

When Academics Describe the World

I always gets a kick out of academics confidently describing the world based on their models and research, especially when the world right outside their window works nothing like what they are sure must be happening based on their theorizing.

I'm all for theorizing. Big ideas require reflection. But the best theorizing happens in a loop, taking in the real world, reflecting on it, putting the resulting theories to test back in the real world, reflecting again, etc.

In economics, theorists will tell you "public goods" like lighthouses can't ever be supplied by private, profit-seeking ventures. Meanwhile, right outside their window there are private lighthouses, provided in ways too varied and ingenious for the academic mind to comprehend, and too skin-in-the-game trial-and-error intuitive for the entrepreneur to even know how to explicitly describe.

So you have the self-interested tinkerers doing the impossible without being able to describe it, and the sheltered academic calling things impossible without being able to try them. The Royal Society confidently declared that years of peer reviewed research proved what a couple of bike mechanics did at Kitty Hawk was not possible. They didn't publish any papers, they just flew the damn plane and changed the world beyond the small dreams of academics.

A far less dramatic example I recently encountered gave me a laugh too. A professor told me that the best way for candidates to stand out on the job market, given the ubiquity of college degrees, is by their GPA. It seemed to him a sensible and efficient way of beefing up the flabby and dying signal of a degree. In the real world of hiring, no one cares about GPA. No one wants to see it on a resume. In fact, listing it has a greater chance of being a negative signal than positive.

I've also been following a debate in the bitcoin community about an academic paper on the probability of profit from "selfish mining", basically a way to cheat the bitcoin system and, for all intents and purposes, ruin it. I don't pretend to know the higher math involved, nor do I claim to know the actual probability of this threat. Still, I find it amusing the amount of confidence about what is mathematically possible that ignores what real rational actors in the market actually do.

It has a similar flavor to those old silly Hobbesian claims (often portrayed in unimaginative Hollywood films) that, absent Leviathan, everyone would immediately kill each other, or that all power disparities will result in total annihilation of the weaker. Those who see the world this way claim to be taking account of man's high level of self-interest, but in reality

they don't see the world at all, and are completely underestimating just how self-interested humans really are.

It seems the lack of academic imagination stems from lack of seeing the world around them, the way Watson failed to see what Sherlock did. Those who can see are rarely the ones able to describe what they see or write books about it. Instead, they act on it with innovation and value creation. In a free market anyway, profit goes to the visionaries, even if they're unable to describe what it is they see. Then everyone else spends decades debating the proper description of the world created by the innovators.

Let them debate. Go create.