



# FINANCIAL PREPAREDNESS

*"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen*

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Tsundoku

We had some friends over on Independence Day for a Freedom Party. After getting a tour of our house (during which they looked outside a window to see a large bear only a few yards away), we got to talking about the ~2,400 books in my library, at least two thirds of which I haven't read yet. I tried to explain why I like to surround myself with so many unread books.

In [The Black Swan](#), Nassim Taleb writes, "Read books are far less valuable than unread ones. [Your] library should contain *as much of what you do not know* as your financial means...allows you to put there....Let us call this collection of unread books an *antilibrary*." Autodidacts such as Thomas Jefferson have been doing exactly that for centuries, though I think Taleb could have come up with a better word for it than *antilibrary*. He should have checked to see if the Germans or Japanese have a word for it, because they are masters at this sort of thing. Indeed, the Japanese do have a word for it: *tsundoku*, which combines *tsunde-oku* (letting things pile up) with *dokushu* (reading books).

OK, so why should you have a large *tsundoku*? Blogger Maria Popova notes that humans have a tendency to overestimate the value of what they know, and underestimate the value of what they don't know. I would imagine that this is due to a combination of ego, the [Endowment Effect](#), and simply not knowing the value of knowledge that we aren't

aware of. As a value investor who has a strong desire to see things clearly, I want to understand the true value of what I don't (yet) know, but I also want to avoid overvaluing what I do know as a result of my incomplete knowledge.

Blogger Kevin Dickinson writes that a tsundoku is “a living, growing resource we can learn from until we are [old]....[Its] value stems from how it challenges our self-estimation by providing a constant, niggling reminder of all we don't know. The titles lining my own home remind me that I know little to nothing about [various subjects]....These shelves of unexplored ideas propel us to continue reading, continue learning, and never be comfortable that we know enough. Jessica Stillman calls this realization *intellectual humility*.” As an investment manager, this is something I strive to maintain, because I never want to be overconfident.

Stillman wonders whether a tsundoku ameliorates [the Dunning-Kruger effect](#), “a cognitive bias that leads ignorant people to assume their knowledge or abilities are more proficient than they truly are. Since people are not prone to enjoying reminders of their ignorance, their unread books push them toward, if not mastery, then at least an ever-expanding understanding of competence.”

I don't want my library to be a “trophy room” that consists solely of all the books I've read. I want it to be a reminder of how much I still don't know. As Stillman writes, “All those books you haven't read are indeed a sign of your ignorance. But if you know how ignorant you are, you're way ahead of the vast majority of other people.”

There are a number of other reasons I want to have the shelves in my house stuffed with books (instead of TV sets or decorative items). First, I want to provide an intellectually rich environment for my child, so that any time he wants to learn more about something, he is free to dive in and educate himself. I want him to conclude that reading a lot and having a lot of books around the house is normal.

Second, any time that I (or another family member) wants to know more about a subject, we can dive in immediately. My wife is planning to teach a Life Skills class next school year, and she asked me if I had any books about life and how to live it. Of course I did, starting with Montaigne from the 16<sup>th</sup> Century. I quickly produced one stack of books I had read and another stack I had not.

Further, there are some things in life for which there is no substitute for the real thing; physical books are one of those things. Here's why. Physical books do not depend on the (fragile) electrical grid remaining up. Physical books cannot be remotely deleted by the government or a corporation, like [Amazon secretly did with \(ironically\) 1984](#). Yes, they can be damaged or destroyed by a fire or tornado. And if a group like Antifa ever comes to your house to rip out your plumbing so they can restart society at [Year Zero](#), your books will end up on a bonfire.

But if you can avoid these few perils, a well-stocked library could allow a small, civilized remnant of humanity to either keep knowledge, reading and learning alive during an extended new Dark Ages, or it could provide the technical know-how to reboot society



into the 19<sup>th</sup> Century after a calamitous event (such as the permanent loss of the electrical grid). I don't know how people did things back then, so I have almost the entire collection of [Foxfire books](#), which would prove invaluable if we suddenly found ourselves transported back to the 1800s (the [One Second After](#) series by William Forstchen mentions this). Today the series would be called The Complete Idiot's Guide to Living Without Electricity, Fossil Fuels or Nuclear Power.

Finally, having a lot of informative, well-written and interesting books around excites and energizes me. I feel like a kid in a (brain) candy store. There is always something new to look forward to reading and learning about. It makes it easy to keep your mind engaged and remain a lifelong learner.

## News Items

[Retail Investors Are Chasing the Stock Market Rally](#) “The monthly net inflows into US equities are now averaging \$1.4 billion per day, close to the all-time record of last March (\$1.5 billion per day).” Watch out below!

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## [Recommended Books](#)

*(I receive a commission if you buy a book via this link.)*

I would love to hear from you! If you have any comments, suggestions, insight/wisdom, or

you'd like to share a great article, please leave a comment.

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