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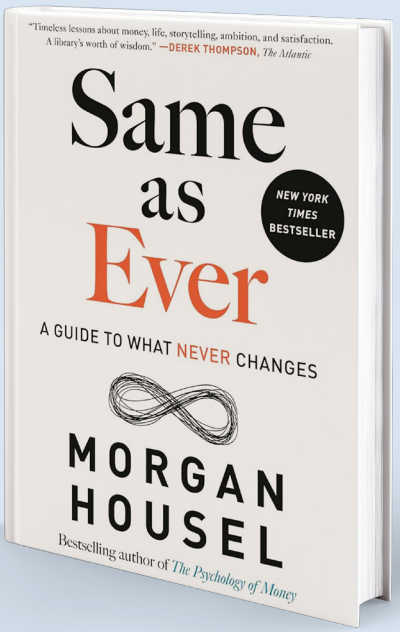

Same As Ever

A Guide to What Never Changes

By Morgan Housel

Morgan Housel is a partner at The Collaborative Fund. He is a two-time winner of the Best in Business Award from the Society of American Business Editors and Writers, winner of the New York Times Sidney Award, and a two-time finalist for the Gerald Loeb Award for Distinguished Business and Financial Journalism

A Book Review by Soundview

Reaching New Levels of Mastery

Same As Ever author, Morgan Housel, understands that many things change in the world. He recognizes the surprises and the unanticipated situations that change history, but he focuses his attention on that which never changes. He explains that by looking back towards the past, he becomes more confident in the future because he can recognize the unchanging in our seemingly ever-changing world. He explores twenty-three of these unchanging facets of life and human nature in his book, *Same As Ever: A Guide to What Never Changes*, each in its own chapter.

Random Events

Housel loved to ski when he was younger. One day two of his friends, Brendan and Bryan, wanted to ski out of bounds which could prove dangerous. None of the three knew that conditions at the time were optimal for avalanches. While Housel had skied out of bounds before, for reasons he does not quite understand, he decided not to join his two friends this time around. Instead, he planned to meet them at the bottom with his car and drive them back. He got to the appointed place, but his friends never showed up. He assumed that this meant they had gotten back some other way, and he left. Eventually he got a phone call from Bryan's mom asking if she knew where her son was. Bryan never showed up for work. A search ensues, and eventually the two boys are found dead from an avalanche. Had Housel gone with them, he almost certainly would have died as well.When Housel went to see his father later that day, his father was quite upset as he greeted him. It is at this moment that Housel realized just how close he came to meeting the same fate as his friends. To this day, he cannot explain why he decided not to go with them.

Housel uses this anecdote as well as a few others to explain his first unchanging principle: "some of the biggest and most consequential changes in history happened because of a random, unforeseeable, thoughtless encounter or decision that led to magic or mayhem." He believes that predictions need to be based upon the past behavior of people because it is too difficult to predict what future events will occur. Because part of human nature is predictable and largely unchanging, the principles he puts forth in the rest of the book are of note.

Preparation

He moves from this idea to his next: "We are very good at predicting the future, except for the surprises - which tend to be all that matter." He guarantees his reader that the biggest events to come are ones that people did not predict, and he encourages his reader to prepare for not just foreseeable risks but also for unforeseeable ones as well. He uses the story of Harry Houdini to explain why it is important to prepare for that which cannot be anticipated. Harry Houdini would frequently ask a person in his audience to punch him in the stomach. Houdini knew how to handle the punches because he was an amateur fighter. One day, however, a man came up to him, knowing Houdini's penchant for asking for punches, and he punched Houdini in the stomach when he was not prepared. Houdini's appendix bursts the next day from the punch. Houdini was an expert at getting out of difficult, anticipated circumstances, but he was felled by a punch he never saw coming. This demonstrates the degree to which the unanticipated can harm even the most prepared people.

Housel notes in this chapter that when people spend all of their time preparing for anticipated risks, they can fail to prepare for those risks they cannot anticipate. He mentions personal finance, and when taking this principle into effect, he believes a person should always save more than they believe they will need, and people should accrue less debt than they believe they can handle. He discusses the way that the state of California prepares for earthquakes. Officials in California know neither where nor when a major earthquake will happen, but they are certain one will occur. Therefore, they make sure that emergency crews are always prepared and that buildings are designed in a way to withstand an earthquake. They do all of this knowing that the earthquake they are preparing for may not occur for another hundred years. They cannot predict, but they can plan.

Expectations

In his next chapter, Housel states that "there is no such thing as objective wealth – everything is relative, and mostly relative to those around you." He goes on to consider the 1950s. By most measures, people are better off today than people were back then. This does not stop people from yearning for that area. He believes that one reason many people felt content in the 1950s was that the gap between the poor and the wealthy was quite small. This small gap occurred because The National War Labor Board set most wages between 1942 and 1945, and even after this was lifted, the gap remained fairly small. Therefore, when people compared themselves to those around them, they saw that they were doing very similarly, and this bred contentment. Even though wages were not high, neither were neighbor's wages. Smaller houses and hand me downs were the norm, so people were okay living this lifestyle. Housel compares this to the modern day where people spend considerable time on social media. Today people compare their own lifestyles to those they see online, and they yearn for what others have even though often what others have is embellished or downright fabricated. He writes, "Today's economy is good at generating three things: wealth, the ability to show off wealth, and great envy for other people's wealth."

What is unchanging is people's tendency to be driven by the goods of others. Expectations, therefore, are quite important because unmet expectations lead to unhappiness.

Stories and the Unmeasurable

Housel moves on to state that "stories are always more powerful than statistics." He believes that people who are the most likely to get ahead are those who have the correct answer to a problem and who also have the ability to tell a good story. Without a good story, getting ahead is not certain. Storytelling is so important that he believes that even people who are wrong can get ahead for a while if they are able to tell a good story. He discusses the story behind Martin Luther King Jr's "I Have a Dream" speech. The most famous part of the speech was not prewritten. King was giving his address when he heard Mahalia Jackson say, "Tell 'em about the dream, Martin!" He heard this and abandoned the next part of his speech, instead opting to give the most famous part of his speech unplanned. Housel believes that this part of King's speech was one of the best stories ever told in that it connected details that had previously been unconnected in people's minds. He goes on to say that "good stories tend to do that. They have extraordinary ability to evoke positive emotions, bringing insight and attention to topics that people tend to ignore when they've previously been presented with nothing but facts." He then goes on to discuss storytellers like Ken Burns, Bill Bryson, and Charles Darwin who made names for themselves not by presenting new information but by presenting old information in a story that engages the imaginations of the audience. He provides some guidelines for crafting compelling stories as he maintains that "the most persuasive stories are about what you want to believe is true, or are an extension of what you've experienced firsthand."

He moves on to state that "The world is driven by forces that cannot be measured." To explain this principle, he considers the career of Robert McNamara. McNamara worked for Henry Ford and helped the company excel. To turn the business around, McNamara focused extensively on "the ice-cold truth of statistics." McNamara went on to become the Secretary of Defense while the United States was embroiled in the Vietnam War. McNamara took what he knew, the benefits of data, and used it in his management of the war. What was successful at Ford was not successful in Vietnam, however, and this is because McNamara's statistics failed to account for the Vietnamese people's feelings. When Americans were killing 10 Vietnamese people for each American death, Americans were only concerned with the one dead American. This led Ho Chi Minh to say "you will kill ten of us, and we will kill one of you, but it is you who will tire first." Housel agrees that without measurable points, knowledge is lacking, but he goes on to say that even with clear data and statistics on measurable points, the whole picture may not be seen. He believes that "some of the most important forces in the world – particularly those regarding people's personalities and mindsets – are nearly impossible to measure and impossible to predict." He then quotes Jeff Bezos who claims to take the side of anecdotes when they conflict with data.

> . . . people will often eschew simplicity, even when it is effective, and instead opt for complexity."

Hard Work and Complexity

Later on in his book, Housel details the tragedy of the Donner party. The party had set out in the 1800s to travel from Illinois to California. This trip was supposed to take months, and it was rife with danger "from Native Americans, disease, and nasty weather." The party was informed by an explorer that there was an easier way to get to their destination that could save them a few days. This advice was wrong, and it led them through the desert in the summer and through the mountains in the middle of winter. There were 81 people in the party, half of whom were minors. The mountains proved impassable at times, and the people were at risk of starvation. In order to survive, members of the party ate the flesh of those who died. Housel uses the story of the Donner party to exemplify what can happen when people seek out shortcuts.

Housel understands that pain is inherent in life, and he looks to the movie Lawrence of Arabia for a solution: "the trick is not minding that it hurts." He believes in the importance of enduring pain rather than trying to find a shortcut around it. While he understands the appeal of hacks, he believes it is far better to put in the hard work and insist on quality rather than relying on shortcuts to get a person where they want to go. He refers to people who excel in their fields, like Jerry Seinfeld and Michael Jordan, and uses them to prove that excelling is hard and that it requires a lot of work. He quotes Seinfeld as saying, "If you're efficient, you're doing it the wrong way. The right way is the hard way. The show was successful because I micromanaged it – every word, every line, every take, every edit, every casting." Housel believes that the most important things in life come with overhead costs, and people need to realize that if they want to acquire or achieve these things, this price must be paid.

Towards the end of Housel's list of the unchangeable is the propensity he sees in humans to seek complexity. He claims that people will often eschew simplicity, even when it is effective, and instead opt for complexity. An example of this can be seen in cancer treatment. Housel discusses how cancer treatment is often placed above cancer prevention. He believes that focusing on cancer prevention would be "the next big leg up on the war on cancer," but people instead focus on treatment because "prevention is boring."

Housel details some reasons why he believes people are drawn to the complex. One of these is that he believes complexity gives people a sense of control. He believes that often only a few variables are implicit in leading to most outcomes. People fear being viewed as ignorant, however, if they only focus on those few variables, so they tinker in complexity. He then goes on to discuss how many people do not finish reading most nonfiction books. The average nonfiction book, he says, is about 250 pages. He attributes this long length to a writer's desire to look like he or she understands the topic fully. Therefore, the extra material is included in order to bolster the author's perceived expertise so the reader considers the few important points the author makes to be credible. Housel ends this chapter by saying, "But a truth that applies to almost every field is that there are no points awarded for difficulty. It's possible to try too hard, to be too attracted to complexity, and doing so can backfire spectacularly."

Morgan Housel begins his book, Same As Ever, by telling his reader how important it is to focus on those principles in life and in the course of humanity that do not change. He then goes on to share over two dozen of these principles with his reader. Each of his principles is discussed in length, and the book's readability can be attributed to the manner in which Housel incorporates stories and numerous examples to illustrate each of these points. He ends his book by sharing Eleanor Roosevelt's thoughts on the eve of D-Day. She told her husband that it seems absurd to be their age and still be uncertain about the future. Housel believes that this uncertainty about the future is only human. Therefore, he believes in looking back towards the past to what has remained unchanged. He explains that he made a vow to read more about history, and the more he did so, the more he became comfortable with the future. This is because history can point to what does not change. This is what can direct people to the future.