

## **The Black Swan – The Impact of the Highly Improbable**

*Nassim Nicholas Taleb (± \$27)*

*Penguin Books 2007*

This is surely the most thought provoking book I've read in at least a year. Not a theological work, this one is more philosophy. This book makes you anxious and excited – all at the same time.

Before the discovery of Black Swans in Aus, all swans were thought/assumed to be white. One sighting changed our whole understanding about swans. So how do we deal with “Black Swans” in our lives? That is, how do we deal with unexpected events that change everything?!!

“This book is about Black Swans: the random events that underlie our lives, from bestsellers to world disasters. Their impact is huge; they're nearly impossible to predict; yet after they happen we always try to rationalize them.”

Nassim Taleb invites us to ignore the experts, to stop trying to predict everything and to embrace uncertainty. This is not an easy book to read. This is true not only because it wants to claim your full attention, but it is also complicated at times in the arguments he employs (linking them to history and philosophy for example).

You're making a commitment in reading this book. But I believe it was/is worth the time and effort. Taleb invites you to think; and to think freshly about so many areas of your life. You'll be taken into a new way of looking at the world (or worlds!) learning about Mediocristan and Extremistan and how you and I fit into these.

“Mediocristan is where we must endure the tyranny of the collective, the routine, the obvious, and the predicted; Extremistan is where we are subjected to the tyranny of the singular, the accidental, the unseen, and the unpredicted.” P35

My biggest criticism of the book is about his detailed argument about the so called Bell Curve (even though he tells you not to worry if you've not heard of it). My suggestion would be to skip chapter 15 (pp 229 to 252) if you're not into the technical analysis. He suggests it too!

What more to say? I also loved his humour, but it may not appeal to all. I loved his sharing of life experiences from Lebanon (now there's a country with a few uncertainties thrown in).

An example of the humour and style: “Consider a turkey that is fed every day. Every single feeding will firm up the bird's belief that it is the general rule of life to be fed every day by friendly members of the human race “looking out for its best interests,” as a politician

would say. On the afternoon of the Wednesday before Thanksgiving, something *unexpected* will happen to the turkey. It will incur a revision of belief.” P40

This book is a challenging but rewarding ride. E.g. I was shocked at how he warns about a possible global financial crisis prompted by the collapse of Fannie Mae bank in the US, *ONE YEAR BEFORE IT HAPPENED!*

This book touches on how to prepare for negative black swans AND how to live in a way prepared for the positive possibility of Black Swans in our lives. If you choose to read this, I hope you enjoy the ride as much as I did.

Chris Crause, 2009