

EPISODE 760

[INTRODUCTION]

[00:00:00] JM: Tyler Cowen's book, *Stubborn Attachments*, outlines a framework that individuals can use to make decisions grounded in economic philosophy. In his previous books, Tyler examined recent economic history. *Stubborn Attachments* gives his perspective for navigating the future. Tyler is a professor of economics at George Mason University and he's also the host of Conversations With Tyler, a podcast that includes guests such as Ethereum creator, Vitalik Buterin; Stripe cofounder, Patrick Collison, and Coinbase CTO, Balaji Srinivasan.

There are also many other fascinating guests who are not affiliated with software engineering, but nonetheless have deep perspectives on technology. Tyler blogs frequently at Marginal Revolution about all kinds of subjects. In this episode, Tyler describes his philosophy and then we discuss how his philosophy relates to software engineering, podcasting and economics.

To find all 900 of our old episodes, including past episodes with writers, entrepreneurs and venture capitalists, you can check out the Software Engineering Daily app in the iOS and android app stores. Whether or not you are a software engineer, we have lots of content about technology, and business, and culture. In our app, you can become a paid subscriber and get add-free episodes, or you can just use our free features. You can have conversations with other members in the Software Engineering Daily community. You can use our search engine to find episodes and related content and you can listen to podcasts about software engineering.

I hope you enjoy this episode with Tyler Cowen.

[SPONSOR MESSAGE]

[00:01:54] JM: Kubernetes can be difficult. Container networking, storage, disaster recovery, these are issues that you would rather not have to figure out alone. Mesosphere's Kubernetes-as-a-service provides single click Kubernetes deployment with simple management, security features and high availability to make your Kubernetes deployments easy. You can find out

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To find out how Mesosphere's Kubernetes-as-a-service can help you easily deploy Kubernetes, you can check out softwareengineeringdaily.com/mesosphere, and it would support Software Engineering Daily as well. One reason I am a big fan of Mesosphere is that one of the founders, Ben Hindman, is one of the first people I interviewed about software engineering back when I was a host on Software Engineering Radio, and he was so good and so generous with his explanations of various distributed systems concepts, and this was back four or five years ago when some of the applied distributed systems material was a little more scant in the marketplace. It was harder to find information about distributed systems in production, and he was one of the people that was evangelizing it and talking about it and obviously building it in Apache Mesos.

So I'm really happy to have Mesosphere as a sponsor, and if you want to check out Mesosphere and support Software Engineering Daily, go to softwareengineeringdaily.com/mesosphere.

[INTERVIEW]

[00:04:13] JM: Tyler Cowen, you are the author of *Stubborn Attachments*. Welcome back to Software Engineering Daily. So your previous three books were about the state of the world today and how we got to where we are and what might happen in the near future. Your newer book, *Stubborn Attachments* describes a philosophy that you've been working on for around 20 years. It describes a framework for making decisions in today's world. Describe the philosophy you outline in *Stubborn Attachments* and how it relates to your previous books.

[00:04:41] TC: *Stubborn Attachments* as a book is pro-economic growth. It's pro-capitalism. It argues that we do face ethical dilemmas in our world, but the only way we can possibly resolve those is to sustainably increase the pie for everyone over long time frames. So I think of the book as trying economics and philosophy and to provide some very basic fundamental answers to the key questions facing us.

My other books tend to be more connected to current affairs, are more anecdotal, or they have more proper nouns you could say. This is a very abstract book. It's quite short and I've been working on it very slowly for a long time.

[00:05:22] JM: Before we talk about the ideas laid out in *Stubborn Attachments*, we should give the listeners some motivation. These are mostly software engineers who are listening to this. Why should engineers care about philosophy?

[00:05:34] TC: Engineers care about the world surrounding them. So typically, an engineer is focused on a small task, but obviously engineers are smarter than the population at large and want to have a sense of how what you're doing fits into a bigger picture. I pretty often actually have engineers write me and they say like, "Oh! I want a more rewarding job. I want to do something that really helps the world. Why am I here?" and I usually write them back and say, "Look, you're boosting economic growth. You're contributing to technological progress, the generation of new ideas. It's the other people who should be worried, not the engineers." So indirectly you could think of this is a very pro-engineer work and trying to put certain kinds of productive activity into a bigger picture, and I think it also can help us think about public policy.

[00:06:22] JM: Especially in light of the fact how software is increasingly guiding the flow of ideas and it's influencing the thoughts of people, the emphasis on philosophy becomes more important, because we have to think more deeply about how to shape informational flows rather than how to make a better steel beam, for example. So it becomes more important to think about philosophy.

Software engineers are building these tools, but we don't control whether people use them for good or for evil. Do engineers actually have to think more deeply about how their tools are used

or are we just thinking about how to make better steel beams and we're not really responsible of those steel beams are used in weaponry?

[00:07:06] TC: I think we should all think more deeply about how our outputs are used, but right now as you know there is a big backlash against software. Most of all, social media, but not only, but for the most part I'm a big software defender. So people allege that software increases income inequality. Others some truth to that. Obviously, Mark Zuckerberg is a very wealthy man. But those parts of our economy that do boost economic growth, and of course I would include software in the longer run are doing a great deal for poverty alleviation. You just look at the spread of smartphones on Africa, say, and you get a much more favorable picture about software.

If you poll Africans, "Well, how is software, social media influencing your politics?" They mostly give you positive answers. They'll say, "Well, we used to only hear propaganda. Now we can access foreign news." So I think a lot of Americans are just seeing a very small side of the whole picture and thinking bigger will have a much more positive impression of what's going on.

[00:08:05] JM: Throughout your book, there is a metaphor called the Crusonia plant, which is a plant that automatically grows and it generates more output every period. You plant it one year. You don't have to water it, you not to tend to it. It simply grows each year. It provides you with food. It gives you much more the next year, and this is your example of a free lunch. You define it as something that we can aspire to and it's heretical in the sense that you are saying that there are things that maybe they're not exactly free lunches, but they look very close to a free lunch in the economic sense. Why is this an important idea?

[00:08:45] TC: I think good institutions, and in particular good companies, are the Crusonia plants of contemporary America. They're not easy to achieve, but they have a kind of self-sustaining momentum. They attract good people. Good people in turn keep the company good or make it better, and it keeps on producing value.

So that's the simple point that rather than merely moralizing, what we want to do to implement actual moral values we care about is basically to have more Crusonia plants, and usually

entrepreneurs are the people who do that. Sometimes governments, but actually I think the private sector does it much more.

[00:09:21] JM: We could look at some examples of technology that might resemble a Crusonia plant, something like the smartphone, or Amazon Web Services, or Airbnb. Are there any examples that come to mind that most resemble a Crusonia plant in your mind from the software world?

[00:09:39] TC: Well, I think Google is maybe the clearest example. I think the social benefits of Google are probably higher than those of Facebook. Google, for the most part, makes people smarter. The company generates its own renowned, but renowned in turn causes more people to use Google. That gives them better data. Search has become much better over time. They fund ancillary products. They funded a lot of innovation in other areas. They've made YouTube way, bay better. Driverless cars whenever they come about. Google, or now Alphabet, will have had a hand in that. So of all the major tech companies, I think Google's the clearest example.

[00:10:16] JM: Engineers will appreciate your focus on the quantification of their philosophical estimation. So you encourage the readers to quantify their behaviors, and it's not necessarily like they're writing everything down a chalkboard and they're trying to figure out the exact numerical calculations of every decision in their lives, but you do encourage this somewhat rigorous assessment of our decisions in terms of expected value. Why is expected value such an important concept for somebody who's aspiring to be more philosophically conscious?

[00:10:55] TC: I find thinking in terms of probability is very useful. Now, obviously I know you often don't have the sense of what the right probabilities are. Most life problems are not like flipping a coin, but it forces you to figure out what are your assumptions, like upon what probability estimates might various choices depend, and you just have to put your thoughts into more rigorous categories. I think it's a very useful exercise, and for most major life choices, I would spend at least five minutes just writing down probabilities and expected values. See what happens. At the end you might decide you have no idea, but I think you will come away from that exercise with better thoughts.

[00:11:36] JM: Now, expected value can be applied to any kind of metric that we're looking at. We can maximize the expected value of dollars. We can maximize the expected value of dopamine that is going to be flowing through our system over the future. One metric that you talk about in the book is wealth+. and wealth+ is maybe a metric. You can tell me if I'm wrong, but a metric that guides us towards making these Crusonia plants. It's kind of a metric of like how close are we getting to producing more free lunches. So how does wealth+ factor into your framework?

[00:12:13] TC: Well, I would start with the concept of GDP, although it's highly imperfect. The countries with a higher GDPs per capita, they are for the most part the places you want to live. Putting aside the question of oil, but GDP is itself imperfect. It doesn't count all of the value of the environment. It doesn't count the value of leisure time.

So my idea of wealth+ is just a modified GDP. They count all the things GDP should count, and if a society is healthy and sustainably growing in GDP, it will be somewhere like Canada, Australia, the United States, and a lot of other people in the world will want to live there, and it's a sign you're doing something right.

[00:12:53] JM: So whether we decide to build our lives around maximizing wealth+ or maximizing dollars or maximizing dopamine, we do have to find a way of making expected value calculations in light of incomplete information, and most of the things that we would like to have information about we have incomplete information about. How can we build expected value calculations when we have such incomplete information?

[00:13:25] TC: Well, I think also we should be more epistemically modest, that is more willing to say, "I don't know." If you think of political polarization as one of our problems today, we could actually help solve that problem a bit. If people were more modest, if they would sit down and try to calculate probabilities, realize what they do and do not know. So even when you walk away from the exercise concluding, "I'm not sure." That's often one of the biggest games. That makes it easier to, if not agree with other people, at least agree to disagree.

[00:13:56] JM: And I like that modesty as a kind of hedge against some of the problems of academic philosophy, because you can go down this rabbit hole of you're looking at the trolley

problem, or abortion, or something and you go down this really deep rabbit hole, and sometimes you can find a shortcut in a way out of that and a way of making your philosophy more amenable to actually being used by people if you just take a shortcut, which you do in the book, which is like we should have a commonsense morality. We should have some basic human rights. We may not even need to have definitions for basic human rights, although that would be helpful, but we should at least just be modest and say, "Maybe the idea of human rights is kind of a stopgap that can prevent us from going too deep down the unifying theory expected value calculation."

[00:14:49] TC: Yeah. So I would just say don't kill or torture innocent people. That's my idea of human rights. I'm not saying those are the only ones, but just as like a first approach to the problem. That will keep you away from a lot of trouble and a lot of mistakes, and it's the right thing to do. Then beyond that framework, try to maximize the sustainable growth of wealth+.

[00:15:09] JM: Some ethical questions are very hard to quantify, and even if we're taking into account basic human right. So if my phone needs a rare earth metal in order to vibrate properly and that rare earth metal is being mined by child's slave labor, and that's like the only realistic way that it's going to happen to be produced in the near future. Maybe it'd be more ethical for me to go without a smartphone, but then I will be less productive and that could make me not affect as much change in the world. How do I confront this kind of question?

[00:15:47] TC: Well, first, I'm not sure that's actually the case that people are facing that particular dilemma. There's some child labor, but it's not slave labor, which to me is much worse. But I think the wrong is being done by those who are enslaving, and we buy plenty of things every day from all around the world. I don't think it's feasible to know where they all come from.

So something should be done at the legal or regulatory level, but I wouldn't put an epistemic responsibility on consumers to know about every foodstuff they eat or every piece of physical item they buy. I don't think that's doable. So I would say by a smartphone, there's maybe a problem we ought to address through the World Bank, or through sanctions, but buy the phone.

[00:16:32] JM: More generally speaking, whether we're talking about the question of whether buy a smartphone or not. We can recognize that there is this deeper angle that we can take with

our daily decisions. Maybe it's something like vegetarianism, or you talk about climate change in the book. We realize that there is a deeper assessment that we can make of all of our daily decisions in terms of how they affect this long-term expected value, and we could spend all day breaking down a decision into its component parts. This would obviously be unproductive. So we need some way of making trade-offs between having relatively fast decisions, but also taking into account our somewhat deliberate philosophy. Do you have any shortcuts or little hacks for making these kinds of trade-offs on a reasonably fast basis?

[00:17:27] TC: Well, one simple rule is just to eat less meat. You don't have to be a complete vegetarian, but you will do the rest of the world a lot of good by curtailing meat consumption somewhat. Again, you don't have to give up meat entirely. But for a lot of problems, I think common sense morality, be loyal to your family, cultivate good friends, work hard, save some, be an upstanding citizen who contributes to social capital.

I know we may understand somewhat different things by those recommendations, but just actually taking them seriously as a kind of lodestar. Again, you will avoid going wrong on so, so many issues where people ruin their lives or become addicted to drugs or betray those closest to them, and I'm a big fan of common sense morality. Then at the margin, interject some more scientific reasoning, which will tell you, "Well, give some more to charity and eat less meat." I think you'll come this close as you can to being a pretty good person. None of us are ever going to be perfect.

[00:18:25] JM: And we can do that for these things, like vegetarianism, or should we have a smartphone, and we can evaluate things in terms of aversion to downside. But there's also always when we're looking at our decision frameworks, the potential for opportunity cost of upside in the future, and I know you're thinking a lot about this with the focus on moon shots and deep concern for the distant future. There is an emphasis in the book about deep concern for the distant future. How does thinking about the distant future inform our personal day-to-day decisions?

[00:19:07] TC: Well, I wrote another book called *Complacent Class*, and in that book I argued that many of us should at the margin take more risks, and that maybe do more to start a company, or do more to educate yourself, or be more daring. Obviously, that involves some cost

for you, but it's a kind of experimentation and sometimes it pays off, and it has a long-term return for the world, and that if you just like never move, never changed jobs, sit at home, get your Amazon packages and watch Netflix, I mean, it can be a good life. But it's a bit what I call complacent. I think at the margin, we Americans have become too much like that and we've lost a bit of our hungry edge, precisely because we've been fairly successful in the past.

[00:19:50] JM: And by becoming less complacent, that's hand-in-hand with having a deep concern for the distant future?

[00:19:58] TC: That's right. If you take risks in business, again, at the level of the societal aggregate in America, those risks are likely to pay off even though most companies of course do not succeed, and that will give us a higher rate of economic growth and more new ideas and a much better future. Whereas if you look at Western Europe, where people are much more risk-averse, they're growing it, 1, 1.5%, maybe 2%, compared to our, we hope, 2.5% lower. Overtime with compounding returns, that adds up to a big difference. America is already much wealthier and that cap is likely to grow, and we do more good for the rest of the world.

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[00:20:44] JM: If I were to interview for a software engineering job right now, I would fail that interview. The skills that you need to do well in a software engineering interview are not the same skills that you build in your job. This is a weird paradox within the world of software engineering, but it's a reality, and we have to cope with it.

Software engineering interviews challenge you and show many areas, algorithms and data structures, databases, systems architecture, the ability to talk to people. There's a time limit. There's whiteboarding. It's completely different than working as an engineer, which is why so many people study intensely for their interviews. If you are starting to look for a new engineering job, consider the App Academy Engineering Interview Prep Course.

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I am so glad that I don't have to do software engineering interviews right now, because I'm a podcaster. But if I were going to go back into the field and I had to do all those crazy whiteboard questions, the App Academy Engineering Interview Prep Course would be quite useful. So you can go to softwareengineeringdaily.com/interviewprep to find out more.

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[INTERVIEW]

[00:23:07] JM: When we're deciding what to do with our lives, let's say that there is a fork in the road and we can take one of two paths, and both of these paths have the exact same expected value in terms of wealth+, but they seem to be remarkably different in the variance of the outcomes. The low-variance route might be that we start a predictable business, like a software consultancy, and then a high-variance route might be that we try to be like Elon Musk. We bet our life savings on starting an electric car company. So here we have consultancy with low-risk and reliable return. We have electric car company with high-risk, but low probability of success. These two futures might calculate to the same expected value. So how do we come to a good decision?

[00:23:57] TC: If they're the same expected value, I would say play it safe. But I think there are lots of cases where there is higher expected value, but higher risk, and there I want to nudge people into taking the more risk. But of course you want some possible return for that risk, otherwise don't do it.

[00:24:12] JM: Would it benefit society as a whole if there was greater incentive for individuals to take their lives in a direction of a moonshot of more high-risk directions with potentially low probability of success?

[00:24:27] TC: Yes, but I would want to be a little careful about what that means. It's not that everyone should try to be Elon Musk, but I think we need to do is invest in better means of finding talent. So the people who have the potential to be an Elon Musk but right now don't get the education or the opportunity so we can find and mobilize them and get a lot more innovators, and there's so much underexploited talent out there. I'm quite sure we can do that. We need more societal will to actually proceed, but that's not why we view it. Not that everyone should take this course.

[00:24:59] JM: Is there a way that individuals can hedge their bets but still have a potential for this kind of dramatic success, or are there certain benefits that somebody in the world needs to make that just have an inherent, unavoidable danger?

[00:25:16] TC: Well, there are some ways of doing it from a hedge position. So, for instance, there has been academics with tenure who have innovated, say, with particular ideas in finance, but I don't think that's the dominant model. I think the dominant model is to be somewhat all in and put a lot of your own equity into the project and face the real risk of failure, and I think it will stay that way for a long time.

[00:25:39] JM: Engineers in the United States have multiple hedges just built into their lives. So we have a durable skillset. We live in a country that forgives failure. We have a generous social safety net if worse comes to worse. Why aren't engineers taking more risks?

[00:25:57] TC: Well, it depends who you count as an engineer. If you look at software engineers in the broadest sense of the term, they may or may not have the formal training. They've started a lot of the major companies we now admire out in the bay area. So I would say engineers broadly construed have been among the major risk takers. Now, I get that Mark Zuckerberg doesn't have a master's degree in engineering, but surely he's a brilliant software engineer.

[00:26:22] JM: Right.

[00:26:23] JM: You have your own set of moonshot. You want to be “the economist who has most successfully used the internet as a platform to foment broad enlightenment,” and you also started a fellowship program called Emergent Ventures, which seeks to support risk takers. Describe how moonshot's factor into your personal decisions.

[00:26:45] TC: I view myself as being in a somewhat privileged position. I'm not wealthy compared to other people in the United States who are truly wealthy, but I have a secure position and a high income and no debt. So rather than sit on my behind, I've started a number, an online education venue, which is totally free and open to the world. We get 6 million views a year. Emergent Ventures is a \$4 million fund mostly supporting young people trying to change their career trajectories, looking to support people who would never have any chance of applying to a major foundation and getting approval.

We just made a grant to a fellow in Nigeria who is trying to build a software program to preserve endangered languages. We've literally wired money to a Nigerian bank account, but I feel quite good about that investment, and now we're taking some chances on some of those I know we're going to fail. But I think we'll actually have more impact than some of the foundations with a lot more money.

[00:27:45] JM: Some engineers might argue that rather than the risks of taking a moonshot, the most moral path is to work a job and a big tech company where you make a large predictable salary and you can give most of your income away to impactful nonprofits. So for example you're buying mosquito bed nets on a regular basis, and this is known as effective altruism. One appealing factor of effective altruism is maybe you have more reliable expected value calculations. You know that you're going to buy mosquito nets. These are going to save lives that have metrics behind the expected value of a life saved per mosquito net. How does the expected value of effective altruism compared to the expected value of moonshots?

[00:28:30] TC: Well, I don't think it's either or. If you do moonshots and you succeed, you can and should give some of that money away. My latest book, *Stubborn Attachments*, which we've been discussing, all of my revenue from that book goes to one very poor family in Ethiopia. I'm

also in regular touch with them. I try to coach a bit, and I think that's a better thing to do than if I'd kept the money for myself. So I'm a big advocate of that approach. But you do it with your moonshots too, not only with your steady job.

[00:29:00] JM: That's true, and you confront the more general idea of redistribution in your book. So is there a more general framework for how we can value an investment in ourselves or in our own business in contrast to an investment that we might make distributed across less fortunate people?

[00:29:22] TC: Well, I say for growth enhancing and redistribution. So if you say give money to a family where the children might otherwise suffer from malnutrition, in the latter parts of their lives they'll be much more productive. That's potentially a very high return, and I think that's often the investment we should make. At the societal level, of course, we do some of that. I think those are very good ideas. I'm less keen about redistribution for its own sake, just to like take down the wealthy and elevate the poor, unless it is in some way expanding capacities and opportunities.

[00:29:54] JM: There is an emphasis on compounding in your book in terms of we should make decisions that are going to compound positively more aggressively, but often times I find at least in my personal life, the things that sometimes have the highest rate of compounding are things that I would've never expected to have a high rate of compounding. Like I suddenly decide to eat at a restaurant and that restaurant is really fantastic and it totally changes how I cook for myself, and then that makes me open my mind in other directions. Like now I'm listening to interesting cooking podcasts. How can people figure out the compounding rate of decisions in their lives that might affect them in subtle, unpredictable ways?

[00:30:41] TC: Well, it's going to be context dependent. But one thing I've tried to do in my career is invest in forms of learning that will yield compound returns, like how to read better, how to write better. Those are not once and for all gains, but they keep on improving how you absorb information for the rest of your life. So to think not just in terms of the static, but how can you learn to be a better learner. I think we, in general, underrate the returns to that kind of strategy.

[00:31:06] JM: Your book is about seeking a philosophical framework that can help your readers, and historically people might have turned to religion for this kind of framework. Engineers like myself are more likely to cobble together their own sort of philosophical frameworks. So we're more likely to take a bunch of different philosophies off-the-shelf and cobble them together rather than taking a large monolithic framework that might be provided by religion.

In your book and on your podcast, you actually express some concern over the loss of religion. If we throw away religion, are we giving up something that we can't reclaim by just reading philosophy and cobbling together our own philosophy?

[00:31:54] TC: That is my suspicion. I'm a big fan of both religion and philosophy, but one empirical regularity I observed is religious people have more children, and that's a form of growth and it's also providing for more innovation in the future, and there's plenty of room in the United States to support more children. So I'm worried that as we secularize birth rates are indeed falling, that will slow down our dynamic potential.

[00:32:18] JM: Is it something about religion that allows us to have a better shorthand for making these judgments of human rights or something like that?

[00:32:27] TC: And it changes our priorities. Somehow, it seems to stick with people more than a lot of the secular philosophies do. I'm not sure why that is. I wish we understood that better. But nonetheless, to me, it's striking how much of a greater power religion can have, and I say this as someone I am not myself religious.

[00:32:44] JM: Much of your book is about how an individual should govern their life, but you also touch on governmental policy. How does your philosophy extend to how governments should operate?

[00:32:54] TC: I think there's a lot of evidence the system that has produced the greatest sustainable economic growth is capitalism. But that said, there are numerous things governments do to support that growth, obviously producing public goods and infrastructure. I

think our government should spend more money to support research and basic science for instance.

I think, in general, our government should just be more accountable and get its act together and think and act dynamically, which right now it's very far from doing. It's a total mess in Washington. I think there's hardly any area of government policy where we could not see massive improvement.

[00:33:29] JM: Okay. Well, I wanted to give a framework for your philosophy, because I have a potpourri of other questions to ask you around technology, culture, some of these other subjects that you tackle in your podcast and otherwise. So one needs around this idea that a lot of the major tech companies have some central dictum, so they have the an idea like Amazon being the world's most customer- centric company, or you have Y Combinator saying, "We should all make something that people want."

Do you think everybody should have something like this where the tech companies have this kind of like pithy, shorthand phrase that allows them to get aligned more quickly? Should individuals have this sort of thing?

[00:34:17] TC: I think for companies, both mission and vision are highly important, and to spend a lot of time on those is in general a very good idea, often essential. For individuals, I actually believe the same upholds, and I think also a lot of things companies or CEOs do individual should do more as well, like just have a personal coach, and maybe it's your spouse, but have something a bit more than that. To apply science and rigor and measurement and think systematically about what you're doing, we underinvest in all of that at the individual level.

[00:34:50] JM: Are there any of these particular tech company philosophies that accord most closely with what you layout in *Stubborn Attachments*?

[00:34:59] TC: You know, the book *Stubborn Attachments* is published with the company Stripe, which is a payments company in San Francisco, and I think they have a very dynamic approach about wanting to make the world a better place through the internet, and I felt a certain kinship with that and I'm very happy to have published the book with them.

[00:35:16] JM: Are there any – So I've listened to some interviews with Patrick Collison from Stripe and he's definitely a deep thinker and he has – I get the sense that he has some unconventional philosophies that permeate the company, maybe things that he doesn't say explicitly, but are unconventional. Is there anything particularly unconventional about Stripe that you really admire?

[00:35:41] TC: Well, unconventional is in the eye of the beholder, but I think just the notion that we should take science seriously and use that to go out there and do good. I don't at all speak for them, but that's like a general vibe and I think it's very consistent with my book.

[00:35:57] JM: Are there any particular benefits you get from publishing through a technology company versus publishing through a conventional publisher?

[00:36:05] TC: Well, things happen so quickly at Stripe Press. So things that normally might take months at a typical publisher currying days, because the tech company often is used to being dynamic and getting things done quickly and being decisive. So for me it was a very pleasant experience, and it is a big difference, fewer layers of bureaucratization.

[00:36:27] JM: What your current perspective on the value and the utility of cryptocurrencies?

[00:36:32] TC: It remains to be proven. I do think there is a good chance, but a below 50% chance, but blockchain in some more distant future is transformative, helping us to do some kind of smart contracts, but I don't think it's around the corner, and I think they're going to come in for further very heavy PR knocks and there is a lot of fraud that goes on in that space, and maybe the lower prices will be good for separating out some of the fraud and really forcing people to focus on the potential substance.

[00:37:03] JM: What could Paul Krugman and Vitalik Buterin learn from each other?

[00:37:07] TC: Well, Paul Krugman is been a huge skeptic about cryptocurrencies and blockchain. I think his knowledge of the actual technical details of what might be possible could be improved through a conversation with Vitalik. So that's what Paul could learn from Vitalik.

Vitalik already, though he doesn't have formal training, he has actually an immense and pretty phenomenal understanding of economics, but still on areas like regional economics, urban economics, trade theory, Paul Krugman does know much more, and Vitalik could I'm sure learn a lot from Paul.

[00:37:41] JM: You have made a goal of your life to be a more effective learner. Vitalik strikes me as somebody who is uniquely good at taking advantage of technology, taking advantage of ways of talking to people that have allowed him to learn at a really rapid pace. Is there anything you've learned about the learning function of Vitalik Buterin that you've been able to apply to your own life?

[00:38:05] TC: Well, you asked me before about mission invasion, and for purity of mission and vision and dedication to those in a kind of sheer forthright honesty, Vitalik to me is one of the most admirable figures out there and I view him almost as a kind of saint. The one day I spent with him, I learned a tremendous amount not only about crypto and particular topics, but just about how he is and how he has done what he has done. So I think of many people could learn a great deal from him.

[00:38:34] JM: He does seem to have an ability to combine economics with so many other areas of his life, of computer science, of mathematics, of gaming perhaps. I get the sense that games were tremendously influential on him in a positive way. Have you found any benefits to gaming in your life? Have you ever played many board games or card games and found them applicable to your life?

[00:39:01] TC: Well, I was a chess prodigy from ages 10 to 15. When I was, I think 15, I was champion of the State of New Jersey not for my age group, but like champion of the whole state. So games had a huge influence on me. They're great for teaching you to confess when you're wrong and to be results-oriented and to be rational about your own failings and try to learn how to learn, because the results are clear and you get your butt kicked if you don't make progress, right? I think it's some of the best teaching and we're still under rating the value of gamification in many things, including talent search.

[00:39:35] JM: Chess is a game where you have “complete information” in the sense of the board, but humans cannot actually calculate the entire decision tree there and they also can't know what's going on in the mind of their opponent. So there is sense to me at least that for the purposes of a human to human chess game, it actually is an incomplete information game. So you agree with that thesis.

[00:40:03] TC: Yes, you need both calculation and intuition, but between good player is it's often intuition that makes the real difference.

[00:40:09] JM: Have you ever been tempted to try out a game where the incomplete information element is more explicit, like a poker style game?

[00:40:19] TC: Well, I've played poker. I tend to be pretty busy with my own moonshots. So right now I don't have much time for games in the narrower sense. I wish I did actually if only to get a better sense of learning how the world is working today. So computer games and video games, I don't spend time with, but I wish I could.

[00:40:40] JM: Was there a sense in which you only need to really have experience with one incomplete or complete information game to have a framework for some of the basic rules of game theory, and then the whole world starts to effectively be something that you can frame as a game and so you can just apply game theory kind of frameworks, and have the same kind of framework, whatever you developed as a chess prodigy, kind of in the chess gym, you can now apply that to your everyday life and still have that feeling of game theory and positive feedback?

[00:41:11] TC: On games, the value of moving from zero to one I think is immense. But that said, I think there's still high return moving from knowledge of say one game to five, but moving from 5 to 20 I suspect is far more marginal. So I would say no more than one game, but don't go crazy with it. Keep it under control.

[00:41:29] JM: We hit a golden age of TV several years back. There was this inflection point where we got to the point where there's too much good TV to watch it all. I learned in a recent podcast interview with you that you were actually not a listener of podcasts, but do you think

we're at the golden age of podcast yet, where there's just so much good podcast content that we can't get to it all?

[00:41:53] TC: I would say we're at a golden age, but not the peak. So I think there's a lot more room to run with podcasts. A lot of areas where good podcast are just getting started, and like the true golden age still lies ahead of us may be 5 to 10 years from now.

[00:42:09] JM: Why do people listen to podcasts?

[00:42:13] TC: I think the motives are multiple, to learn first of all, simply to fill time, to soothe themselves, to relax, to have something to do at the gym or while on a commute, or as a kind of investment into their business. I think there are other motives we don't understand yet, because podcasts have been way more popular than almost anyone expected. That to me has to mean we don't understand the motives so well.

[00:42:37] JM: David Foster Wallace said that the goal of an author is to make the reader feel less alone. Should podcasters orient themselves towards a similar goal?

[00:42:48] TC: Well, I think they already do. So somehow the kind of voice a podcaster has, the pace at which it happens, it all seems quite important, and what people get out of a podcast is probably very different from what the interviewer and speaker think they're putting into it.

[00:43:02] JM: How important are podcast for teaching us exemplary forms of conversation?

[00:43:09] TC: I think is remarkable. I mean, what I know about podcasts, because I do listen to some when I prep for my own interviews, is remarkable how much better the conversation is in podcasts than on social media. There's not too much of people shouting at each other, or being intolerant, or refusing to listen, or give ground, or insulting each other. So to me that's pretty phenomenal. We've achieved that and it wasn't like really even planned.

[00:43:33] JM: Is there a way that we can evangelize podcast like discourse for more areas of life? Like is there a way to make Thanksgiving feel more like a podcast style conversation?

[00:43:47] TC: I hope if people listen to your podcast or mine called Conversations with Tyler, that they will learn this on their own. I don't think preaching to people will make them do it. So, leading by example, which the podcasters amongst us are doing, but I don't think we know yet this is working. But at the very least, if it like keeps us at a draw when compared to other forms of social media, that to me would be a big plus.

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Thanks to Triplebyte, and check it out.

[INTERVIEW CONTINUED]

[00:46:11] JM: Someone that I know has a dinner party rule, where the conversation across the entire table has to engage in the same subject at any given time, and this prevents the dinner party from devolving into strongly disjoint conversations. Are there any dinner party conversation rules that are worth the hassle?

[00:46:35] TC: Oh, I'm a big fan of these. So just size of the group. I think more than six is very hard to manage well, then perhaps you need to split it into multiple conversations. But you want to split it the right way. Having a firm but subtle moderator, even if that person is not designated as such is of high-value. So most conversations are bad. We need to start by acknowledging that and then trying to make more of them good, like why bother with the bad ones?

[00:47:03] JM: If I have had the option to meditate for 30 minutes or listen to a podcast for 30 minutes, how should I evaluate the expected value of that decision?

[00:47:13] TC: Many people are big fans of meditation. I have never done it much. I've tried it. I didn't find it rewarding. I suspect there's a lot of heterogeneity there. But I guess at the margin, my vote has to be for the podcast. I think I'm too restless for meditation.

[00:47:28] JM: If you had to choose one major tech company to be a kind of emotional scapegoat for the public consciousness and we would break up this scapegoat tech company in order to relieve the global tension around technology, which one would you choose?

[00:47:45] TC: Well, I don't want to break up any of them. So I guess I pick like a small insignificant one. It's pretty clear to me that scapegoat has become Facebook. The other tech companies do things with your information and it often doesn't bother people. I mean, it striking to me, you can go on Amazon and buy Mein Kampf, which of course it's a Nazi work and no one minds. Then you have someone saying something Nazi like on another social platform and people go crazy. It's not even close to consistent. So I think we all ought to just calm down a bit, recognize that bad ideas has been around for a long time and blame these platforms less in general.

[00:48:23] JM: Are tech companies making deliberate choices today to seem less powerful so that they don't become that kind of scapegoat?

[00:48:34] TC: Well, I hope they are. I mean, I don't have the inside look that would tell me what's deliberate and what's not, but I think they realize they have pending legal and regulatory problems. As smart people, I assume they're somehow trying to deal with those. But once bad PR starts, it's very hard to get a handle on it. I think we've seen significant slippage in the reputations of those companies over the last three, four years.

[00:48:58] JM: You had Claire Lehmann on your show, and she's a kind of representative of what some people would call the intellectual dark web, and this sometimes gets categorized as like a political movement. But I think it's more about this kind of desire to have more free-flowing conversations. Do you have a sense for why the intellectual dark web is important or what it even represents?

[00:49:26] TC: I'm never sure what that phrase means. I guess my view is I'm glad they're out there, but I don't feel I'm one of them. So they tend to be combative in a particular way against certain like intellectual opponents and it kind of [inaudible 00:49:40]-up the emotion in the debate, and that's really not my style. I try to be more laid-back and not engage with every terrible thing I think is going on out there and just try to like do something through my own example and just avoid the negative much more than they do.

A lot of what they complain about, I agree with them. Again, I'm glad someone is there doing it, but I don't feel that like emotional kinship to them that I've got to go out there and complain about the same things. I really doubt. In a way, I try to do the opposite.

[00:50:12] JM: I've had conversations with people sometimes where they tell me this feels like a podcast and it makes me uncomfortable that you're talking to me like I'm in a podcast. Do you have different ways of having conversations with people perhaps when you're just getting coffee with them? Like is getting coffee with Tyler Cowen the same as a conversation with Tyler, Tyler Cowen?

[00:50:33] TC: I mean, it's not exactly the same, but I think it's surprising how few modes I have. So it's not that different either. I tend to be like focused and analytical and informational events and try to press as much content into a particular amount of time as I can no matter what

it is I'm doing. I think maybe that's often hard for other people who know me that I have so few modes? But there you go, and actually I don't know how I could be any other way.

[00:51:02] JM: Have you noticed any costs to that? Have you ever tried to like tone down the overt intellectual intensity and noticed any results from that, positive results?

[00:51:13] TC: I don't think I've ever really tried, but of course there are costs. You become just like separated from a lot of other people, not in a hostile way, but maybe you end up in a kind of bubble where you mostly communicate with other people who are also informationally dense and analytically substantive along a particular direction, and maybe that's not ideal.

[00:51:34] JM: Yeah, and I can understand where you're coming from. You interviewed Eric Schmidt recently, and that was a great interview. One thing, Eric Schmidt and I think the other Google founders too are so key to how our lives have developed, and the degree to which they are key to how our lives have developed relative to the public appearances they make is perhaps like greater than anybody else that I can think of. It was this really good interview, but in all of his answers, I felt he was incredibly restrained and he kind of has to be restrained, because he's a diplomat of Google, and Google is it's such an influential force on our mentality. How do you find what somebody like Eric Schmidt actually believes when he's somebody who just has to be so guarded?

[00:52:24] TC: Eric, I don't know well. So I can speak to him, but I would just say people in general, even compared to 10 years ago. They're so much more restrained in how they talk, and I think this is partly why the intellectual dark web is rebelling against, and I agree. It's very much a bad thing, but I don't know how to get out of this equilibrium. You have litigation, you have public relations crises, you have social media, the twist particular statements out of context. I think we're in this to stay and we'll end up in this phony bimodal distribution where you'll have people like Donald Trump who will just kind of say whatever they want. Then you'll have people who were very restrained and not that much in between. I think that's unfortunate.

[00:53:05] JM: You have people I think on that same spectrum, like Nassim Taleb, who has been on your show. He has a proclivity to get into arguments on the internet.

[00:53:18] TC: Yeah, he's on the other side of the distribution with Trump.

[00:53:21] JM: Right. Right, but actually what I found appealing about that is I read his books and sometimes they're a little too dense for me and they go a little bit too far down an analytical rabbit hole. But when I see him on display actually arguing in meat space, it's kind of useful to me, because I sort of see examples of his philosophies applied to the real world. Do you see like Twitter or online communication as perhaps being a useful means of sort of seeing strategies, I guess intellectual strategies applied to intellectual combat?

[00:53:58] TC: It is, but I also find it depressing, because a lot of our elites, when you look under the hood, they're really quite biased and partisan and they end up showing that on twitter. In general, there's less respect for elites, like those are still smart people who know a lot. I worry that elites are somewhat disgracing themselves just by being themselves and by being authentic, and it's like Wizard of Oz when they pull away the curtain. I don't actually think that's useful. I think it's the cost of social media such as Twitter.

[00:54:26] JM: Have you learned anything from Nassim Taleb's online arguments that you did not learn from reading his books?

[00:54:34] TC: His online arguments are very often about different sets of issues. So like I've absorbed information about other things, and I certainly gotten a much better sense of what he is like, but I would stress that Taleb in person is not at all like Taleb online, and most people don't know this. He's an extremely polite and genteel individual when you're with him, and there are kind of these multiple Talebs. I don't know how to put it all together, but he's super nice is what I would want people to know.

[00:55:04] JM: We've entered a world where people online can be present online in so many different ways. It's in some ways an evolution beyond the time where you had to read somebody's book in order to get a perspective on who they are and what they believe. Now it seems like you can read people. Like I can just spend a day online kind of reading Tyler Cowen and reading Tyler Cowen a bunch of different lights, or maybe I'm watching videos of Tyler Cowen getting all these different flavors of what Tyler Cowen believes. The same thing with

Nassim Taleb, or Ben Thompson, or any of these online people. Do you find it useful to read a person and try to ingest their sort of like global platform-agnostic personality?

[00:55:55] TC: Absolutely! For my own podcasts, like I'll study a person for a month. Right now I'm going through Sam Altman, everything he's done, Sam Altman on YouTube. It's been great. He's super smart and he has a unique perspective, and I wouldn't get it unless I like try to "read" Sam Altman the person, the Y Combinator guy.

[00:56:15] JM: Yeah, and one thing I like about him is he seems – in every interview you hear with him, he's really good at providing a firm concrete perspectives on the world and yet he simultaneously seems to have an agility to his ideas where he's very quickly able to adapt and evolve his philosophies over a short time horizon.

[00:56:34] TC: And he's subtle in ways a lot of listeners don't pick up, because he doesn't always articulate the problem he's thinking through when he gives his answer, and you've got to mentally reconstruct that. So as a figure, I think he's way underrated at the moment. He's certainly famous as a CEO and venture capitalist, but as a thinker, he's considerably underrated.

[00:56:54] JM: What other elements of his personality are underrated?

[00:56:58] TC: Well, I've only met him once. He seemed very nice to me. I don't pretend to know what he is like, but he strikes me as a kind of explorer at heart. Recently on Twitter I saw a photo of Antarctica. I don't know if he was quite saying he's there right now. I guess that's possible. That's consistent with my view of him as an explorer, and I think he'll go on to do other varied things with the rest of his life. He's still in his early 30s, right?

[00:57:22] JM: Right.

[00:57:23] TC: He understood, when he took over Y Combinator from Paul Graham, he needed to reinvent the company, and that was a daring thing. I'm sure he did not in every way have a lot of support for that. It was completely the right decision, and that to me is one of the most impressive things about him.

[00:57:38] JM: It was Super Bowl, because he basically forced the innovator's dilemma on the company far before it had any pressures, competitive pressures, to deal with the innovator's dilemma.

[00:57:49] TC: Yes, and I think maybe that's his most impressive achievement.

[00:57:52] JM: If you were going to launch a Tyler Cowen digital assistant device, like the Amazon Alexa, or the Google Home, what would be your competitive differentiator? If somebody said, "Hey, Tyler," instead of, "Okay, Google, or Alexa," what would your digital assistant do?

[00:58:10] TC: It would be a blog and it would be called Marginal Revolution and it would never talk to you, but it would be there every day whenever you wanted to visit, and it exists.

[00:58:19] JM: Okay. Okay, so to revisit some of this, I think –

[00:58:23] TC: I don't like Alexa and Google Home Assistant and all that. The privacy worries me. Even if you gave me one for free, I don't want it. I hope I can die with that one. I'm afraid by the time I'm like 80 and I want to buy a new house, every home it will built in. That's my worry. I never want one of those things, and the better they get, the more I don't want it.

[00:58:42] JM: That's so surprising, because like when I'm going to bed, I can say, "Hey, Alexa, what is existentialism?" and I can sort of have this like opportunity if I'm just like still awake a little bit. Like I've gotten so much utility out of them. I mean, I agree with the privacy concern, but the utility versus the privacy makes it at least interesting to me.

[00:59:01] TC: I feel Alexa should be asking me about existentialism, not vice versa.

[00:59:05] JM: Okay. To revisit this idea of reading people and absorbing the platform-agnostic sensibilities of people, as you are doing that, do you start to get these kind of like avatars of people in your head, and then when something new happens to you or you're like at a restaurant, you kind of have these avatars of these people that you've studied in depth and you

sort of can say like, "What would this person think about this Thai food or this new book that I'm reading?" Do you start to like really absorb these people's perspectives and have them play off of each other in your head?

[00:59:41] TC: I'm a big advocate of that, and for 30 years I've taught my students. I call it the Phantom Tyler Cowen. You want to have the Phantom Tyler Cowen sitting on your shoulder the rest of your life when you're thinking about economics or maybe a few other things, and then I found out maybe two years ago, like Peter Thiel and Mark Andreessen, they once had some kind of chat where they talked about exactly the same thing. But I think it's one of the best ways to learn is to develop these internal mental and emotional models of what other people would say with respect to what choices you're facing or what thoughts you're having or what research paper you're writing.

[01:00:16] JM: If we have phantoms, why do we need coaches?

[01:00:19] TC: Your phantoms are imperfect. Over time, the phantom becomes more like your twisted vision of what the person was and your phantom stops learning and your coach understands you better all the time. So I'd say we need phantoms and coaches. We need phantom coaches and coach phantoms.

[01:00:35] JM: In contrast of phantoms, I think you have somebody like Ben Thompson who is he's self-referential. So in contrast with like phantom, boxing with phantoms, you can box with your past self. But I feel like that can become a deep rabbit hole. Have you tried to calibrate your degree of self-referentiality?

[01:00:57] TC: 1997. Tyler is one of my phantoms, and while I think I'm optimistic, he was much more optimistic. To me, he looks uncritically optimistic, but he just had the sense things really go great for the whole world, and in a way that I have, but in a lot of politics I feel I've seen a lot of worrying backsliding, and I have some major fears that I didn't have back then in the mid to late 90s.

[01:01:21] JM: Of all the interviews you've done, is there one specific show that made you change your mind the most, or the one that you have perhaps gone back to mentally the most?

[01:01:33] TC: My very first podcast was with Peter Thiel. Any time I talk with Peter, that resonates with me for years. Jhumpa Lahiri was one of my favorite encounters. Just gave me a better sense of how to think about writing and literature, but I get a lot out of them all really, or I wouldn't do it. I try to choose people pretty carefully. I'm not sure there's any case of someone I've regretted talking to. So I'm not getting paid, so I might as well make it something I want to do.

[01:02:03] JM: Final question; do you know what your next book is going to be about?

[01:02:06] TC: I have a book coming out in April on big business and it's a contrarian defensive of big business in contemporary America, but also has a lot on the tech companies. So I'm very excited about that.

[01:02:18] JM: Well, I'm looking forward to it. Tyler, thank you for coming on the show and for producing such a great podcast.

[01:02:23] TC: My pleasure. Thank you for having me.

[END OF INTERVIEW]

[01:02:29] JM: DigitalOcean is a reliable, easy to use cloud provider. I've used DigitalOcean for years whenever I want to get an application off the ground quickly, and I've always loved the focus on user experience, the great documentation and the simple user interface. More and more people are finding out about DigitalOcean and realizing that DigitalOcean is perfect for their application workloads.

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[END]