



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

*“Your wit’s too hot, it speeds too fast,
’twill tire.”*

Love’s Labour’s Lost

A popular hit song lasts three or four minutes. It has to make its point quickly, or not at all. Such songs usually contain two parts – an instrumental intro, setting the theme and mood followed by a lyrics section. The lyrics part is meant to ring the heavy emotional bells, much as the chorus of a hymn lifts the fervour of a congregation. First the warm-up, then the lift.

Over the past 20 years pop songs’ total length has been shrunk to suit the demands of commercial radio. More strikingly, however, the intro. of the top ten US ‘hits’ has been shortened from 20 seconds to about 5 on one estimate. The lyric section arrives much sooner. Listeners evidently want to get to the emotional high quicker. Music producers have responded.

Humans share a propensity for haste. We strive for speed in the race to satisfaction. Instinct derived from genetic history impels us to compete for the food source. Nowadays we are speed-readers, speed-walkers, speed-diallers, speed-listeners, speed-daters. Café chatter, particularly among the elderly, often centres on constant rush and lifestyles stretched beyond the limit of tolerance. Everybody strives to perform life’s routine transactions quicker than they used to, or so it appears. Ron Ferguson’s marvellous piece in *Life and Work* (March 2019) makes the point vividly.

Human impulse is mirrored in commercial imperative. Whatever their field, business people have long acknowledged speed of production, delivery and sale to be key ingredients of commercial success. Whether in day-to-day life or for business reasons, human capacity limits the rate at which we can quicken the journey to our destination. Technology supplies the means to do that, particularly digital technology. By processing electric signals ever faster, computers have come to underpin vast swathes of human endeavour.

Given that the impulse to reach any target quickly lies deep in the human psyche, it will not be readily altered. Life conducted *accelerando* is our choice. We can only try to assess the consequences and forestall any bad ones. Clearly the digital revolution has brought immense benefits to humanity. So much is history. Web users have gained immediate and cheaper access to as wide a range of goods, services and social connections as they may choose. Business and its administration is conducted more efficiently and, ostensibly, more cheaply. Public services including healthcare and defence rely on digital technology to respond faster and more effectively to personal illness and national threat. Virtually every technical accomplishment points towards a practical success of some sort.

But every acceleration facilitated by advancing technical capacity also carries a risk of hurt. Desire to do things quicker may be fine in itself. Its ultimate worth depends on how the new capacity is used. Cars get people about faster but also encourage slothfulness. TV provides entertainment at the click of a switch but turns addicts into mindless zombies. The advance of electronic science is no different. Daniel Kahneman, a Nobel laureate, recently told an FT journalist that he spent more time interacting with his smart ‘phone than talking to his children. Digital communication depersonalises relationships. Advanced computers and their associated communications systems have created a vast financial trading industry. Ranks of traders sit before screens trying to exploit second by second price disparities. Some of this provides useful market liquidity; most is devoid of useful purpose other than to squeeze tiny gains out of hyper-active trading. Cyberspace gets filled by cybercrime. Countering it has become a huge and costly new industry. Encryption and firewalls are unable to outpace hackers. Apparently the Russian secret service is beginning to re-establish communication by couriers and snail mail.

Especially troubling collateral damage has arisen from the collection and exploitation of personal information by social media platforms. These constitute a trillion-dollar global industry. It is dominated by a mere handful of American companies. The problem is not limited to a loss of privacy. Above that lurks a yet darker cloud. Unlike many other hurtful consequences, its existence is not a product of individual choice. This is the risk of mind-bending contamination transmitted via the web. It threatens to infect the very choices users make. Web users across the globe are vulnerable to it. Internet platform companies have developed from users' web-based activity the means to create portraits of individuals' (and groups') behaviour. These digital portraits are sold to advertisers and propagandists who direct their web message at the most susceptible target readers. Voters in recent national elections have been so targeted. Many votes may have been swung.

Platform companies used to maintain they were mere billboards for the messages advertisers wished to post. And of course the public is well aware that any advertisement seeks to sway their choice. Nothing new there. Yet four things are new. First, web messaging reaches a global readership. Its scope of influence is unprecedented. Second, platforms have neither the power nor, until recently, willingness to intercept and remove all misinformation and other damaging material. Thirdly, the construction of personal portraits from users' data gives web propagandists a guided missile to aim at selected targets. Fourthly, web governance falls largely beyond the reach of any international jurisdiction.

For these reasons psychologically targeted web (mis)information and cybercrime pose a threat to society comparable to that posed by nuclear fission. Untempered exploitation endangers mass populations. When fact can no longer be distinguished from fiction the risk of lethal misunderstanding becomes live and compelling. If ever there was a need for the nations of the world to co-operate in forestalling a digitally induced meltdown it is now. The threat requires urgent response.

The dangers of nuclear development were recognised not long after its arrival 80 years ago. One of its principal designers, J R Oppenheimer, later deeply regretted the destructive power he had helped release in 1945. Subsequently the UN agreed an anti-nuclear proliferation treaty implemented in 1970. There is now an equal need to formulate a global treaty governing the use of cyberspace and defining the responsibilities of internet platforms which occupy it.

The history of nuclear power provides an interesting pointer towards the destiny of web-based industries. Harnessing this power became a major policy initiative in the USA, Europe and Russia through the 1950s and 60s. It was welcomed as a life-changing new source of energy. However, as reservations grew about its destructive potential, popular assent to nuclear development collapsed in the following decades. Despite the economic potential, the political risks of nuclear accident or assault became the dominant influence. Westinghouse Electric, an American commercial pioneer of nuclear power, had been a constituent of the American Dow Jones Industrial Average from 1928 until 1997. Undeliverable nuclear power projects in the end bankrupted the company in 2017.

Until recently, investors have chosen to project virtually unlimited growth for the masters of the internet universe. Platforms like Google, Facebook and Twitter lie at its heart. They are the dominant exploiters of instant connectivity. So far, their stellar growth has broadly met investors' expectations. Most of them, unlike Westinghouse, may survive – even prosper. Yet the risks attending their dominance are now receiving close political scrutiny. Intervention has been led by the EU (and some other countries), followed recently by the UK. The investment implications are clear.

As for the rest of us, it may be helpful to step off the fast escalator and pause to look about. The shape and pace of the natural order – its seasons, the tides, the capacity of the human brain, even the speed of light itself ultimately impose their own limits on our ability to accelerate the tempo of our living. Over the past decade courses offering physical and mental refreshment to stressed-out executives have mushroomed. One source lists 48 of them in the UK alone. Victims of the haste zeitgeist seem willing to pay a lot of money for relief from emails awaiting instant response and the stresses that accompany a life conducted on the run. They at least must have discovered a vital truth. The route to a satisfying destination is not necessarily the quickest one.

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