Its All Chance

If the prescriptions for getting rich that are outlined in books such as The Millionaire Next Door and Rich Dad Poor Dad are successful enough to make the books bestsellers, then one must ask, Why aren't there more millionaires? In Fooled by Randomness, Nassim Nicholas Taleb, a professional trader and mathematics professor, examines what randomness means in business and in life and why human beings are so prone to mistake dumb luck for consummate skill. This eccentric and highly personal exploration of the nature of randomness meanders from the court of Croesus and trading rooms in New York and London to Russian roulette, Monte Carlo engines, and the philosophy of Karl Popper. Part of what makes this book so good is Taleb's ability to make seemingly arcane mathematical concepts (at least to this reviewer) entirely relevant in evaluating and understanding everything from the stock market to the success of those millionaires cited in the aforementioned bestsellers. Here's an articulate, wise, and humorous meditation on the nature of success and failure that anyone who wants a little more of the former would do well to consider. Highly recommended. --Harry C. Edwards

Taleb is one of a kind and has ascended to becoming one of my very favorite thinker-writers. This is partly because I've myself been interested in this subject matter (uncertainty, probability, risk, judgement, decision making, etc.) for more than two decades, but also because Taleb makes original and valuable contributions to the subject, and does it with an immensely entertaining writing style.

The book is too wide ranging to summarize its content in a review, but perhaps the main lesson is that we humans are inherently prone to being irrational in various ways (usually without realizing it), particularly when it comes to adequately judging risks (and opportunities) and thereby making appropriate decisions in the face of uncertainty. Were especially prone to
underestimating how often outliers (black swans) can occur and how severe their consequences can be (blowing up in the case of traders). A corollary is that we often underestimate the role of luck (good and bad) in shaping outcomes, and instead overestimate the role of our decisions. Though we can't eliminate our tendency toward irrationality, we can at least be aware of it, and thereby deploy some tricks to help control it or compensate for it.

My thoughts on this book largely echo my review of Taleb's The Black Swan: The Impact of the Highly Improbable, and both books are similar in content and style, though The Black Swan: The Impact of the Highly Improbable is perhaps a bit more flamboyant (in a good way). To be more specific:

- Taleb is confident and may sometimes seem condescending, but his erudition is undeniable, and a strong case can be made for his iconoclastic brilliance as well. In a book like this, perhaps the usual modesty and humility don't make sense.

- He's dismissive of those he disagrees with (even Nobel prize winners), and could be accused of oversimplifying their positions, but his criticisms actually seem to have a lot of validity, and recent financial events seem to have significantly (and unfortunately) vindicated him.

- He often circles around his points, but his refusal to get right to the point pushes you to think more deeply about the implications of his ideas, rather than just quickly saying yes, that's obvious, so what?

- His frequent digressions make it harder for the reader to follow the thread of his narrative, but the digressions are fun and many are quite insightful. For an open-minded person with an intellectual inclination, this can be a very gripping book.

- I do think the more technical discussions should have been more clear and precise. I guess Taleb tried to dumb down the book to reach a broad audience.

- Many of the ideas in the book aren't original to Taleb, but the way he's woven them together and presented them with flourish certainly is, resulting in the ideas having lasting impact on the reader.

- His suggestions on investing aren't very specific, but this is a book about being fooled by randomness in general, not investing in particular. And Taleb's general advice to arrange safeguards against financial disaster, and also get exposure to potentially huge opportunities, certainly seems sensible.

As with The Black Swan: The Impact of the Highly Improbable, the bottom line is that this book is truly unique in its ability to intellectually entertain
while conveying some deep insight and wisdom. Few people in the world have the right intersection of ingredients to produce a book like this, so we should cherish the fact that the book exists. Even if you don’t fully agree with him, Taleb is worth engaging with.

Very highly recommended. In fact, ignore this book at your peril.

For More 5 Star Customer Reviews and Lowest Price:

Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets by Nassim Nicholas Taleb - 5 Star Customer Reviews and Lowest Price!