

Unfounded panics and unexpected disasters

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In April 1961, the philosopher Bertrand Russell told a meeting of the Campaign for Nuclear Disarmament that if the great powers did not change their policies, "it is in the highest degree improbable that any of you here present will be alive 10 years hence".

At the same meeting, Russell quoted an article by C.P. Snow in which the writer and scientist was similarly gloomy about humankind seeing out the decade: "Within at the most 10 years, some of these bombs are going off. I am saying this as responsibly as I can. That is a certainty."

Nuclear bombs could still go off in the next 10 years, or indeed next year. Some of the countries that have them, or seem set on acquiring them, are scarier than those that had them then. But, 47 years after Russell's doom-mongering, we are still here.

Our computers are still working too. Nine years ago, we at the Financial Times were ordered to keep our mobile phones on throughout the new year festivities in case we needed to report on power stations shutting down, cashpoint machines refusing to dispense money or aircraft falling out of the sky.

Do you remember Y2K, the millennium bomb? It was supposed to bring the world to a halt because computers could not cope with their internal calendars turning from "99" into "00". What was that all about? Was Y2K a scam perpetrated by the information technology and consulting industries, who made a fortune out of it? A genuine danger that governments and companies averted through assiduous action? (I remember an airline office where even the radiator had a "Y2K compliant" sticker on it.) Or was it just mass corporate and official hysteria?

I suspect it was mainly the last. Perhaps a generation from now, climate change will be seen in the same light, or perhaps not. Not everything we panic about is baseless.

But it is striking how often the disaster that gets us is the one we were not expecting.

There were people who worried that subprime lending, securitisation and financial complexity would end in disaster, but there were not many of them – and no one listened.

When disaster strikes, it often turns out that someone had predicted it. Anyone keeping an eye on US flight schools could have forecast that something like the September 11 2001 attacks was about to happen. Someone actually did – a Federal Bureau of Investigation supervisor in Minneapolis who, told to stop fretting, said he was "trying to keep someone from taking a plane and crashing into the World Trade Center".

In hindsight, the path to disaster seems clear, and the lone voices vindicated – although rarely thanked. People do not like being reminded how wrong they were.

That is when the worst happens. Often it does not and the lone voices are scorned and forgotten. Or, as with Y2K, the worst does not happen even though nearly everyone warned it would.

A desire to predict the future is an ancient human trait, but we are not very good at it. The Oracle at Delphi was vague for a reason.

Why are we not good at it? First, because the world is too complicated for us to account for every eventuality. Second, because, being social beings, we tend to mirror those around us. Dissidents have few friends.

Third, because, being uncertain, we rely on those who we think know best. In ancient times, those were interpreters of portents. These days, it tends to be economists, academics and celebrities. If all these clever people believe something, who are we to gainsay them? Bernard Madoff knew what he was doing when he

persuaded the famous to entrust him with their money.

Fourth, we like stories. We adopt narratives that explain the world and cling to those stories even when the facts suggest they may be wrong. Only when confronted with collapse do we begin to doubt them.

Some communists abandoned the cause when Khrushchev denounced Stalin; others over the crushing of Hungary or Czechoslovakia. Even when it was obvious that their god had failed, some hung on until the grim end. But at least when the Berlin Wall came down, there was a better story – of freedom and capitalism – waiting on the other side.

The capitalist story itself became tattered this year, but I expect we will stick to it in one amended form or another, because this time there is not a better one waiting.

But the next chapter is going to be fascinating. US interest rates down to zero, or pretty close. Much of the banking system nationalised. A charismatic president in the White House.

What happens next? I do not know. Nor do you. Desperate though we are to find out, we should be grown-up enough to admit there is no one to tell us. It makes life hard, but what would we be otherwise? Curiosity about what happens next is an essential part of the joy and anguish of being human.

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