need a probability distribution to tell us how much data we need. This causes a severe regress argument, which is somewhat shamelessly circumvented by resorting to the Gaussian and its kin.

Uncertainty of the deluded: people who tunnel on sources of uncertainty by producing precise sources like the great uncertainty principle, or similar, less consequential matters, to real life; worrying about subatomic particles while forgetting that we can't predict tomorrow's crises.