

PRICE VALUE PARTNERS

Try ignorance

“If you think education is expensive, try ignorance.”

- Attributed variously to Harvard University president Derek Bok, and to columnist ‘Ann Landers’ (Eppie Lederer).

“Sheriff Hank Keough: I.. I.. I never heard of a crocodile crossing an ocean.

Hector Cyr: Well, they conceal information like that in books.”

- From the film *Lake Placid*, written by David E. Kelley.

Somebody wise noted recently that whereas, say, 20 years ago, investors needed a big **funnel** to help them assess market information and commentary, now those same investors need a big **filter**, in order to sort the wheat from the chaff. Thanks to the digital economy we are now drowning in information. But that is not, of course, the same thing as drowning in knowledge. To spot the difference, try watching any television news or simply opening a newspaper.

Up until now, we have had a number of go-to pieces that we continually use to highlight the extent to which the journalism – and, of course, financial journalism – served up by the mainstream media has become simply unfit for purpose. Unless the deliberate purpose was to make its consumers markedly more stupid, opinionated and ill-informed. The first is from the American journalist and author Michael Lewis, indisputably one of the finest writers in English today. The piece, shockingly, is almost 30 years old. It is titled ‘J-School Confidential; Columbia – the inside story’, and you can read it in full [here](#). Some selected highlights:

As you walk through the front door of the Columbia School of Journalism, the first thing you see is this paragraph, cast on a bronze plaque:

OUR REPUBLIC AND ITS PRESS WILL RISE OR FALL TOGETHER. AN ABLE, DISINTERESTED, PUBLIC-SPIRITED PRESS, WITH TRAINED INTELLIGENCE TO KNOW THE RIGHT AND COURAGE TO DO IT CAN PRESERVE THAT PUBLIC

VIRTUE WITHOUT WHICH POPULAR GOVERNMENT IS A SHAM AND A MOCKERY. A CYNICAL, MERCENARY, DEMAGOGIC PRESS WILL PRODUCE IN TIME A PEOPLE AS BASE AS ITSELF. THE POWER TO MOULD THE FUTURE OF THE REPUBLIC WILL BE IN THE HANDS OF THE JOURNALISTS OF FUTURE GENERATIONS.

These four sentences are about as close to the intellectual origins of the American journalism school as you can get. They are taken from an article by Joseph Pulitzer in the May 1904 issue of the *North American Review*, the only serious defence he offered of his plan to fund the first journalism school at Columbia..

And, by way of conclusion,

Journalism schools are not alone in their attempts to dignify a trade by tacking onto it the idea of professionalism and laying over it a body of dubious theory. After all, McDonald's Hamburger U. now trains Beverage Technicians. But the journalist's role is precisely to cut through this sort of obfuscation, not to create more of it. The best journalists are almost the antithesis of professionals. The horror of disrepute, the preternatural respect for authority and the fear of controversy that so benefit the professional are absolute handicaps for a journalist. I doff my cap to those who have survived the experience of journalism school and still write good journalism. They deserve every Distinguished Alumni Award they receive, and more.

The first sentence on the bronze plaque that you see when you walk through the front door of the Columbia Journalism School may or may not be true, but it sets a fittingly autocratic, unreflective tone. The second sentence is ungrammatical. The last two sentences offer the sort of grandiose vision of journalism entertained mainly by retired journalists or those assigned to deliver speeches before handing out journalism awards. Highly flattering to all of us, of course, but it would be more true to flip the statement to read: "a cynical, mercenary, demagogic people will produce in time a press as base as itself ..." There's also a small problem: when the journalism school cemented the bronze plaque on the wall in 1962, to commemorate its fiftieth anniversary, it misquoted the text as it appeared in its final, pamphlet form. Those nits! The details! Flaubert! A word of Joseph Pulitzer's is missing, between demagogic and press. The word is CORRUPT.

The second is Rolf Dobelli's essay, [Avoid News](#). Again, some brief snippets to whet the reader's appetite:

..At core, human beings are cavemen in suits and dresses. Our brains are optimized for our original hunter-gatherer environment where we lived in small bands of 25 to 100 individuals with limited sources of food and information. Our brains (and our bodies) now live in a world that is the opposite of what we are designed to handle. This leads to great risk and to inappropriate, outright dangerous behaviour.

In the past few decades, the fortunate among us have recognized the hazards of living with an overabundance of food (obesity, diabetes) and have started to shift our diets.

But most of us do not yet understand that news is to the mind what sugar is to the body. News is easy to digest. The media feeds us small bites of trivial matter, tidbits that don't really concern our lives and don't require thinking. That's why we experience almost no saturation. Unlike reading books and long, deep magazine articles (which requires thinking), we can swallow limitless quantities of newsflashes, like bright-coloured candies for the mind.

Today, we have reached the same point in relation to information overload that we faced 20 years ago in regard to food intake. We are beginning to recognize how toxic news can be and we are learning to take the first steps toward an information diet.

This is my attempt to clarify the toxic dangers of news –and to recommend some ways to deal with it. I have now gone without news for a year, so I can see, feel and report the effects of this freedom first hand: less disruption, more time, less anxiety, deeper thinking, more insights. It's not easy, but it's worth it..

We've now stumbled upon another fine essay to bolster the citadel of the mind against the various onslaughts of the MSM. It is the work of Rob Wijnberg, founder of the Dutch online subscription journal [De Correspondent](#), and its title is [The Problem with Real News](#). Again, some tasty morsels follow:

News is all about **sensational, exceptional, negative, and current events**.

And those five words capture precisely the problem with news.

The news is: one crazy unrelated event after another

To start off with the *sensational*: news is generally that which is shocking, scandalous, or appalling enough to evoke comment. It often revolves around what's most visible — one might even say explosive. That is why terrorist attacks are often news, says *Guardian* journalist Joris Luyendijk, but occupations of foreign lands are not. Attacks are shocking, highly visible events, occupation much less so. Put another way: it's easy to capture a bus exploding, yet very hard to film the suppression of everyday freedoms.

Extending this idea, the news also mostly revolves around the highly *exceptional*..

Not only does this skew our view of other human beings, news also makes us blind to the influential that is not exceptional at all. That's why we often don't hear about major developments until something highly improbable happens (events the Lebanese-American philosopher Nassim Taleb dubbed "black swans").

The 2008 financial crisis, for example, didn't become huge news until the Lehman Brothers investment bank filed for bankruptcy — a highly unusual event. But the *lead up* to this event — banks that kept piling risk on top of risk, little by little, day by day — never made it to the front page because of the fundamental mismatch between what was happening (gradual risk increase) and the way news commonly signals what is happening (event-driven sensationalism).

The news is also, almost without exception, *negative*. “If it bleeds, it leads” is a journalism catchphrase. In other words: good news is no news. People who keep up with the news are thus quick to think the world is getting ever more dangerous — [though in fact the opposite is true](#). What’s more, the news constantly gives us the feeling that people can’t be trusted: they commit fraud, they’re corrupt, they steal from one another, they blow themselves up. The reality is that the overwhelming majority of people are good and want to do right by others. But that’s not news, is it?

The news is also obsessed by what’s *recent*. Almost everything that’s news must be something that has *just now* taken place. But the most recent thing isn’t by definition the most influential one. Everything in the world has a history. And that history determines in large part why something happens. Because the news usually keeps its eye trained on *today*, it blinds us to the longer term, both past and future. Informing us about power structures that have grown over time, like the historical roots of racism, or alerting us to gradual societal changes, like the financialization of our economy, is simply not natural to the forms and rhythms of daily news.

And the reason for that, lastly, is that the news revolves mainly around *events*. News has to have a hook, to use journalism jargon: a reason to report it now instead of later. That sounds logical, but it means that *trends* rarely make the evening news. For trends aren’t instances; they progress over time. That’s why the nightly news always ends with the *weather*, but never with the *climate*. You can’t say: “Today the climate changed”, even though it actually did..

This correspondent is endeavouring to emulate the example of Jason Zweig, personal finance correspondent for *The Wall Street Journal* and, coincidentally, editor of the revised edition of Benjamin Graham’s magnum opus, *The Intelligent Investor*. Zweig himself is something of an outlier within the profession. He was once asked at a journalism conference how he defined his job. His response: “My job is to write the exact same thing between 50 and 100 times a year in such a way that neither my editors nor my readers will ever think I am repeating myself.” As Zweig puts it, good advice rarely changes, whereas markets change constantly. “The temptation to pander is almost irresistible. And while people need good advice, what they want is advice that sounds good.”

Zweig sees his role as betting on regression to the mean while most investors, and financial journalists, are betting against it. Zweig tries to discourage his readers from chasing the latest hot trend and to think instead about investing in what is unpopular. “Instead of pandering to investors’ own worst tendencies, I try to push back. My role is also to remind them constantly that knowing what not to do is much more important than what to do. Approximately 99% of the time, the single most important thing investors should do is absolutely nothing.” But advising people to do nothing is not the best way of selling column inches or airtime. Human beings are suckers for narrative. We love to be entertained with great stories.

We were motivated to re-read each of these fine essays on the back of the (mainstream) media firestorm over the Wuhan coronavirus this past month. Wuhan seemingly has all the trappings of a classic triumph of narrative over relevance, at least for most investors in this

world. Should we panic ? Should we sell ? Kind of depends on a) an unknowable future and b) what you own in the first place.

So in light of the alarmist media chatter, and in light of the fact that we're not virologists, we are going to recommend a bold and decisive plan of campaign. Just for once, we're going to go with ignorance for a change.

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](#). You can access the archive of our regular 'State of the Markets' podcasts, with Paul Rodriguez of ThinkTrading.com, [here](#).

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