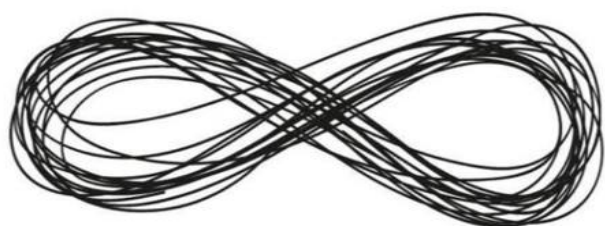


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A library’s worth of wisdom.” —DEREK THOMPSON, *The Atlantic*

# Same as Ever

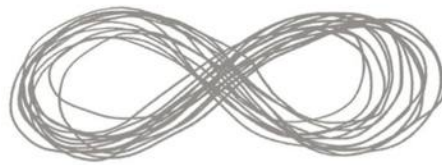
A GUIDE TO WHAT **NEVER** CHANGES



**MORGAN  
HOUSEL**

Bestselling author of *The Psychology of Money*

# Same as Ever



A Guide to  
What Never Changes

**MORGAN HOUSEL**

PORTFOLIO • PENGUIN



PORTFOLIO / PENGUIN

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*For the reasonable optimists*

Our life is indeed the same as it ever was. . . . The same physiological and psychological processes that have been man's for hundreds of thousands of years still endure.

—CARL JUNG

The wise in all ages have always said the same thing, and the fools, who at all times form the immense majority, have in their way, too, acted alike, and done just the opposite.

—ARTHUR SCHOPENHAUER

History never repeats itself; man always does.

—VOLTAIRE

I've learned an important trick: to develop foresight, you need to practice hindsight.

—JANE MCGONIGAL

The dead outnumber the living . . . fourteen to one, and we ignore the accumulated experience of such a huge majority of mankind at our peril.

—NIALL FERGUSON

# 23 Little Stories about Things That Never Change

## Introduction

The Little Laws of Life

## Hanging by a Thread

If you know where we've been, you realize we have no idea where we're going.

## Risk Is What You Don't See

We are very good at predicting the future, except for the surprises—which tend to be all that matter.

## Expectations and Reality

The first rule of happiness is low expectations.

## Wild Minds

People who think about the world in unique ways you like also think about the world in unique ways you won't like.

## Wild Numbers

People don't want accuracy. They want certainty.

## Best Story Wins

Stories are always more powerful than statistics.

## Does Not Compute

The world is driven by forces that cannot be measured.

## Calm Plants the Seeds of Crazy

Crazy doesn't mean broken. Crazy is normal; *beyond the point of crazy* is normal.

## **Too Much, Too Soon, Too Fast**

A good idea on steroids quickly becomes a terrible idea.

## **When the Magic Happens**

Stress focuses your attention in ways that good times can't.

## **Overnight Tragedies and Long-Term Miracles**

Good news comes from compounding, which always takes time, but bad news comes from a loss in confidence or a catastrophic error that can occur in a blink of an eye.

## **Tiny and Magnificent**

When little things compound into extraordinary things.

## **Elation and Despair**

Progress requires optimism and pessimism to coexist.

## **Casualties of Perfection**

There is a huge advantage to being a little imperfect.

## **It's Supposed to Be Hard**

Everything worth pursuing comes with a little pain. The trick is not minding that it hurts.

## **Keep Running**

Most competitive advantages eventually die.

## **The Wonders of the Future**

It always feels like we're falling behind, and it's easy to discount the potential of new technology.

## **Harder Than It Looks and Not as Fun as It Seems**

"The grass is always greener on the side that's fertilized with bullshit."

## **Incentives: The Most Powerful Force in the World**

When the incentives are crazy, the behavior is crazy. People can be led to justify and defend nearly anything.

## **Now You Get It**

Nothing is more persuasive than what you've experienced firsthand.

## **Time Horizons**

Saying “I’m in it for the long run” is a bit like standing at the base of Mount Everest, pointing to the top, and saying, “That’s where I’m heading.” Well, that’s nice. Now comes the test.

## **Trying Too Hard**

There are no points awarded for difficulty.

## **Wounds Heal, Scars Last**

What have you experienced that I haven’t that makes you believe what you do? And would I think about the world like you do if I experienced what you have?

Questions

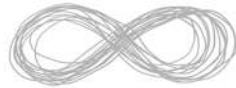
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Notes

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# Introduction



## The Little Laws of Life

I once had lunch with a guy who's close to Warren Buffett. This guy—we'll call him Jim (not his real name)—was driving around Omaha, Nebraska, with Buffett in late 2009. The global economy was crippled at this point, and Omaha was no exception. Stores were closed, businesses were boarded up.

Jim said to Warren, "It's so bad right now. How does the economy ever bounce back from this?"

Warren said, "Jim, do you know what the bestselling candy bar was in 1962?"

"No," Jim said.

"Snickers," said Warren. "And do you know what the bestselling candy bar is today?"

"No," said Jim.

"Snickers," Warren said.

Then silence. That was the end of the conversation.

This is a book of short stories about what never changes in a changing world.

History is filled with surprises no one could have seen coming. But it's also filled with so much timeless wisdom.

If you traveled in time to five hundred years ago or five hundred years from now, you would be astounded at how much technology and medicine has changed. The geopolitical order would make no sense to you. The language and dialect might be completely foreign.

But you'd notice people falling for greed and fear just like they do in our current world.

You'd see people persuaded by risk, jealousy, and tribal affiliations in ways that are familiar to you.

You'd see overconfidence and shortsightedness that remind you of people's behavior today.

You'd find people seeking the secret to a happy life and trying to find certainty when none exists in ways that are entirely relatable.

When transported to an unfamiliar world, you'd spend a few minutes watching people behave and say, "Ah. I've seen this before. Same as ever."

Change captures our attention because it's surprising and exciting. But the behaviors that never change are history's most powerful lessons, because they preview what to expect in the future. Your future. *Everyone's future*. No matter who you are, where you're from, how old you are, or how much money you make, there are timeless lessons from human behavior that are some of the most important things you can ever learn.

It's a simple idea, but it's so easy to overlook. And once you grasp it, you'll be able to make better sense of your own life, understand why the world is the way it is, and become more at ease with what the future has in store.

Amazon founder Jeff Bezos once said that he's often asked what's going to change in the next ten years. "I almost never get the question: 'What's not going to change in the next ten years?'" he said. "And I submit to you that that second question is actually the more important of the two."

Things that never change are important because you can put so much confidence into knowing how they'll shape the future. Bezos said it's impossible to imagine a future where Amazon customers don't want low prices and fast shipping—so he can put enormous investment into those things.

The same philosophy works in almost all areas of life.

I have no clue what the stock market will do next year (or any year). But I'm very confident about people's penchant for greed and fear, which never changes. So that's what I spend my time thinking about.

I have no idea who will win the next presidential election. But I'm confident about the ways people's attachment to tribal identities influences their thinking, which is the same today as it was a thousand years ago and will be a thousand years from now.

I cannot tell you what businesses will dominate the next decade. But I can tell you how business leaders let success go to their heads, becoming lazy and entitled and eventually losing their edge. That story hasn't changed in hundreds of years and never will.

Philosophers have spent centuries discussing the idea that there are an infinite number of ways your life could play out, and you just happen to be living in this specific version. It's a wild thing to contemplate, and it leads to the question: What would be true in *every imaginable* version of your life, not just this one? Those universal truths are obviously the most important things to focus on, because they don't rely on chance, luck, or accident.

Entrepreneur and investor Naval Ravikant put it this way: "In 1,000 parallel universes, you want to be wealthy in 999 of them. You don't want to be wealthy in the fifty of them where you got lucky, so we want to factor luck out of it. . . . I want to live in a way that if my life played out 1,000 times, Naval is successful 999 times."

That's what this book is about: In a thousand parallel universes, what would be true in every single one?

Each of the following twenty-three chapters can be read independently, so there is no harm in skipping and choosing as you wish. What they have in common is that I'm confident each of these topics will be as relevant hundreds of years from now as they were hundreds of years ago.

None of the chapters are long, and you're welcome for that. Many are derived from my blog at the Collaborative Fund, where I write about the intersection of money, history, and psychology.

The first looks at how fragile the world is, with a personal story about the scariest day of my life.

# Hanging by a Thread



If you know where we've been, you realize we have no idea where we're going.

**A** big lesson from history is realizing how much of the world hangs by a thread. 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.

Author Tim Urban once wrote, "If you went back in time before your birth you'd be terrified to do anything, because you'd know that even the smallest nudges to the present can have major impacts on the future."

How hauntingly true.

Let me tell you a personal story about how I became interested in this topic.



I grew up ski racing in Lake Tahoe. I was on the Squaw Valley Ski Team, and it was the center of my life for a decade.

Our ski team consisted of a dozen racers. By the early 2000s we were teenagers, and most of us had spent the majority of our lives together. We skied six days a week, ten months a year, traveling the globe to wherever we could find snow.

I wasn't close to most of them—we spent too much time together and fought like cats. But four of us had become inseparable friends. This is the story of two of those friends—Brendan Allan and Bryan Richmond.

On February 15, 2001, our team had just returned from a race in Colorado. Our flight home was delayed because Lake Tahoe had been hit with a blizzard extreme even by its own standards.

You can't ski race when there's a blanket of new snow—racing requires hard-packed ice. So training was canceled, and Brendan, Bryan, and I prepared for a week of what we called free skiing: unstructured goofing off, skiing around, and having a good time.

Earlier that month Tahoe received several feet of light, fluffy snow that comes from bitter-cold air. The storm that hit in mid-February was different. It was warm—barely at the freezing point—and powerful, leaving three feet of heavy, wet snow.

We didn't think about it at the time, but the combination of heavy snow on top of fluffy snow creates textbook avalanche conditions. A light base of snow with a heavy layer on top is incredibly fragile and prone to sliding.

Ski resorts are pretty good at protecting customers from avalanches by closing off the most dangerous slopes and using explosives to intentionally set off avalanches late at night, before customers arrive in the morning.

But if you're skiing out of bounds—ducking under the DO NOT CROSS ropes to ski the forbidden, untouched terrain—that system won't help you.

On the morning of February 21, 2001, Brendan, Bryan, and I met in the Squaw Valley Ski Team locker room, like we had hundreds of times before. Bryan's last words when he left his house that morning were, "Don't worry, Mom, I won't ski out of bounds."

But as soon as we clicked into our skis, that's what we did.



The backside of Squaw Valley (now called Palisades Tahoe), behind the KT-22 chairlift, is a stretch of mountain about a mile long that separates Squaw from Alpine Meadows ski resort.

It's amazing skiing—steep and wide-open, with rolling terrain.

Before February 21 I had skied it maybe a dozen times. It wasn't one of our frequent spots, because it takes so much time. It spits you out on a backcountry road, from where we would hitchhike back to our locker room.

Brendan, Bryan, and I decided to ski it that morning.

Within seconds of ducking under the out-of-bounds ropes, I remember getting caught in an avalanche.

I had never experienced one before, but it was unforgettable. I didn't hear or see the slide. I just suddenly realized my skis weren't on the ground anymore—I was literally floating in a cloud of snow. You have no control in these situations, because rather than you pushing the snow to gain traction with your skis, the snow is pushing you. The best you can do is keep your balance to remain upright.

The avalanche was small, and ended quickly.

“Did you see that avalanche?” I remember saying when we got to the road.

“Haha, that was awesome,” Brendan said.

We didn't say another word about it as we hitchhiked back to our locker room.



When we got back to Squaw, Brendan and Bryan said they wanted to ski the backside again.

I don't know why, but I didn't want to go.

But I had an idea. Brendan and Bryan could ski the backside again, and I would drive around and pick them up so they wouldn't have to hitchhike back.

We agreed on the plan and went our separate ways.

Thirty minutes later I drove to the backcountry road where I was scheduled to pick up Brendan and Bryan.

They weren't there.

I waited another thirty minutes before giving up. It took about a minute to ski down, so I knew they weren't coming. I figured they had beat me to the bottom and already hitchhiked back.

I drove back to our locker room, expecting to find them. They weren't there either. I asked around. No one had seen them.

Later that day, around 4:00 p.m., Bryan's mom called me at home. I remember every word.

"Hi, Morgan, Bryan didn't show up for work today. Do you know where he is?" she asked.

I told her the truth. "We skied the backside of KT-22 this morning. He and Brendan did it again, I was going to pick them up on the road. But they weren't there, and I haven't seen them since."

"Oh my God," she said. Click.

Bryan's mom was an expert skier herself. I think in that moment she pieced together what may have happened. I did too.

The hours ticked by, and everyone started to worry.

Someone eventually called the police and filed a missing person report. The police didn't take it very seriously, suggesting Brendan and Bryan likely snuck off to a party.

I knew that was wrong. "Their shoes are right there," I said, pointing to Brendan's and Bryan's sneakers on the locker-room floor. "That means their ski boots are on their feet. And it's now nine p.m. Think about that. It's nine p.m. and they have their ski boots on their feet." It was the first moment everyone looked around and realized how bad this was.

Around ten I was told to go to the Squaw Valley Fire Department, where I met the local search and rescue team.

I explained everything that Brendan, Bryan, and I did that day. The search team pulled out these giant photo maps that must have been taken from a helicopter. I showed them exactly where we entered the out-of-bounds area.

I told them about the small avalanche that morning. As soon as I mentioned it I could see the dots connecting in the rescuers' heads. I remember that when I finished talking two of the rescuers looked at each other and sighed.

In the middle of the night, with giant floodlights and a team of search dogs, the rescuers went looking for Brendan and Bryan.

I later learned that as soon as they entered the out-of-bounds area where I told them we skied, they discovered the fresh scars of a recent avalanche

debris field. It was massive, “like half the mountain had been torn away,” one said.

I drove back to the locker room around midnight. The Squaw Valley parking lot can hold several thousand cars. By this time it was almost empty. Everyone had gone home, except two cars parked next to each other: Brendan’s Jeep and Bryan’s Chevy pickup.



I tried to sleep on a bench in the locker room but couldn’t shut my eyes. I remember thinking Brendan and Bryan would come bounding through the door, and we could laugh about the time I had to call the cops to find them.

By nine a.m. the locker room was packed with other ski racers, parents, friends, and family, all eager to help. It became a staging area for the search.

I laid back down on the bench and finally fell asleep.

A few minutes later I awoke to the sound of a scream, yelling, and commotion.

I knew what had happened. No one needed to say it.

I walked to the second floor of the locker room, where I saw Bryan’s mom on a couch. The scream was hers.

“I’m so sorry,” I told her, bawling.

It’s hard to describe a moment like that. I didn’t know what else to say then. I don’t know what else to say now.

Search dogs had homed in on a spot in the avalanche field where rescuers with probe poles found Brendan and Bryan buried under six feet of snow.

They were born one day apart, and died ten feet from each other.



Later that day I drove to see my dad at work. I wanted to be around my family. He met me in the parking lot and said, “I’ve never been so happy to see you.” It’s the only time in my life I’ve seen him cry.

It didn’t occur to me until that moment how close I was to going with Brendan and Bryan on that fateful run.



Then I began wondering: Why did I ski the backside with them once that morning, then decline a second run—a decision that almost certainly saved my life?

I've thought about it a million times. I have no idea.

*I have no idea.*

There is no explanation.

I didn't think it through, I didn't calculate the danger, I didn't consult an expert, I didn't weigh the pros and cons.

It was a complete fluke, a random and thoughtless bit of dumb luck that became the most important decision of my life—far more important than every intentional decision I've ever made—or ever will make.

That's my personal story, and maybe you have a similar one about your own life. But if you look, I think you'll see that a lot of history is the same.

Let me give you three freakish examples about how much of today's world relies on a few tiny things you'd never think about.

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The Battle of Long Island was a disaster for George Washington's army. His ten thousand troops were crushed by the British and its four-hundred-ship fleet.

But it could have been so much worse. It could have been the end of the Revolutionary War.

All the British had to do was sail up the East River and Washington's cornered troops would have been wiped out.

But it never happened, because the wind wasn't blowing in the right direction and sailing up the river became impossible.

Historian David McCullough once told interviewer Charlie Rose that "if the wind had been in the other direction on the night of August twenty-eighth [1776], I think it would have all been over."

"No United States of America if that had happened?" Rose asked.

"I don't think so," said McCullough.

"Just because of the wind, history was changed?" asked Rose.

"Absolutely," said McCullough.

---

Compelled to save money, Captain William Turner shut down the fourth boiler room on his giant steamship for its passage from New York to Liverpool. The decision would slow the ship's voyage by one day—an annoyance, but worth the savings as the passenger-ship industry struggled economically.

Little did he or anyone else know how fateful the decision would be.

The delay meant Turner's ship—the *Lusitania*—would now sail directly into the path of a German submarine.

The *Lusitania* was hit with a torpedo, killing nearly twelve hundred passengers and becoming the most important trigger to rally U.S. public support for entering World War I.

Had the fourth boiler room been operating, Turner would have reached Liverpool a day before the German submarine had even entered the Celtic Sea, where it crossed paths with the *Lusitania*. The ship likely would have avoided attack. A country may have avoided a war that became the seed event for the rest of the twentieth century.



Giuseppe Zangara was tiny, barely five feet tall. He stood on a chair outside a Miami political rally in 1933 because that was the only way he could aim his gun across the crowd.

Zangara fired five shots. One of them hit Chicago mayor Anton Cermak, who was shaking hands with Zangara's intended target. Cermak died. The target, Franklin Delano Roosevelt, was sworn in as president two weeks later.

Within months of his inauguration Roosevelt transformed the U.S. economy through the New Deal. John Nance Garner—who would have become president had Zangara hit his target—opposed most of the New Deal's deficit spending. He almost certainly wouldn't have enacted many of the same policies, some of which still shape today's economy.



You can play this game all day. Every big story could have turned out differently if a few little puffs of nothingness went the other direction.

So much of the world hangs by a thread.

An irony of studying history is that we often know exactly how a story ends, but we have no idea where it began.

Here's an example: What caused the 2008 financial crisis?

Well, you have to understand the mortgage market.

What shaped the mortgage market? Well, you have to understand the thirty-year decline in interest rates that preceded it.

What caused falling interest rates? Well, you have to understand the inflation of the 1970s.

What caused that inflation? Well, you have to understand the monetary system of the 1970s and the hangover effects from the Vietnam War.

What caused the Vietnam War? Well, you have to understand the West's fear of communism after World War II . . . and so on forever.



Every current event—big or small—has parents, grandparents, great-grandparents, siblings, and cousins. Ignoring that family tree can muddy your understanding of events, giving a false impression of why things happened, how long they might last, and under what circumstances they might occur again. Viewing events in isolation, without an appreciation of their long roots, helps explain everything from why forecasting is hard to why politics is nasty.

People like to say, “To know where we’re going, you have to know where we’ve been.” But more realistic is admitting that if you know where we’ve been, you realize we have no idea where we’re going. Events compound in unfathomable ways.

I try to keep two things in mind in a world that’s this vulnerable to chance and accident.

One is highlighting this book’s premise—to base predictions on how people behave rather than on specific events. Predicting what the world will look like fifty years from now is impossible. But predicting that people will still respond to greed, fear, opportunity, exploitation, risk, uncertainty, tribal affiliations, and social persuasion in the same way is a bet I’d take.

Forecasting events is hard because it’s easy to skip the question “And then what?”

Saying “Higher gas prices will cause people to drive less” seems logical.

But then what?

Well, people have to drive, so maybe they’ll look for more fuel-efficient vehicles. They’ll complain to politicians, who will offer tax breaks to buy those vehicles. OPEC is asked to drill more; energy entrepreneurs innovate. And the oil industry knows two speeds: boom and bust. So they’ll probably pump too much. Then prices fall, all while people own more efficient vehicles. Then maybe the suburbs become more popular—and people end up driving even more than before.

So who knows.

Every event creates its own offspring, which impact the world in their own special ways. It makes prediction exceedingly hard. The absurdity of past connections should humble your confidence in predicting future ones.

The other thing to keep in mind is to have a wider imagination. No matter what the world looks like today, and what seems obvious today, everything can change tomorrow because of some tiny accident no one’s thinking about. Events, like money, compound. And the central feature of compounding is that it’s never intuitive how big something can grow from a small beginning.

Next, let me tell you another old story showing how easy it is to ignore risks.