

Twitter Thread by Alex Brogan



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10 worldview changing mental models that will make you smarter:

Consensus-Contrarian Matrix

In order to produce outsized returns in any given area, you have to both bet against the convention and be right.

"You can't take the same actions as everyone else and expect to outperform."

—Howard Marks

CONSENSUS-CONTRARIAN MATRIX

	WRONG	RIGHT
CONSENSUS	NO RETURN	REGULAR-SIZED RETURNS
CONTRARIAN	NO RETURN	OUTSIZED RETURNS

Once we know something, we assume everyone else knows it, too.

It's why some experts can't explain their field in simple terms and people don't share knowledge that could benefit others.

Lesson: There are always people to teach and people to learn from.

Perfect Solution Fallacy

We reject something because it compares poorly to an ideal that in reality is unattainable.

We assume there is a perfect solution to every problem.

Reality is more complicated and trade-offs exist.

Take the option with the most bearable trade-offs.

Pessimism Bias

We overestimate the likelihood of negative outcomes.

Evolutionary speaking this developed as a defence mechanism and served us well.

We heard a noise in the bushes and ran.

This doesn't apply anymore: we've never lived in a safer world.

Be an optimist.

The Gatekeepers

There are points along communication channels where decisions are made about what's included and what gets left out.

The people who have the power to operate these gates heavily influence the flow of information.

Where possible, seek information first-hand.

Gatekeepers

*"In his book *Public Opinion*, Walter Lippman eloquently captures how the media influences our perception of the world when he says, **'The only feeling that anyone can have about an event he does not experience is the feeling aroused by his mental image of that event.'***

***Because most of the stories we hear about in the news are not ones that we experience first-hand, we depend on the media to inform us on them and essentially construct this 'reality' for us.** In theory, members of the news media are supposed to suppress the human tendency for personal bias in order to report reality accurately and objectively. As mentioned previously, this is deemed to be the most important guiding principle in the profession.*

*The well-known US broadcaster Edward It Morrow was in support of this when he famously said that the news **'must hold a mirror behind the nation and the world' and that, more importantly, 'the mirror must have no curves and must be held with a steady hand'.***

In practice, however, the mirror that is being held has all sorts of subtle curves and a fair few nor-so-subtle dents. There are two reasons for this: the first is our individual bias and the second is the industry preference."

—Jodie Jackson

Domain Dependence

What you master in one domain (area) is difficult to transfer to another.

“In theory, there is no difference between theory and practice, but in practice there is.”

—Yogi Berra

Expand your areas of learning and don't become trapped by single domains.

Domain Dependence

"Some people can understand an idea in one domain, say, medicine, and fail to recognize it in another, say socioeconomic life...humans somehow fail to recognize situations outside the contexts in which they usually learn about them..."

Imagine someone capable in learning languages, but unable to transfer concepts from one tongue to another, so he would need to relearn "chair" or "love", or "apple pie" every time he acquires a new language. He would not recognize "house"(English) and "casa" (Spanish) or "beyt" (Semitic).

We are all, in a way, handicapped in a similar way, unable to recognize ideas when presented in a different contexts. It is as if we were doomed to be fooled by the most possibly superficial part of things, the packaging, the gift-wrapping paper around the object...

[Because of the domain dependence] of our reactions, our mode of thinking, our intuitions, depend on the context in which the matter is presented."

—Nassim Taleb

Status Syndrome

"Your social standing directly affects your health and life expectancy.

Autonomy, your sense of control over your life and social connectedness, rather than financial resources, have the greatest impact on your longevity."

—Michael Marmot

Purposeful Stupidity

The inner workings of most organisations make more sense when viewed through the lense of the “Purposeful Stupidity” instructions.

Namely, the Simple Sabotage Field Manual, by the Office of Strategic Services (Now CIA).

Source: <https://t.co/i7rruD3Nvt>

Purposeful Stupidity

Managers

- *In making work assignments, always sign out the unimportant jobs first. See that important jobs are assigned to inefficient workers.*
- *Insist on perfect work in relatively unimportant products; send back for refinishing those which have the least flaw.*
- *To lower morale and with it, production, be pleasant to inefficient workers; give them undeserved promotions.*
- *Hold conferences when there is more critical work to be done.*
- *Multiply the procedures and clearances involved in issuing instructions, pay checks, and so on. See that three people have to approve everything where one would do.*

Employees

- *Work slowly*
- *Work slowly.*
- *Contrive as many interruptions to your work as you can.*
- *Do your work poorly and blame it on bad tools, machinery, or equipment. Complain that these things are preventing you from doing your job right.*
- *Never pass on your skill and experience to a new or less skillful worker.*

Over-engineering leads to more 'breakpoints': sources of potential problems.

Reducing components or complexity can add value by making something:

- Simpler
- More reliable
- Faster

Physics Envy

The common human craving to reduce extremely complex systems—such as Economics—to one-size-fits-all Newtonian formulas.

In complex systems, everything is interacting with everything else.

This makes it nearly impossible to predict the final outcome accurately.

Physics Envy

"It's my view that economics could avoid a lot of this trouble that comes from physics envy.

I want economics to pick up the basic ethos of hard science, the full attribution habit, but not the craving for an unattainable precision that comes from physics envy.

The sort of precise, reliable formula that includes Boltzmann's constant is not going to happen, by and large, in economics.

Economics involves too complex a system. And the craving for that physics-style precision does little but get you in terrible trouble...economics should emulate physics' basic ethos, but its search for precision in physics-like formulas is almost always wrong in economics."

—Charlie Munger

That's 10 mental models for better thinking.

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