

The Quick and the Dead

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“The operation was successful but the patient died.”

- Anon.

“Teach your kids about compounding: put your money in a savings account and watch it double every 19,876 years.”

- Morgan Housel.

“We have kept interest rates at 0.1%.

Vote 9-0”

- Tweet by the Bank of England, who seem bizarrely proud of themselves.

“Successful investing is about having people agree with you.. later.”

- James Grant.

Charles Zelmanovits was murdered in Piteå, Sweden in 1976. Johan Asplund was murdered in Sundsvall in 1980. Marinus and Jannie Stegehuis, a Dutch couple on a camping holiday, were murdered in Appojaure, Sweden in 1984. Yehon Levi, a tourist from Israel, was murdered in Rörshyttan, Sweden in 1988. Therese Johannesen was murdered in Drammen, Norway in 1988. Trine Jensen was murdered in Oslo in 1981. Gry Storvik was murdered in Oslo in 1985. All of these murders went unsolved until Sture Bergwall, who would subsequently change his name to Thomas Quick, confessed to every one them in the mid-1990s. He was convicted of all eight murders and would ultimately spend 20 years in a locked psychiatric clinic, Säter Hospital, which has been likened to a Swedish Broadmoor. Just one problem: he made everything up. This extraordinary story was made into a documentary film in 2015 – *The Confessions of Thomas Quick*.

It is difficult to believe that Bergwall’s fancies ever successfully took flight. Dan Josefsson, an award-winning Swedish journalist, comments:

It was ludicrous. His stories were ridiculous. Nothing added up. He couldn't show any hidden bodies or people who disappeared – ever. Everything was just crazy but the system around him really wanted him to be the killer. They nourished him.

If you want to be incarcerated for murders you never committed, you need the help of police officers willing to 'feed' you information about those crimes, or your confessions will be thrown out of court. It also helps to be put on a diet of psychoactive drugs by the clinic ostensibly treating you. (Before he made his 'confessions', Bergwall / Quick had been confined to care in Säter for involvement in an armed robbery.) It is also useful to have pioneering medical practitioners making you into a celebrated science project. Journalist Jon Robins:

[Bergwall's] model of treatment had its origins in a totally unfounded premise that schizophrenia in adults was caused by abuse in childhood, often by parents. Säter's star psychotherapist Margit Norell believed that most of her patients' problems were the result of repressed childhood traumas.

Norell, who started at Säter in 1975, exerted a cult-like spell over a group of therapists who shared her belief in recovered memory therapy. Bergwall's appalling confessions tallied with his (false) account of savage abuse at the hands of his parents. His lies and drug-induced delusions were fuelled by his craving for the approval of his therapists who, in turned, hoped the Thomas Quick story would provide a much needed validation for their own groundless theories. 'I confessed to the murders because I wanted to be an interesting patient,' Bergwall has said. 'The more grotesque the material, the more pleased the therapist was.'

The definitive text that addresses what seems to have afflicted the senior care professionals 'helping' Bergwall at Säter is Irving Janis' *Groupthink* (Houghton Mifflin, 2nd revised edition 1982). Janis examined a number of US foreign policy disasters, including failure to anticipate the Japanese attack on Pearl Harbour; the Bay of Pigs fiasco; the decision to escalate the Vietnam War, and concluded that all of these decisions had incorporated groupthink, "a mode of thinking that people engage in when they are deeply involved in a cohesive ingroup, when the members' strivings for unanimity override their motivation to realistically appraise alternative courses of action". William H. Whyte apparently first used the term in 1952:

Groupthink being a coinage – and, admittedly, a loaded one – a working definition is in order. We are not talking about mere instinctive conformity – it is, after all, a perennial failing of mankind. What we are talking about is a rationalized conformity – an open, articulate philosophy which holds that group values are not only expedient but right and good as well.

Janis went on to develop the theory, stating that

The more amiability and *esprit de corps* there is among the members of a policy-making ingroup, the greater the danger that independent critical thinking will be replaced by groupthink, which is likely to result in irrational and dehumanizing actions against outgroups.

Thank goodness there is no obvious evidence of Groupthink within the governments of the world as they variously address the problems caused by coronavirus.

Nor would there seem to be any evidence of Groupthink in financial markets at present: in markets like those for Treasury bonds (10 year US Treasuries currently yield 0.53%, even as the US Treasury Department has just announced that it expects to borrow at least another \$2 trillion between now and the end of December, bringing the total of new additional debt for 2020 to more than \$5 trillion). Or like those for tech stocks (Apple recently traded at an all-time high of \$412, with a market capitalisation of a world-beating \$1.76 trillion. After a 90% rally off its March lows, the stock enjoys a year-to-date gain of 40%. Amazon has gained 72% so far in 2020, with a market capitalisation of \$1.59 trillion. Google has gained 9% (to a market cap of just \$995bn - *losers*), and Facebook 23% (\$720bn). Microsoft sports a year-to-date gain of 28%, and a market value of \$1.53 trillion. Facebook also recently traded at record highs, with Amazon, Microsoft and Google stock just below theirs. Of course, this may not be classic Groupthink, but 'merely' the madness of crowds – and day-traders.)

Speaking of tech, have you seen Kodak recently ? (For any millennials reading: they were big before the Internet.) Investor [Harris Kupperman](#):

How many times in your career have you seen a dying business have a 30-bagger return overnight? Pretty much never. Suddenly, "Project Zimbabwe" has spawned an army of brain-dead retail traders who'll chase anything in motion using market orders. The playing field has been dramatically altered, yet people are still playing like the old days. My friend will survive and prosper because he has hopefully learned to stop shorting. I learned this lesson for good with Tesla (TSLAQ – USA) and gave up the first second it became obvious that facts wouldn't matter. Look at where Tesla is now. I have friends who stayed short and have been completely run over. When something goes up seven-fold, even a small position can take you out of the game. I don't care how high your conviction is, it's simply gotten too hard to short.

Welcome to investing in 2020. Where facts don't matter, and neither do government debt piles, money printing at Weimarine levels, or the worst (and forced) economic contraction in history. Well they do to us, which is why we remain in value stocks, uncorrelated funds and real assets. And yes, we are enjoying the run-up in precious metals, albeit a short-term correction now feels warranted, if only to clear out some of the more recent attendees at the party.

The Confessions of Thomas Quick ends with a quotation from the psychotherapist Frieda Fromm-Reichmann:

Loneliness seems to be such a painful, frightening experience that people do practically anything to avoid it.

Something that the charlatans, poseurs and group-thinkers that gave us all lockdown might want to think about, perhaps. The story of Thomas Quick would seem to show that not all 'progressive' Swedish health policies are created equal.

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