

FAITH— WHAT IS IT... REALLY?

“I know of no society in human history that ever suffered because its people became too desirous of evidence in support of their core beliefs.”

■ **Sam Harris (author and atheist)**

Belief in God is often called “faith” but what exactly does that mean? If it’s simply the “belief” in the unbelievable, why not have the same faith in other stories such as the story of Santa? Before looking at this question, it’s important to look at what exactly faith is in the first place. We need to understand the difference between “blind faith” (just believing in something without a logical foundation of facts) and “evidential faith” (a faith supported by logical evidence). For simplicity, let’s use the terms “faith” to describe “blind faith” and “fact” to describe “evidential faith”.

To many people, “faith” and “fact” are polar opposites—akin to “heads” and “tails” on a coin. Often the perception is that if people have “faith” in something, and science comes along and offers incredibly strong counter-evidence, they simply ignore the facts and cling ever

more strongly to their “faith”. This position is totally illogical. We should follow the evidence wherever it leads.

If you think about it, faith and fact are NOT polar opposites. They always coexist to varying degrees along a spectrum. As you move in one direction you have more facts and less faith guiding your thinking, while heading in the opposite direction requires more faith and less hard evidence. However, forming ideas and thoughts without ANY actual evidence is foolish—there is always a mixture of fact and faith when you come to your opinion on a subject. Let’s first look at a seemingly fact-based decision like stepping onto an elevator as an example.

I have been on elevators hundreds of times in my life and they have almost always delivered me safely to the proper floor. However, there was one time when an elevator ceased to operate and I was trapped along with a number of other passengers caught between floors. I pressed the security button and a voice came on and told me they would send us help. Stuck there, I asked my fellow passengers if they had a cell phone so we could call 911 to explain our predicament. A fellow did have a phone but told me that we might get “into trouble” by calling 911. I responded that the security guy we had spoken to might get a call from his girlfriend right after

we called and might forget all about us. I had never met him, so how much “faith” did I have in him? I asked the guy to borrow his cell phone and told him I would call 911 and give them my name so that he would not face any consequences. About an hour later, the firefighters had freed us from our predicament. I like to think the security guy did his job and contacted them for us, but my extra call made sense for added reassurance.

Getting on an elevator is MOSTLY a fact-based decision. I understand they are checked at regular intervals and that it is not new technology as the first elevator was installed in 1853, but personal experience shows there is still a faith-based component, however small.

What about on the other end of the spectrum—a totally faith-based decision? I would use buying a lottery ticket as an example. In the US, there is a popular lottery where the chance of winning the grand prize is so remote that you could almost call it zero. Almost. The reality is that people do win this lottery, but the odds of winning are 1 in 292 million. For perspective, think of this. Do you know anyone who has ever been struck by lightning? I don’t mean you heard about it in the news or somewhere (as news reporting tends to make us feel something is more likely to occur than it truly is), but do

you actually KNOW somebody who has been struck by lightning? The odds of getting struck by lightning this year is roughly 1 in a million. The odds of getting struck by lightning twice in your lifetime are 1 in 9 million. The odds of winning this lottery is about 30 TIMES LESS LIKELY than getting struck twice in your lifetime by lightning. Buying a lottery ticket is MOSTLY a faith-based decision, yet many people do. The idea of “hope” is a powerful motivator. I tend to be a person who does not cling to statistically-challenged faith, so I have never bought a lottery ticket in my life. However somebody does win, so there is a fact-based component—however small.

This “fact/faith” spectrum has affected my own life greatly. Academically, I had done okay at school, and earned a business degree. The common parental mantra repeated endlessly went something like this...”Study hard, get into university and do well, you will get a good job and eventually be able to live comfortably.” In my teens and early 20s, I decided that sometimes there were more enjoyable things to do besides working. I took a summer off to backpack around Europe and enjoyed that so much I decided to get a “working holiday visa” and spend a year travelling around Australia and New Zealand. It was awesome! There is something about

tasting the wonder of freedom as a young person. There are few words to describe the thrill of scuba diving on the Great Barrier Reef or learning to use boomerangs in the outback. I loved the experiences but at some point I would need to earn a decent income as I did not come from a wealthy family. What to do...take the “fact-based” approach that if I followed a career path in the end I would be almost guaranteed a comfortable lifestyle—or add more “faith” to my decision process and try something a little more daring but potentially more rewarding?

Fairly early on I had decided to save a portion of my smallish earnings and invest it...in the stock market. I had read about many investors who had become wealthy through systematic investing in well-known, everyday stocks. In my family, nobody had ever invested anything in the stock market. The general message I got were messages such as, “Only invest money you can afford to lose.” The idea being put forth was that if you choose to buy stocks you will inevitably lose money...but I was determined to try...

One of my first forays into the stock market was while I was still in my teen years working for a company called Radio Shack. I watched as the store was busy and sold many products. I wanted a bigger piece of the action—I wanted to own part of the business. I researched the stock

price and noticed it had fallen from \$60 down to \$24 within a year. The shares were cheap! I took my life savings and made a HUGE “faith” move and invested the whole amount into Radio Shack shares. Within a year or so, they had dropped to \$12. I bought more. They dropped to \$6. I sold them for a 75% loss! This was a painful lesson, but one my 19-year-old self absolutely needed to learn:

Blind faith in the absence of evidence is foolish.

Although the stock market had made many people wealthy, these people had studied the facts and made EDUCATED decisions. Their faith was not blind but supported by a foundation of evidence. Having BLIND FAITH requires little effort on your part—but it can be a painful teacher.

Initially, my reaction to this loss was to totally reject the stock market as a wealth creation tool. I had lost a lot of money (to me at that time) and swore I would NEVER repeat that experience by simply never investing again. However, I gradually realized that the reason I had lost money in buying this stock was not that the stock market was a rigged game, but that I had simply been a total idiot. I had a decision to make. This decision would drastically affect the trajectory of my life. Would my

initial experience shatter my faith in the idea of investing in stocks or would the facts I had uncovered pointing to the experiences of many successful investors give me the courage to try again? I decided to keep trying...

As I gathered more information and learned more about investing, I began to develop...what's the proper word... "faith" in the stock market. An evidence-based foundation of information led me to take action—but that action would not have been possible without the added ingredient of faith. With investing, you NEVER have absolute proof that the stock you chose will do well for you. There is a method where you gather information, compare it, analyze it, weigh the upside potential against the downside risk. Eventually you have to take a step of faith. Without that faith, you would never be able to take any action, because you NEVER have irrefutable proof that the investment you are making is going to do well.

Over time, bit by bit, my faith underpinned by a foundation of evidence bore fruit. Even though I made a number of mistakes along the way, I managed to accumulate enough to quit working at the age of 34—FREEDOM! I was not rich by any stretch, but had enough to live a middle-class lifestyle without working again. Ever. I had managed to do this while spending a year living in Australia and New Zealand, backpacking

around Europe and living a number of years in Asia. By seeking out the knowledge and truth of investing I had managed to gain financial security. Freedom from work obligations, financial worries—freedom to pursue deeper questions of life. This led me to my second lesson:

*Faith based on a solid foundation
of evidence is NOT foolish.*

It's interesting to see how investors need both facts and faith to succeed. By investing based on faith alone, dumb investments are made which are painful and costly. However, the opposite would also be true. If an investor did the proper research and collected evidence, they would still need some faith to actually take action and invest because investing is NEVER an absolute. The investor who demanded ABSOLUTE CERTAINTY before acting on his/her research would never actually do anything at all! They would simply bury their money in their back yard or keep it in a super safe bank account and their savings would never generate sufficient earnings for them to reap the rewards of their efforts. Both components are necessary for success.

After I stopped working I wrote a number of national best-selling investment books. During this time I had a chance to talk with a number of people. I learned a lot

from many of these chats but one thing struck me as completely illogical. From time to time, people would explain to me that the whole stock market was a scam and nobody actually gained by investing in it (or only “insiders” did). When I pointed to the success I had personally experienced, it was ignored. The stories of countless other investors who had succeeded on a much larger scale than I had (whom I had shamelessly copied), were also dismissed. Even though the evidence supported the fact that investing was a reasonable path to financial security, often this evidence was ignored. A lack of faith had diminished their options and freedom.

We are all guilty of doing this at times...we cling to faulty beliefs. We often don't acknowledge the limits of our own understanding and form hardened, unchangeable opinions based on imperfect information. As Socrates said it, “The only true wisdom is in knowing you know nothing.” Let's delve into the idea of how much we “truly know” in the next chapter.