



## *Living with Uncertainty*

*We can never be sure of what the future holds, but would we really want to be? Uncertainty stimulates us as individuals and plays a dynamic role in our society. In many ways, we couldn't live without it. Moreover, we would be foolish to try . . .*

□ The world is a highly unreliable place. No living creature is exempt from uncertainty. This is particularly true of the creature generically known as man, who is subject not only to the whims of nature, but to the multiple uncertainties he has created for himself.

From the beginning of history, man has been ambivalent about the unknown, dreading it on one hand and relishing it on the other. This is because he discovered when he was still dressed in skins that the unknown can hold things to desire as well as to dread.

It was the search for the good things in life while risking the bad that set people on the road to civilization. If they had wanted a maximum of certainty in their lives, they might never have emerged from their caves.

Instead, our forerunners went out to find what was over the next hill, taking their chances on potential harm in the hope of potential advantage. A sabre-toothed tiger might be lying in wait; but there could also be a herd of nice fat deer.

This questing spirit eventually led human beings to spread over the face of the earth, crossing deserts, mountains and oceans at enormous peril. Each plunge into the unknown was a move towards the kind of life we lead today.

In the course of facing up to uncertainty, people came to understand some important points about it. Long before the thought was ever framed in a convenient phrase, they realized that when nothing was ventured, nothing was gained. They found that the future was seldom as full of danger as they had

imagined. They learned that there were probabilities as well as random possibilities, which allowed them to prepare at least partially for what the future was likely to bring.

Most important, they learned that some uncertainties could be controlled — that, for instance, they would be less dependent for their food supply on fluctuations in the wild animal population if they raised their own livestock. When they started growing things, they reasoned that they would be less at the mercy of the rains if they dug wells and irrigation ditches to use what water there was.

The control of uncertainty gave rise to many of the institutions that are at the base of social organization. Religion, government and the law all grew out of a desire for greater collective security, which has been defined as “freedom from apprehension” as to future events.

So the spirit of boldness was counterbalanced by the spirit of prudence. It only made sense to eliminate preventable risks. For example, a bridge would be built across a river that could not be forded safely. Prudence came into play in deciding whether to take a risk or not, such as whether to take a boat out fishing on a breezy day.

But there have been times in history when the balance between boldness and prudence was lost, and one side dominated the other. Long periods were consumed by war, the most perilous activity of all. This was mainly destructive, though not entirely so: The conquests of soldier-statesmen like Alexander the Great, Julius Caesar and Tamerlane helped to spread learning, art and public works

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through Europe, Africa and Asia. But the barbarian campaigns that swept over Europe while the Roman Empire was falling came close to annihilating all that civilized people had built in that part of the world.

Boldness was ascendant, only to be followed by a degree of prudence that bordered on timidity. Writing of the onset of the Dark Ages in Europe, the historian Sir Kenneth Clarke commented that, however complex and solid it seems, civilization is actually quite fragile: "It can be destroyed. What are its enemies? Well, first of all fear, fear of war, fear of invasion, fear of plague and famine, that make it simply not worthwhile constructing things, or planting trees or even planning next year's crop."

While European society stood immobilized by its fear of what might happen next, it fell prey to superstition. In its own gloomy way, superstition responds to the craving in frightened people for security. Under its spell, people become absolutely convinced that their lives are controlled by supernatural forces, whose actions they try to influence by rituals and sacrifices. The purveyors of superstition have an answer for everything. The only uncertainty that exists is as to what mood the supernatural authorities are in.

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### *A band of fire across the sea burned only in men's minds*

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The chief effect of the peculiar brand of superstition that flourished in Europe in the Middle Ages was to impede the acquisition of knowledge. It discouraged investigation into the nature of things by maintaining an atmosphere in which questions simply were not asked. Anyone who probed into mysteries that were considered the province of God and his earthly agents might be imprisoned or burned at the stake for heresy. As a result, the unknown remained unknown, while all the time people believed that there were mystical explanations for everything under the sun.

A good example of the stultification of spirit that reigned for so many years is found in the medieval chart which showed a ship turning back into the Mediterranean from Gibraltar with the motto *Ne Plus Ultra*, "go no further." For centuries sailors would not sail south because they *knew* that the middle of the earth was a band of fire: otherwise,

why did it keep getting hotter the farther south you went?

Experienced navigators like Christopher Columbus and Vasco da Gama were well aware that the earth was not flat, and that there was no ring of fire around the equator. But many of their contemporaries firmly believed otherwise, and it was an act of defiance of established wisdom to sail where men were not supposed to go.

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### *In some situations, cancelling uncertainty is deemed a crime*

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The explosion of scientific research in the Renaissance pushed back the frontiers of knowledge in every field, but the greatest breakthrough was not in astronomy or physics; it was in mass psychology. The scientific discoveries, followed as they were by the discovery of new sea routes and a whole "New World," changed peoples' perception of the unknown and how to deal with it. They could see that it was more rewarding to explore it than to shrink away from it in dread.

Of course, the will to take risks had never completely died, nor could it in an age that was so hazardous and unhealthy. Wars were constantly waged, and when men felt that there was not enough uncertainty in their lives, they manufactured it by playing games and engaging in contests whose outcome was unsure.

In his book *Chance, Luck and Skill*, John Cohen tells us that gambling has existed in every culture ever since there were possessions to win or lose. The ancient Germanic vision of paradise, he says, included something like a giant casino which offered ample facilities for indulging in games of chance.

Except in a few crude games such as drawing lots, gambling has never rested entirely on luck; there is always an element of skill and judgment. Judgment is what makes for calculated risks, even though the basis of the judgment may be irrational and the calculations can always be upset.

From taking calculated risks in games, it is a short step to taking calculated risks in business. This is called speculation, an activity that does not deserve the pejorative connotation which is so often attached to it. Any merchant who stocks up on goods is, in effect, speculating on whether he will

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be able to sell them at a higher price than he paid for them. It is speculation to buy shares on the stock exchange no matter how long you intend to hold them, because they are always subject to increases or decreases in value. A good part of the nation's industry and commerce is financed in this way.

In the textbook *Risk and Insurance*, Professor Robert D. Eilers of the University of Pennsylvania explains how speculative uncertainty makes for a strong and fair economy: ". . . The atmosphere of speculative risk serves to encourage cost efficiency, to lower consumer prices, and to increase the quality and variety of goods. In essence, dynamic uncertainty contributes to economic change and progress. Standards of living rise, life is made more interesting, and its benefits can be more plentiful. The beneficial aspects revolve around the inescapable fact that dynamic uncertainties stimulate initiative, develop inventive and technical powers, maintain ambition, and encourage hard work."

Every business is open to uncertainty. Managers never know what competitors might spring on them, and they must cope with the shifting sands of general economic trends. If everyone thinking of starting a business waited for a guarantee of profit, the private enterprise system would languish. A willingness to take reasonable risks is, in fact, what keeps the system alive.

Entrepreneurs who launch and run their own enterprises wager not only their savings, but their efforts, abilities and indeed the very years of their lives on the chance of succeeding. The distinguished economic theorist Joseph Schumpeter, among others, believed that entrepreneurship was the "motive force" behind a progressive economy. By "betting" on themselves, entrepreneurs pump fuel into the system, generating the thrust needed to keep business activity moving ahead.

The economic system is not the only part of our society to feel the benefits of uncertainty. Our way of seeking good government is to decree that any politician, no matter how powerful in office, can be defeated at the polls.

When democracy is working properly, elected governments are afforded a reasonable chance between elections to plan their policies and put them into practice. But the electorate is inclined to

become impatient with governments that become too sure of their claim to office. The possibility that our leaders can be removed keeps them sensitive to the public will.

So crucial is uncertainty to the western way of life that we have made it a crime to eliminate it in some situations. Anyone who tries to introduce certitude to an electoral result by tampering with the voting can be heavily fined, barred from office or actually thrown in jail.

Much the same treatment awaits stock market operators who arrange to know for certain that the price of a stock will go up or down, or race horse trainers who contrive in advance to run a "sure winner." There are legal penalties for conspiring to assure a uniform price among competitors in a market. It is also illegal for competitors to get together and divide a market into guaranteed shares.

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### *We can't insulate ourselves no matter how hard we try*

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By approving these laws, we have collectively subscribed to the principle that a degree of uncertainty is in the best interests of our society. In some respects we couldn't live without it. This is literally true in the case of housing and office accommodation. Our towns and cities are full of buildings erected on the chance that enough buyers and tenants will be forthcoming to more than cover their cost.

On a personal level, any attempt to live without uncertainty would rob life of much of its flavour. Imagine how dull it would be to be surrounded by certainties day after day. Everything would be predictable — no surprises, no coincidences, no luck, no serendipity. Things would be so easy — and so boring. It would dampen the urge for achievement, for "there would be no triumph in success if there had been no hazard of failure," as Cardinal Newman said.

Some still might opt to insulate themselves from uncertainty, and some do try to. They can never succeed for any length of time. Life itself is uncertain — we cannot depend on its continuance. The only real certainty for any of us is death.

As we take the important steps from the cradle to the grave — starting a career, getting married, having children — we can never be sure how things

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will turn out in the long run. Perhaps they will turn out badly, but the odds for most of us are in favour of muddling through. When children leave home, they too walk into the mists of uncertainty. Parents might like to keep them securely tucked under their wings, but that could be worse for them than letting them take their own risks.

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*Can you do something about it?  
Then do it and forget the rest*

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Living with uncertainty is definitely a strain. Some people are better-equipped to handle it than others. Some cope with ever-changing situations daily in their jobs and thrive on the atmosphere of high tension that prevails. Some go so far as to raise the level and intensity of the uncertainty to which they are exposed by deliberately courting danger by climbing mountains, shooting rapids, jumping out of airplanes, etc. They do these things to enhance the experience of living: to feel the rare exhilaration that comes with having won a gamble at the highest of all stakes.

At the opposite end of the scale, others suffer terrible anxiety and tension over the future course of events. They see menaces in every possibility. In extreme cases, psychologists tell us, this fear of what's coming next results in reduced work efficiency, severe marital problems and alcohol and drug abuse.

Those who feel besieged by uncertainty are prone to detect potential dangers where none in fact exist. They should be reassured that there is only one way of dealing with prospective perils. This is to isolate the ones you can do something about, and do something about them — and stop worrying about the rest.

This applies as much to society as it does to individuals. We have reached our present stage of progress by identifying the risks that can be dealt with, then taking action to eliminate them or bring them under control. This has been accomplished by such means as research into the causes and cures of diseases, health regulations, accident prevention, insurance both private and public, military defence and policing. Through these and other methods, many of the evil possibilities that have haunted

mankind from the dawn of time have been made to disappear entirely. Dying of smallpox is one.

Yet while we have steadily built up our defences against age-old threats to human well-being, new threats have arisen out of the complexity of modern living. The unpredictable impact of technology is a whole realm of uncertainty in itself. Not only has science given us new hazards to worry about, it has at the same time uncovered latent hazards that had previously gone unnoticed or were wrapped in mystery. Every day, it seems, brings a fresh spate of warnings through the media of more and more frightful possibilities — of menaces to health, to the economy, to the environment, and indeed to the entire earth.

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*A great society won't be built  
inside a protective cocoon*

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Out of this effusion, we as a society should be careful to distinguish between those warnings that are valid and those that are likely to be false alarms. We must then determine which we can do something about, which we can't, and which are not worth getting excited about.

While doing so, we must keep in mind that measures to avert apprehended risks can themselves have unforeseen ramifications. The cure can sometimes be worse than the disease.

What we should *not* do is try to protect ourselves against every conceivable mischance. If we did, we might well set up a psychological regime of risk aversion in which people are reluctant to take those risky actions that ought to be taken. This would cause a loss of confidence, of creativity, and quite likely of personal freedom. It would mean a stalling of progress, because a better life for all cannot be built inside a cocoon.

The historic balance of boldness and prudence must be maintained if we are to steer a true course into the uncertain future. We must always remember that, if the future holds peril, it holds promise too. So far in the human story, the promise has always proved to exceed the peril. This fact should be a basic element of our thinking. If there is one thing to worry about in the future, it is slipping into a position where our hopes are overshadowed by our fears.