

Save like a pessimist

British mathematician [John Littlewood](#) created the Law of Miracles, which states that in the course of any person's life, miracles happen at a rate of roughly one per month.

"During the time that we are awake and engaged in living our lives, roughly for eight hours each day, we see and hear things happening at a rate of one per second," physicist [Freeman Dyson explains](#). "So the total number of events that happen to us is about 30,000 per day, or about one million per month."

He continues: "With few exceptions, these events are not miracles because they are insignificant. The chance of a miracle is about one per million events. Therefore, we should expect about one miracle to happen, on average, every month."

The idea that incredible things happen because of boring, obvious statistics is important, because it's true for terrible things, too.

Think about 100-year events: 100-year floods, hurricanes, earthquakes, financial crises, frauds, pandemics, political meltdowns, economic recessions, and so on. Anything can be called a "100-year event."

But a 100-year event doesn't mean it happens every 100 years. It means there's about a 1% chance of it occurring in any given year. That seems low. But when there are hundreds of independent 100-year events, what are the odds that any one of them will occur in a given year?

Pretty good, in fact.

If there's a 1% chance of a new disastrous pandemic, a 1% chance of a crippling depression, a 1% chance of a catastrophic flood, and a 1% chance of political collapse, then the odds that *something* bad will happen this year — or any year — are uncomfortably high.

Littlewood's Law tells us to expect a miracle every month. The flip side is to expect a disaster roughly as often.

Which is what history tells us, isn't it?

The world breaks about once every 10 years, on average. For your country, state, town or business, once every one to three years is probably more common.

Sometimes it feels like terrible luck, or that bad news has new momentum. More often, it's just Littlewood's Law at work. A billion different things can go wrong, so at least one of them is likely to be causing havoc in any given moment.

Saving like a pessimist means you acknowledge the cold statistics of how common bad news is. It's common at a global, national, local, business and personal level.

So save money heavily, knowing with certainty that you'll need a cushion to deal with the next banana peel. Be a little paranoid, knowing that the assumptions you hold today could break tomorrow, and you'll need enough room for error to make it to the next round.