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# The Dumber Side of Smart People

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ost people will die after three days without water. But drinking too much can be equally dangerous - water intoxication is deadly, and during rigorous training about a dozen soldiers per year are hospitalized for drinking too much water.

Mae West said, “Too much of a good thing can be wonderful.” That might be true for some things - health, happiness, golden retrievers, maybe.

But in so many cases the thing that helps you can be taken to a dangerous level. And since it’s a “good thing,” not an obvious threat, its danger creeps into your life unnoticed.

Take intelligence. I’m talking about book intelligence, the kind that shows up in SAT scores and GPAs.

How could someone possibly be too intelligent? How do you get to a point where you realize you could have been more successful if you had been a little dumber?

A few big ways: ABOUT	PORTFOLIO	SHARED FUTURE	SOS	LP	BLO
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## **1. Very smart people can fool themselves with elaborate stories about why something happened.**

Comedian Robin Williams was a terrible student. During a macroeconomic class at College of Marin, Williams' final paper contained a single sentence to his professor: "I really don't know, sir."

He failed the test, but it's the right answer to most economic problems.

There is so much that we not only don't know, but can't know, about why complex systems like the stock market and economy behave the way they do, because human emotions and shifting social preferences can't be distilled down to a formula. Humility is a superpower that prevents overconfidence.

But being very smart makes it harder to harness that humility. You want to put your big brain to work, and your mental horsepower allows you to create complex stories and elaborate models of cause and effect. Worse, if you believe that complexity equals intelligence and intelligence equals accuracy, you favor the explanation that strains your brain the most.

If asked, "Why did the stock market fall 0.23% last week?" an average person will shrug their shoulders and walk away. A very smart person will show you their yield-curve model and valuation analysis and tell you whether the performance will continue. Who do you think is more likely to be stricken by overconfidence?

I've come to believe that part of the reason professional money managers produce such lousy returns is because the industry attracts such intelligent people. They're too smart for their own good. There's a fine line between intellectual rigor and believing your own bullshit, and smart people are at more risk than ordinary folks.

## **2. Being very smart makes it harder to listen to people who are less credentialed than you, even when they might have the right answer.**

Being smart is almost a tribe in itself, and like all tribal affiliations it becomes hard to view outsiders as equals.

The amount of time, money, and stress it takes to get a degree, or become senior vice president, or win an award, can lead you to believe that others who lack those accomplishments cannot offer valuable insight. Doing so makes you question why you put

so much effort ABOUT	into your credentials PORTFOLIO	to begin with. SHARED FUTURE	SOS	LP	BLO
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It's amazing what happens when you become open to the best ideas, rather than the most credentialed voices.

One of the funniest scenes from *Seinfeld* is the episode Jerry at the Dentist. Before putting the nitrous oxide mask on his patient, the dentist inhales the gas himself and declares, "Yep, it's good."

The whole scene was an accident. Bryan Cranston, who plays the dentist, later revealed where the joke came from:

As we're rehearsing I hear someone say, "Hey, you know what would be funny?" And I look around the set and I see a [stagehand] adjusting a light. And he goes, "It'd be funny if before you gave it to Jerry, you took a hit yourself."

And I went, "Oh my god, that is funny."

Cranston's takeaway is great:

I think a very smart CEO of any company, big or small, has a policy where they listen to every suggestion and idea — best idea wins. That's how it should be. Best idea wins. And you never know where it's gonna come from.

You can see how this could become dangerous in something like medicine or nuclear physics, where the cost of ignorance is extreme — a brain surgeon shouldn't ask for tips offered by the janitor.

But in many industries it's not appreciated enough. I often wonder how many tens of billions of dollars have been paid to management consultants to solve problems that low-wage line workers had solutions for, only because a guy in a suit has a hard time taking a guy with dirty fingernails seriously.

### 3. Having an intellectual reputation to maintain can make it difficult to change your mind when you need to.

I saw an amazing stat yesterday. LeBron James has now scored 40,000 points in the NBA, and each 10,000-point increment was earned in almost the exact same number of games:

- 10K in 368 games

• 10K to 20K in 358 games ABOUT	PORTFOLIO	SHARED FUTURE	SOS	LP	BLO
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- 20K to 30K in 381 games

- 30K to 40K in 368 games

*Consistency.* It's astounding when you see it, the hallmark of a true talent.

But there's a danger in some fields when a smart person becomes known for their consistency in doing something, and then the world evolves away from that thing, but the person is desperate to hold onto the perceived consistency of their talent.

If a smart person becomes known as, "The guy who can forecast the oil market." Or, "The woman who can predict the next election," you run the risk that you were only an expert on a version of the world that no longer exists.

If the world evolves, you should probably either find a new area to apply your intelligence, or alter your confidence, or at least change the way you work and the product you deliver.

But if the rest of the world craves your consistency, you can't.

They want you to keep doing the same thing over and over.

And you want that too, because you want to guard your intellectual reputation. You marketed yourself as an expert in a specific thing, so it's hard to evolve into something else.

If you become famous for your smart ideas, but those ideas turn out to be either wrong or outdated, it's extremely difficult to move on. The result is a lot of very smart people clinging to very bad ideas.

A hedge fund manager who had a moment of brilliance and made a fortune in the 1990s might struggle to adapt, because their ego and their investors expect them to repeat whatever worked last time. A garbageman doesn't face that risk. They are much more attuned to the current reality, without the intellectual baggage of past accomplishments.

The biggest risk to an evolving system is that you become bogged down by experts from a world that no longer exists. The more evolution you have, the more you should expect that expertise has a shelf life. And those most susceptible to that risk are the people you'd least suspect: The smartest and most intelligent, who at one point flashed their brilliance but struggled to admit that it can't be repeated.