

Fixing the Knowledge Society

Episode 24 | Everything is Everything

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Transcript

December 8, 2023

Shah, Ajay, and Amit Varma. “Fixing the Knowledge Society.” Episode 24 of Everything is Everything. XKDR Forum, December 8, 2023. Podcast, video, 1:04:31. <https://www.xkdr.org/viewpoints/fixing-the-knowledge-society-episode-24-everything-is-everything>

Abstract

Any knowledge organization has three core functions: making new knowledge, diffusing that knowledge to society, and applying it to make the world better. Universities were once the natural hub for all three activities, but they have systematically failed at each one. The knowledge production process has devolved into a broken journal system where researchers chase publications rather than pursue genuine curiosity. Knowledge diffusion has become mere credentialism—students seek degrees as job tickets rather than actual learning. And the connection between knowledge and real-world impact has weakened as academic incentives reward conformity over innovation.

But this failure creates unprecedented opportunity. The internet has democratized both knowledge acquisition and knowledge sharing in ways unimaginable even thirty years ago. Anyone with curiosity can now access the world’s best thinking. Anyone with insights can reach global audiences without gatekeepers. The brightest minds share their thoughts openly on platforms like Twitter. Creators can build direct relationships with their audiences and monetize their knowledge without institutional intermediaries.

This conversation traces the specific ways academia has broken down and explores how distributed, internet-enabled knowledge networks might better serve the three core functions universities have abandoned.

Supplementary Resources

- **The 7 Biggest Problems Facing Science, According to 270 Scientists** by Julia Belluz, Brad Plumer, and Brian Resnick (Article) [1]
- **Publish and Perish** by Agnes Callard (Essay) [4]
- **The Case against Education** by Bryan Caplan (Book) [5]
- **The Natural Selection of Bad Science** by Paul E. Smaldino and Richard McElreath (Journal article) [9]

- **Stagnation and Scientific Incentives** by Jay Bhattacharya and Mikko Packalen (Working paper) [2]
- **Are Ideas Getting Harder to Find?** by Nicholas Bloom, Charles I. Jones, John Van Reenen, and Michael Webb (Journal article) [3]
- **Papers and Patents Are Becoming Less Disruptive over Time** by Michael Park, Erin Leahey, and Russell J. Funk (Journal article) [7]
- **Why Most Published Research Findings Are False** by John P. A. Ioannidis (Journal article) [6]
- **Science Fictions** by Stuart Ritchie (Book) [8]

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- [00:00:00] **Ajay Shah:** In this, it is very useful to divide this into three parts, and this could be viewed as the mission of any knowledge organization. Part one is we are in the game of making new knowledge.
- [00:00:15] **Ajay Shah:** Part two, we are in the game of diffusing knowledge, of spreading knowledge to more people in the society. And part three, we are in the game of making a better world by applying that knowledge.
- [00:00:28] **Ajay Shah:** Okay, so that's a simple three-part classification, and I've found that this is a very useful way to think about the purpose of many of us, whether as individuals or in the role of shaping institutions.
- [00:00:43] **Ajay Shah:** So we are here to make knowledge, to diffuse knowledge, and to link up knowledge to action.
- [00:00:47] **Amit Varma:** Welcome to Everything is Everything. This is Ajay and I'm Amit, and Ajay keeps making fun of me because he says that you know, Amit, I'm a card-carrying economist, I've done a PhD and all of that. You've studied nothing, you're a fool. So, you know, but at the same time, you agree today. You agree with me that academics is broken, that degrees mean nothing.

Introduction: Why Knowledge Matters

- [00:01:23] **Amit Varma:** So that's what we're going to talk about today. So do you take your words back?
- [00:01:27] **Ajay Shah:** Across 20 short episodes, Amit has changed my views.
- [00:01:31] **Amit Varma:** Across 20 short episodes, I've changed your views. So, Ajay, on a serious note, I know you've been thinking really deeply about the subject of knowledge, learning, how it's spread, and how we become more knowledgeable as a world and use that knowledge to make a better world.
- [00:01:47] **Amit Varma:** And once upon a time, academia seemed like the main instrument for all of this to happen. It no longer is. So I want you to kind of take me through that journey.

- [00:01:56] **Ajay Shah:** Great. So let's start at the problem statement. We are here to put the microscope upon what may be termed the knowledge economy. And I am awkward about the use of the word economy there because our goals are surely more elevated than that of getting economic growth or making some money.
- [00:02:19] **Amit Varma:** The knowledge ecosystem.
- [00:02:19] **Ajay Shah:** The knowledge ecosystem. Okay, the knowledge society. You could look at it in a couple of different ways. And I also find that the word sociology is relevant here. We're looking at the sociology of the knowledge society. Okay, so we're going to drill into the actors and their compulsions and think more deeply about what is this world and how this world used to work in the past, what are the difficulties?
- [00:02:44] **Ajay Shah:** And then I think there is a lot of grounds for optimism because many things are getting better. Okay. And I just want to say to you, gentle reader, that this is relevant for all kinds of people because in many ways, all of us are connected into the knowledge society in various ways.
- [00:03:02] **Ajay Shah:** You could be a producer, you could be a consumer. Okay, so various pieces of the modern world are all integrally connected to the knowledge society. So in a way, the great nuclear reactor running inside the entire modern world is knowledge.
- [00:03:20] **Ajay Shah:** And then knowledge gets made and then it gets translated into action, and that is basically the story of the world.
- [00:03:29] **Ajay Shah:** In this, it is very useful to divide this into three parts, and this could be viewed as the mission of any knowledge organization. Part one is we are in the game of making new knowledge. Part two, we are in the game of diffusing knowledge, of spreading knowledge to more people in the society.
- [00:03:51] **Ajay Shah:** And part three, we are in the game of making a better world by applying that knowledge. Okay, so that's a simple three-part classification, and I've found that this is a very useful way to think about the purpose of many of us, whether as individuals or in the role of shaping institutions.

- [00:04:12] **Ajay Shah:** So we are here to make knowledge, to diffuse knowledge, and to link up knowledge to action to translate knowledge into a better world. It could be better organizations, it could be better firms in the private sector. Okay, we've talked earlier about the passion for thinking about firms, the importance of firms.
- [00:04:36] **Ajay Shah:** Okay, the production in the modern world is made in firms, but it's also about policy. Okay, governments, the state is an important actor in the modern society, and there is a direct, there ought to be a direct flow from the knowledge world to the state world.
- [00:04:53] **Ajay Shah:** Turning to the state, sometimes people are wise and practical and will say that there is nothing to the state other than the game of achieving power and then using that coercive power to help your friends and harm your rivals.
- [00:05:12] **Ajay Shah:** And while that may be an accurate description of the state in many countries, it is a royal road to ruin, and that is what underdevelopment and the third world is all about. There is actually a more elevated vision of the state which is that the state should be doing some public goods, addressing market failure, creating conditions for mass flourishing where the people are creative and imagine and build things.
- [00:05:39] **Ajay Shah:** I remember there's a beautiful speech by Vajpayee, I think around 2002 or 2003, where he talks about the knowledge economy. And there are these beautiful paragraphs in that speech where he says that the knowledge economy is not something to hide in a university. The knowledge economy should, you know, fill every pore of our bodies. Knowledge should go everywhere. It should imbue our lives.
- [00:06:01] **Ajay Shah:** He talks about superstition at the level of individuals needs to be cast aside by using knowledge. He says knowledge should feed into the firms and become high-productivity firms. And knowledge should feed into the state and should become a better state which thinks and does more evidence-based policy as opposed to the crude worldview of just brutality of politics and you win elections and then after that send agencies after your rivals.

- [00:06:26] **Ajay Shah:** Okay, there is such a view in India and sometimes it may often appear that that's what the world is. But really, you know, we should appeal to the better angels of ourselves and we should aspire for better, we should not settle at this crude conception of politics which has a germ of truth in it. Okay, so back to where we are, so then the game is to understand those three pillars.
- [00:06:51] **Ajay Shah:** How do we organize ourselves to produce knowledge? How do we organize ourselves to diffuse knowledge? How do we organize ourselves to take that knowledge and translate it into the society and make the world a better place? And there are established mechanisms and structures of doing that.
- [00:07:10] **Ajay Shah:** As you correctly emphasized at the start, oftentimes we see universities as the core of that. So in a way this is, what I've just described is the mission statement which should be there on the minds of every trustee of every university, of every board member of every university. How do you produce knowledge? Do you do well on producing knowledge? How do you diffuse knowledge? Do you do well on diffusing knowledge?
- [00:07:31] **Ajay Shah:** How do you reach out and be a part of making the world a better place? That's, in a way, could be viewed as a mission statement of every university.

Chapter 1: The Production of Knowledge

- [00:07:47] **Amit Varma:** So, you know, the rationale for having universities makes perfect sense to me to begin with, because, you know, like you said, make knowledge, diffuse knowledge or spread knowledge, and, you know, change the world with the knowledge. And obviously, it's logical for the academy to be where that is centered.
- [00:08:05] **Amit Varma:** But I would say it's logical in a previous century or in times past for that to be the academy. And I'll, you know, tell me about how the academy has failed in its in those functions and has degraded in every way possible. So take me through that sort of historical journey.

[00:08:22] **Ajay Shah:** Yeah. So it's broken and we should fix it, and many parts of this are going wrong. And I think it's important for all of us to turn our analytical lens upon ourselves. I mean, you know, we are creatures of that world. Many of you gentle readers are creatures of that world and you know, let's not just accept the machines humming as they do every day, but let's be self-critical and let's challenge ourselves.

[00:08:47] **Ajay Shah:** You know, I've spent more years in universities than I care to admit. And then we should be the ones that analyze and criticize the way those things work.

[00:08:55] **Amit Varma:** I'm not a creature of that world. You are a creature of that world.

[00:08:57] **Ajay Shah:** So you are an outsider. You have the better ability to question that machinery. I've grown up being indoctrinated by that machinery, many times deriving respect and legitimacy from various brand names. And so I particularly push myself that, you know, one should be self-critical, just like we analyze and criticize everything.

[00:09:18] **Ajay Shah:** Okay, we can make fun of homeopathy, we can make fun of what, hydroponics. So, like that.

[00:09:24] **Amit Varma:** As indeed we should.

[00:09:25] **Ajay Shah:** As we should. And like that, we should make fun of our own world and recognize its hypocrisies and its incentive failures. So let's go after the status quo and how it works. How we produce knowledge. A lot of the knowledge production of the world is shaped by the incentives surrounding the journals and the funding.

[00:09:47] **Ajay Shah:** So we may dream of an Albert Einstein who was a full-time employee as a patent clerk. Okay, he was a clerk in a patent office and that was his full-time job. And just imagine how mind-numbing it would be to be a clerk at a patent office. Um, I apologize to our viewers who work in patent offices.

- [00:10:12] **Ajay Shah:** Uh, but just imagine he's doing a day job in a patent office. He can't be very well paid and he has zero budgets, he has no funding. Okay, and he turned out to be one of the most influential scientists ever. And it is a model of curiosity and passion driving the work. And this is what we would like to believe.
- [00:10:33] **Ajay Shah:** We want thinkers and intellectuals who have their inner fire of curiosity and of passion and who pursue knowledge for its own sake. Sadly, that's not a lot of what happens in the world. Okay, so you'll be aghast at how much of modern academics has turned into climbing career ladders.
- [00:10:55] **Ajay Shah:** It's a game of getting journal publications and getting money, getting funding, and people—it's a dog-eat-dog world of competing to get journal papers, which is not a very efficient way in which to build knowledge because then people are increasingly under pressure and are hyping themselves up on how to win the journal paper.
- [00:11:19] **Ajay Shah:** It stopped becoming, what's an important problem that I can solve? It's become how do I hack into X journal and get that paper? And then the fashions of the editors and the referees start exerting disproportionate influence, and all the other researchers become a bit like lemmings saying that I need to understand what that editor likes, what the referee likes, and I will produce a paper that caters to their whim.
- [00:11:46] **Ajay Shah:** And then that paper has a higher chance of getting in. Okay, so there are some remarkable facts in the modern world that in many ways, the papers in the top-rank journals are actually the less good papers because people have devoted more energy to hack into the system, to really, you know, break into a computer security system and get into the top journals.
- [00:12:08] **Ajay Shah:** So it's ironic that the higher the journal, the lower the quality in ways that I can make precise separately, but it's a remarkable and disappointing fact. People devote so much time and effort into getting into the journals rather than making the knowledge. Another disease that I've seen in economics is that the journal process has just become a tortuous overhead.

- [00:12:33] **Ajay Shah:** There's a germ of an idea which is frankly like one week, and then the publication process becomes like five years, eight years and a huge amount of man-hours are wasted on just like dressing up the product and getting it through the journal, when frankly, there is no creativity or value-add in that.
- [00:12:52] **Ajay Shah:** And it would have been better if we had focused on the creative component, got a product out and moved on and kept building. So Edison famously said that genius is 1% inspiration and 99% perspiration.
- [00:13:08] **Ajay Shah:** And I get that there should be a lot of work.
- [00:13:09] **Amit Varma:** Edison didn't have air conditioning in his time.
- [00:13:17] **Ajay Shah:** Carry on. And I recognize that there is tons of hard work that gets done in the research space. It is not all roses, but I think that somewhere down the line, the balance has gone crazy, and I've known economics firsthand. It is nuts. There are few fields with a journal process as broken as economics.
- [00:13:35] **Ajay Shah:** I have had discussions with many of my colleagues in other fields, and I think the most broken journal process of all is economics, where there's just so much overhead that, you know, people probably get three good days a year of imagining, and 362 days a year are just spent on mundane shit of schmoozing, of networking, of figuring out what editors like, what referees like, of endlessly revising a paper adding no creativity and no novelty, but just satisfying the referees and getting a tome through to the journals that nobody will ever read.
- [00:14:14] **Ajay Shah:** You know, it's just a waste. Remarkable facts about this world are that most published papers are never cited. So basically nobody cares. Nobody's reading your stuff. And this is all just a mess where there's peer review. There are only academic economists reading academic economists having a life and death influence upon each other's careers.

- [00:14:37] **Ajay Shah:** And you can imagine the backbiting, the politics, the coalition formation that goes with that, then you get to certain groups that control a journal, there are gatekeepers who police a certain field and when I look at all that, I just feel like somewhere down the line, we've lost our way. That this is not an efficient way for society to either create an attractive world where curious, gifted people will feel like being an academic and coming and being a part of knowledge creation or an efficient technology for translating resourcing into output.
- [00:15:17] **Ajay Shah:** That the game is to build ideas, to build knowledge and to add value to the world through knowledge. And I don't think we're getting either. So I feel that this whole journal process is broken. And alongside that there is a funding process. There is a competitive process for funding. I feel there's one piece of funding that works well and that is when a corporation is a funder because by and large corporations are meritocratic.
- [00:15:40] **Ajay Shah:** They want to get shit done. Okay, so somebody says to you, here's a widget and at 123 degrees this widget gets destroyed. We need to figure out how to make it work at 256 degrees while having ABCD characteristics. You know, there are finite problems, you go after battles and a corporation as a funder is ultimately going to be meritocratic.
- [00:16:02] **Ajay Shah:** Governments as funders less so, philanthropies as funders less so, but one piece of funding is working well and that is corporations. So it's an important intuition that wherever we are able to build connections between an application inside a corporation where there is a profit motive, it feeding into funding for research.
- [00:16:24] **Ajay Shah:** Then it's a much healthier environment because it's meritocratic and it works well in a lot of STEM: Science, technology, engineering, medicine, it works well in small parts of economics. So one of the best parts of economics in that sense is finance, where academic economics has a lot to say to finance practitioners, and that's where some of these research contracts have begun from private financial firms, for-profit financial firms, into the research world.

- [00:16:52] **Ajay Shah:** Um, India suffers from a different set of problems in this. There are people who get unhappy that how can you be profit-motivated in the world of research? And you know, again, I just want to say it's a bad idea. It's good to do research that solves real problems in the world, and it's good to get to those meritocratic feedback loops where some corporation values the work and is willing to fund it and it keeps going.
- [00:17:15] **Ajay Shah:** So that's a healthy part of the funding process. The other two parts that don't work so well, the government funding process is really about a state capacity problem. The United States DARPA works fantastically well. Most Indian government structures work poorly. So that's just a part of underdevelopment that in a poor country, it's difficult to send money out of government and for it to fund research in a meritocratic way.
- [00:17:43] **Ajay Shah:** Mostly it becomes like friends of the government, cronies of the government, it's not particularly going to the right places. The world of philanthropy also has its huge problems. Basically, it has two fundamental limitations. One is that a lot of philanthropy is defined around humanitarian goals. So, yeah, when there is a cyclone, you want to do disaster relief, but that's not going to add to knowledge.
- [00:18:06] **Ajay Shah:** There is an overwhelming feel-good factor around philanthropy. You want to be able to make those developmentalist videos where there are some poor people and they are being helped. And that's not a useful lens because actually most knowledge production is quite abstract and it takes an intellectual mind to see the connections from knowledge to making the world a better place.
- [00:18:31] **Ajay Shah:** Okay, so James Watt arguably did more for poor people in India than Mother Teresa, but most philanthropists are not sufficiently intellectual to see these links. Uh, philanthropy also has difficulties because of the way large philanthropic bureaucracies are structured. It becomes about job security and risk aversion of the officials inside philanthropies rather than putting their money to good use.

- [00:18:56] **Ajay Shah:** Philanthropies should be doing risk-taking, they should be pursuing high-impact ideas and taking risks and making mistakes more like venture capital and less like bureaucracies. But all too often philanthropies do boring things. They follow fashions and they don't allocate money very well. So these are the problems afflicting the research story, the production of knowledge story, that the journals process doesn't work well, the funding process doesn't work well, and most researchers are just climbing a corporate ladder of how do I get more funding, how do I get more pubs?
- [00:19:29] **Ajay Shah:** I get my promotions and there is too little of an Einstein, there's too little of a Ramanujan in these things. These are people who basically were internally motivated, who were supremely brilliant, clever people and had their own hunger to do stuff. And these incentives shape what happens inside these professions.
- [00:19:51] **Ajay Shah:** So I feel, you know, we get dull people joining or bright people have the spark smashed out of them by the mundane corporate ladder inside academics. There's a phrase in this I want to call out which is endlessly doled out as advice when young people go into the world of research.
- [00:20:12] **Ajay Shah:** The older, wiser, experienced people like to beat the idealism out of them using a dreaded phrase, it's called publication orientation. Okay, like you're supposed to organize your life around shut up and get the pub. You're not supposed to just build ideas and think cool things. It's all irrelevant. Just like shut up, sit down and write the paper, get me the pub.
- [00:20:37] **Ajay Shah:** And yes, I mean, we all need to, you know, shut up and get shit done. Okay, Captain Varma, where are you giving us your great books? When are you going to produce a movie for us? I will say, you know, shut up and get me the movie. But the extent to which this pressure is applied, almost dissing the idealism, almost dissing the dreams of curiosity and knowledge, I find this to be disturbing and I feel that these are things that we need to change.
- [00:21:07] **Ajay Shah:** Okay, so this is my pillar one about the knowledge production. Next we come to the diffusion of knowledge.

Chapter 2: The Diffusion of Knowledge

- [00:21:21] **Ajay Shah:** The diffusion of knowledge has degenerated into credentialism. All we are doing is doling out diplomas, and the students have no interest in the knowledge. The students want to go get a job with Google, and they want to show that degree and they get a job with Google. It has just degenerated into nonsense. The students don't want the knowledge. They're just in a factory.
- [00:21:43] **Ajay Shah:** By the way, I have grown to disagree at the level of load that is being done inside the education process. Uh, somehow the universities want to make students work for 12 hours a day in regimented ways, and then that just breeds mediocrity and the brand name of the university is what sells the student to the employer, and the whole thing is broken.
- [00:22:06] **Ajay Shah:** The universities have understood the value of their brand name and the prices charged by the universities has started creeping up quite dramatically. Uh, our good friend Josh Fellman, uh, said to me that putting one child through college in America involves buying one brand new BMW car every year and rolling it off the edge of a cliff.
- [00:22:29] **Ajay Shah:** Okay. The universities have understood that the parents crave that brand name and they say, you know what? I'm going to charge you good money for that brand name. And then the universities have gone into this funny thing that they want to create resorts and five-star facilities at the universities.
- [00:22:47] **Ajay Shah:** Vast amounts of money are put into gyms and luxurious housing and air-conditioned structures and sports facilities and basically a cozy resort or a five-star environment because actually that's become the reciprocity and the bargain. The parents get daycare for four years for their kids and they get a chapa.
- [00:23:09] **Ajay Shah:** And the kids get a job after that. And the little nicety of kindling the imagination and taking off on an intellectual journey, that stuff has just been pushed to the side. We're just all regimented. We are driving students hard, there are examinations, and the idea of knowledge has just fallen by the wayside.

- [00:23:32] **Ajay Shah:** So I just find this a tragedy that we've got parents, kids, and employers running after a bunch of brand names. And that's just a waste. In the field of economics, there's a well-established idea of making the distinction between the intrinsic capabilities of an individual and the incremental value of the brand name of the university.
- [00:23:57] **Ajay Shah:** And there's a fair amount of evidence, roughly speaking, if you take any IIT graduate and if they did not attend IIT, you know what? Their life would more or less be the same. There's just some asymmetric information. It would take them some time to get to the right jobs because employers are stupid and value that brand name. In the end, they'd be the same.
- [00:24:16] **Ajay Shah:** Basically, in the end, it is your knowledge, your curiosity, your hunger, your hard work, your passion, that will out. And we're just over-indexing on this brand name and it is all going wrong. The second thing that has gone wrong with the process of diffusion of knowledge is this conception that I'll attend college for four years and then my learning is done.
- [00:24:37] **Ajay Shah:** Or I'll get some more chapas and then my learning is done. Whereas that's a completely wrong way to think about the world. The world changes, knowledge evolves, and we fragile, frail bags of wetware are actually not finished with learning over any finite horizon. Learning is slow. It takes us a long time to actually understand things.
- [00:25:03] **Ajay Shah:** So there's a beautiful quotation that the process of education is not filling a pail. The process of education is kindling a fire. And the point is to light that fire and then keep on learning all your life. Partly because we are stupid and it takes us time to learn. Okay, you can't cram it into four years or five years or six years.
- [00:25:24] **Ajay Shah:** And then suddenly you're done. Now you know these things. That's not true. Okay, I mean, looking at myself, I'm a geek and I, you know, have passionately taken interest in the world of knowledge all my life. But it is amazing how over the years slowly things have unfolded on me. Only slowly have I learned things.

- [00:25:43] **Ajay Shah:** I can display formal competence. I can pass any exam, but I have not actually understood things. It takes years of dedication and attention and focus and a passion for knowing through which, you know, bit by bit the veils part and the universe reveals its knowledge to you. It doesn't come quickly. It doesn't come readily, or as a songwriter once said, and if you listen very hard, the tune will come to you at last.
- [00:26:08] **Ajay Shah:** It doesn't come easily. You got to listen very hard, and you can't compress that into four years. Now, add on this the problem of rising longevity. Okay, so the university is an industrial-era construct when people would basically quit work by 55 or 60 and then go off to pasture. That's not a reasonable description of this world.
- [00:26:30] **Ajay Shah:** Okay, when we were discussing with Vaishnav yesterday, we said you're going to live to 120. So, you know, he's got 100 years to go. Now, over the coming 100 years, everything will change. The world will change, he will change. His values will change. His perception of what is desirable and what is good will change.
- [00:26:51] **Ajay Shah:** And so the only reasonable way to construct a life is as a lifelong journey of knowledge, rather than dreaming of compressing it in some four years, six years, diploma, here you're done, go get that job in Google. Okay, that's just a daft way to approach life. It is important and desirable to create constructs of lifelong learning where partly we will endlessly grow on the timeless themes of the world.
- [00:27:17] **Ajay Shah:** Partly in a practical way, we will have to unlearn our trade and rethink it every few years because the world will change. Okay, that maybe today you and I think that we're doing something contemporary which is a YouTube show. Maybe 10 years from now, 20 years from now, the fundamental institutional constructs and the technological arrangements in the diffusion of knowledge will change.
- [00:27:41] **Ajay Shah:** And you know, then we should not be ossified that we'll keep on doing this till the end of time. You know, we have to keep learning new tricks. And, you know, I had never understood what it means to make a YouTube show until, you know, my ripe age of ancient. And so on, we've got to keep on learning, we've got to keep reinventing ourselves.

[00:27:58] **Ajay Shah:** And when people define their education as a university process, I feel you're missing something essential, that all of us need to create the culture, the institutions, the mechanisms, the arrangements for lifelong learning that reflects the longevity of the modern world. So that's the problems with pillar two, that it has turned into just credentialism, you get a Louis Vuitton bag, it is some IIT degree, and then you're supposed to be done.

[00:28:25] **Ajay Shah:** And there could be no less adequate depiction of the wonder of diffusing knowledge.

Chapter 3: Using Knowledge to Improve the World

[00:28:42] **Ajay Shah:** And then we come to the third pillar which is connecting the knowledge into the world. And that in the best of times has been a complex process and I feel that integral to the problem of being a firm in the modern world, of being a government in the modern world is the problem of thinking on a bigger scale, of moving away from an execution orientation to thinking strategically.

[00:29:06] **Ajay Shah:** And then that becomes nurturing knowledge because a firm, an organization needs to put the microscope on itself, to criticize its own operations at a deeper level, not just incrementally turning some screws like a practical process engineer would, but thinking deeply, who are we? What are we doing wrong? How could we do things different?

[00:29:29] **Ajay Shah:** Where will we be five years out, 10 years out? Most people don't know the meaning of the word strategy. When we have done shows that connect to the field of military affairs, I have found it useful to talk through that clear definition of strategy, operations, tactics, and it's good to think clearly about the place of strategy, operations, tactics, and all three need to be part of every organization.

[00:29:55] **Ajay Shah:** Every organization needs to be thinking, analyzing, changing itself and not being in the grip of execution folk. And then that means setting up the knowledge journey of introspection, of analysis, of looking at the external environment and looking at how the world is changing and constantly keeping up an argument with oneself of who are we in this changing world?

- [00:30:20] **Ajay Shah:** What should we do different? How can we analyze and criticize our own processes? All too often firms and government organizations reduce into a contest for power, and then some people seize power and protect their power very often by shutting down discourse.
- [00:30:38] **Ajay Shah:** Then it's like, look, I'm in charge. So you can't criticize me. You can't criticize anything that we are doing. We are fine. And then, you know, it's the slide to mediocrity and stagnation. So, these are the three pillars of the knowledge ecosystem and the knowledge economy, and I feel that we need to think more about the sociology of this world and the human beings and their passions in this world and the incentives that have been created, and I think all three are a little broken.
- [00:31:09] **Amit Varma:** Truly wise words. And the reason I say they are truly wise words is because I agree with all of them. If I did not agree with all of them, they would not be truly wise, they would be partly wise.

Chapter 4: The Academic Circlejerk

- [00:31:25] **Amit Varma:** You've given sort of the view from the inside of the system, and I want to kind of share my view from the outside and the way that I see it. So, I want to address each of those three fundamental points you named, the making of knowledge, the diffusion of knowledge, and changing the world with the knowledge you have.
- [00:31:40] **Amit Varma:** But before that, I want to kind of talk about the academia a little bit because in the context of the writing course I teach, I have had occasion to think about this and go deeper into it because many of my students will often ask me that hey, you talk about clear writing, but in academia, we are expected to write in a certain kind of prose, which is the opposite of clear.

- [00:32:00] **Amit Varma:** So what do we do about that? And I often refer them to this great essay by the philosopher Agnes Callard who to me is the best kind of public intellectual or the best kind of intellectual because she's so active on Twitter. She's always engaging with people and so on and so forth. So just fantastic. And Callard wrote this essay, which we'll link from the show notes, where she talks about why academic writing is so turgid.
- [00:32:21] **Amit Varma:** And she uses an economist's tools to figure it out, which is she looks at incentives. She says that look, here's what happens. You get your PhD, you go on tenure track. What do you have to do to get tenure? You have to get a certain set, a certain number of publications in a certain set of journals. Now, those journals have their own conventions and their own ways of doing things, and those conventions include this kind of turgid writing and will also include intellectual fashions of the day.
- [00:32:47] **Amit Varma:** So you often don't have a choice. You want to get ahead in your career, you got to write in that kind of turgid language and you're kind of stuck there. And so my students who are in academia, who are doing PhDs or who've just finished and they'll ask me, so what do we do? How do we write? We know what is the right way to write from you, but these are the incentives. And what I tell them and I'm just saying this, it's not really apropos, but in case people listening are also curious about, you know, this problem.
- [00:33:14] **Amit Varma:** I have a two-part answer. Part one is that it is possible to do clear academic writing. All academic writing doesn't have to be unclear. And for this, you need to turn to, you know, so many academics write really well, like our friends Tyler Cowen and Alex Tabarrok, so many economists write in clear prose. So it is possible and you can find models who do just that. And the second reason is, if you are...
- [00:33:38] **Ajay Shah:** We previously discussed, and I just want to remind everybody, there's an amazing story where there is a journal article which was edited by Cormac McCarthy. And it's an experience that we should study. Everybody in academics should study because Cormac McCarthy was one of the world's great writers. And oh boy, did he add value to a research paper. So.

- [00:33:58] **Amit Varma:** We'll link that from the show notes. And the second, the second part of my answer is this, that assuming you are in a spot where you have to write in a particular kind of language, which if you're in that academic circle jerk game, you might be in that spot. If you're in a law firm and your seniors expect a certain kind of dull prose. And you think that for your career advancement, there is no way you have to write like that.
- [00:34:17] **Amit Varma:** And I remind them that fine. If you know that you have to write like that in a particular context and you just got to be practical, then bite the bullet and do it, but know why you're doing it and don't let those habits seep into the other writing that you do. Don't write to your father and talk about your subject in that language. And especially, I believe every intellectual has a duty to be a public intellectual.
- [00:34:38] **Amit Varma:** If you care about your ideas and your work, if they have value, then you got to take them out in the public. And that writing has to be clear and explicable for everyone. And not enough people do this. Like I used to edit a policy magazine called Pragati. So I would often have many academics writing for me, and I would always, you know, have to work so hard with them to make the language clearer, because you reflexively get into that turgid language.
- [00:35:02] **Amit Varma:** And another sense that I have is that a lot of the turgid language is there because it is meant to obfuscate and not to, you know, make things clear. Uh, you know, and so whenever I come across a piece of academia that is difficult to read, I assume it is nonsense, and it is normally nonsense, right? Uh, you know, George Orwell talks about the link between clear writing and clear thinking. It's a two-way process.
- [00:35:26] **Amit Varma:** It is not just that a clear thinker is more likely to be a clear writer, but if you force yourself to write clearly, you will have to force yourself to think clearly. It is very easy to hide behind abstract jargon and uh, you know, so on and so forth. But writing clearly is a great test there for me. My other complaints about the academia are really twofold.

- [00:35:48] **Amit Varma:** One is that you often get stuck into silos. So, you know, you get deeper and deeper into silos and become less and less of a generalist. So you'll be writing about wheat production in Arizona between the years 1863 to 1865. Uh, you know, which actually really makes no difference not just to the real world, but to the body of knowledge. It's just something that you do and you dig deeper and deeper and you know nothing else about the world.
- [00:36:12] **Amit Varma:** And my second big complaint is conformity. Uh, you know, the dreaded oppressiveness of the fashion of the day that it is very easy for a particular fashion of the day to take over academia. And you might think you're an independent thinker and young people like to be rebels, they'll go into the university and they'll say, oh, I'm an independent thinker. But they conform.
- [00:36:34] **Amit Varma:** And there's a beautiful paper that, you know, the title of the paper which kind of expresses this, we'll link that from the show notes as well. And the title is Social Conformity Despite Individual Preferences for Distinctiveness. This is by Paul Smaldino and Joshua Epstein, right, which just indicates exactly what happens. So you have academia filling up with conventional-minded people when these conventions can often be toxic fashions of the day, what Paul Graham calls the aggressively minded, um the aggressively conventionally minded.
- [00:37:02] **Amit Varma:** And this is to me a great danger because I feel that if you are in the business of knowledge, then you cannot have one frame, one hammer for every nail. You know, you have to be multi-disciplinary, you have to have multiple frames and in a sense you have to absorb the motto that inspired us to name this show, everything is everything, right? So that's my sort of rant with academia out of the way. Now I'll, you know, tackle each of the other three questions.
- [00:37:28] **Ajay Shah:** Can I just continue on what you just said? Uh, I want to harp on one of the deep ways in which we are damaging ourselves in the world of academia. It is in the admission process, in the recruitment process. Uh, we demand regimentation, which is demand that child that will work for long hours and they are the ones that get in.

- [00:37:50] **Ajay Shah:** Or to get an admission into a PhD, we want the person to have good grades when they were a college student. And we've lost sight of the greatest stuff that actually makes for research, which is the curiosity and the passion. And so in the process, we're just wasting our seed corn. We're getting the wrong people.
- [00:38:12] **Ajay Shah:** You know, we are not getting that Einstein and Ramanujan, which is getting very normal bureaucrats, the most predictable, safe, respectable folk who should be in a normal operations office environment in a corporation or a government, tend to be the ones that get selected to go do a PhD at one of the famous universities because our admission standards are so stringent.
- [00:38:38] **Ajay Shah:** And uh particularly in India, the way the modern Indian state has evolved in populist ways, everything has to be objective. There have to be exams, the top people with the marks in the exams are the ones that get selected. And that just is exerting a great dulling sound where we are wasting the best people who are not coming into the knowledge business as a consequence.
- [00:39:00] **Amit Varma:** And one last point on academia is, you know, in an earlier episode, we discussed Timur Kuran's insight on waqfs in the Middle East, which were these institutions which were set up for a particular purpose. And when they became irrelevant, like say a waqf is set up to build water fountains, but once you have piped water, you know, that original mission is defunct, it's not required, but all the capital is tied up there.
- [00:39:21] **Amit Varma:** And I look at the modern university system and I think that there is a lot tied up there. There's a lot tied up there in terms of the massive endowments that the big universities have like Harvard, Stanford, etc., etc. So in terms of capital, a lot of it to me is just dead capital because it's not doing the job it was originally meant to do. And you know, and there is a greater um more unseen cost in the wider world that people just assume that this is where the best and the brightest are and whatever comes out of them must be uh the holy grail and they, you know, and the truth is that all of that is old, it's no longer the case.

Chapter 5: Modern Sources of Knowledge

- [00:40:06] **Amit Varma:** So now I want to, you know, talk about the first of the three pillars that you spoke about that how do we gain knowledge about the world and then how do we make knowledge? And I find that before we even make knowledge, we have to gain knowledge. How do we do this? We it depends on the media available to us and how we learn. Now, through most of human history, you had no way to scale this, right?
- [00:40:25] **Amit Varma:** So your knowledge was dependent on what the people around you told you, and that was pretty much all you knew. And uh therefore, knowledge would not propagate further. Now, Gutenberg changes this with the printing press and you have books and all, but it is still just a small number of elites who are reading. And someone who comes into the business of getting knowledge and making it has a very small sample size of knowledge available to her to work with.
- [00:40:48] **Amit Varma:** For example, you know, my writing students would often ask me why one of my great heroes, one of our great heroes, Adam Smith, why some of his prose can be a bit turgid at times. And the point I make is that look, think of what he must have read, think of the models he would have had. He doesn't have the world of literature and the values that we know about writing and writing courses like mine to write in a different way.
- [00:41:09] **Amit Varma:** He has the most turgid literature available to him, but out of that, if you really look at the ideas that he is coming up with, his thinking is remarkable. To me that makes his achievement even greater, right? And therefore it would make sense in times like that that how do you gain knowledge? You have a university, you accumulate the knowledge there, people go there, they read together, they read a lot of stuff, they have guides there who are called professors, and they gain knowledge that way.
- [00:41:35] **Amit Varma:** But in the modern world, that's not necessary anymore. The modern world is not only Gutenberg and printed books. The modern world is everything. The modern world is everything is everything. You know, you can gain your knowledge from YouTube, from podcasts, uh you know, any subject you want to learn today, you can do it. I was telling Vaishnav yesterday that hey, you know, I wish I was 15 today because I could learn anything. There is no subject I could not learn because all the resources are there.

- [00:41:59] **Amit Varma:** You know, and they weren't earlier. So I feel in terms of how we gain knowledge, it is really different. Earlier, only those who were fortunate enough to have access could gain knowledge by entering one of the hallowed precincts of academia, but today anyone who has a hunger and the spark can go out there and gain knowledge. Now, how do you go from gaining knowledge to making knowledge and to, you know, growing your own intellect?
- [00:42:24] **Amit Varma:** And part of that is also who are the people that you speak to. What are the networks? You know, you need bright people to bounce ideas off each other. And again, in an earlier time, a university made sense because the bright people congregate there and they bounce ideas off each other and good things happen, right? That is in theory and that was in practice a while ago and still is in some small measure.
- [00:42:47] **Amit Varma:** But today you have the internet, you know, like toxic as Twitter is, one of the delightful things about Twitter is that every morning I can wake up and have a look at what the best minds in the world are thinking about. They are thinking aloud for my benefit. 30 years ago, this would have been magic. It would have been unimaginable. You know, today, like, earlier, we were sort of restricted to communities of circumstance.
- [00:43:12] **Amit Varma:** Today, we can form communities of choice. Most of my friends are people I have in some measure or the other met because of the internet, if not through it. You know. So again, that has changed that, you know, to gain knowledge, you no longer need universities and close spaces. And to sort of grow your knowledge and to, you know, become a better thinker, you don't need those either.

Chapter 6: Why This is a Golden Age for Creators

- [00:43:44] **Amit Varma:** Let's now talk about diffusing knowledge in the world. And I've given presentations and talks on the creator economy and all of that. It's pretty close to my heart. But back in the day, here's the deal. Even if I gain knowledge somehow and I want to diffuse it, how do I diffuse it? The means of production were not available to any of us. You had to, you know, you had big mainstream companies that had the means of production, they had gatekeepers.
- [00:44:05] **Amit Varma:** Gatekeepers were often conventional-minded, if not aggressively conventional-minded. They had their own incentives, they had their own biases. They had their own scarcity in terms of space and budgets and so on and so forth. So it was very difficult to sort of walk through that door. Like an analog I use is that let's say I want to write something in the 1990s, right? So maybe I'll write an article and I'll send it to a newspaper like the Times of India or the Hindustan Times.
- [00:44:30] **Amit Varma:** And they'll take it from me and they'll publish it and they'll sell eyeballs to advertisers and I get a really tiny chunk of that money. And where that changed is that one, you know, and I was one of the early bloggers. And in the blogging age, firstly, I did not need to go to a gatekeeper with their biases. I did not need to follow a news cycle. I was not restricted to a form of 800 words or 900 words or whatever it might be.
- [00:44:57] **Amit Varma:** I could write about anything I wanted. I could engage directly with people who read me, and as time went by and this became true for audiovisual creators with YouTube, I could even monetize that directly, where I don't need to use the via medium of advertising. As you know, I'm a professional podcaster and all the money I make comes directly from you know, listeners and viewers. And this would have been unimaginable 30 years ago.
- [00:45:23] **Amit Varma:** So as far as disseminating knowledge is concerned, we now have the means of production and we can do things you couldn't have dreamed of. Like, you know, 30 years ago you go to a radio company which is the only audio thing there is, and you tell them that hey, you know, I'm going to do an eight-hour podcast. I'm going to do long conversations with boring academics, and I would have been laughed out of the room. You know, but today that's not the case.

- [00:45:44] **Amit Varma:** You can go in any direction you want. Niches that no one knew existed can suddenly appear and that leads to a great flowering of content. And it's fashionable to look at, you know, some popular people on YouTube and say that, hey, that is so bad, that is so rubbish. But the point is Sturgeon's law, right? 95% of everything is crap and we know that. It's always been the case.
- [00:46:07] **Amit Varma:** But today, the point is anybody can go out there and make something. You no longer need to say XYZ is bad, that sucks. You can now say, sure, XYZ is bad, so what? I'll do better. I'll do ABC, I'll do everything is everything.
- [00:46:20] **Ajay Shah:** Today, Ramanujan would have been doling out his gems one blog article at a time.
- [00:46:28] **Amit Varma:** There you go. And also, let me tell you, Ramanujan, you have pointed out eloquently in past episodes, had to sort of reinvent the wheel because he didn't have access to a lot of knowledge. So he was discovering stuff that was already discovered. He was discovering it all over for himself. He would not have to do that and that would possibly accelerate his process of learning and the great discoveries he would have made.

Chapter 7: The Long Game

- [00:46:57] **Amit Varma:** And now I want to talk about, you know, knowledge changing the world. And I honestly see ourselves in that business. I see any young creator in that business. You know stuff, you have ideas, you want to change the world. And the way to think about it is that we are playing the long game. We are building a repository of content, and we are trying to create in different ways, a community of thinkers.
- [00:47:21] **Amit Varma:** And these are important and we can do it at scale and we can reach out across geography and across time and do it, which academia couldn't and can't, right? Uh we are not only uh restricted by the physical location where we are, you know, like a professor in a college would be. We can reach out across geography and I say we can reach out across time because when I started thinking seriously about The Seen and the Unseen, my sense was I want to reach out across time as well.

- [00:47:46] **Amit Varma:** I want someone 30 years later to listen to this and get an insight into this world and this person. And as people who care about knowledge, I think it's important to sort of do that, to build that repository, to get your ideas out there. Like I often tell people that, you know, if I have some dramatic ideas about how the world can be better, you know, grandiose claim to make to begin with, I don't imagine something will happen tomorrow.
- [00:48:12] **Amit Varma:** But maybe somebody watching this show, and that could be you gentle reader, somebody watching this show is a 15-year-old girl in some remote town in India who's going to be Prime Minister of the country in 30 years, right? And she's now getting knowledge from YouTube, from podcasts, from whatever book she can get her hands on, and she can get her hands on any book at all, and you know, learning about the world, growing her mind, um, you know, listening to musicians, checking out artists, all of that.
- [00:48:37] **Amit Varma:** It's just absolutely wonderful. And I think we are in a golden age. I think academics is utterly irrelevant. It's a circle jerk, it's pompous old farts talking to other pompous old farts. You know, I will use much stronger terms for it than you do. And a lot of the frames through which they look at the world are either outdated or toxic or purely fictional, if not all of them at the same time.
- [00:49:01] **Amit Varma:** But that is not reason for us to despair. The mainstream everywhere is crumbling, and yeah, long live, uh you know, distributed knowledge and distributed resources.
- [00:49:13] **Ajay Shah:** So I want to add to this in a few uh parting thoughts. Uh we're almost at the end of this episode. Uh, here are some things to think about. When we talked about cricket, uh, the insight about the marginal contribution of a player to the probability of a team winning, only works as a program for action when it bubbles up to the selectors. Okay because ultimately the root cause is the selectors.
- [00:49:41] **Ajay Shah:** Okay, so some of the most broken things in the world are at that level of allocation. Uh, in similar fashion, some of the most broken things in the intellectual world are the selection process, the selection of students, the selection of PhD students, the selection of academic faculty, the promotion of academic faculty, the decisions by funders on who gets funded. Okay?

- [00:50:06] **Ajay Shah:** This is the root cause because, you know, we are economists. The incentives that are given out by these people shape the way in which everybody else behaves and they respond, and then that gives us the resulting dysfunctionality. So, I think it's very important for us to constantly think about the sociological maladies as flowing from management decisions.
- [00:50:30] **Ajay Shah:** It is because management is broken that the organizations are broken and all the bad things are happening. And we should be self-aware about that root cause analysis and that becomes the pathway on how to make things better. And that takes me to the question of credit. Uh, I think people obsess on credit. People worry way too much about credit.
- [00:50:53] **Ajay Shah:** And it is the competitive chase for credit I think is just harmful and is damaging a lot about what happens in the world. I think the process of producing knowledge is far more subtle and dispersed than we care to admit because each of us is actually shaped by so many influences. Okay, all the side conversations we do, the little bits of humor and crazy brainstorming and nonsense talk that happens at night is all going into our brains and then our brains emerge with an idea.
- [00:51:34] **Ajay Shah:** And actually all those inputs are the fuel out of which we make something and, you know, we incrementally make things from our zeitgeist. And, you know, so did Picasso step out of thin air and invent cubism? No, there were many people around him and he was picking up those pieces and in that moment, he did that incremental thing.
- [00:51:56] **Ajay Shah:** And that's the analogy is it's a runner taking the baton across the finish line, but there are many people who've been part of it. And I just like to play down the role of that one person that the way the world works is authorship and credit is given very narrowly to somebody that did it while actually, you know, we should all be more self-aware and many, many people do this and we are a part of that larger society.

- [00:52:24] **Ajay Shah:** No man is an island and, you know, we all take things from each other and we are all responsible for the things that we each of us are thinking. And so for example, I don't like prizes. I think that prizes disproportionately reward the one person who took the baton across the finish line, and these high-powered incentives actually damage the willingness and ability of people to cooperate because when you become too competitive, then you actually will not cooperate.
- [00:52:59] **Ajay Shah:** If you and I are in a race for a Nobel prize, then I'll be hoarding my ideas and you'll be hoarding your ideas. So this competitive spirit that comes because of a prize culture, a winner-takes-all culture is actually very harmful because we will all do better if we will talk to each other in a more dispassionate way and we'll share ideas freely and we'll give each other ideas and so certainly it helps that whatever is published as a paper should have many, many authors of the people who intellectually contributed to it.
- [00:53:28] **Ajay Shah:** Okay, so um young people are often very grade-grabbing. They want authorship for actually having done implementation work. It's not correct. But for the rest, you get to the actual intellectual contributions, many people do intellectual contributions. There's a side conversation that happens when you meet accidentally at a bicycle repair shop and that conversation leads on into a paper.
- [00:53:51] **Ajay Shah:** You may have never met that person again, but then that person should be acknowledged as an author because that conversation shaped your thinking. So, I think that we need to open up our minds to much broader notions of authorship and I'm not very excited about prizes because actually they harm this process and of course, as you alluded, one of the most stupid things about the world is the glorification of some IIT or some prize and you know that is the surest path to disproportionately seeing some people as being the sources of the knowledge.
- [00:54:26] **Ajay Shah:** I want to tell a little story about a great mathematician who I find to be a charming guy. His name is Grigory Perelman. He lives in Moscow. He lives with his mother. He walks in the forest and gathers mushrooms and thinks. Okay, and he did some great work. And it would take many minutes to explain what was that great work.

- [00:54:54] **Ajay Shah:** And then he wrote a paper. So, he put up that paper on a website. Then some people said to him, why don't you publish this in a journal? And he said, why? Either the proof is right or the proof is wrong. If the proof is right, I'm a good mathematician and for hundreds of years, this will be remembered. If the proof is wrong, this stuff should just be thrown away. How will the journal brand name make a difference to the quality of my work, to what I have done?
- [00:55:20] **Ajay Shah:** So I don't need journals. And I am disintermediating the journals. I have my paper up on archive, and I'm done. Then if people like it, they'll read it. If they think I'm correct, great. If they think I'm wrong, fine. What does journal got to do with it? So, he was like pushing away the journal as the middleman, as the arbiter, as the gatekeeper. Then he started becoming famous and getting prizes. Okay? So like there was some clay mathematical award of 1 million dollars.
- [00:55:49] **Ajay Shah:** And uh mercifully, they reached out to him quietly and they said, you know, we want to give you this award and will you show up? Will you come to take the prize and then, you know, it'll be all over social media and you will get a check of a million dollars. And he said, no. So, they said, why? So he said, please come, we'll give you the prize and a million dollars. He said, no.
- [00:56:12] **Ajay Shah:** So, why? So he said, I think prizes are harmful. Prizes damage the way in which we work that we give excessively disproportionate rewards to some people, and that damages collaboration DNA in the entire community. I mean, yes, I did this, but I stood on the shoulders of many other people. They don't get the prize. And that's the wrong way to do it. And I live with my mother, I walk in the forest, I collect mushrooms. What will I do with a million dollars?
- [00:56:38] **Ajay Shah:** I don't want to do this. So he never appeared for the prize.
- [00:56:41] **Amit Varma:** Magnificent inspiring story, and I completely agree with you about, you know, the collective and collaborative nature of knowledge. But I have to respond to what you said about prizes because I want to put a caveat there. I have won something called the Bastiat Prize twice. Uh first person in the world to win it twice, and I think Tim Harford also won it for a second time. And I first won it in 2007, right?

- [00:57:02] **Amit Varma:** Uh, second person from India to win it. I think and no other Indian has won it since then. And it was basically named after one of my heroes, Frederick Bastiat, and it was meant to be given to a journalist somewhere who upheld the ideals of a free society. And it meant a big freaking deal to me because I was one of the I was literally the only person in India writing about the kind of stuff that I do, freedom and so on and so forth, shifting the Overton window.
- [00:57:27] **Amit Varma:** It was a lonely journey. Everybody abused me in those days. It was a tough ride. That prize meant a lot to me, the \$10,000 I got with the prize meant a lot to me, and so on and so forth. Then at a point in time, I left the world, renounced the world for five years to play poker, as you know. And I came back and I found everyone had forgotten me. I was irrelevant and blah, blah, blah. And then I started writing again and then I won the freaking Bastiat prize again in 2015 and got \$10,000 useful dollars at that time.
- [00:57:53] **Amit Varma:** And it meant a big deal to me. And it is not as if, you know, you're rewarded for conventional thinking or following a fashion because I was doing exactly the opposite. And, you know, it helped keeping going. And other people who, you know, Swaminathan Aiyar got nominated for that, one of my heroes. He's again one of those columnists who bucked the trend through the late 80s and then all through the 90s, extolling the power of markets.
- [00:58:20] **Amit Varma:** So, I agree with you about prizes in the sense that it is the elites rewarding the elites, and I would never take a government award. So, oh, you government bureaucrat, you want to give me a Padma Shri? Fuck off. But the point, so I would never take a government award. I would, you know, not look at anything which sort of ties me down to a particular group of elites or a school of thinking or whatever.
- [00:58:42] **Amit Varma:** The Khan Market liberal award will never be accepted by me. But sometimes I feel that things like this can be useful.
- [00:58:49] **Ajay Shah:** I don't disagree that the prize was important for you, was good for you, it felt good for you and it was important in helping you along. It was positive feedback on a difficult journey that you were on. I don't deny any of that. I just want you to zoom out and think systemically. There are thousands of creators in the world, only a few will get prizes. And what I'm worrying about is an idea I stole from Grigory Perelman.

- [00:59:10] **Ajay Shah:** He was the one that opened my eyes to this, is that actually that one person gets the award and everybody else is a little bit in the shadow. And then it reshapes the incentives of the everybody else on how they think about you and it damages collaboration DNA in the world. It disproportionately rewards one person and that is the stuff to worry about. Um, both of us uh think a lot about one particular songwriter, and I just want to show some lines.
- [00:59:41] **Ajay Shah:** Uh he writes, and I won and I won one big once. And I paid the cost. Inside I felt like I was carrying the broken spirits of all the other ones who lost. Okay, so that one who wins big should be seen in the context of all the others who lost.
- [01:00:00] **Ajay Shah:** All the other strivers who are actually important in this world and who actually make the space for you and me to do what we do.
- [01:00:08] **Ajay Shah:** And if you could dream a world, I would dream of a world with low-powered incentives rather than high-powered incentives.
- [01:00:14] **Amit Varma:** I would actually dream of a world with a market for prizes where different people give prizes for different things because like in my case, I was doing Eklachore, I was walking alone.
- [01:00:21] **Amit Varma:** So there's no one else who will feel bad that I won it, and there might be other people who are then inspired to...
- [01:00:28] **Ajay Shah:** No, I'm on things like a Nobel Prize and in the research game, the thing about getting a prize for the best paper of the journal and so on.
- [01:00:36] **Ajay Shah:** And see this, again, go back to the selectors. The universities are run by a bunch of admins who actually barely understand the knowledge space, and they're just using these as markers.
- [01:00:47] **Amit Varma:** No, I completely agree with you, which is why my approach is not have no prizes. My approach is a free market approach, let a thousand flowers bloom, let there be a thousand prizes.

[01:00:56] **Amit Varma:** You know, you and I could organize a prize and put some money into it and motivate some people to try for it. So that is really my approach. It's a market approach and not a monopolistic approach.

[01:01:05] **Amit Varma:** And right now, fine, the elites control it and most of those prizes. I agree with you on all the rest of that, but do not take my two candlesticks away from me.

Chapter 8: Amit's Recco

[01:01:22] **Ajay Shah:** So Amit, tell us your recommendations for today.

[01:01:25] **Amit Varma:** So I have one recommendation, but now that has become two recommendations because you said something which made me think of another book which I'd like to recommend.

[01:01:32] **Amit Varma:** You spoke about Mother Teresa, and Christopher Hitchens has this great book called *The Missionary Position* about Mother Teresa and why one should always be suspicious of sanctimony.

[01:01:40] **Amit Varma:** So that's a great book. I'd love everyone to read it and make up their own minds. And Hitchens is a great writer and I think he died too young.

[01:01:47] **Amit Varma:** You know, if he was alive, I would have loved to see what he wrote and how he called out the bullshit which prevails all around us from both the left and the right.

[01:01:55] **Amit Varma:** And I miss him all the time, great writer. And the other book I want to recommend is *A Case Against Education* by Bryan Caplan.

[01:02:03] **Amit Varma:** You know, I think the subtitle of the book is *Why the Education System Is a Waste of Time and Money*, right? So we're very much on the lines of what we've kind of spoken about.

- [01:02:13] **Amit Varma:** A book worth reading. It's a subject I think about deeply because I think the entire paradigm is broken, the form of education is broken. And I don't, I can't imagine what will take its place.
- [01:02:22] **Amit Varma:** But there is a great opportunity there for people who solve that particular problem. There is no, like when I think of schools, there is no reason why we should be studying in a system that was designed in the early 19th century for producing workers for the Industrial Revolution.
- [01:02:37] **Amit Varma:** You have kids of the same age studying together, studying the same subjects. It makes no sense in this day and age. You know, monkeys can climb trees, but you're also putting fish through an exam of how to climb trees. It's not fair. It's crazy.
- [01:02:50] **Amit Varma:** So The Case Against Education by Bryan Caplan is my second recommendation.

Chapter 9: Ajay's Recco

- [01:03:02] **Amit Varma:** So Ajay, what are you recommending for us today?
- [01:03:04] **Ajay Shah:** Not directly connected with the things we talked today, but about a very important subject. This is the problem of the administrative state. The administrative state is the world where the officials run the government and wield the coercive power.
- [01:03:21] **Ajay Shah:** And it is full of difficulties because then the checks and balances break down and the rule of law breaks down. Now, there is an extreme problem with the administrative state in India.
- [01:03:33] **Ajay Shah:** And in a way, In Service of the Republic by Kelkar and Shah is about that problem. There is a different, softer version of an administrative problem in advanced economies which is worth understanding and thinking about.
- [01:03:47] **Ajay Shah:** We may sometimes derisively call it first-world problems, but it's good and important to think deeply about that because it does guide our thinking about an undeveloped country, an underdeveloped country, and the same problems.

[01:04:02] Ajay Shah: And this is a book called Unelected Power by Paul Tucker, which is about that problem of power being wielded by unelected officials and the whole array of incentive difficulties that goes with that.

[01:04:17] Amit Varma: Apropos of nothing, I just thought that Paul Tucker rhymes with tall fucker, but let that be. So yeah, thank you for, you know, watching this episode. Do comment, do like, share, subscribe, and yeah, play the long game with us.

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