

## Outright lies from a forged source

“Dear social media users,

If the service is free, then you are the product.”

- Tweet from @ValaAfshar.

“So, somebody got my Facebook info, and rather than sending phishing links to my friends, they sent me a news feed that the stock market would crash if Trump won the election. Oh wait, that was from Nobel-winner Paul Krugman of the New York Times.”

- Tweet from Brian Wesbury, @wesbury.

**It has been** obvious for some time that something was rotten in the state of Facebook. John Lanchester, for the London Review of Books, made this point abundantly clear in his August 2017 [review](#) of three books about the company: Tim Wu’s *The Attention Merchants*; Antonio García Martínez’s *Chaos Monkeys*; and Jonathan Taplin’s *Move Fast and Break Things*. The question is not how Facebook became so vastly influential so quickly. The question is how so many of its users never realised, or didn’t care, that they were whoring out their own personal information in exchange for the ephemeral dopamine hits that accompany vanity publishing. At least vanity publishing offers some small hope of reflecting reality. Much content on Facebook doesn’t even offer that. John Lanchester:

The fact is that fraudulent content, and stolen content, are rife on Facebook, and the company doesn’t really mind, because it isn’t in its interest to mind. Much of the video content on the site is stolen from the people who created it. An illuminating YouTube video from Kurzgesagt, a German outfit that makes high-quality short explanatory films, notes that in 2015, 725 of Facebook’s top one thousand most viewed videos were stolen. This is another area where Facebook’s interests contradict society’s. We may collectively have an interest in sustaining creative and imaginative work in many different forms and on many platforms. Facebook doesn’t. It has two priorities, as Martínez explains in *Chaos Monkeys*: growth and monetisation. It simply doesn’t care where the content comes from. It is only now starting to care about the perception that much of the content is fraudulent, because if that perception were to become general, it might affect the amount of trust and therefore the amount of time people give to the site.

Zuckerberg himself has spoken up on this issue, in a Facebook post addressing the question of 'Facebook and the election'. After a certain amount of boilerplate bulls\*\*t ('Our goal is to give every person a voice. We believe deeply in people'), he gets to the nub of it. 'Of all the content on Facebook, more than 99 per cent of what people see is authentic. Only a very small amount is fake news and hoaxes.' More than one Facebook user pointed out that in their own news feed, Zuckerberg's post about authenticity ran next to fake news. In one case, the fake story pretended to be from the TV sports channel ESPN. When it was clicked on, it took users to an ad selling a diet supplement. As the writer Doc Searls pointed out, it's a double fraud, 'outright lies from a forged source', which is quite something to have right slap next to the head of Facebook boasting about the absence of fraud. Evan Williams, co-founder of Twitter and founder of the long-read specialist Medium, found the same post by Zuckerberg next to a different fake ESPN story and another piece of fake news purporting to be from CNN, announcing that Congress had disqualified Trump from office. When clicked-through, that turned out to be from a company offering a 12-week programme to strengthen toes. (That's right: strengthen toes.) Still, we now know that Zuck believes in people. That's the main thing.

Not all social media are created equal. Whereas we abandoned Facebook some years ago as essentially pointless on our terms, Twitter, for example, still offers a degree of utility as we see it, not least for its facility in sparking serendipitous encounters with interesting and talented people, or in offering a degree of access to individuals impossible through other media. The Twitter collective also has a great sense of humour. Yes, there is still plenty of hateful or irrelevant dross to wade through, but then you could say the same of the "real" world too. In our opinion the quality stuff makes the journey through the valley of dross worthwhile. All at no explicit cost (though the ability to avoid swirling down the time sink has a high value). As we highlighted in last week's commentary, Ian Cassel's recent tweet makes the point well:

Thirty years ago the best investors had the best funnels of information. Today the best investors have the best filters of information.

If you're drowning in information, it pays to be discerning.

So Facebook as an investment never really appealed – at pretty much **any** price – on the basis of overmuch dependence on the faddish and ephemeral tastes of a cohort of web users only ever a click away from a replacement. That the brand now feels far "scuzzier" than when John Lanchester wrote his reviews last year hardly improves the investment thesis.

Reality plainly isn't what it used to be. One of the more intriguing aspects of the Brexit referendum, for us, has been what the campaign and its outcome revealed about the apparent trustworthiness of the mainstream media. Pre-referendum we had some respect for the supposed neutrality of established media channels like those of the BBC. Now, not so much. So it is not just the wilder terrains of the internet that offer up a constant diet of fake news. The mainstream media are equally capable of doling out highly partisan spin. Which reinforces the case for abandoning much by way of conventional financial commentary and reportage, and focusing on the one characteristic of a market that cannot be debated after the fact: **its**

**price.** Perhaps a defining outcome of the rolling Punch and Judy show that is now conventional news media will be a rise in the level of investor interest in technical analysis ?

The inexorable rise of fake news is lamentable enough, but last week “real” news managed to inject more fears into the worldwide investment cocktail. President Trump’s order to impose tariffs on at least \$50 billion in Chinese imports reawakened concerns about a global trade war. It looks as if President Trump never saw the 1983 Cold War film *Wargames*, in which a young hacker (Matthew Broderick) ultimately manages to teach the WOPR supercomputer that sometimes the smartest move is not to play.

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@timfprice

*Tim Price is co-manager of the [VT Price Value Portfolio](#) and author of ‘Investing through the Looking Glass: a rational guide to irrational financial markets’. You can access a full archive of these weekly investment commentaries [here](#).*

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