

# CONTENTS

---

## BOOK 1: INTRODUCTION

---

1

The Less Obvious Aspects of Skin in the Game

4

### Prologue, Part 1: Antaeus Whacked

7

Libya After Antaeus

8

*Ludis de Alieno Corio*

10

Warlords Are Still Around

11

The Bob Rubin Trade

12

Systems Learn by Removing

13

### Prologue, Part 2: A Brief Tour of Symmetry

16

#### I. From Hammurabi to Kant

16

*Hammurabi in Paris*

16

*Silver Beats Gold*

19

*Fuhgedaboud Universalism*

20

#### II. From Kant to Fat Tony

22

*Crook, Fool, or Both*

22

*Causal Opacity and Preferences Revealed*

24

*Skin in the Game, but Not All the Time*

27

#### III. Modernism

27

*How to Beam Light on a Speaker*

28

*Simplicity*

29

*I Am Dumb Without Skin in the Game*

30

*Regulations vs. Legal Systems*

31

#### IV. Soul in the Game

33

*Artisans*

34

|  |               |
|--|---------------|
| <i>A Caveat with Entrepreneurs</i>   | 36            |
| <i>Arrogant Will Do</i>  | 36            |
| <i>Citizenship de Plaisance</i>  | 37            |
| <i>Heroes Were Not Library Rats</i>  | 37            |
| <i>Soul in the Game and Some (Not Too Much) Protectionism</i>                          | 38            |
| <i>Skin in the Ruling</i>  | 40            |
| <b>Prologue, Part 3: The Ribs of the Incerto</b>                                       | <b>41</b>     |
| The Road   | 42            |
| An Enhanced Detector   | 43            |
| The Book Reviewers   | 43            |
| Organization of the Book   | 45            |
| <b>Appendix: Asymmetries in Life and Things</b>  | <b>47</b>     |
| <br><b>BOOK 2: A FIRST LOOK AT AGENCY</b>  | <br><b>49</b> |
| <hr/>  |               |
| Chapter 1. <b>Why Each One Should Eat His Own Turtles:</b>                             |               |
| <b>Equality in Uncertainty</b>   | <b>51</b>     |
| A Customer Is Born Every Day   | 51            |
| The Price of Corn in Rhodes  | 54            |
| Equality in Uncertainty  | 55            |
| Rav Safra and the Swiss  | 57            |
| Members and Non-Members  | 58            |
| <i>Non Mihi non Tibi, sed Nobis</i> (Neither Mine nor<br>Yours, but Ours)              | 60            |
| Are You on the Diagonal?   | 61            |
| All (Literally) in the Same Boat   | 62            |
| Talking One's Book   | 63            |
| A Short Visit to the Doctor's Office   | 64            |
| Next   | 66            |
| <br><b>BOOK 3: THAT GREATEST ASYMMETRY</b>   | <br><b>67</b> |
| <hr/>  |               |
| Chapter 2. <b>The Most Intolerant Wins: The Dominance<br/>of the Stubborn Minority</b> | <b>69</b>     |
| Criminals with Peanut Allergies  | 71            |
| Renormalization Group  | 75            |



|  |    |
|--|----|
| The Veto   | 76 |
| Lingua Franca  | 77 |
| Genes vs. Languages                                      | 79 |
| The One-Way Street of Religions                          | 80 |
| Decentralize, Again                                      | 82 |
| Imposing Virtue on Others                                | 83 |
| Stability of the Minority Rule, a Probabilistic Argument | 84 |
| Popper-Goedel's Paradox                                  | 85 |
| Irreverence of Markets and Science                       | 86 |
| <i>Unus sed Leo</i> : Only One but a Lion                | 87 |
| Summary and Next   | 88 |

### **Appendix to Book 3: A Few More Counterintuitive Things**

|                             |           |
|-----------------------------|-----------|
| <b>About the Collective</b> | <b>89</b> |
| Zero-Intelligence Markets   | 91        |

---

## **BOOK 4: WOLVES AMONG DOGS** **93**

---

|   |            |
|---|------------|
| <b>Chapter 3. How to Legally Own Another Person</b> | <b>95</b>  |
| To Own a Pilot                                      | 96         |
| From the Company Man to the Companies Person        | 98         |
| Coase's Theory of the Firm                          | 100        |
| Complexity  | 101        |
| A Curious Form of Slave Ownership                   | 101        |
| Freedom is Never Free                               | 102        |
| Wolves Among the Dogs                               | 103        |
| Loss Aversion                                       | 105        |
| Waiting for Constantinople                          | 106        |
| Do Not Rock Bureaucristan                           | 107        |
| Next  | 108        |
| <b>Chapter 4. The Skin of Others in Your Game</b>   | <b>109</b> |
| A Mortgage and Two Cats                             | 109        |
| Finding Hidden Vulnerabilities                      | 111        |
| How to Put Skin in the Game of Suicide Bombers      | 113        |
| Next  | 115        |

|   |            |
|---|------------|
| <b>BOOK 5: BEING ALIVE MEANS TAKING CERTAIN RISKS</b> | <b>117</b> |
| <b>Chapter 5. Life in the Simulation Machine</b>      | <b>119</b> |
| Jesus Was a Risk Taker                                | 120        |
| Pascal's Wager  | 121        |
| The Matrix  | 121        |
| The Donald  | 122        |
| Next  | 122        |
| <b>Chapter 6. The Intellectual Yet Idiot</b>          | <b>123</b> |
| Where to Find a Coconut                               | 123        |
| Science and Scientism                                 | 124        |
| Intellectual Yet Philistine                           | 125        |
| Never Gotten Drunk with Russians                      | 126        |
| To Conclude   | 127        |
| Postscript  | 127        |
| <b>Chapter 7. Inequality and Skin in the Game</b>     | <b>128</b> |
| Inequality vs. Inequality                             | 128        |
| The Static and the Dynamic                            | 130        |
| Pikketism and the Revolt of the Mandarin Class        | 133        |
| Cobbler Envies Cobbler                                | 135        |
| Inequality, Wealth, and Vertical Socialization        | 136        |
| Empathy and Homophily                                 | 137        |
| Data, Shmata  | 137        |
| Ethics of Civil Service                               | 138        |
| Next  | 140        |
| <b>Chapter 8. An Expert Called Lindy</b>              | <b>141</b> |
| Who Is the "Real" Expert?                             | 142        |
| The Lindy of Lindy                                    | 143        |
| Do We Need a Judge?                                   | 144        |
| Tea with the Queen                                    | 145        |
| Institutions  | 146        |
| Against One's Interest                                | 147        |
| Soul in the Game, Again                               | 148        |



|   |     |
|---|-----|
| Science is Lindy-Prone                    | 148 |
| Empirical or Theoretic?                   | 149 |
| The Grandmother vs. the Researchers       | 150 |
| A Brief Tour of Your Grandparents' Wisdom | 151 |

---

|                                   |            |
|-----------------------------------|------------|
| <b>BOOK 6: DEEPER INTO AGENCY</b> | <b>153</b> |
|-----------------------------------|------------|

---

|  |            |
|--|------------|
| Chapter 9. <b>Surgeons Should Not Look like Surgeons</b> | <b>155</b> |
|--|------------|

|                                  |     |
|----------------------------------|-----|
| Looking the Part                 | 155 |
| The Green Lumber Fallacy         | 157 |
| Best-Dressed Business Plan       | 158 |
| A Bishop for Halloween           | 159 |
| The Gordian Knot                 | 160 |
| Overintellectualization of Life  | 161 |
| Another Business of Intervention | 162 |
| Gold and Rice                    | 162 |
| The Compensation                 | 164 |
| Education as Luxury Good         | 164 |
| A BS Detection Heuristic         | 165 |
| Real Gyms Don't Look Like Gyms   | 165 |
| Next                             | 166 |

|   |            |
|---|------------|
| Chapter 10. <b>Only the Rich Are Poisoned: The Preference of Others</b> | <b>167</b> |
|---|------------|

|                                |     |
|--------------------------------|-----|
| <i>Venenum in Auro Bibitur</i> | 168 |
| Large Funeral Homes            | 169 |
| Conversation                   | 170 |
| Nonlinearity of Progress       | 170 |
| Next                           | 171 |

|  |            |
|--|------------|
| Chapter 11. <b><i>Facta non Verba</i> (Deeds Before Words)</b> | <b>172</b> |
|--|------------|

|                                 |     |
|---------------------------------|-----|
| An Offer Very Hard to Refuse    | 172 |
| The Assassins                   | 174 |
| Assassination as Marketing      | 175 |
| Assassination as Democracy      | 176 |
| The Camera for Skin in the Game | 176 |

|  |            |
|--|------------|
| Chapter 12. <b>The Facts Are True, the News Is Fake</b>  | <b>178</b> |
| How to Disagree with Yourself  | 178        |
| Information Doesn't Like to Be Owned   | 179        |
| The Ethics of Disagreement   | 181        |
| Next   | 182        |
| Chapter 13. <b>The Merchandising of Virtue</b>   | <b>183</b> |
| The Public and the Private   | 184        |
| The Virtue Merchants   | 185        |
| To Be or to Seem?  | 186        |
| Simony   | 187        |
| Virtue Is About Others and the Collective  | 188        |
| Unpopular Virtue   | 188        |
| Take Risk  | 189        |
| Chapter 14. <b>Peace, Neither Ink nor Blood</b>  | <b>190</b> |
| Mars vs. Saturn  | 191        |
| Where Are the Lions?   | 192        |
| History Seen from the Emergency Room   | 193        |
| Next   | 196        |
| <b>BOOK 7: RELIGION, BELIEF, AND SKIN IN THE GAME</b>  | <b>197</b> |
| Chapter 15. <b>They Don't Know What They Are Talking About<br/>When They Talk About Religion</b> | <b>199</b> |
| Belief vs. Belief  | 201        |
| Libertarianism and Church-Free Religions   | 202        |
| Next   | 203        |
| Chapter 16. <b>No Worship Without Skin in the Game</b>   | <b>204</b> |
| The Gods Do Not Like Cheap Signaling   | 204        |
| The Evidence   | 207        |
| Chapter 17. <b>Is the Pope Atheist?</b>  | <b>208</b> |
| Religious in Words   | 210        |
| Next   | 210        |



|   |            |
|---|------------|
| <b>BOOK 8: RISK AND RATIONALITY</b>                     | <b>211</b> |
| Chapter 18. <b>How to Be Rational About Rationality</b> | <b>213</b> |
| Ocular Deception  | 214        |
| Ergodicity First  | 214        |
| From Simon to Gigerenzer                                | 216        |
| Revelation of Preferences                               | 216        |
| What Is Religion About?                                 | 217        |
| “Tawk” and Cheap “Tawk”                                 | 219        |
| What Does Lindy Say?                                    | 219        |
| The Nondecorative in the Decorative                     | 220        |
| Chapter 19. <b>The Logic of Risk Taking</b>             | <b>222</b> |
| Ergodicity  | 225        |
| Repetition of Exposures                                 | 226        |
| Who Is “You”?   | 228        |
| Courage and Precaution Aren’t Opposites                 | 230        |
| Rationality, Again                                      | 230        |
| Love <i>Some</i> Risks                                  | 231        |
| Naive Empiricism  | 231        |
| Summary   | 233        |
| <br>EPILOGUE: WHAT LINDY TOLD ME                        | <br>235    |
| ACKNOWLEDGMENTS   | 237        |
| GLOSSARY  | 239        |
| TECHNICAL APPENDIX                                      | 243        |
| NOTES   | 255        |
| BIBLIOGRAPHY  | 259        |
| INDEX   | 265        |