# Session 2. Philosophy: Logic and Epistemology

#### Session opening quote

"(T)o be ignorant and simple now—not to be able to meet the enemy on their own ground—would be to throw down our weapons, and to betray our uneducated brethren who have, under God, no defense but us against the intellectual attacks of the brethren. Good philosophy must exist, if for no other reason, because bad philosophy needs to be answered." C. S. Lewis, *The Weight of Glory*. "Our economic future is not now and never has been tied to the physical assets we now see, but to the vast untapped potential of creative thinking—the metaphysical process which can show us entirely new reserves and new and easier ways of doing things, extending value and increasing wealth without depleting our planet."

Warren T. Brookes, *The Economy in Mind* (NY: Universe Books, 1982), p. 36.

# Session overview

- Brief introduction to philosophy
- Illustration of basic concepts in logic and how it is used in apologetics
- Define epistemology and demonstrate its importance in apologetics
- Explore important connections between logic and epistemology with financial budgeting

# Key passages

- Captivating nature of false philosophies: Colossians 2:6-10
- Jesus as master logician: Matthew 22:23-33
- Paul following Jesus' logic: 1 Corinthians 15:12-19

**Colossians 2:6-10** <sup>6</sup>Therefore, as you received Christ Jesus the Lord, so walk in him, <sup>7</sup>rooted and built up in him and established in the faith, just as you were taught, abounding in thanksgiving. <sup>8</sup>See to it that no one takes you captive by philosophy and empty deceit, according to human tradition, according to the elemental spirits of the world, and not according to Christ. <sup>9</sup>For in him the whole fullness of deity dwells bodily, <sup>10</sup>and you have been filled in him, who is the head of all rule and authority.

Matthew 22:23-33<sup>23</sup>The same day Sadducees came to him, who say that there is no resurrection, and they asked him a question, <sup>24</sup>saying, "Teacher, Moses said, 'If a man dies having no children, his brother must marry the widow and raise up offspring for his brother.' 25Now there were seven brothers among us. The first married and died, and having no offspring left his wife to his brother. <sup>26</sup>So too the second and third, down to the seventh. <sup>27</sup>After them all, the woman died. <sup>28</sup>In the resurrection, therefore, of the seven, whose wife will she be? For they all had her."

<sup>29</sup>But Jesus answered them, "You are wrong, because you know neither the Scriptures nor the power of God. <sup>30</sup>For in the resurrection they neither marry nor are given in marriage, but are like angels in heaven. <sup>31</sup>And as for the resurrection of the dead, have you not read what was said to you by God: <sup>32</sup>'I am the God of Abraham, and the God of Isaac, and the God of Jacob'? He is not God of the dead, but of the living." <sup>33</sup>And when the crowd heard it, they were astonished at his teaching.

1 Corinthians 15:12-19<sup>12</sup>Now if Christ is proclaimed as raised from the dead, how can some of you say that there is no resurrection of the dead? <sup>13</sup>But if there is no resurrection of the dead, then not even Christ has been raised. <sup>14</sup>And if Christ has not been raised, then our preaching is in vain and your faith is in vain. <sup>15</sup>We are even found to be misrepresenting God, because we testified about God that he raised Christ, whom he did not raise if it is true that the dead are not raised. <sup>16</sup>For if the dead are not raised, not even Christ has been raised. <sup>17</sup>And if Christ has not been raised, your faith is futile and you are still in your sins. <sup>18</sup>Then those also who have fallen asleep in Christ have perished. <sup>19</sup>If in Christ we have hope in this life only, we are of all people most to be pitied.

# **Philosophy defined**

- Philosophy is derived from two Greek words (phileos or φίλος "to love" and sophia or σοφία "wisdom") meaning loving wisdom
- "Philosophy is just thinking hard about something." Alvin Plantinga
- Significant disconnect between what ought to be (normative) and what actually is (positive)
- Key insight: The closer one's worldview is to the truth, your financial management decisions will improve

James 1 <sup>5</sup>If any of you lacks wisdom, let him ask God, who gives generously to all without reproach, and it will be given him.

# Philosophical worldview

- A philosophical worldview means a perspective based on an ordered set of propositions that govern all aspects of life
- These propositions tend to be presuppositions and core assumptions
  - Presuppositions are implicit assumptions about the world
  - •Core to any argument to posit a philosophical worldview
  - $\circ$ One's worldview is like a pair of glasses

#### Figure 2.1. One's worldview illustrated with eyeglasses



- Only within a worldview can we make coherent decisions
- Decision-making process follows after our worldview choice

#### Decision-making process

- Means any method of assessing the "correctness" of a particular "idea" within a particular worldview
- Ideas, or more precisely, propositions, are essentially truth claims
  - •Example: "Jesus Christ rose bodily from the dead."
  - Whether or not this proposition is deemed valid will depend on
    - Philosophical worldview
    - Particular decision-making process deployed
- Philosophical worldview precedes the decision-making process



- Poor financial decisions may indicate a faulty worldview
- Decisions are an important piece of evidence regarding our worldview
- When "ideas" are evaluated, there are two key considerations
  - $\circ$ Coherence
  - $\circ$ Correspondence

#### Coherence

- Focus is not on whether the "idea" is true, but rather whether there are any inconsistencies between the "idea" and the worldview
  - Inconsistencies are often known as defeaters
    Absent any defeaters, then the "idea" is likely to be coherent

Selected examples:

- "I am absolutely certain that there are no absolutes." (Incoherent)
- "In the beginning, God created the heavens and the earth." (Coherent within a theist's worldview)

Coherence is normative, what ought to be, in flavor.

- Consider lunar cycle stock investing strategy

   Buying stocks during the 15 days surrounding the new
   moon and shorting stocks during the 15 days
   surrounding a full moon
  - Lunar cycle investing strategy does not fit most worldviews
- Empirical evidence is likely never considered

#### Correspondence

- Correspondence is focused on how well an "idea" aligns with observations within the space-time universe
- Is an "idea" more likely to be true in light of empirical observations when compared with a contrary "idea" Selected examples:
  - "All swans are white." (Lacks correspondence)
  - "All swans are not white." (Correspondence)

Correspondence is positive, what is, in flavor

- Yuan, Zheng, and Zhu (2006)<sup>1</sup> find significantly positive returns to the lunar cycle investing strategy identified above across 48 countries
- Cannot be explained by standard approaches
- An empiricist may adopt this strategy only if it initially passed through their philosophical worldview screen

<sup>&</sup>lt;sup>1</sup>Yuan, K., Z. Lu, and Q. Zhu, (2006). "Are investors moonstruck? Lunar phases and stock returns." Journal of Empirical Finance 13(1), (January), 1-23.

# Logic

- Logic lies at the core of all intellectual activity
- Avoid logically absurd "ideas"
- Logic is deeply objective
- The goal of logic is to reach a conclusion
- Expressing oneself logically requires the hard work of carefully crafting every statement
- Deductive argument premises guarantee the truth of their conclusions (MC, 29),
- Systematically organized by Aristotle (383-322 B.C.)
- Inductive argument the premises render the conclusion more probable than its alternatives
- Abductive argument identifying the set of premises that best explain the conclusion

The following are a few selected deductive logic rules. *Rule 1: modus ponens* 

- 1.  $P \rightarrow Q$  (Read: If the statement *P* is true, then the statement *Q* is true.)
- 2. *P* (Read: The statement *P* is true.)

3. Q (Read: Therefore, the statement Q is true.) Example: modus ponens

- P Christ has been raised from the dead
- Q There is a resurrection from the dead

Premise #1: If *P*, then *Q* (denoted symbolically as  $P \rightarrow Q$ )

Premise #2: *P* (Christ has been raised from the dead.)

Conclusion #3: Q (There is a resurrection from the dead.)

#### Rule 2: modus tollens

 $\begin{array}{c} 1. \ P \rightarrow Q \\ 2. \ \neg Q \end{array}$ 

3. *¬P* 

Example: modus tollens

P- Apostles' statements are true

Q – Christ has been raised from the dead

Premise #1: If *P*, then *Q* (denoted symbolically as  $P \rightarrow Q$ ) Premise #2: Not *Q* (denoted  $\neg Q$ ) (Christ has not been raised from the dead.)

Conclusion #3: Not P (denoted  $\neg P$ ) (Apostles' statements are false.)

### Rule 3: Hypothetical Syllogism

1.  $P \rightarrow Q$ 

2.  $Q \rightarrow R$ 

3.  $P \rightarrow R$ 

Example: Hypothetical Syllogism P – There is no resurrection from the dead Q – Christ has not been raised from the dead R – Apostles' preaching is false Premise #1:  $P \rightarrow Q$ Premise #2:  $Q \rightarrow R$ Conclusion #3:  $P \rightarrow R$ 

#### *Jesus used laws of logic to refute opponents* Jesus is a master logician: Recall Matthew 22:23-33.

Matthew 22<sup>24</sup> ... "Teacher, Moses said, 'If a man dies having no children, his brother must marry the widow and raise up offspring for his brother.' ... <sup>27</sup>After them all, the woman died. <sup>28</sup>In the resurrection, therefore, of the seven, whose wife will she be? For they all had her."

<sup>29</sup>But Jesus answered them, "You are wrong, because you know neither the Scriptures nor the power of God. ... <sup>32</sup>'I am the God of Abraham, and the God of Isaac, and the God of Jacob'? He is not God of the dead, but of the living." <sup>33</sup>And when the crowd heard it, they were astonished at his teaching.

# Law of non-contradiction

- Law of non-contradiction (LNC) *P* cannot be both *Q* and not-*Q* at the same time and in the same sense
- The LNC cannot be proven
- Any argument whatsoever must rely on the LNC
- Further, you need argument to prove the LNC
- Aristotle: Shows you have nonsense if the LNC is repudiated.
- The LNC is therefore necessary, presupposed, and used for any significant thinking
- Cannot think properly if you deny the LNC

- Example: We cannot use language until you presuppose the LNC
  - oAssuming predicate, noun, adjective
  - $\circ$  Means what it means and not something else
- New age religion repudiates the LNC
- Eastern religions often allow contradictory beliefs

   Both contradictory beliefs, however, cannot both be
   true as it requires the sacrifice of reason and the LNC
   If you believe arguments are possible, then at least
   implicitly you are affirming the LNC.

# LNC is basic. It is presuppositional. Christians adhere to the LNC. Recall **1 Corinthians 15:12-19**.

1 Corinthians 15<sup>12</sup>Now if Christ is proclaimed as raised from the dead, how can some of you say that there is no resurrection of the dead? <sup>13</sup>But if there is no resurrection of the dead, then not even Christ has been raised. <sup>14</sup>And if Christ has not been raised, then our preaching is in vain and your faith is in vain.  $\dots$  <sup>16</sup>For if the dead are not raised, not even Christ has been raised. <sup>17</sup>And if Christ has not been raised, your faith is futile and you are still in your sins. <sup>18</sup>Then those also who have fallen asleep in Christ have perished. <sup>19</sup>If in Christ we have hope in this life only, we are of all people most to be pitied.

#### Inductive arguments

- Premises do not guarantee the truth of the conclusion
- Merely provide support or grounds for the truth of the conclusion

#### Abductive arguments

- Process of identifying the best set of premises that support the given observation
- Expenses exceed revenues over long periods of time, conclude beliefs or behaviors are wrong
- Most financial decisions fall within abductive reasoning

# Logic and budgeting

- Budgeting involves checks and balances: The checks wipe out the balances!
- Manually wrestling with the numbers seems to aid in instilling the disciple necessary to change
- Budgeting is extremely logical historical income and expenses are not subject to one's beliefs
- Illustration:

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	Expected			
Income	Annual	TI Percentage	Jan	
Source 1	\$84,000	84%	\$7,000	
Source 2	\$15,000	15%	\$1,250	
Source 3	\$1,000	1%	\$83	
Source 4	\$0	0%	\$0	
Source 5	\$0	0%	\$0	
Total Income	\$100,000	100%	\$8,333	
<b>Tax and Deductions</b>				
Tithe/Giving	\$5,000	5.0%	\$417	
Fed Tax 1	\$7,000	7.0%	\$583	
Fed Tax 2	\$3,000	3.0%	\$250	
Fed Tax 3	\$20,000	20.0%	\$1,667	
State Tax	\$5,000	5.0%	\$417	
Insurance 1 (Health)	\$6,000	6.0%	\$500	
Insurance 2 (Dental)	\$1,200	1.2%	\$100	
Insurance 3 (Vision)	\$600	0.6%	\$50	
Retirement 1 (Matching)	\$5,000	5.0%	\$417	
Retirement 2 (Supplemental)	\$0	0.0%	\$0	
Takehome Pay	\$47,200	47%	\$3,933	
Major Items				
Mortgage/Rent	\$24,000	24.0%	\$2,000	
Insurance 1 (Life)	\$2,000	2.0%	\$167	
Insurance 2 (Auto)	\$700	0.7%	\$58	
Insurance 3 (Disability)	\$100	0.1%	\$8	
Debt 1 (Auto)	\$4,800	4.8%	\$400	
Debt 2 (Student Loans)	\$3,600	3.6%	\$300	
Debt 3 (Other)	\$1,900	1.9%	\$158	
Other	\$100	0.1%	\$8	
Net Before Household	\$10,000	10%	\$833	

Household	Year	<b>TI Percentage</b>	Jan
Spiritual (Books, Retreats)	\$300	0.3%	\$25
Auto 1 (Repair/Replacement)	\$600	0.6%	\$50
Auto 2 (Gas and Oil)	\$600	0.6%	\$50
Auto 3 (Other-License/Taxes)	\$100	0.1%	\$8
Dining Out/Entertainment	\$400	0.4%	\$33
Vacation	\$1,200	1.2%	\$100
Pets	\$300	0.3%	\$25
Cleaning (Laundry)	\$600	0.6%	\$50
Clothing	\$670	0.7%	\$56
Healthcare (Copays, OTC Drugs)	\$240	0.2%	\$20
Electric	\$3,000	3.0%	\$250
Garbage	\$300	0.3%	\$25
Gifts	\$300	0.3%	\$25
Groceries	\$6,000	6.0%	\$500
Education (Lessons, Sports)	\$300	0.3%	\$25
Mart Items	\$1,200	1.2%	\$100
Communication (Phone, Internet)	\$1,200	1.2%	\$100
Cable	\$500	0.5%	\$42
Subscriptions (Apps, Clubs)	\$300	0.3%	\$25
Other Personal	\$150	0.2%	\$13
Allowances	\$120	0.1%	\$10
Postage	\$120	0.1%	\$10
Beauty/Hair	\$300	0.3%	\$25
Home Maintenance	\$600	0.6%	\$50
Miscellaneous	\$300	0.3%	\$25
Other Household	\$300	0.3%	\$25
Total Household	\$20,000	20%	\$1,667
Surplus/Deficit	(\$10,000)	-10%	(\$833)

# Epistemology

- "(B)ranch of philosophy that tries to make sense out of knowledge, rationality and justified or unjustified beliefs." (MC)
- Epistemology addresses "how we know" reality (GF, 20)
- Reformed epistemology "... is the idea that belief in God is a 'properly basic belief': it doesn't need to be inferred from other truths in order to be reasonable"

# Correspondence theory of truth

- Aristotle states, "Truth occurs when thought and reality coincide."<sup>2</sup>
- "(T)ruth obtains when a truth-bearer stands in an appropriate correspondence relation to a truth-maker." (MC, 135)
- Truth-bearer (TB) is the statements and beliefs that is true or false
- Truth-maker (TM) is the actual state of affairs or facts

<sup>&</sup>lt;sup>2</sup>Aristotle (384-322 B.C.) Quoted in Oxford Users' Guide to Mathematics, 1996, p. 895.

The truth-bearer (TB) is a declarative proposition.
TB = "All swans are white"
For a long period of time, empiricist believed this TB to be true



- Truth-maker (TM) is found in the space-time universe

   The TM observation of a black swan
   Truth is said to obtain when TM corresponds to TB
   Note the correspondence between
  - TB = "All swans are not white"
  - TM = "Black swan observation"



- Correspondence theory of truth asserts that
  - o"truth obtains when reality is the way a proposition represents it to be." (MC, 130)
  - Propositions have intentionality, that is, they are often directed towards an object.
  - •Note that while evidence is truth-conducive, it is actually the case that evidence is not the same thing as truth itself; (MC, 141)
  - o"Truth has always been a hard thing to countenance within the confines of an empiricist epistemology or a naturalist worldview." (MC, 142)

#### Illustration of correspondence theory of truth



# Epistemology and budgeting

- Finance is inherently linked to the task of valuation
- Valuation by definition involves the current monetary value of perceived future benefits
- Perceptions of the future involve epistemic uncertainty

• Case study: For example, consider a family of four living in a \$700,000 home with a mortgage of \$200,000 and they ran a small motorcycle shop that made around \$250,000 per year. They essentially had no other debts but also no other assets. What could go wrong, right? When the 2008 financial crisis was wreaking havoc on communities, the shop failed and was closed. Unfortunately, many people in their neighborhood were also in financial distress and selling their homes. The \$700,000 home was auctioned for \$180,000 and the family filed for bankruptcy.

- 37% of U.S. homes are owned without a mortgage leverage is a family choice
  - •Do we trust academics, financial advisors, and bankers?
  - Alternatively, dust off the Bible and seek God's wisdom
- Balance sheet illustration:

Assets	Value	TA Percentage
Cash (Checking, Savings)	\$5,000	1%
Vehicles	\$10,000	1%
Household Items	\$15,000	2%
Taxable Investments	\$5,000	1%
Retirement Accounts	\$25,000	3%
Primary Resildence	\$250,000	28%
Other Assets (Land, Business)	\$75,000	8%
Other Assets (Human Capital)	\$500,000	56%
Total Assets	\$885,000	100%
Liabilities		
Payables (Rent, Utilities)	\$5,000	0.6%
Credit Cards	\$15,000	1.7%
Automobile Loans	\$50,000	5.6%
Student Loans	\$120,000	13.6%
Mortgage	\$225,000	25.4%
Other Debts (Relatives)	\$50,000	5.6%
Other Debts (Business)	\$60,000	6.8%
Other Debts (Past Due Bills)	\$5,000	0.6%
Implicit Debts (Children College)	\$300,000	33.9%
Total Liabilities	\$830,000	94%
Surplus	\$55,000	6%

- Financial challenges requires thinking logically
- Understand the actual level of epistemic uncertainty encountered
- Critical need to have correspondence between personal finance ideas and the factual realities of our financial situation

# Summary

- Introduced philosophy
- Illustrated basic concepts in logic and how it is used in apologetics
- Defined epistemology and demonstrate its importance in apologetics
- Explored important connections between logic and epistemology with financial budgeting

# **Questions**?

#### Case Study #1:

Joe, an agnostic, asserts that Christianity is very illogical. In fact, Jesus and Paul writing were very mystical, lacking any appeal to human understanding.

#### Case Study #2:

Some have asserted that one's worldview – an ordered set of propositions that one believes, especially propositions about life's most important questions – is like a pair of glasses. I am glad that as a rational person that I have chosen not to wear glasses.

# Case Study #3:

Budgeting is not for spirit-filled Christian since we are merely God's managers. God will make sure the financial numbers work as we seek to fulfill His Kingdom mission.

#### Your feedback will help improve this material.

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(Note: I have an aggressive spam filter, so if I do not acknowledge your email, I did not get it. You can use the contact form on my website and it should get through the spam filter.)