

Alex Danco Transcript

Jim: [00:09:06](#) Well, hello everyone. It's Jim O'Shaughnessy with another edition of Infinite Loops. And today I am delighted to have my first permanent recurring guest recurring, Alex Danco.

Alex Danco: [00:09:19](#) Howdy everybody.

Jim: [00:09:20](#) How are you doing?

Alex Danco: [00:09:21](#) Really good. Thanks for having me back somehow.

Jim: [00:09:24](#) Well, yeah. Somehow. And I'm going to continue to have you back until probably I'll get sick of you.

Alex Danco: [00:09:29](#) Or until I reluctantly join Clubhouse.

Jim: [00:09:32](#) Exactly. Then you're done.

Alex Danco: [00:09:34](#) You want to talk about how I'm the worst? Jim, tell them how I'm the worst.

Jim: [00:09:41](#) This guy sucks, man. He can't decide whether he works for Shopify or Spotify. He wants to be a control executive, but not have any other responsibilities. He's just a perfect example of today's youth.

Alex Danco: [00:09:57](#) Today's youth. Most importantly, I'm not an example of today's youth because I'm refusing to go on Clubhouse to go on to... What do you eventually call it again? I remember I was... we were on the phone. I was in the car or something like that. We're talking about gangs. Off the books, off the infinite loops, Martin Shkreli edition. That's what we ended up calling it.

Jim: [00:10:20](#) We ended up calling it off the record.

Alex Danco: [00:10:22](#) Off the record.

Jim: [00:10:23](#) Really, really novel. And just so fashion forward. Actually, the one I loved and the one you loved was we were going to name it. We'll do it live from the Bill O'Reilly, right?

Alex Danco: [00:10:36](#) Of course.

Jim: [00:10:37](#) None of the Zoomers got that reference. And we were talking earlier about, I asked you, because I was listening to the Chambers Brothers Time Will Come before you came on and I

asked you whether the kids today were listening to it. And you had a really interesting theory, but that's not what we're going to talk about because we will get sidetracked and then we'll have to edit all this shit out. We're going to talk about world-building and about your recent post, which I found very interesting because... and we'll get to this part later, but it dovetails with kind of a thesis that I'm not done formulating and I'm sure I've got a lot wrong, but about the world is moving from the physical world to the digital world.

And I really believe the skillset in the digital world will be materially different than the skillset that works in the physical world. So for example, one of the things, and then I'm going to ask you your first question is this idea of non-linearity. I'm a huge believer that linear thought is not going to cut it in the digital world. And that so many people are programmed that way. It's going to be a rough landing for a lot of people, but let's start with the premise, your essay, which we'll include in the show notes so that people who haven't read it will be able to read it. But it's fascinating because you did Danco World, which I loved, but then you talked about, "Hey, we got to start constructing worlds. They're going to be valuable and we can't just exist without a world around it." Bring us out.

Alex Danco: [00:12:06](#)

Yeah. So I'm glad you brought up Danco Land. Danco Land is a real place, right? So we should talk about that later on the show, Danco Land is a real place. It's in Antarctica named after my most famous ancestor, Emil Danco who was the first, I believe the first recorded death in Antarctica. He was on an expedition going down there, a Belgian expedition went down there and they got to Antarctica and he just died immediately. [inaudible 00:12:33] go at Antarctica after him. And here I am 120 years later.

Jim: [00:12:39](#)

Well, that's like Lieutenant Dan and his entire family.

Alex Danco: [00:12:42](#)

That's right. He's the Lieutenant Danco. The Lieutenant Dan of the Danco clan.

Jim: [00:12:47](#)

I love it.

Alex Danco: [00:12:49](#)

So, but anyway, okay. I want to actually get into this piece by going right after what seems to be your fundamental assumption about what we're even talking about at all, which is this assertion that we're going from the physical world to the digital world. And right off the bat, I want to ask you, is it really about the physical world versus the digital world? Or is it that we're going from a world that is fundamentally defined in terms

of scarcity to a world that isn't? To a world that's fundamentally defined in terms of abundance where new things become scarce, but they're very different things.

Jim: [00:13:22](#)

Yes. I agree. I agree with that assessment.

Alex Danco: [00:13:24](#)

So if you think about the world prior to recently, fundamentally the thing that was scarce was natural resources, right? Production, capital, factory capacity for making shit. Everything was organized around this fundamental unit of let's just call it production, which we can call capital. To say like, look like the default is that you start with nothing and then you get something and that's called capital and capital does things and it can be a factory capital. It can be human capital. It can be a brand capital. It could be a variety of different kinds of capital, but collectively this does something and capital has an output. And periodically makes things.

Let's say, I have a widget factory and it makes three widgets an hour. And then those widgets per hour, it is just assumed that there's demand for them because everybody needs stuff. Capital is a limiting factor, right? So I can make widget factories. I sell them for something. It goes on my PNL. And then eventually if I make enough money on each widget that I can pay the cost of operating my factory and I can pay down the cost of my capital, then leftover I am, has something that's valuable, right? This is the world according to scarcity. This is how you think about it.

Now, when you think about this world of Bits, as opposed to a world of Atoms and a world where we live in right now, where there are very little barriers to us communicating, we just hop on a Zoom and talk to each other. There's relatively little barriers to finding products or in fact getting them sourced. Or there are very few barriers to getting a lot of work done, starting to get into this re-orientation where really, what is fundamentally valuable is not the unit of production or the unit of capital. Fundamentally, you can think of it as not just the unit of consumption, but it's the unit of demand. It's the unit of desire, it's what's actually scarce and you can call it attention. You can call it affinity. You can call it loyalty. You can call it brand affiliation, whatever you want to call it.

It's like, what is starting to become scarce is people's actual interest in you. And people's interest in what you have to say, not your ability to say something or your ability to make something. And so when we look at online, this world of the internet that initially, if you look at what the internet has done

things to the first piece of the world that the internet did anything to was content, right? It took content. It took all the media companies and said, well, there used to be a limited supply of content. You had to turn on the TV to a specific channel at a specific time to get it. And now all the content is available all the time everywhere. Okay. Well, we're going to re-orient around that around what's actually scarce, which is what you care about and what you like and what you think and feel. Thus, sort of the first orientation.

The next sort of like, I guess, major thing that the internet has been re-orienting around, I guess you could call it as commerce, right? Saying like, well, it used to be that there were only a certain number of stores in your town, or there were only a certain number of mail order catalogs that you could get in the mail. And so hence the ability to actually make and distribute was pretty... that was the limiting factor, that was capital, that's what it did versus now with the internet. And again, if you can take this back to Shopify and sort of the purpose of what we do is re-orienting around this idea. It's like, no, it's actually scarce and valuable. It is this relationship that gets built between a buyer and a merchant. And that is actually the foundation of everything. That's what pulls everything forward.

So coming back to your initial question, which is this idea of this world of Atoms versus this world of Bits or this world of scarcity orientation versus this world of abundance orientation or any number of ways you want to label this. And I'm getting to World Building, I swear, but you get to this question, right? Which is what does it mean to sell? What does selling mean? Because ultimately everything is sales, right? Ultimately sales is what everything boils down to. I remember on... you know what just line has stuck with me. It lives rent-free in my head just for months and months and months was aligned as Nick Kokonas on Patrick's podcast. One of the fantastic episodes where his iconic line was just, "Know what you are selling and then go sell it."

Jim: [00:17:35](#)

Right.

Alex Danco: [00:17:35](#)

As applied to just every single thing in the universe.

Jim: [00:17:39](#)

Yeah.

Alex Danco: [00:17:40](#)

Know what you're selling and go sell it. Well, in a world of scarcity, what you are selling is applied capital. Neat, we've mostly this one out.

Jim: [00:17:50](#) Yeah.

Alex Danco: [00:17:50](#) In the world of abundance, what is it that you are selling? And here's where we introduced this concept, which I think we're going to call World Building as a way of thinking about what it is you sell in a world of material plenty and plenty of opportunity and plenty of signal and plenty of stuff coming at you. What is it that you sell that actually works? So I would say, this is kind of the initiative for writing this piece that I wrote the other month of this idea of World Building, which says, "Look, the advice that you are given all the time is everyone's job is in sales. Even if you don't know it," like find out what you're selling.

And I would actually say like, look, this is good advice. You shouldn't throw that piece of advice out, but what you should actually do is update it to say in this world of abundance on the internet, everyone's job is World Building. Your job isn't just to sell a thing and sell it, sell it, sell it hard. Your job is actually to create a world that is so interesting and so compelling and has a reason for people to go walk in and explore this world that they can go spend time in it, without you even having to be there. There is an understanding of why they want to explore it. They have an understanding of why they want to be there and what's in it for them. And what's there to learn. And fundamentally, what this frees you of is your need to be there all the time.

Again, the world of abundance, right? You can't be out there talking to every single person. As a brand, you can't be out there speaking to every single customer of yours or potential customer. You have to create a world that's interesting for them that they can go walk into and explore. There are some of the greatest companies, I think the first company, the first digital company that probably really applied this to its maximum potential. I want to say it was Microsoft. They created a world that was a computer on every desktop, in every home running Windows. That's not a product that they were selling. That was a world that they were selling, that they invited you, software developers, IT consultants, and consumers of every possible shape and size to come in and explore and [inaudible 00:20:03] about and try to understand what this world meant for you. What does it mean to have a computer on my desk? In my home? Oh, I don't know. But I feel I can go explore those by buying a Gateway 2000 or all the great computers of that era, the Compact Presario.

Jim: [00:20:22](#) The Dells.

Alex Danco: [00:20:23](#) The Dell. Yeah, all these, you could go buy one of these things and put it into your house and step into this world, right? I remember growing up, So again, I was born in 1988. So in 1994, 1995 beginning of the consumer internet.

Jim: [00:20:39](#) Wait, wait, wait, wait, wait, wait. Stop, stop, stop, stop.

Alex Danco: [00:20:43](#) Stop, like pause?

Jim: [00:20:45](#) You are younger than two my children. My son was born in 1985. My daughter was born in 1987. You're just a punk kid. I mean, you're doing very well for a punk kid. Kudos, but continue.

Alex Danco: [00:21:01](#) What this means, where I was getting to with by exposing my birthday to the whole world. Now you know all my internet passwords, is to show that I was a part of this critical generation that remembers a time very, very briefly before there was a computer in the house, right? And before there was the internet, I remember when we got the internet, I was young, but I remember. My sister doesn't remember when we got the internet, she's younger than I am, but I do, right? It was like, all of a sudden there was a computer in the house that you could turn on and walk into this world. And Microsoft was running the operating system, but this is a world that I could explore to my heart's content. This is a world that I could go in and not just the computer and Windows, but I think even more importantly, the internet with somewhere that you could go explore.

And so something what's really just fascinating about this world that you can go into is that worlds are meaningful if they contain challenges for you. Easy worlds are boring and people leave, worlds need to have challenges in them and jungle gyms for people to climb on and go explore. I think what's so remarkable about computers is that the early internet, especially all the message boards and all of these sort of pre-web services that were before my time, but I've heard about in lore, through internet history podcast and things like that. You know the history, but I wasn't there. I was too young.

Jim: [00:22:30](#) I actually...

Alex Danco: [00:22:30](#) You I'm sure you know them. You I'm sure you know them, right? Your old stomping grounds.

Jim: [00:22:35](#) Yeah.

Alex Danco: [00:22:35](#) They were a challenge. It was hard to use them successfully. There was a learning curve. You had to learn the language. You had to learn how to log on. You had to learn how to interact with all these people, but it gave you something in return, which was that it gave you this incredible sense of accomplishment in community that you got in. And you were in with this group of mysterious people.

Jim: [00:22:56](#) To the point where... so I was, I think as you know, a very early adopter of all technologies. I had the in quotes internet when it was still CompuServe and it wasn't really the internet, it was a walled garden. But the whole thing that was like "you were really all that and a bag of chips" if your CompuServe [inaudible 00:23:20] had a long numeric identifier with a comma, and if you had two digits after that, like [inaudible 00:23:29] that meant you were one of the first hundred people-

Alex Danco: [00:23:32](#) That's right, the original naming numbered system, before people realized that those kinds of things massively exposed who you were.

Jim: [00:23:38](#) Exactly.

Alex Danco: [00:23:39](#) Back in the early days of zero security.

Jim: [00:23:44](#) That's quite true. That's quite true. And it was also... So, my son Patrick, born 1985, he didn't have what you had because when he was old enough to fool around and walk into where we had our computer, which was an office here at the house we still live in, it was there. But another mark that I've been thinking about that someone told me that I actually think also delineates well, is: did you have a cell phone in eighth grade? And if the answer is "No" like it was for my son Patrick and my daughter Kate, then you're not a digital native.

Alex Danco: [00:24:27](#) Me, neither. I first got... I got my first cell phone when I went to college, right? I'm pre that era.

Jim: [00:24:33](#) Yep. Yep. And as was Patrick as was Kate. And then we got cell phones for them that they didn't want... This is the real irony and so funny: they didn't want to use them. Because at that time they were showy, right? If you had a cell phone, I meant "Oh, wow."

Alex Danco: [00:24:54](#) Oh, sure. Yeah. It was a combination of "I'm showing off" and "My parents track me."

Jim: [00:24:59](#) Exactly. And so we said, "You don't have to turn it on. We just want you to have it in case something... The shit hits the fan, so you can reach us." And even then there was huge pushback against even bringing it with them. So I just find that so deliciously ironic.

Alex Danco: [00:25:21](#) It's funny... This is a tangent, but I want to indulge this tangent for a second. It is funny thinking back that, I don't know when I was in grade 11 or 12 or something like that, the idea that sometime in the summer I would just skip town and go on a bike ride for a couple of days to go visit some people and come home, ride a couple of hundred miles over the course of a weekend, without a phone. Right? It truly seems ludicrous to me now to think that this is a thing that was just normal and kudos to my parents, but also all parents more or less because that's just the way it worked.

Jim: [00:25:56](#) So, I mean, there are no coincidences. So the podcast that drops this Thursday is with Tren Griffin and, and Tren turn the tables on me and basically became my co-hosts and started asking me a bunch of questions. But one of the things that we both agreed upon was we had it a lot easier as kids because he said in his case, "Hey mom, can I borrow the station wagon? I'm going to drive to California for two weeks with my friends and then I'm going to come back." And the mother was like, "Yeah, sure. Have fun." And I, I had a similar experience when I was driving to the University of California with my brother, no phones, no nothing. And my mom was like, "Yeah, call when you get settled."

Alex Danco: [00:26:43](#) Yeah, exactly. Off you go.

Alex Danco: [00:27:37](#) Well, I think so as I, relatively speaking, I think my parents to their credit, let me wander off. This is getting on a long tangent, I do want to bring it back to the internet eventually. But this is actually related because I feel like there was... In this generation where that sentiment was turning a little bit you had this group of kids for whom free-range meant the internet, right? That's what it meant. Is you could just go online and go explore everywhere. And some of it was bad for you, but most of it was just different and strange. You had go to figure out what it was. And it does come back to the sense of challenge. Where it's like challenge and difficulty that you embrace and overcome, that gives you a sense of identity about yourself. Is this really, really important part of what makes worlds interesting and captivating to you. That's what makes you want to come back in.

Jim: [00:28:30](#) So, again, here we are and who are we going to reference? We're going to reference Joseph Campbell, The Hero's Journey, right? We're going to reference the movie, The Matrix, right?

Alex Danco: [00:28:30](#) Sure.

Jim: [00:28:39](#) Because they tried all of these perfect worlds and humans rebelled at them, they wouldn't take. And then the other one, when you were giving your introductory statement about world building, you know who really saw this way ahead of everyone else was Bucky Fuller. Basically Bucky Fuller was talking about "Capital is ideas." Capital isn't the thing-

Alex Danco: [00:29:03](#) Yeah, so he really coined the term abstraction. But it was called ephemerality, I believe. It was this idea of ephemerality, that was a precursor to the whole idea of software. And software engineers as capital, basically.

Jim: [00:29:16](#) Yeah, absolutely.

Alex Danco: [00:29:17](#) That's fascinating.

Alex Danco: [00:29:36](#) Yeah. So, okay. You probably remember this phrase. Do you know what, do you know what the phrase Eternal September means?

Jim: [00:29:45](#) No, I don't.

Alex Danco: [00:29:46](#) Do you remember the phrase Eternal September? Because you would have been there. This was before my time, I only know about this second hand. So what Eternal September means is that on all these early internet forums and message boards and places like that, what would happen is you had this crusty group of users who had figured out how it works and figured out all the etiquette. And they knew what words meant and they knew what the abbreviations meant and things like that. But then every September there'd be this crop of noobs that would show up and be clueless. Right? Why? Because that's when school starts.

Jim: [00:30:16](#) I do know. Yep, I didn't remember the term, but yes.

Alex Danco: [00:30:18](#) So, what would happen is every September, this new batch of kids would become freshmen in college and that was how you got onto the internet at that point in time, because nobody had internet, but the universities did. So they would get on and they would all flood... A certain number of the AV Club kids would

flood onto the internet and go show up and be clueless about all these places and all the crusty people would complain. And it became this yearly cycle for a few years of every September there'd be this group of kids that would come on and would have to learn the ropes. But then a few years later, AOL showed up and all of a sudden it was no longer in every September thing, it was just this flood of new people continuously coming onto the internet. So that was called Eternal September. That was the complaint. It's like, "Ah, shut it down. It's all over." Party's over internet, the Internet's the mainstream now, it's sucks.

Jim:

[00:31:08](#)

So now, as you were saying that, as you know I have journals going back to when I was 18 years old in 1978. I was just rereading one from 1982, I think, the year I got married and it was a dialogue that I was having with a guy on CompuServe who went under the name, Sir Bruce. And we were discussing philosophy and everything. But then I saw a note, it was like... Basically, I'll tell you what the note said "Fuck, a bunch of noobies are here and they're idiots."

Alex Danco:

[00:32:06](#)

So, okay. So, you had this experience of the early internet where it was this completely wide open world to go homestead but nobody knew what it was. Everybody just understood that this is where a particular set of, again, the AV club kids started to hang out and this is where they would be on weekends with all their spare time. And at some point it got filled and filled and filled and filled and eventually people realized that it wasn't going to get full. It was actually going to keep growing faster than you could fill it. [inaudible 00:32:33] And the reason why it keeps growing by the way is because the ability to create challenges on the internet is unlimited, right? This is where people started to realize that just because the internet is this place of bits that have no cost to them really or like...

I mean, there was actually substantial costs to everything from bandwidth to hard drive, space, [inaudible 00:32:51] back then. But nonetheless, this is this thing where you can just mess around, right? And you could make websites that had no purpose, just because it was fun. You could go do things for no reason, other than that they were fun. But what would make other people come in and participate in them is whether they would challenge you. And, often, challenging you meant it was this particular brand of weird humor. I remember... This is fast forwarding a couple years after this, but if you look at some of the early content sites, I'm thinking of Homestar Runner specifically and websites like that, or even... I don't know why

this is what's coming to my head right now, but do you remember Maddox?

Jim: [00:33:32](#) Yes.

Alex Danco: [00:33:32](#) That guy, the guy who... He got famous by criticizing all the kids' drawings and then had this strange... Early instance of a single, super, super negative person going viral for being funny and being a horrible person.

Anyway. So a lot of the challenge of the internet that kept people coming back and coming back was that it took a lot of effort to actually understand why this was funny. And you understood when you started interacting with it immediately that this is going to take work. And it said something about you that you actually spent all your time in these weird websites. So the-

Jim: [00:34:09](#) I feel seen here.

Alex Danco: [00:34:11](#) So the learning curve for why.... The learning curve for getting this to feel rewarding to you, as opposed to only challenging, took some time. Right? So a lot of people abandoned it or they didn't come back or they got into other things. But for some people, when it really sort of compounded into this, "I've made so much investment that this is starting to feel rewarding because I have created this mountain for myself to scale" that became the internet culture. That is what it was.

And if you want to fast forward to... If you want to look at honestly what this was like today, Twitter is just like this, right? Because Twitter is very, very hard to start using. There is a huge investment to get any of it, but once you have put in that investment then everything is funny and you can never leave.

Jim: [00:34:58](#) Exactly.

Alex Danco: [00:35:00](#) But that's it, Twitter is still almost a look back on the early internet in that specific sense. And it is fairly hostile to new users, but once you're in, you're in.

Anyway, but nonetheless. There's this critical group of people... There's this window of time, which you can just call the mid nineties or something like mid to late nineties, where the following conditions were met: one, the internet was still somewhat difficult to use. Not everybody was on, it wasn't now

when everybody's on their iPhone's, on the internet [inaudible 00:35:33]

Two: there was a critical mass of people there and a critical mass of stuff to do, that if you were naturally interested in it, there was enough for you to do.

So the world had been built... A sufficient amount of the world had been built that people were starting to spontaneously come in and find things that they wanted to explore more or less immediately.

Jim: [00:35:55](#) And or change.

Alex Danco: [00:35:56](#) And or change, and or change and or change and make and... Participate in the world.

But three, the difficulty level was still high enough that not everybody found this. A large number of people did not participate yet, because it's so hence it's selected for a particular type of nerd who got an enormous head start on building the... Not only the skill set, like the literal skill set in terms of knowing how to write code and be a computer programmer, but also the social skill set of understanding this new world of absolute abundance and total leverage.

Jim: [00:36:33](#) Yep.

Alex Danco: [00:36:33](#) This particular group of people got a 10 year headstart on everybody else in the cultural fluency of how online worked. They became the very online before everyone else was very online. And they had 10 years for those muscles to build and for all of that internet cultural capital to compound, right? And it's not just your internet cultural capital, it's your confidence. They had a 10 year head start in their confidence of knowing how to interact with this world over everybody else. And so that created the most unfair advantage in modern history in terms of people having a head start on being in the mindset of how to build and how to do and how to act in this new environment, because the stakes were so high.

Jim: [00:37:19](#) So very, very true. I totally agree with you, but also having personally experienced it, I got to tell you, there were also huge bombs if you were too early. So got into a conversation about me starting a company called NetFolio in 1999, in which it was going to be an online that you could kick out Philip Morris, so,

hello ESG. You could do all this stuff, I got a patent on it, which I have over here, I was way too early and boom. Didn't work.

- Alex Danco: [00:37:57](#) Right. And yeah... The first of so many beautiful examples of everything old is new again. Everything funded by SoftBank was a failed startup in 1999 et cetera.
- Jim: [00:38:11](#) Yes. Well, and just for a plug here, talking my book, we have this little thing called Canvas. Remarkably.
- Alex Danco: [00:38:19](#) The one.
- Jim: [00:38:21](#) Tell me more.
- Alex Danco: [00:38:23](#) C-A-N-V-A-S. Is that it?
- Jim: [00:38:32](#) But, honestly, it's the same way Shopify is, as you put it, this sort of intersection between kind of hacker culture and building fantastic business commerce sites.
- Alex Danco: [00:39:25](#) So, you know what internet company did... I think in that particular era was the best world... The most viscerally compelling world-building company there was, was eBay, right? Because eBay was so many things, but most importantly, it was the first way that regular people could make a living the internet.
- Jim: [00:39:46](#) And I was actually thinking about that when you were talking, because when you're saying that a lot of people were rejecting online, I remember people wouldn't give... Put their credit card online. They would call-
- Alex Danco: [00:39:46](#) Absolutely.
- Jim: [00:39:58](#) They would call with it. And it was the Beanie Baby Bubble that, at one point, eBay owed 10% of its revenues to Beanie Baby sales. But it's really fascinating because Beanie Babies brought regular normal people onto the internet because their kids wanted the Beanie Babies. And it was eBay, and they're all like, "Hey, this is pretty cool."
- Alex Danco: [00:40:27](#) So eBay... Anytime that you go into the past and you try to sort of retroactively construct some sort of explanation that was like "The beanie babies happened and therefore the kids told their parents to get online." And therefore the parents realized they could sell all their kids collections and make money and pay for their college tuition. And therefore they started...So anyway,

you always get into trouble when you get into the retroactive and therefore, and therefore just stories, except in this case that is kind of what happened. Right?

Jim: [00:40:58](#) Right.

Alex Danco: [00:40:58](#) EBay really was... EBay just absolutely figured it out. What they figured out that was so importantly was this idea that... And again, I keep coming back to the story over and over again in the Shopify context, because it's such an important lesson. It's that real commerce has some friction to it. Real commerce is actually not totally frictionless, totally easy Amazon convenience store shopping. Real commerce is like the Beanie Baby challenge, right? We were like, "How are we going to get this to happen? How are we going to create this incredible meeting and connection and transaction between two people who are both participating, in the highest sense, in value creative commerce?" I say value creative in the sense of what's the actual worth of these little stuffed bean sacks? Is nothing. But the sentimental value and the understanding and the meaning that they created to people, both in this temporary and sane bubble, but also afterward, is meaningful and real.

But this only ever happens if commerce can be there. If commerce isn't there, then none of this ever happens. And so what eBay did so amazingly is figure out that there was this enormous multi-sided party of people that wanted to get together and figure out how to do this. It wasn't just the buyers and the sellers. It was also people who are like, "I'll run your store for you" "I'll go figure out how..." It was all of these people coming in and saying, "Are you starting a business doing this? Let me help you, let me provide services to your business."

Alex Danco: [00:43:38](#) So early eBay was the same as this early internet period I was describing, where it was like for a critical mass of people, they entered eBay and immediately were hooked. They saw the challenge, they identified with the challenge, they were in, there was no stopping them. For a larger group of people, they checked out eBay, and for the time being, it was not for them. It was too hard, it was too weird, they didn't know how to give payments, they didn't want to mail a check... I love that [inaudible 00:44:01] about how eBay's second full-time employee's job was opening checks in the mail. Full-times. That's product market fit when your second hires job is opening checks. But again... So because there was this filter, there was this period of time in which only people who are a certain amount of dedicated came onto eBay and not the people who weren't. For temporary... Created this conditions of, for a

temporary period, enormous concentration of interest and intent, because it was selecting for the people who were going to use the hell out of it. And not everybody else, right?

And so that is kind of what you need in order to... Because it is like, "How'd eBay grown?" Not again to get into what ifs, but you sort of need that initial period of concentrating the nerds in order to unlock this bigger purpose of what the thing is, that then everybody else rushes into. So I'm sure eBay probably had its own version of Eternal September, where at some point everybody else started flooding in, whether it was with the... I don't actually know the chronology of when Beanie Babies was versus when eBay's real user growth took off, as opposed to when it was clearly working. I know I should know this, I don't.

Jim: [00:45:19](#) Yeah. I think it was 97 because I've got a photo of Kate, my daughter, that they actually ran in the local newspaper here, covered in all of her Beanie Babies. And I think she was 10. So it would have been 97 or 98.

Alex Danco: [00:45:34](#) That's funny. So for me, around... Maybe this would have been slightly later, but for me, I was never into Beanie Babies, but the thing that I was into was Magic the Gathering. As were many of my eventual peers. A lot of Magic at Shopify. That's actually the one thing about Shopify culture that I'm really, really missing remotely, as opposed to in-person. But anyway, but I digress.

Jim: [00:45:59](#) Well, we're digressing so... are they also Dungeon and Dragons enthusiasts?

Alex Danco: [00:46:07](#) Surely to some degree? I don't know. Magic the Gathering was the one where there was clearly the reputation that preceded itself about the company. Honestly, I kid you not. So I have a handful of friends who've worked at Shopify for a long time, who periodically were like, "Oh, you should come work here. It's in Canada, it's near you," whatever. But by far, the most compelling argument, at least at first was, there's lots of Magic here. Oh, okay. That's interesting, like not only, like, "I would love to do this over lunch," but also it's like, "Oh, we have a fair amount in common. This should work." Then like, as you know, I joined in April when we promptly went virtual, never to return. Incredible timing, but anyway, but so going back to our early internet story, as this world that you could enter and walk into, started to pick up steam and pick up steam.

It's funny to look at actually like all of these other examples of early commerce and early money-making on the internet and how they all had their own version of world building. I just read

this great book about the airline industry in the eighties and early nineties called Hard Landing about Bob Crandall and all these airline execs and just their maniacal drive to conquer... It wasn't really the early internet initially it the reservations systems and the terminals. But eventually that turned into Sabre, which walked into the very early... Like the book actually ends before the internet. But it's this remarkable prequel to, I don't know if any of your listeners have ever seen this. Skift has this incredible, incredible long form oral history of online travel from all those people, right. Where they just sat down and talked about it 20 years later, Google this right for everybody listening, Google Skift oral history of online travel, it's remarkable.

But again, it's like for all these things, it was this exercise in world-building and trying to figure out... Because there was there all these different stakeholders that needed to be one, one of whom being the travel agents, right. That you needed to create... And this is all about like, how do you create just enough unfair advantages, but not too much with like the reservation systems, right? Where people would want to walk into and hang out in your reservation system that couldn't just be sales brute force. Right. But that didn't work, right? It had to be more interesting where the early internet was just this amazing, perfect forum to go explore all these other ways that this... These hints, right? Of selling in the age of abundance, as opposed to selling in the age of scarcity was going to look like.

Fast forward to today and you look at Dreamforce is probably the example people think of, of just like Salesforce just takes over all of San Francisco for two weeks. And is this giant party that you cannot escape, right? Shopify has their own version of this called Shopify Unite. That's coming up shortly. That's a lot of fun every year. But again, it's like all these lessons of like, you have to create a world that people want to come in and explore without you having to be there all the time, but were they understand what the challenge is for them. If you can do that, then you will always have a job to do. And people will always be drawn to you. And that to me is the lesson of how to get things done on the internet.

Jim:

[00:49:32](#)

I agree with you because I've been saying for a while now, attention is the new gold or the new Bitcoin, I guess. And the other funny thing. So I've actually been living this, right? I just hired a new associate for Infinite Loops. His name is Vatsal and he lives in Bangalore, or just outside Bangalore, India. And the one good thing. Well, there's more than one. And I hate to use good because people are going to say, "O'Shaughnessy said that

the pandemic was good." No, I'm not saying the pandemic was good. I'm saying-

Alex Danco: [00:50:11](#)

You heard it here, folks. You heard it here.

Jim: [00:50:13](#)

I'm glad I control the edit booth here. So there are a lot of trends that I believed in deeply got accelerated, but anywhere between five and 10 years, and one of them was geography doesn't matter. And so what I think that means, and you can correct me if you think I'm wrong, but that just opened a huge, huge new world, if you will, to more than a billion, incredibly talented people who just don't happen to live in North America or Europe. And now the jobs that were denied them in the past.

Jim: [00:51:36](#)

So on the one hand, really good news for smart, talented people who were denied because of geography, a great shot at these really cool online jobs and maybe a bracing pail of ice water to people who are now going to be competing directly with these people.

Alex Danco: [00:52:02](#)

Okay. There are a couple of layers of this I want to talk about. The first one is the, all of a sudden, the world's talent buckets just got overturned, right? And now there's like talented people coming from everywhere, all flooding into these new jobs. Now that people realize that there was nothing actually stopping them from being productive and useful, for sure. That I think people continually fail to realize the extent to which in the next two years, that will make less of a difference than people think. But in the next 10 years, it'll make more of a difference than people think as always is the case.

Jim: [00:52:40](#)

Yep. I agree.

Alex Danco: [00:52:41](#)

The thing though is, so do you know, there's a certain kind of job that is simultaneously the most open for disruption here, right? Which are these sort of Richard Florida, creative class jobs, anything where it's like, anything that I'll call creativity middle management, right? We can call it that. Is simultaneously like the most vulnerable to that kind of open market competition. But also at the same time, the counterargument to that is that 90% of the work in this realm is not actually necessary. It's self-perpetuated out of a need to create and maintain these worlds for these people to exist in. Right? It's sort of reversing the causality here. It's people do these jobs because the jobs need to be done. It's like, "No, it's the other way around," it's these jobs exist because people who need those kinds of jobs need those jobs to exist.

Jim: [00:53:53](#) Yeah, it does. But it brings us right to arc ship B and Douglas Adams. Right?

Alex Danco: [00:53:58](#) Yeah, exactly. Well, this is where, maybe this is a good segue into the other thing that I feel like we were theoretically supposed to talk about this podcast episode, which was the Michael Scott Theory of Social Class, which again is like another example of the power of world-building in this case, it's the power of world-building as applied to the phenomenon of middle management. Right? Like, what is middle management, if not world-building? Really, because that's all you've got right? Is this world you've constructed. Right? So originally-

Jim: [00:54:33](#) Who's going to fill the forms out? I mean, come on.

Alex Danco: [00:54:35](#) It's not who's going to fill the forms out. It's like, who's going to create the meaning. That is... It's like I forget who described middle management as the control rods in a nuclear reactor. It's like the point of them is to slow things down so that it doesn't run out of your control and blow up. So, okay. So I wrote this piece, the Michael Scott Theory of Social Class, which is basically a re-skinning of Venkatesh Rao's article the Gervais Principle, which itself was a re-skinning of Holly White's book, The Organization Man. Oh, so that's the actual source material is The Organization Man. Have you read The Organization Man? Do you know that book?

Jim: [00:55:12](#) I do know the book. I have not... I don't have notes on it, so that means I didn't take it seriously.

Alex Danco: [00:55:20](#) It's so good. It's so good. It's in the list of books. I recommend to everybody.

Jim: [00:55:24](#) All right. So I'm going to have to read it again.

Alex Danco: [00:55:27](#) It's what's remarkable about The Organization Man is simultaneously how, in a literal sense, it did not get the future right. But at a second order sense, it just nailed the future so hard. Right? It got it so, so, so right. Just at a slightly different abstraction layer than people realize. But so the general thesis of The Organization Man, is that all organizations that survive have stratified into three layers, you have the bottom layer, the middle layer, and the top layer. The bottom layer is the people who do the actual work. This is the majority of people. Their lives are spent doing literal things. So these are line workers, frontline people, anybody who is actually producing something, literally, right?

They're the people at the bottom they're the majority of people. At the top, you have the execs. They actually have a lot in common with the people at the bottom in the sense that they have very literal roles and responsibilities and very real stakes involved. And they see the world very clearly as it is, right? Both the people at the bottom and the people at the top see the world through clear eyes, right? With clear actions and consequences. But there's this group of people in the middle called middle management that is really, really different than either of those groups of people. And their job is to intermediate between the people at the top and the people at the bottom by basically constructing this reality called middle management that does not literally produce anything nor have any literal stakes or consequences, but whose job is effectively to mediate, right? Like the control rods in the reactor to say like, "Look, the goal here is to create a stable system that perpetuates," right?

Regardless of how efficient it is or how complicated it is or anything, it's just like, can you get something to persist? Right? This group of people will always emerge in one form or another. Right? So in the early '50s is when Holly White wrote this book, this was in the era of these mega mega conglomerates, like Dow DuPont, US Steel, General Motors, like this was the field... Like the current mindset was that this is the frontier of progress was mega organizational dynamics, right? It was scale to get scale to get scale. This is how everything works. Eventually everything will be run by four corporations because we figured out the science of how management works. And specifically we figured out what middle-management is, right?

Again, so we created this whole world of middle management that has sense of purpose and a sense of identity. And it was fed through these institutions called business schools. Right? And the MBA and this whole idea that like middle manager was actually this craft more or less independent of the industry it was in. Like you could be, you would say, "What do you do? Oh, you're a manager. Oh, what kind of industry do you manage? It doesn't matter." Right? Like I do management, right? Like that was the thing that you learned. You go to management school and learn management regardless of where you were from, right? You remember in The Office, when-

Jim: [00:58:42](#) I'm just sitting here because I love that movie.

Alex Danco: [00:58:46](#) There's one particular episode of The Office where David Wallace, the CFO, brings in a new boss for Michael, who is Idris Elba, who comes in as like the professional manager. And

Michael's like, where are you from? He's like, " Oh, steel." But anyway so this idea, middle as Holly White describes it, William H. White. He went by Holly White, as he describes it. Right? So the whole book is about this three layer system. And this three layer construct where you have the people at the bottom, who again, are doing all the actual work and have no path to leverage. And the people at the top who have all the leverage, but are very deeply suspicious of everything and are perpetually trying to acquire and keep control over this huge sprawling organization. Basically those two sides in order to not fly apart at a hundred miles an hour and need this mediating influence in the middle called middle management.

But in order for that to exist, there needs to be a purpose for the middle managers to have. And hence, what you have to do is you have to build a world in which management is important, right? And so this is where you get this world of sort of Taylorism and like management as a science and how to do... Which sort of expanded and grew and grew and grew into this really self-perpetuating construct. Right? Where what happened with middle-management right, is we were able to create a world where management was a challenge that was considered a worthy challenge, that people would go into, put all of their identities into, and then it would perpetuate and perpetuate and perpetuate. So, if you look at some of the really good books on how to manage, like Andy Grove, right, like High Output Management, things like that, is almost like a return... High Output Management, the thesis of that book, if you haven't read it is basically like, we figured out how to manage production. It's called factories.

Everything can ultimately be understood in terms of like how production management works in terms of buffer capacity, in terms of like how you set challenges and how you like arrange for thinking about how you manage the output of an organization. The whole thesis here was that this is equally applicable to management and like talent and hiring people. And all these supposedly soft skills that didn't work like factories. Andy's like, I actually, like, "I made Intel, I know how to manage." But nonetheless, middle management is this construct, which again, if you fast forward to today, you can just replace with product management in a tech company or any of these other... Or venture capital associate, any of these positions where you are not literally in charge of anything, nor are you literally making anything. Your job is to intermediate in some way. And hence you live... This is a very roundabout way to get into the thesis of the article. You live in a world that is entirely a construct of your own creation, right? There's nothing

literal in your world. Your world is entirely defined and surrounded by fairly arbitrary challenges and goals and measuring sticks that have been created in a self-perpetuating sense and are not the very literal things by which anything is measured. And one of the two courses theses of the Michael Scott article was that there is a reason why these worlds, again, always back to world building what makes these worlds perpetuate, right? Like what makes Michael Scott's world have purpose and have ongoing perpetuation that self reinforces? Is language. Have you read, Venkatesh Rao's original article The Gervais Principle?

Jim: [01:02:30](#)

Yes.

Alex Danco: [01:02:30](#)

Is that something you're familiar with?

Jim: [01:02:32](#)

Yeah.

Alex Danco: [01:02:32](#)

So for audience, if you haven't read this, go Google The Gervais Principle. Gervais like Ricky Gervais from The Office and go read that at some point. Set aside a couple hours.

Jim: [01:02:45](#)

It's really good.

Alex Danco: [01:02:46](#)

And read through this series of articles, it gets really esoteric, but like, it's fantastic. So it's going through The Office as a theory, The Office, the American TV show The Office, as a comprehensive cynical theory of management. That is again, it's like, it's a re-skinning of The Organization Man. It says like, look like you have these three fundamental groups of people. In the TV show The Office, right, at the bottom, you have a group of people called the losers, right? Who are not uncool, but they're economic losers. Right? In that they have no path to leverage. Fundamentally their work output is realized wholly by someone else. Right?

They are fundamentally paid on cost-based pricing, not value based pricing, et cetera. And this is the majority of the people in The Office. So, they see the world through clear eyes and they cope, right? So it's like Stanley, Pam, Darryl. Most of these people, right there, there are the bottom, they're the losers of The Office. They occupy most of the positions in the company. At the top, you have the people who are the sociopaths, right? They're the people in charge. What they care about is power, right? And they went and they occupy this other role in the show, which is, they're the other group of people that sees the world through clear eyes. So in the show, this means David

Wallace, the CFO, right? The authority figure, Jan, before she becomes Michael's lover and has a mental breakdown. Ryan-

Jim: [01:04:09](#) I do need to interject here. I loved that segue for Jan, because she did go from a sociopathic control freak to a blubbing dumbass.

Alex Danco: [01:04:25](#) A mess. This complete mess. Ryan, the temp, right. Is the most important example of somebody who brilliantly grabs real power and then immediately squanders it. And then finally, the last sociopath character is actually the real drama of the show, by the way, is the, will he or won't he go over to the dark side is Jim, right? Jim is the real villain of The Office. Right? Once you realize this, it actually sort of reshapes a lot of the shows that Jim is the villain. Jim is actually a complete asshole. Right? He's horrible to Dwight. He's really arrogant. He's kind of mean to everybody. He doesn't actually treat Pam very well for that matter.

So, Jim is actually like the secret sociopath where the real drama of The Office, is the will he or won't he explicitly go over to the dark side. But then in between, so both of those two groups of people see the world through clear eyes as it is, but in the middle you have three characters and fundamentally the office is a show about these three people. Michael, Dwight, and Andy, the central drama of the show. By the time The Office really, really hits a stride in season three is when it's established this relationship where it is about Michael, Dwight, and Andy's search for meaning in a world that is entirely their own construct, that they cannot escape because they are compulsively forced to double down on reaffirming, the meaningless meaning that they are creating for themselves. And each of them expresses this in a different way, right?

Michael it's in the form of like, it's everything about Michael, right? Everything about Michael's world is this world of his own creation that he's made in this bubble around him. But same for Dwight and same for Andy. Right? All in their different ways. It sort of shows up in all of the meaningless talking and the jokes that don't make any sense and the constant pleas for people to pay attention to them and Andy's anger management issues, Dwight's LARPing about like being a first responder, all of these things. But especially about Michael and his self identity that is wrapped up in being interesting. There was this really notable tweet about, there was this argument that happened on Twitter about whether Michael Scott would know how to use chopsticks. Does, does Michael know how to use chopsticks? Yes or no? And the answer is obviously yes, of course he does.

He takes enormous pride in knowing how to use chopsticks and tells everybody right. And like, he probably learned it from watching TV or in his apartment, by himself.

Jim: [01:07:10](#)

Of course. YouTube. Yeah, that would be YouTube.

Alex Danco: [01:07:15](#)

Right. So you have this cast of three characters, Michael, Dwight, and Andy, and they inhabit this world that they have built for themselves. And that other people happily help them build because it helps everybody fulfill their own respective purposes. Right? The senior people up top indulge and support Michael's world-building because they need somebody to like oversee the branch and make sure that it stays in more or less the same state as they expect it to be. Whenever they come down to Scranton from New York, the people doing the actual work, Pam, Darryl, the warehouse, all the sales people, everybody, need Michael to stay in his state of delusion because it gets him out of their way. Right? So Pam in the show takes the defacto role of narrator, right? She's the one who's basically narrating to the audience, all of the things that they do to support and create and perpetuate this little delusion inside Michael's little world and also Dwight and Andy.

And, oh, I remember the point I was getting to, it was around language. So it was like the most brilliant part of Venkatesh Rao's piece is the sub chapter in The Gervais Principle around language and how people talk to each other and the five different coded languages that are used between different groups of people talking to each other. So remember you have these three groups, right? You have the senior sociopaths, you have the people at the bottom who do the actual work, both of whom are literal. And then you have the middle managers in the middle who clueless. So there are five possible languages that are spoken in the intersection of these three groups. The first language that's spoken is something called posture talk. That is the language that is spoken by the clueless people, right? Who are in this world of their own construction. So it's, everything's spoken by Michael, Dwight, and Andy to anyone, including themselves. Right? So this is sort of the... Its everything that they always... Its basically meaningless babbling that has no grounding in reality whatsoever, but makes sense inside this world they've created for themselves. That is how they talk both internally and projecting out. Meanwhile, everybody who talks to them speaks a language called baby talk, which basically goes "there, there". Right? Like, you don't know what you're talking about, but it's soothing, right? It's like, "just stay in your little box. Don't worry. Everything's going to be fine. Just please don't screw this up". Right. It's how you talk to

kids when they're actually capable of causing danger and you want them to stay placated. Right. And then the other, the other, the other two languages spoken, three languages spoken by the way, there's the internal language among all the losers, which is like [crosstalk 01:09:57] you're okay. It's just basically like getting themselves through the day

- Jim: [01:10:02](#) The in group self-referencing and self re support language.
- Alex Danco: [01:10:06](#) Exactly. You have the internal language of the sociopaths, which is called Power talk, which is all about information gathering, right. And retroactive deniability. And then you have the rarest language of all, which is straight talk, which is the only time that language happens. That's not encoded at all, which is the rare instance where the senior execs talk to the line workers, which is unincoded straight talk, like "what the fuck happened here? Go fix it bye" it's the only time that straight talk occurs is the accidental occasions where senior management ends up confronted with frontline workers because Michael's screwed something up in variable.
- Jim: [01:10:50](#) Right.
- Alex Danco: [01:10:50](#) That's the only situation in which that happens.
- Jim: [01:10:52](#) Right. Right.
- Alex Danco: [01:10:56](#) So let's look at the office as this little three layer system where you have the Michael, Dwight's and Andy's in the middle who live in this world of their own construct, where it is entirely an exercise, both for them and for those around them of world-building. Just to create and perpetuate any kind of purpose that maintains coherence.
- Jim: [01:11:14](#) Right.
- Alex Danco: [01:11:14](#) Sandwich between the group of people on the bottom and the top who actually have fairly literal roles and responsibilities.
- Jim: [01:11:19](#) Right.
- Alex Danco: [01:11:20](#) Now, you can take that and actually extrapolate that onto the American class system, more or less faithfully. Right? So you have, again, it's talking in broad strokes here, you have the people at the bottom who is the majority of people, right? It's people who earn income through labor, right. And there's a ladder that you can climb up from at the bottom. It's like

working very, very hard hourly or informal jobs. You work your way up through blue collar jobs at the top of this ladder. As you work up, you do own property. You own an F-150.

You might own a vacation home. You have a nice life. You can work your way up to being well off in this group of people. But fundamentally your life is fairly literal and you have not created any paths to leverage for yourself.

Jim: [01:11:20](#)

Right.

Alex Danco: [01:12:06](#)

Right. That's this group of people, it's the majority of people. It's everybody who doesn't live on the coast basically is in this group of people more or less. The coast or coastal like towns.

Jim: [01:12:15](#)

Yeah.

Alex Danco: [01:12:17](#)

Then skipping the middle group for a second. You have the people at the top who again, are the elites in power who are sociopaths. Right. This is just all about [crosstalk 01:12:26].

Jim: [01:12:27](#)

Keep saying sociopath. I am a highly functioning sociopath. I'll have you know.

Alex Danco: [01:12:32](#)

I'm not sure you're in this group because you're on Twitter too much. I think you're actually the king of the middle people. We'll get to that in a second.

Jim: [01:12:44](#)

My kingdom.

Alex Danco: [01:12:44](#)

The kingdom of the middle people. The kingdom of the Michael Scott's. So yeah. You have the people on the top, right. Who are... This path is either being born rich or being a junior banker right. It's like these it's like either you luck into the path or you have to just brutally work your way to the top at either like a white shoe law firm or like investment banking, or now actually starting a startup. Can conceivably get you into this path. Although it's still relatively uncommon.

But nonetheless, this is also a group of people that when you're in the world of real power, you actually do see the world more or less as it is. Right. And you do see stakes more or less as they are. But in the middle you have this group of people. This is the Michael Scott group of people, which is the petite bourgeoisie. Right. This is the upper middle class who live in the world of Whole Foods and farmer's market and virtue signal

performance, and where everything about your life is the statement about values you have that are expensive to hold.

Jim: [01:13:46](#)

Right.

Alex Danco: [01:13:46](#)

Where you, in all likelihood people in this job, and then there are some exceptions. So like some there are some jobs where economically speaking would put you in the middle, but socially are not. Doctors are actually one of these groups. Doctors do something very real, whose jobs put them in the upper middle class. But mostly if you're an upper middle class person like me, you have some absolutely made up job. Right?

You work in digital marketing or you were a product manager or you work actually like many people in law or in various forms of this, or you work in some form of business development or you work in... So much of sales is not in this group. A lot of sales is very real and literal, but some sales is very made up, right? There's some sales, that's very much in this world of upper middle class permissiveness, where again, in this group, the fundamental feature of this group... So, and again, if you were to stratify this group along the ladder, as you work your way up, the entry point to this group, if you were not born...

So the main way you get into this group is you're born there, right? You're born into upper middle-class parents. And so, hence you are upper middle-class, but you can enter group by going to college. Right? If you're the first in your family to go to college, you can enter this group and you will have quite a culture shock when you do, right? About what people are like in those groups. But as you work your way up, you don't work your way up this ladder by making more money. This cultural ladder definitely does not organize by income. It organizes by how interesting you are and how detached from reality you are. Right? So people with... If you're pursuing a PhD, very high status, absolutely. It could be a totally meaningless and contrive pursuit. Right. It could just be the most nonsensical thing, but it's very high status, right. To be doing your PhD. Right?

Jim: [01:15:38](#)

Yep.

Alex Danco: [01:15:38](#)

Blue check marks on Twitter. Same thing doesn't mean you have any money. So the top of this ladder, by the way, the absolute top of this ladder of people, I'd say the litmus test is "could you write an op-ed for the New York times?". Would that make sense? Again, people at the bottom group don't do this. People in the top group also don't do this because the New York times won't let them, because they're bad. Right? Someone like

Jon Stewart, is probably the absolute top of this group or someone like that. Right? Just total cultural relevance and lore among this particular group of people and bringing this back to the [inaudible 01:16:20] principle thing and the office. What fundamentally defines this group of people of which I absolutely am one, by the way, me and everybody in my neighborhood, around me and in my job around me.

And every everyone I surround myself with is in this group of people, by the way. Right? So this is a group of people where it's a Subaru is a higher status car than a Cadillac. I'd say that's a good litmus test. If you would never be seen dead driving a Cadillac, but you would drive a Subaru and brag about it. That's me. Right? "I drive a Subaru Outback. That's my car that's broken that the mechanic had to come fix". Another one is, would you be mortified showing off a \$10,000 watch, but excitedly brag about \$150,000 kitchen reno? Then you're in this group. Right? Because again, you're not showing off how much money you spent, even though you clearly are. Right. It's all about here's how interesting and unique I am. Right. And it's all about like everything in this group advancing in this group is all about detaching yourself from reality.

Right? So remember, 50 years ago, what this meant was leaving the reality of the dirty cities and moving out to the detached from reality place of the suburbs. Now it's the other way around. It's detaching yourself from the reality of chain, restaurant, gas, guzzling, suburban car hell and moving back to walkable neighborhoods. Right? It's all about detachment from reality. And again, this whole idea of "oh, I'm detaching myself from reality", this is something that you brag about. Right. If you are like, "oh I shop at the local farmer's market so I can do a hundred mile diet". That is you yourself from reality and telling everybody about it.

- Jim: [01:17:58](#) Yeah.
- Alex Danco: [01:17:58](#) I think it says something about you. It's a challenge that you're doing, right. It gives you meaning and it gives you purpose. Or if you do triathlons, right. You know, people who do triathlons, Jim?
- Jim: [01:18:06](#) I actually don't.
- Alex Danco: [01:18:07](#) They never shut the up about triathlons.
- Jim: [01:18:09](#) Well, yeah. I run into them at parties. Yes.

Alex Danco: [01:18:13](#) It's fine. Right. But at some point, people who are really into these things, what you notice about them as they start to talk weird, right. They develop these speech patterns that at first are only visible when they're talking about whatever it is, they find really meaningful. But eventually it just takes over everything. And the reason why is not only because they have this internal language that they talk in, that it's all about like validate my pursuit, knowledge, this meaning that I've constructed for myself that's meaningless to everybody else. But it's a beg for acknowledgement for the meaning that they've created. And you know how people talk back to them? It's baby talk. Right. It's Uber driver talk. It's "I'll entertain this conversation, but like, please give me five stars. I need it, please". Right. Or it's all the advertising of prestige TV. You are so smart for watching Fargo. Right? You are so sophisticated for watching House of Cards. Like get... Come on.

Alex Danco: [01:21:37](#) This whole idea of world-building right. It's like the reason why world building is so important and it is especially important in worlds of plenty and worlds of material, abundance and worlds, where everything is basically provided for you. But what is scarce and valuable is actually meaning, right? It's challenges that you identify with and your sense of accomplishment upon challenging them, right? That is what people really want when their basic needs are taken care of. And it's in fact, what people are most desperately seeking, right? When you enter this world of upper-middle-classdom, it becomes entirely about this search for not only ways to find meaning, but around with what is the way that you are going to detach yourself from reality and create this construct of meaning around yourself?

The author who wrote about this amazingly well was David Brooks a long time ago. Back when David Brooks could really throw fastballs.

Jim: [01:22:34](#) Bobos in Paradise.

Alex Danco: [01:22:35](#) Bobos in Paradise, amazing book.

Jim: [01:22:35](#) Yeah, it is.

Alex Danco: [01:22:38](#) An incredible line from Bobos in Paradise is that "the highest possible compliment in this group is to call someone serious". He's a serious kite boarder, or she's serious about cooking healthy meals. Yes. Right. That is the highest possible compliment you can give someone because it's the ultimate form of validating their pursuit, which is all we just desperately want. Right. So you take so the thesis of my Michael Scott

article was that as you ascend the ladder and the ranks of the upper middle-class more and more of your life becomes the self-defined recursive quest for meaning in a construct of your own creation that is reinforced by your language progressively becoming posture talk, please validate my pursuits, and other people talking back to you in baby talk, "there there, everything you do is made up, it'll be okay. Just stay in your little box and don't cause problems", right. Therefore reinforcing and reinforcing itself until eventually you become Michael Scott.

- Jim: [01:23:45](#) I think, listen, man. I think you've just did a hard close on me,
- Alex Danco: [01:23:50](#) That's Michael Scott, do you have more than 10,000 followers on Twitter? You're Michael Scott. You have an opinion about what is the right amount of hops in an IPA? You are Michael Scott. If you drive a Subaru and you are overly concerned with the all wheel drive mechanics between the new versions versus the old versions for your ability to get to the cross country ski trails, you're Michael Scott. I am all these things by the way. Are you pursuing a PhD in anything? Absolutely, Michael Scott. Do you read my newsletter? You're Michael Scott. We are all Michael Scott. We might as well embrace it.
- Jim: [01:24:33](#) That's a very broad brush. You are painting with my friend.
- Alex Danco: [01:24:36](#) Well, Jim, let's close with this. Are you Michael Scott? Are you the king of the Michael Scott's?
- Jim: [01:24:43](#) I am not Michael Scott, but that's a whole different conversation.
- Alex Danco: [01:24:48](#) Okay.
- Jim: [01:24:51](#) And maybe we'll make that our next podcast.
- Alex Danco: [01:24:58](#) It's a date.
- Jim: [01:24:59](#) Because I'm going to let you try to figure out who I actually am, but you got to move beyond your Michael Scott universe.
- Alex Danco: [01:25:04](#) That's fine. Well, being in the Michael Scott universe, myself, I of course cannot escape it.
- Jim: [01:25:09](#) I know. I understand that. And you should probably come listen to my salon about Rick and Morty and [crosstalk 01:25:17].
- Alex Danco: [01:25:17](#) Oh, I want to but that's when I put the kid to bed.

Jim: [01:25:21](#) Yeah.

Alex Danco: [01:25:22](#) That's the problem that... Let's plug Interintellect for a second. You're doing one on Rick and Morty. Tell us about that.

Jim: [01:25:30](#) So, Rick and Morty, as they relate to Jed McKenna, and as they relate to the nature of reality, right. And Rick and Morty is hysterically funny. And for the most part, incredibly wicked, because, well, I take it, you're a fan?

Alex Danco: [01:25:52](#) I've seen a handful of episodes. I haven't actually gotten into the show. I mean, I watched community like the old Dan Harmon stuff.

Jim: [01:25:58](#) Same guy. So I...

Alex Danco: [01:26:01](#) No I was never a Rick and Morty fan proper. I was a weenie who watched BoJack Horseman instead, the two genders, BoJack Horseman and Rick and Morty.

Jim: [01:26:11](#) So I discovered Rick and Morty because my daughter who is visiting from Berkeley, I was sitting, reading a book, a Jed McKenna book as it happens. And she was like, "so you must love Rick and Morty dad". And I'm like, "what's that?". She's like, "are you kidding me? You've never watched Rick and Morty?". And I'm like, "no". And she goes, "oh my God, you are going to be in heaven because I know, A, you're going to binge watch it. You're going to watch all [crosstalk 01:26:40]". Yeah. Which I did. And then I watched it again because I love Rick. I mean, anyway, I don't want to give too much, but let's get back to Anna and, and her salons. I think it's fantastic. Yours was great, which I went to [crosstalk 01:26:57]

Alex Danco: [01:26:57](#) I'm doing another one next week.

Jim: [01:27:00](#) Yeah. I'm trying to get to that one too.

Alex Danco: [01:27:02](#) You can't come. It's sold out. We'll find a way. Honestly, this is actually a great place to close. Same as we opened, which is that like my refusal to go on Clubhouse, yet my absolute embrace of elite person Clubhouse, which is what Anne is building. If you haven't checked it out already go to, it is interintellect.com? Interintellect.com. Go check it out. it's Clubhouse for the elites folks. Go on, go learn things. It is an unbelievable collection of people sharing, unbelievable insights and learnings. And that discussion...

Jim: [01:27:43](#) It might even gets you a blue check mark on Twitter.

Alex Danco: [01:27:45](#) I don't know if I want a blue check mark on Twitter. I'm pretty sure it's for narcs now.

Jim: [01:27:50](#) I didn't want one. And they...

Alex Danco: [01:27:52](#) They just gave you one anyway.

Jim: [01:27:54](#) They did. People don't believe this, but it's absolutely true. I'd never requested one. I'd never wanted one. In fact, they gave Patrick one and one of the first things I posted was I am in a serious dilemma. My son just got a blue check mark. Do I have to unfollow him?

Alex Danco: [01:28:14](#) Did you have the blue check mark at this point? Or did he get it first?

Jim: [01:28:18](#) He got it first. Okay. And then the Twitter fairies decided to have pity on me because I had a series of counterfeit accounts and it just showed up and I never asked for it. I never applied. I never did anything asking for this blue check mark.

Alex Danco: [01:28:38](#) Now that you have it, would you give it up?

Jim: [01:28:40](#) Sure.

Alex Danco: [01:28:41](#) Okay. Maybe you're not Michael Scott