

# Seeking Wisdom: From Darwin to Munger



**Author: Peter Bevelin**

**Book Summary**

While all of us wish to do better and improve ourselves, it is hard to put in the effort and discipline required for this mammoth task. Famous author Peter Bevelin also had the same idea – to improve his thinking and come up with ways to enhance logic and reasoning. His treatise – Seeking Wisdom: From Darwin to Munger, is the result of his efforts towards enhancing his thought process and consciousness. In his own words, he thought he was dumb and wanted to be less dumb and the book is a compilation of everything he has learned on the rewarding journey towards being a more accomplished thinker. At 42, he decided to take a year off and learn, reflect, and write on human behaviour and judgements, thus creating a veritable treatise for all of us who wish to enhance our thoughts and ideas.

Peter Bevelin wrote this book with the idea that he could eventually transfer his learning to his children. 'Seeking Wisdom' can help you become a little wiser each day while avoiding harmful mistakes. In Bevelin's words, optimal decision making involves avoiding terrible ones, rather than fixating on taking only brilliant ones. The book begins with Confucius' unforgettable words - *"A man who has committed a mistake and doesn't correct it, is committing another mistake."* It will go on to teach you exactly how to learn from important lessons in your own life.

## **Key takeaways**

- Identifying the things that influence you can help you avoid traps and understand the behavioural patterns of others.
- Finding a framework for reasoning can help you make better judgements.
- It is important to learn from the mistakes made by other people.
- While it is impossible to eliminate mistakes, it is possible to prevent really harmful errors.
- We are drawn to novel things and experiences, as these could be potentially rewarding, but your decisions should be based on reasoning and logic.
- Reality consists of several underlying big ideas and learning these can help you develop good thinking habits like objectivity.

Human beings have spent a long time on earth, evolving from apes to becoming self-sufficient and capable. However, often, our thought processes take us back to the original hunter gatherer ethos of the past. In fact, biology dictates that we have, actually, spent 90% of our existence as a species in that state, making it difficult to let go of those mechanisms. To be more humane and thoughtful, you need to practice regularly and consistently, learning from your own past mistakes as well as the mistakes of others. This is a lesson essentially ingrained in 'Seeking Wisdom' and it has the power to stand us in good stead for the years and decades to come.

## **Not making fools of ourselves**

Many of us end up making a fool of ourselves because of a number of reasons such as bias from association, not recognizing the bias from self-interest, and wishful thinking leading to self-deception and denial. The first thing that you need to do is not to work towards avoiding these mistakes. Rather, it is to understand them better. This is because only when you understand the root causes of your mistakes can you improve yourself. There is an important checklist that you can follow to avoid such traps, and these include avoiding pointers such as consistency tendency, status quo and do-nothing syndrome, impatience, envy, comparison, over-influence, constructing logic and explanation to fit outcomes, and a lack of doubt. Further, you should also stay away from mental confusion arising out of emotions, the need to always say something, stress, and pain. Often, our lives and livelihoods may depend on a factor or ideal which might be incorrect but we stick to the path because we are afraid of what might happen if we change our path. However, to be wise and to develop good thinking habits, it is essential that you remain strong in the face of the pointers mentioned and work towards creating a framework which is more holistic and devoid of judgements. Every great man, from Seneca to Buffet, has questioned the folly of fooling oneself and you must never fall prey to this aspect. As Huxley famously said – Facts do not cease to exist because they are ignored. Never accept things on their face value – only accept things when you are convinced without any bias.

## **Fallacies of memory**

Through your lifetime, you depend on your memory for a variety of reasons – from remembering the past to taking future decisions, your memory is called into use on a daily and regular basis. However, it is important to understand that memories are

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subjective and they may lead you to make incorrect decisions. Firstly, you must realize that memory weakens and deteriorates over time. Something you remembered in detail a few years ago may end up being foggy when you try to recollect the intricate nuances later on. You might also forget or miss the important parts of a memory and end up fixating on distracting issues. Conversely, you may assign a memory to the wrong sources, thus putting a question mark on the entire element. Sometimes, it can also happen that your present knowledge impacts your memories and can influence the way you might remember a certain incident or development. This is why it is really important that when you are looking to make wise decisions you must avoid depending on your memories or the actions that you took in the past. The best way to move forward is to accept your failings and work towards improving yourself.

## **Munger's advice on avoiding folly**

Considered wise beyond words and experience, Charlie Munger has been a famous investment guru since decades. He has influenced countless individuals with his focus on rational and good thinking and, according to him, there are some lessons you can follow if you wish to “not be dumb”. First of all, Munger believes and states that you can actually learn how to make fewer errors. He further goes on to say that even when you end up making mistakes, you should become powerful enough to fix them quickly as long as you can learn how to handle them in a better and more objective manner. To reach a place from where you can work towards a less mistake-laden future, you can follow the two-track analysis – consider the factors which govern your interests and then look at the subconscious influences which prompt your brain to take automatic actions. Once you understand these two aspects, you can take an informed guess about what causes psychological misjudgments in your life. Finally, study all the main models in psychology and understand what works best for you. Use these models as checklists when reviewing the results of your actions and pay attention to combinatorial lollapalooza effects or the phenomenon wherein your many biases and tendencies act in tandem to drive you towards a particular action, usually erroneous.

## **The science behind misjudgments**

One way to get better at logic and objectivity is to stop looking at isolated events and start considering your actions as a whole. It is important to take into account how your seemingly minor actions may affect the whole system. Also, as humans, we need to stop looking at just the symptoms and start looking at the root cause. For instance, if you have a fever, you should not just take an antibiotic to relieve the issue. You should take a closer look and identify the underlying cause of the fever, which is the only way to actually get rid of the ailment. Einstein once said that not everything that counts can be counted, and not everything that can be counted, counts. Understand that there are many different variables, even in simple equations, and take decisions only after counting all the variables that actually matter in the long run. Finally, if you do end up making a misjudgment, never let it go without a post-mortem and always treat it as an opportunity to learn. Work out the original reasons and assumptions which led you to making a mistake and analyse exactly how your judgment turned out. This can help you avoid such actions in the future.

## **Learning to think better**

Just like any other individual, you are equipped with a mind and knowledge, but it is up to you to use this knowledge to think wisely and improve your life. You can consider 'autocatalysis' as the first step to thinking better – by creating a model wherein doing A will ensure that you can reach points B and C through an automated process that lessens your burden. What works in science can work in real life too! Arm yourself with sound reasoning tools and go through the checklist before coming up with a decision. Do not complicate your thinking with big ideas which cannot be understood in one sentence. Simplifying your thought process can help you simplify your lifestyle. Maintain a questioning attitude and try to analyze and understand why things happen the way they do. Look around yourself, be conscious, and ask questions to stimulate your reasoning powers. While taking good decisions may be tough, it is easier to avoid bad decisions. Look at what can cause you to stray from your chosen path and take efforts to avoid it. Always try to live in the present, neither your past nor your future are as important as the current moment.

Wisdom comes with conscious practice and concerted efforts and the only way to attain it is to never give up. You need wisdom in every aspect of your life, whether at work or your investment portfolio. Many of the learnings from this book can help you

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enhance your financial and investing journey. For example, just like the author highlights how traps such as status quo and do-nothing syndrome, impatience, envy, comparison, over-influence, and constructing logic and explanation to fit outcomes can lead to mistakes, similarly behavioural biases like status-quo bias, loss aversion bias, etc., can influence you to make bad investment decisions. According to the author, a great way to deal with these biases can be to automate processes. In the case of your financial planning journey, this means that you need to automate your investments. The best part is that if you are investing in mutual funds then automating investments has never been easier. All you have to do is start a Systematic Investment Plan (SIP) in a mutual fund scheme of your choice. SIPs allow you to automate your investments and ensure that you continue investing in a disciplined and consistent manner. When you start a SIP, you invest a fixed amount of money on a periodic basis or at fixed intervals. The fixed intervals can be chosen by you and can be fortnightly, monthly, or even quarterly. SIPs have multiple benefits including the power of compounding, rupee cost averaging, no need to time the markets, avoiding behavioural traps, and investment discipline. This means that by automating investments, i.e., point A, you can reach multiple points. Such is the power of mutual fund SIPs.

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