



## Right Understanding and Money

The other morning as I was thinking about the meaning of money again—don't ask me why—some long-lost memories of an old high school friend, Rob, came bubbling back to the surface of my consciousness. There's two things you need to know about Rob. 1. He was an usually good bowler—if I am remembering things right, in our 9th grade league he was averaging over 220 and almost bowled a few perfect games. And 2. He was one of those people who was just naturally good with money. While the rest of us were lucky to have over \$20 in our pockets, Rob always had a thick bill fold filled with at least a few hundred dollar bills and carried around at least a grand, if not more.

I don't know where he got all this money. Well, actually I kind of do.

You see, in 10th grade I was part of this gambling ring. Lest you think I was cool in high school, let me just tell you: this was about the most interesting thing I was ever involved in. I spent far more time reading and studying than any young person should. But that's a story for another day.

I don't remember how this all started but shortly into my 10th grade year, a bunch of us were meeting every Friday night in the basement of my friend Anthony's house to play craps, blackjack and even crazier games like in-between. It started off with just a few of us and quickly grew to 20-30 people on any given night. Just to put things into context I was making like \$5 an hour working at a pizza parlor at the time, which was by far the worst job I've ever had. I wasn't very good at making pizzas so I was always put on dishes and clean-up duty. Anyway, on these Friday nights you could find me playing craps for \$5, \$10 or even \$20 a roll. Yes, I know: not very smart.

But let's get back to Rob. The memory that came to my mind the other morning was how he absolutely killed it in this gambling ring. He walked away a big winner almost every single night. And looking back, it's just so painfully obvious why. At the time we all just thought he was really lucky but, in truth, Rob was just operating on a different level than the rest of us. You see, while we were all believing in our own luck, Rob was simply positioning himself consistently

in the position of the casino. So, when it came time to play craps, Rob was always betting against and with blackjack, he was always the dealer. You get the idea. I have this vivid memory of Rob where when it came to his turn to roll he threw a hundred on the craps table betting against! This was one of those moments where I should've learned something. Instead, I just thought he was kind of crazy. We all did. Turns out, he was just really smart and understood some things about money that we did not.

I lost touch with Rob shortly after high school but if I had to bet, I imagine he's doing just fine financially. Rob is one of those rare people who is just naturally good with money. He had this intuitive understanding—something in his personality and emotional DNA—that made him capable of seeing the truth of money and how to best work with it. It would be many years before I would internalize the lessons I should've learned from Rob.

As I have been getting deeper and deeper into this writing project, I have been thinking a lot about things like financial freedom, the definition of money and prosperity and just what it means to have right understanding of money from a psychological and spiritual perspective. I have to come believe something really important: that financial health is essentially an expression of your overall health. Of course, the most common mistake we make in this modern, materialistic world is to overemphasize the importance of the financial. Often, we sacrifice almost everything else—sleep, physical fitness, intellect, relationship, spirituality—at the altar of money. Indeed, this may be the fundamental problem of our age. At the same time, because money operates in subtle ways on both the conscious and the unconscious, even in our over-indulgence, we get things terribly wrong when it comes to money.

Let me explain.

Most people assume they know exactly how they think and feel about money. But, usually, that isn't true at all. Most people don't have a clue. Even people who are "good" with money in a natural way like my friend Rob—and we all know this type, the person who always seems to have money—even these fortunate individuals aren't always consciously aware of the psychological and emotional conditions which are producing such great results for them.

What is it about money that produces this widespread unconscious effect? Philosophically, it's a function of the fundamental un-reality of money. For what is money? Nothing more than an idea, a product of collective belief. Psychologically, it's a reflection of and symbol for one of the most powerful human forces: desire. And when you are dealing with things like belief and desire, the unconscious is typically

very active and often solely so. There's something about these things that defies full conscious understanding.

As a result, people get a lot of things wrong when it comes to money. These mistakes can be broadly categorized in three main buckets:

1. Lack of awareness  
(not even knowing how you think about money)
2. Treating money as an end rather than a means  
(the most common mistake)
3. Not giving significant attention or respect to the emotional and spiritual aspects of money (a much deeper and more serious issue).

Lack of awareness is never good but with something as important as money it's potentially devastating. Look, a wrong attitude or belief about money can have a material impact on the actual quality of your life. I am not sure exactly how or why—maybe it was my middleclass Midwest upbringing—but I entered adulthood with two very powerful, very wrong beliefs about money. Firstly, I held this belief, mostly unconsciously, that money was somehow governed by some principle of justice. I believed that you had to "deserve" to get money, that it was somehow the product of a rational and fair system. This was probably a result of the American mythology of making it through hard work. And what's really tricky about this belief is that you kind of want to keep believing it, even after you encounter the truth.

But once you open your eyes and start really looking around the world, you realize quickly how much of a fantasy this belief is, how terribly wrong it is. Money could care less about all your ideas and ideals. Money is a human creation, just another one of our many ideas. It is what we make it to be. But is has become such an important force and symbol in our society that there is this natural instinct to assume that it is governed by the higher powers of existence. The truth about money is that it isn't just at all. It is just another one of our "things." It can be taken, found, created, destroyed, given... And it doesn't care for nor carry any of the emotions we like to ascribe it.

I only came to understand this truth by facing firsthand some of the harsh realities of modern adulthood. Fortunately, this process of shedding the false armor of idealistic naivety wasn't too painful. This is a story for another day but suffice it to say that I've run into my fair share of shady people and fraudsters and have managed somehow to get close enough to learn some hard truth, get burned badly but still walk away intact. Of course, I like to think my smarts saved me but maybe I just got lucky.

Anyway, I did learn ultimately that it is wrong to believe that in order to get money you have to deserve it. A big part of the problem with our relationship with money is that our vocabulary for it is all wrong. For example, what does “make” really mean in the phrase “make money?” What was I thinking that “deserve” actually meant? Or take the phrase: “I lost money.” Well, what precisely does that mean and does it make any sense? “To lose” necessarily implies that you have the ability “to find” what it is you have lost. But that’s not true when it comes to money, unless you are talking about a specific bill or coin that you actually, physically misplaced.

If that’s the wrong belief, what’s then the right one? It’s simply not a question of deserving; it’s about understanding the various ways that money gets created in our system and finding the ones that make sense for you. It’s about being strategic in your choices and understanding the true nature of the path you choose. It’s about being a part of something that creates great value in our society, but being so in a certain way. It turns out that legal distinctions like “owner” or “employee”—things we basically take for granted but really are the result of years of very deliberate construction in politics and law—matter a whole lot. Hint: if you are after great wealth, you want to be an owner.

Before I continue, let me pause my story to discuss something really important. I don’t want you all to think I’m arguing here that life is or should be about the pursuit of wealth. Not at all. What I’m trying to do here is simply share some of the lessons I learned. And these lessons are not for everybody. This whole story is written, in a sense, for people who are interested, like me, in acquiring wealth. This is something I probably have spent way too much time thinking about in life. But for whatever reason, acquiring wealth was something that was very important to me and there are all kinds of interesting psychological reasons for this—again a story for another day! I also want to acknowledge the truth that we live in world that is fundamentally unfair when it comes to things like wealth and that I’ve had tremendous advantages in this regard. The arc of my story is something that simply isn’t available to most. All that being said, I still believe there is something worth sharing here.

One of the things I’ve learned is that there are just a few good paths to great wealth. There’s the easy way where you just take money that’s not yours—obviously a terrible idea. You can inherit money, which sounds good but never really seems to work out. Or you can gamble and win the lotto but, again, that doesn’t seem to end well. Then there’s the path where you earn money—the most common paradigm of our current system. This can work to provide a decent living but only rarely produces lasting wealth. The earning paradigm—again, I don’t like the connotations associated with the word

“earn”—is essentially when you make an agreement with another person to pay you in exchange for your time. Unless you are incredibly talented in a field that happens to be also financially lucrative (i.e. think professional athlete), this is a fundamentally limited route. If you are after wealth in a capitalist system, you really want to position yourself as an owner. This, by the way, is something that Karl Marx was actually right about.

That leaves just one path left, which is clearly the best but also the hardest. This is the path where you try to create money. What we are talking about here is the constantly changing field of opportunity and possibility that encompasses the whole range of entrepreneurial expression. It’s not just about starting new companies. It’s invention and innovation. It’s art. It’s writing. It’s about bringing new value into the world. When you walk the creative path, you are positioning yourself on the frontier of opportunity, the place where you don’t really know what’s on the other side. And I’m convinced that something really profound happens to you when you willingly confront the unknown and the uncertain. It changes you somehow. That’s what happened to me anyway. The way our system has evolved, if wealth is what you are after, this is the best place to go.

For me, this was the first big step in rewiring my understanding of money. And it’s a big one. But even after I figured this out, I wasn’t quite done. I still had one other false belief that was really holding me back: I believed that money was something real, like a piece of gold or a precious stone. There is a sense in which money is real but it is not real like a stone is real. If you smash the stone hard enough you can actually destroy it. But money is not like that at all. It’s more like energy, something that just moves around from place-to-place.

When you mistake money for a “thing” this leads all-too-easily to the biggest problem of all when comes to money: thinking of it as an end instead of a means. Money is indeed a necessary and a useful part of life and I always say it is better to have more than to have less. However, the possession (again, the wrong word) of money will simply not make you happy. The psychological studies on this are crystal clear. It’s funny though—whenever these studies come out, the press always seems to misstate the point and starts deriding our capitalistic way of life and talking about all the evils of money. It’s not money that is the problem; it’s what we think and feel about it that is. In my own case, I set myself up for failure with my twin errors—of treating money as a thing and believing that you have to deserve money. With that kind of attitude, it’s near impossible to be good with money. How can you think clearly about things when your mind is clouded by both a strong desire and some kind of confused existential, metaphysical guilt?

What ended up happening for me is that my approach became all too rational; that's how I resolved this conflict and confusion. But in my rationality, I failed to see the other potential of money—the emotional and creative side. If you think of money without these you end up making all the “smart” decisions—having a budget and not exceeding it, saving and finding ways to take advantage of compound interest, index investing... and perhaps, if you stick with it long enough (as long as you have a sufficiently high-paying job) you might someday accumulate enough to find some measure of financial freedom. But in not engaging in the emotional and creative aspects of money you miss the opportunities that could really reshape your financial life and you might never find the path in life that allows for the full, authentic expression of your Self.

As I was moving along in my professional life, I found myself increasingly frustrated. I was impatient and confused, wondering why I hadn't made it in the way I dreamed I would. I was doing ok financially, even steadily adding to my little nest egg. But I wasn't thriving. I felt like something was missing from my life. My discontent grew until I could take it no longer! A thought screamed out in my mind: “I have to get rich!” Of course, this was the wrong idea but looking back I can forgive my younger self for this naïve motivation. As crude as it was, it did help me to start taking steps in the direction of my dreams. I quit my high-paying job and started a company (finally!). As I've grown older in life, I've become more and more convinced that in this strange way the Universe seems to know exactly what you need. And as long as you take certain steps in the right direction, it will meet you halfway with the answer you've been looking for. As I was engaging with all the challenges of a young entrepreneur, I met someone who would change forever my understanding of and relationship with money—my longtime business partner John.

Ultimately, it is from John that I learned the right way to deal with, think about and relate to money. When I met John, he was already incredibly wealthy and I felt immediately, perhaps on account of the obvious, that he was someone that was “good with money.” I don't remember how I felt at the time but looking back, I think John has had this intuitive understanding of money. I don't think he ever sat down and thought-out consciously “I am going to think about money in this way and not in these other ways because X, Y and Z.” Somehow along the way in life he just figured it out. I think he's like my friend Rob in that way. Anyway, after a few years interacting with John on a daily basis—making money on investments, losing money on others, resolving disputes with money—I essentially was able to deprogram the false conditioned thinking that was infecting my mind. John was so willing to “use” his money in pursuit of a goal (growing our business), so willing to bear risk, that I couldn't help but

take notice. He wasn't handicapped and hung-up by false beliefs like I was.

First of all, he interacted with money in such a way that he seemed to completely ignore the idea of money as a thing or end. Divorced from the emotional hang-ups of thing-money, John looked at it as just another input in the process of business and life. Unlike many investors who get hung-up tracking and thinking about every penny, John focused almost exclusively on the big picture—trying to answer one question: “are we making good investments?” You cannot underestimate how incredibly liberating this is. As an investor, it's the equivalent of a superpower.

When I first started working with John, I used to be absolutely psychologically petrified of making a mistake. For example, if it looked like we were going to bust the budget on a construction project, an anxious feeling would start to form in the pit of my stomach. “This cannot be happening!” When I'd finally get up the courage to talk to John about it, I would get this whole elaborate story together hoping to convince him that it wasn't some big mistake. Invariably, John would say something like “Well, the project needs it, right? Let's just proceed” and, instantly, a feeling of relief would come over me. After living through these emotional ups and downs dozens of times, I finally figured it out. When it comes to money, it's not about having the right answer or getting things perfect or anything like that. This isn't school; this is real life and what the money is doing here is expressing an idea. In our case, we were using money to try to make real estate assets look and perform in a different way. This is an endeavor with many right answers, not just one. The point is to get things directionally right and respond to the constantly changing environment.

I needed to see this in action to finally understand the truth about money and how it is made in our system. Money is emotionally and morally inert energy. It doesn't go to the just and the righteous. Not at all. But there are strategies that you can use that are more likely to produce money than others. There are things you can do that materially increase the odds that you will make money. To even see these ways, you have to drop all your expectations and preconceptions about money. You have to deprogram any false conditioning in you. You have to awaken. That's what John did for me.

As my relationship with money started to evolve, I began reconsidering various monetary phenomena like inflation. I asked again “just why is it a seemingly inevitable feature of any monetary arrangement for a currency to steadily depreciate over time?” It's funny how the mind works—sometimes you don't even know that you are even thinking about something until seemingly out-of-nowhere a flash of insight will come.

On this inflation question that's exactly what happened to me. I was walking home from the gym one morning and in the stream of thought that usually accompanies such a walk there it was! The reason that there appears to be this natural law of inflation: Money is a creation of collective belief and yet, by and large everyone is treating as if it were a thing and this mistaken treatment of money compounds and steadily erodes at the credibility of the underlying belief in money itself. Each of us, to the extent that we treat money as a thing, is complicit in the debasement of our collective belief. Now inflation manifests in different forms at different times but this is what's happening at the psycho-social, metaphysical level.

I have found that the best to think about money is as a tool but not just some ordinary tool designed and used to satisfy some material need or want. Not that at all. Money can be best thought of as a tool for self-expression actually. When you are spending money or making an investment, what you are really doing is contributing to the harmony of the interconnected world. Your decision to buy that thing or eat at that restaurant is a supportive act of the greater whole.

What this understanding does is free you from the negative emotions associated with thinking of something a limited, irreplaceable natural resource, for example. This is why great works of art often sell for enormous sums. There's nothing

rational about it but that's ok. These transactions reflect the emotional and spiritual aspects of money and demonstrate clearly the profound sense in which money is used to express. The same thing is happening with cars, clothing, NFT's, furniture and houses. Once you start seeing things this way a whole bunch of things in our system make more sense.

When someone leaves a bad tip, what are they really saying? "I'm upset with you for not treating me the way I want to be treated." It's a fundamentally emotional act. Think too of our legal system and the idea of financial settlements. The party paying out the settlement is saying "here, take this money. I'm sorry." And on the inside they are feeling "I hope this gesture restores the harmony in my life."

Armed with this perspective you can see the world and your interactions with it in a whole new light. It frees you from the unnecessary chains of the over-rationalization of money. As an investor this mindset gives you far more flexibility. You can understand actually why stock prices sometimes trade the way they do. You might even be able to participate in one yourself! You can resolve that nagging conflict with the stroke of a pen and just get all that negative energy out of your life. You can let someone, maybe even a stranger, know how you feel about them. You can be better. That's the whole point, right? □