

2016 Conference Transcription

Date	Friday
Session Title	Thriving in Uncertainty
Session Time	11:15 – 11:35
Moderator	n/a
Speakers	Izabella Kaminska
Notes	n/a

Introduction

Voiceover	<p>Hello and welcome to Future Everything's 2016 Festival Podcast Series. Over two days, in Manchester's iconic Town Hall, we tasked designers, artists, scientists, and many more, to rethink our resources. From life, earth and intelligence, to community and uncertainty. Our speakers asked what we might need less, and more of, in our near future. Looking to see where and how risk is seen in finance and asking where are we allowed to fail, we heard from Izabella Kaminska, a journalist and reporter for the Financial Times, interested in connecting the dots between all the stuff that nobody really thinks is related.</p>
Speaker	<p>Hi. I'm Izabella Kaminska and I am not a physicist or a scientist in any shape or form. I'm a financial writer. I work in the media.</p> <p>[Pause for Technical Problem 01:08 to 02:11].</p> <p>I write about finance and uncertainty, basically, plays a huge role in finance. In fact, I would say that without uncertainty, there would be no finance. Because finance is basically the business of exploiting uncertainty. Why does it do this and how can it achieve such great, amazing wealth as a result of this?</p> <p>Well, it's because it exploits our fear. Our fear of not knowing what's going to happen tomorrow, not knowing if we're going to have food on the table, shelter over our heads, all the stuff we depend on. Disorder is what we all fear. We don't want a system that's chaotic, that can't be in any shape or form controlled.</p> <p>So what is really the archetypal kind of thing that we really, really, really fear? Well it's risk. And risk, finance, it's all about controlling...</p> <p>[Pause for Technical Problem 03:15 to 03:27].</p> <p>So risk. It's all about risk and managing risk.</p>

Video	... see it rising from the grave. Human sacrifice, dogs and cats living together, mass hysteria. Enough ...
Speaker	That's the sort of stuff we want to avoid. And finance basically is all about avoiding that scenario. So what is it really in search of? What are we trying to achieve instead? Well, it's this. It's civilisation itself. This amazing, complex system, that despite its complexity, it's ordered, it's functional and it provides for us. It delivers all those things that we want. The metropolis itself. We've heard about uncertainty in cities, but really that's a metaphor for the larger system. The entire economy is about complexity and delivering within that complexity.
Video	Oh, my gosh. I love this song. ['Everything is Awesome' plays].
Speaker	I'm using this as an example of what we're talking about. Complexity, despite all its confusion, works to order...
Video	Always use a turn signal, park between the lines. Yes! Drop off dry cleaning before noon, read the headlines, don't forget to smile, always root for the local sports team. [Cheer]. Go Sports Team! Always return a compliment. Hey, you look nice. [Group] So do you. Drink over-priced coffee. Here you go, that's thirty seven dollars. Awesome!
Speaker	So that's kind of what we want. This predictable thing. Always pay your taxes, always do this, always do that. The system has to be predictable. And if it's predictable, we can deliver. We can deliver all those wonderful things, all that over-priced coffee. We can anticipate any imbalances. We can create order. It's safe. But what's the cost of that safety? I think we got a little inkling of that from that Lego clip. The issue is, we as humans don't like all that much regimentation. We don't necessarily want to be predictable. It interferes with our whole concept of free will. If we pre-signal our wants and desires too much, it's a very thin line between freedom and bondage. So here's a clip from Metropolis. Fritz Lang's famous film from 1926, I think. [Video Plays]. It really illustrates what I'm talking about. If we go too far along the journey of reducing risk, reducing uncertainty, we create this drone like society. Everyone is predictable, but there is no freedom. And this clip I think is brilliant. It shows the cogs in the system of the economy, what we need for all this stuff to work. He's extrapolated it to the most dystopian state. The factors of production themselves become a sort of god-like entity that we, as the drones, the worker bees, have to be either part of or serve in some capacity. Fritz Lang wasn't alone. He came up with this in 1927 and he was very much predicting that this cornucopia, the prosperity that we'd created through the industrial complex, wasn't necessarily always going to be good. Charlie Chaplin

had a similar notion, but his film, *Modern Times*, comes after Fritz Lang and very importantly after the Great Depression.

[Video Plays].

This is a preview, a trailer from his film. Chaplin plays the different role. He's operating in this extremely industrial, predictive system. But he's a bad egg. He's the risk in the system. A spanner in the works. And this is Chaplin highlighting the fact that really too much certainty creates a very hostile environment for a human being. The taste of progress is all about conforming with this really predictable system. But here's Chaplin saying 'you know what? This is too much for the human spirit'. And hence we have all this depression.

One of the great things about this movie is how it tells a story of what goes wrong when we believe in the industrial system too much. It comes in the wake of the Great Depression. Huge unemployment, mass uncertainty. But Chaplin has an appetite for risk and [inaudible 08:20] messages that for the system to be functional, you have to allow this creativity, this creative spark and this risk appetite. And that's really whether or not you have the prosperity or not, the system has to allow for that bad egg to be appreciated, whatever he is, whatever his role is and whatever he gets wrong. If you haven't seen the film, I really do recommend it.

So Chaplin's big thesis was that automation really is the scientific mechanism, the industrial mechanism, to try and get risk out of the system. If you take the human out, you can make the system more predictable and then you don't end up with these depressions and all these horrific things, because it's the human rebellion that upsets the harmony.

We want a system that works in lock step, a system that is perfectly synchronised, perfectly predictable, maximum efficiency, maximum prosperity. It works in so much synchronised order, it almost becomes a super organism in and of itself.

Going back in history, we actually see this influence because if you look at the Roman Legions... [Video Plays]. One of the reasons Rome was so successful and so prosperous, and that's my background actually, I'm an ancient historian, is because it found this way to organise the many into one. They were dealing with barbarians and nomads, all of whom were disorganised. The Romans, they were super organised.

[Video Plays]. And of course that message was heard down the line by many other systems of control.

This is Leni Riefenstahl's famous *Triumph of the Will*. Here it's propaganda being used for the purposes of suppressing free will, the individual, in favour of serving the greater vision, the higher purpose. If you can make people believe in something other than themselves, they can act like the single organism. And that's when they become almost like soldier ants. [Video Plays]. This is from [inaudible 10:46] copyright. But the idea is that we become like soldier ants. So one of the things about soldier ants is that they are quite altruistic. They believe

in the system so much that they will willingly sacrifice themselves for the good of the whole. And they have this hive mind approach. All the little ants are in each other's heads and they're speaking a common language. This really is also the story of society.

Society achieves great things when... [Video Plays]. Well, this is The Hive Mind. The idea of perfection, the perfect society. For those who are Star Trek fans, you will identify this as the Borg. The perfect hive system. There is no escape from the queen bee. She knows everything. There is no privacy.

But it is the sort of deep collaboration that can create amazing constructs. The Tower of Babel is a good example of that story in action. It's a representation of what we can achieve if we all share a common language, if we can all know and anticipate each other's moves. But it also tells us what goes wrong if for some reason we lose that common language. It collapses. Everything we've created goes away. That's the risk in the system.

The risk in the system that things might topple over anyway is what we're trying to control, and now in today's industrial economy, that's what the data scientists are very much trying to anticipate. So it's all about fear again. Fear of the unknown.

How do we control it? We create a system of mass transparency. Surveillance. If we can anticipate the bad agents, the bad eggs, well maybe we can stop the system from falling apart. So it's all about control.

But is that akin to tyranny? It doesn't allow for any creativity. None of this. None of that. It doesn't really allow for individuality either. We all perceive ourselves as being individuals because we get to choose our iPhone case colours, but really, do we get to express our inner desire to rebel? To be a cult hero of a different sort?

And then there's the issue of privacy which is becoming increasingly important as people realise their data is being exploited. And this makes a lot of sense, because if you are going to create a control system, it's always better to ensure the worker bees... this is getting political and I'm only putting the thought out there, but it's always better if they don't resist the control. So if we can have a system where people voluntarily abide by the rules, that is a hell of a lot better than the Big Brother surveillance state which has to expend a lot of resources on control.

So is this where we're heading? I like everyone looking at their phones just now. Data, computer forecasting, economic planning. Economic planning is all about this. It's about anticipating what will come next. Now these are not new ideas. I work for a blog called Alphaville, and it just so happens that Jean-Luc Goddard, a French new wave director in the 1960s, put out a film called Alphaville which talks about these very subjects. He anticipated all of this. I've pulled this little review clip from the internet. I think it really illustrates which people were already concerned about back then. Let's have a little watch.

Video	<p>A science fiction noir that follows secret agent Lemmy Caution into the dystopian technocratic dictatorship of Alphaville, where people live purely by logic, devoid of emotions under the commanding omnipresent voice of Overlord Computer Alpha Sixty. Caution is on a mission to kill the creator of Alphaville, Professor Von Braun, as well as Alpha Sixty, to free the city.</p> <p>The film contains elements of classic science fiction as well as drawing upon the literary tradition of many classic science fiction novels. This includes the theme of dehumanisation, rule by artificial intelligence and the display of political oppression from totalitarian societies and failing to articulate a vision of a collective or individual life beyond work.</p>
Speaker	<p>So in finance, there's this concept called alpha. And alpha is when you out-perform in the future. You basically out-perform versus expectations. So you deal with uncertainty in a way that benefits yourself, because you predicted something better than everybody else.</p> <p>I think it's very interesting that this computer in this dystopian tale is called the Alpha Sixty. It's a system devised by humans to try and take risk out of the system. But what it ends up with is this horrible controlled society where freedom is not permitted. Everything is instead hyper-logical. Again, one more clip. [Video Plays]. This clip was supposed to start a bit later on, but it didn't work. So here the protagonists are [inaudible 16:42]. Lemmy Caution is the guy trying to figure out how Alpha Sixty works and he's found one whistle-blower who's about to inform him about the true composition of this organised dystopia. So what happens to those who don't comply, they're executed. There's no room for curiosity. Dick Tracy type's gone. [Video Continues]. Remember, this is the Sixties in France. Here's the [inaudible 17:36] clip. [Video Continues]. There are equations there. So people have become slaves of probability. That's what we fear. Technocracy that is nothing more, or very similar, to that of termites and ants.</p> <p>The point is that we were already fearful of this construct that would suppress our individuality. A hyper intelligent logical system that just didn't allow for free will.</p> <p>I'm just going to conclude on these points.</p> <p>In finance especially, it's all about out-performing in a period of uncertainty. But the best way you can ensure you out-perform, of course, is by gaming the system. You can eliminate unpredictability if you control the system. If you make people comply with your wishes. So you send them little messages on your phone saying 'you get a five pound discount if you go to Starbucks.' Well, that's a bit of uncertainty taken out of the system. That person will go to Starbucks, and hey, we can anticipate how much coffee we provide.</p> <p>So the question is how much of that control is tolerable and how much is intolerable? Do we create a system of obedience or defiance? And questioning compliance or of curiosity, which kills? Blissful ignorance or the burden of knowledge? A cornucopia or an environment of poverty? Safety or risk? Heaven or hell?</p>

	<p>Now, I would propose it isn't a binary choice. That's the issue. You can never take risk out of the system entirely, and to be human means to deal with risk and to deal with uncertainty. But to be human also means to be collaborative and to mitigate your risk. So really, it's about balance between these two.</p> <p>So I, as a financial journalist, am always very worried about anyone who comes to me with a system that promises to be completely risk free, because I don't think that's possible and I think that is a path to tyranny.</p> <p>So it's not a binary choice. Thank you very much.</p>
Voiceover	<p>We hope you enjoyed Izabella's talk and thanks for listening. You can hear the rest of the talks from 2016 at futureeverything.org/2016podcasts.</p>

[Transcription ends]