

I am listening to Muddy Waters live at the checkerboard lounge with The Rolling Stones. I have a test in a week, and I probably should be studying for that too, but there are a few things on my mind that I think are worth sharing. Remember I am a not formally educated idiot, as this is my sole opinion and I have no credentials, there is no financial or business advice here. SO please don't do this at home. As whoever reads what I write knows (I am always shocked to discover there's actually someone out there who takes the time) I pretend to be a second level thinker like Howard Marks talks about (<https://www.oaktreecapital.com/docs/default-source/memos/2015-09-09-its-not-easy.pdf>). my style is observing something in life, educating myself in theory (by reading and listening to people who are smarter than me), and experimenting (either physical experiments or through speaking to people without them being aware they are going through some from of questionnaire I have in my brain). Below are as usual results of a few years of observation.

The title is What's The difference?

Or

On the difference between trends and cycles,

And the difference between a product and a solution (and why a Product Manager is a stupid title)

Before I ask myself, what is different and what will be different, I ask myself what won't be different. What never changes are the nature of human beings. We all like to think our genes are better, that the bad things that happened to us were fate, that the good things were because of our actions. We are horrible at calculating risk, we overestimate our abilities or underestimate them too. We are a pack animal. We like to blame others and take credit. We are amazing problem solvers, and incredible at creating tools to enhance our natural abilities. We are creative, generous, and hypocritical.

You notice some crazy things when you travel on planes and in airports. What is most clear, is how humans love to feel special. First, the concept of getting on the plane as early as possible. If you've never flown before this will be hard to describe, and almost anyone I know has (although one of my best friends flew for the first time in his life only last year on his 28th birthday). The travelers are waiting outside the gate waiting to get on a plane. Normally there's a bit of space outside, most times it's more comfortable then getting on the plane itself. One of the perks of flying first class or business is getting on the plane first. That's also how they try to bribe people to check in their carry on bags. This phenomenon has always baffled me. If you fly first class or business you can get on the plane whenever you feel like when they are ticketing. They normally reserve that line open. Why would you want to get on the plane quickly? You'll have overhead space to keep your bags, it's sort of more comfortable, but your sort of trapped. But it's nice to have everyone stare at you as you on first, and as they all walk by you. It feels so nice that people pay to get on early. That is only one little thing. People will pay to get special treatment, the airlines are separating us on planes based on how much you paid. There's first class, business class, comfort economy, exit rows, aisle seats, window seats, in the back seats, and then in the back middle seats. Amusement parks came up with similar things, there's skip the line, super skip the line, and stand and wait in line. Scott Galloway told of his

adventure in Disney world, where he paid over \$5,000 so he and his sons can skip lines.

https://www.youtube.com/watch?v=otyopiVAicI&t=1292s&ab_channel=Summit

I have a lot of respect for him. I liked his book *The Four* (post covid not as much). It's funny how so many people have a great first book, and the second just is a recycled version of the previous one.

This development of line cutting, special seating isn't new, but it is turning into an ever escalating trend. First because the companies can test things and get results quickly. They can preform A\B testing in a small location and then expand the trend when they see it's successful. They can figure out how to extract as many dollars as possible. Thank God they're not as good at it yet. They're in the business of selling a product and not solving a problem. If their mind was better fixated on the right things, they'd be much better at extracting the maximum amount of dollars. And yes, I do think I can do a better job than a lot of business managers. I am an investor, business manager and a software engineer. Yes, I appointed myself to all 3, we will see in 30 years if I deserved my self-appointed titles. Investors must recognize the difference between a good and bad business, business managers have to differentiate between well run and poorly run companies, and engineers should be able to see, especially in their sphere, a well-designed solution. We will get back to all this later.

Companies are finding ways to make more money based on "better" customer experience, you pay no ads, you don't pay, you get ads. You pay, you stand in line, you pay more, you don't stand in line. From a business perspective I think it is fair, you don't want to participate in the transaction, you don't have to. You can sit in the middle seat, you can live with ads. Another sphere we're seeing this is with the pricing of concerts' live sporting events, let alone playoffs, or finals. The trends Scott Galloway points to are clear to everyone. Nick Hanauer spoke about the wealth and income gaps a decade ago (https://www.youtube.com/watch?v=q2gO4DKVpa8&t=350s&ab_channel=TED). It's easy to point at taxation. It's easy to point at companies for price gauging. It's easy to point fingers at immigrants. It's easy to point fingers at those who won't allow "health care reform". It's easy to point fingers at uneducated people. It's easy to point fingers at those who are different, or that are on the opposing side of the transaction. Let's for a moment, take a deep dive into history.

The definition of Aristocracy:" government by the best individuals or by a small privileged class" (Merriam-webster). Coming from Aristokratiā, Latin for "the rule of the best". The human race has always had a limited supply. The best ground to set camp, the best cuts of meat (when we were hunter gatherers), the best matches (when arranged marriage existed), best land, best jobs. I am sure you can see where I am going here. Throughout history, aristocracy as commonly known today came into their position through someone who showed superior skill, leadership, ability for managing human relationships and more. These were chiefs and tribe leaders, kings, generals and Caesars. Humans always wanted leadership, leadership of the best. Naturally these people looked after their offspring, and as they passed away, they wanted to pass their status to their inheritors. Bloodline mattered and still matters today, certain last names in come circles matter. People will take you more seriously if your dad was this, or your brother does that. We assume there's a possibility that you have something good in your genes. That's what made a match(in the matchmaking days) a good match. That's why in Disney movies the princess marries a prince and not a king. He has the royal blood but perhaps doesn't have the blood on his hands from overthrowing another king. He has the status, the genetics, and a bright history ahead, no bloody history. The aristocracy always had better conditions, better opportunities, they rode in a carriage as others had to walk on those old dirt roads. The Aristocrats always wanted the hand of religion to justify them, and why not, god had favored them with great fortune. Either with the lottery of the womb (as Warren Buffett calls it) or with skills, lessons, opportunities and luck. Religious leaders understood the political game very well

and were part of this aristocracy. The two, church and state, were always intertwined. The aristocracy constantly changed, and the rules of the game either dictated how it was played, or the new aristocracy won based on rules that changed.

With every century the quality of life for the aristocracy improved, and maybe somewhat for the poor and what would be then an unnoticeable middle class. And every century, the quality-of-life gap grew as well. The renaissance obviously was the major changing force.

Then the US got its own religion, the constitution and its system, under this system a new aristocracy would be formed. This system transformed the world. This machine works. Look what happened now after Covid. Something about the USA just works. This machine too, created its own aristocracy.

These are champion entrepreneurs and investors, not conquerors like the days of old. Decade to decade the quality of life got better. The working class now has access to health care better than anyone a century ago. The aristocracy's quality of life grew immensely too. As universities opened (as they used to be closed to Jews too) and slowly firms realized that they should hire based on skill, the US engine took off. But now, the wealth and income gaps seem larger than ever, although, I opine, it has never been easier to climb up the ladder. Scott Galloway said it is the easiest it ever has been to become a billionaire but harder to become a millionaire. I think he is right on the first but wrong on the latter. Here's why.

The internet is the world's greatest emancipator. You can access now anything you want.

The great giants of a century ago didn't stand in the public eye as they do today. Social media takes to an extreme what paparazzi were 40 years ago. Worst yet, we get footage into our neighbors and classmates' lives. Envy is the disease our society has. Another thing that happened in our society is it gave us a voice.

Clash of mindsets between the entrepreneur and the investor.

Indexing has become popular because you don't want to make less than anyone else. But out of everyone I spoke to who really indexes using an index, almost nobody does it but me.