

## Cumberland Lodge Lecture, 31 May 2017

### The Arrow of History

By Daniel Finkelstein

I have only lied to a journalist once. I felt I had to. It was 1997 and I was working for John Major. One of my jobs was to come to the front after his election press conferences and field any extra questions the reporters might have.

The day before the General Election, I was standing at the centre of a ring of journalists when James Blitz of the *Financial Times* asked me this, “Danny, are you going to win?”

Now, bear in mind that we were about to suffer the worst election defeat for the Conservative party since 1832... I knew that we were not going to win, and he knew we were not going to win. He knew that I knew, and I knew that he knew I knew.

But instead of saying, ‘No, of course not James’, I instead said this: ‘We are cautiously optimistic’. Hidden deep in this lie is an answer to the question I want to answer today: does history have an arrow, and does it point the way forward?

I am not a determinist. I do not believe anything in human affairs is inevitable. I even think that view is quite dangerous. I do not believe, either, that because something has happened in the past that it will therefore happen again. But I do write a football column that, with some success, uses past behaviour to indicate what is likely or unlikely to happen next. And it would be rather odd if it did not.

### **History and human psychology**

So what I want to do today is to see whether we can discern patterns in history that help us to understand what might come next. I want to use them to help us explain the political battles of the moment, even if they cannot tell us with any confidence who or what is going to win those battles. I am going to argue that there has been an arrow to history and look at the direction it has been pointing. And my starting point is with the lie I told to James Blitz.

Why was I so keen to avoid telling the truth about our political position that I told James something we both knew wasn’t true? It is because I appreciated that, for John Major’s

adviser to admit that we were going to lose, was powerful information - information that would make our pretty shaky position even worse.

The reason the information is powerful is that people follow each other: they copy each other; they are anxious to know what others are doing, so that they can do it too. The social psychologist, Robert Cialdini, has conducted a number of experiments that demonstrate the impact of what he calls 'social proof'.

One was a test of how best to persuade people to save electricity. Cialdini first asked respondents what information they would find persuasive: information about the cost, the environment, social responsibility..? When respondents ranked them, one piece of information came bottom, with almost everyone. Almost everyone seemed certain that being told how much electricity their neighbours used would not influence them at all.

And yet, when Cialdini then experimented with using various kinds of information, it turned out that only *one* thing changed behaviour at all: people saved electricity if they were told that their neighbours were using less than them!

Another of his experiments was with hotel towers. In many rooms there is a card that tells you that you can help the environment if you hang your towel back on the rack, rather than allowing it to be washed. But most of us ignore it, thinking this is just about the hotel's laundry bill. What words could you put on the little card in your bathroom that would encourage people to hang their towels back on the racks during their stay? It turns out that if you tell guests that 75% of people hang their hotel towel back up, the proportion who do that on any given night rises from 38% to 48%. And if you tell them that 75% of people staying *in their room* hang their towel back on the rack the proportion who hang theirs rises from 38% to 58%! We are sensitive not just to what others do, but most particularly to what others *like us* do.

By the way, this means that when we say that there is an obesity epidemic, we may think we are striking a blow against fatness. In fact, people just think, 'Oh, I didn't realise that *everyone* was fat. I'll have another canapé'.

Let's now try and unpick the reason for this human foible. Ask yourself this: why do we co-operate with people who do not share our genes?

We all know why we co-operate with people who *do* share our genes: it is to help perpetuate our genes. But why otherwise co-operate? The answer is that we have found it an effective strategy for survival. Reciprocity is a good evolutionary strategy. A vampire bat will regurgitate blood into the mouth of another, unrelated vampire bat, if it believes that bat is on the point of death. The first bat expects that this favour would be returned if it found itself in a similar position.

And this works: it is very powerful. The only problem is if you do a favour for someone and they do not reciprocate. We are always on our guard to ensure that this does not happen. Together, this explains quite a lot of our political behaviour.

## **Political behaviour and the fairness norm**

First, our fairness norm is not, as many think, that we should all be equal, but that we should get out in proportion to what we put in. People think markets and profits and trade are fair, for instance, as long as it's a fair exchange, because a fair exchange is no robbery.

You remember the hotel towels example? Cialdini tried another experiment. He promised people the hotel would donate a little bit of money to an environmental charity if they put their towels back. It didn't really work. The improvement was not statistically significant. But then he tried this: 'the hotel has already donated money to an environmental charity and would be very grateful if, in return, you were to hang your towel back on the rack'. Fascinatingly, this worked. People are programmed to reciprocate favours. It triggers our fairness norm. If I pay you a compliment, you say thank you. If I ask you how you are, you say 'fine, and how are you?'

Second, the political issues that produce the biggest reaction are those that appear to offend against the fairness norm. Welfare is a good example. As strong as people's view is that we should ensure that no one is without any welfare provision, we all also bang on constantly about welfare fraud, about people taking out when they aren't putting in. Banker's bonuses were not a very big political issue when they were merely very large compared to everyone else's salaries. They became hugely sensitive after the crash, when people felt that bankers were taking out what they were not putting in.

Thirdly, we find ways to ensure that we are trusted by others and know which others to trust. One of the quickest is to see if others behave like us and, conversely, to demonstrate that we are trustworthy because we behave like them. We copy each others' eating behaviour and back the winner in elections, in order to fit in, to try to demonstrate that we are trustworthy. I must emphasise that I am not recommending this behaviour, I am simply noting it.

An example of where it can lead us astray is in our attitude to immigration. Consider our reaction to migrants in the light of what I have just told you. Immigrants are thought to offend against the fairness norm because they have access to social services like the NHS, which people think they haven't paid for. And they don't look like us, so we don't trust them. This is sadly quite a powerful effect. Although both television and open markets are increasing the sense we have that people of different backgrounds are indeed very much like us, we still have a very long way to go.

But important though this is, let's not get diverted. I want to explain the role that reciprocity plays in directing the 'arrow of history'.

## **Reciprocity and the role of technology**

In two brilliant books on evolution, *The Moral Animal* and *Non-Zero*, the author Robert Wright looks at the way that reciprocity drives technological development. In order to make ourselves richer, we are always looking for more people with whom to trade. But

we have to be able to trust those people and to ensure that, when we do something for them, they return the favour.

This has led us, Wright says, to develop generation after generation of information technologies: counting, to keep score of favours; writing to record transactions and exchange information; printing; the rule of law; and so on. And with each one we can see the process.

Step one: We seek to get richer. We are materialistic. We seek to make our life more comfortable.

Step two: We do this by trying to expand the number of people with whom we can trade.

Step three: As we succeed, material goods keep more people alive. So population grows. There are more and more people with whom we can trade, providing us with more and more opportunities to get richer still.

Step four: We develop technologies that allow us to do this trade and to keep a record of it. Crucially, this allows us to trade with and to trust people we cannot meet with directly. The rule and the recording ensure that we can deal with an invisible and unknown individual with some confidence that we will have a fair exchange rather than a robbery.

Step five: At the same time, the technology shakes up the existing structures of power and wealth. As a result it is often resisted by those who feel threatened by it. Scribes and Kings, for instance, resisted allowing the spread of writing. Dictators resist the rule of law and the use of the internet.

Step six: As we seek to expand the number and geographical range of people with whom we trade, we slowly develop broader governing and social structures.

We therefore move from families to hunter groups, from groups to villages, from villages to groups of villages, from groups of villages to cities and regions, from cities to states, and so on. And this, too, alters the existing structure of power and wealth, and is resisted.

So, I believe that history has an arrow, a direction. And we can work out which way it is pointing. To seek to get richer and to succeed, to do it by finding new technologies, to use those new technologies to expand the zone of trust, to develop new governing structures to cope with this expanded area, and at each stage, to see the change resisted by those who feel that there might be an adverse impact on their wealth or power or who merely feel that the change is unwelcome because it disturbs settled arrangements.

### **Modern politics and the battle over globalisation**

So what does this now mean for modern politics and political debate?

First, it means that we are going to have a political battle over globalisation. Donald Trump's new chief strategist has responded robustly to suggestions that he is a white supremacist and an anti-Semite. He is, he says, merely an economic nationalist. His argument is that international trade is exporting what he thinks of as American jobs to Asia. This, he claims, only advantages globalists who get rich at the expense of everyone else.

This argument is, I think, economically illiterate but politically shrewd. It is economically illiterate because it ignores the extent to which people are consumers as well as producers, and the extent to which the production of goods and services often mixes components from different countries. Free trade improves productivity. There is no question but that the broad mass of mankind, and even those within a single country, are the beneficiaries of international trade. But it is politically shrewd because the costs of international trade can be concentrated on particular groups. They are at best unsettled and at worst impoverished by trade. Their discomfort is available for those who wish to exploit it.

Who might those groups be? Those who feel particularly settled and feel change to be a threat, those who have relatively low skills and education, and those who feel the current social structure advantages them. The biggest swing to Mr Trump and the politics of Steve Bannon came from older, white males. This group also provided support for Brexit.

It is interesting to look at some of the ways that the battle over globalisation has manifested itself. There has been, for instance, the battle over political correctness, which looks on its surface to be entirely unrelated to economic concerns or to new technology or globalisation. Go beneath the surface, though, and I think the link is clear.

In their book *The Hidden Agenda of the Political Mind*, Jason Weeden and Robert Kurzban make the following argument. New information technology helps those who are educated to make their way in the world, to trade, to advance. If you have high human capital (you are well educated, intelligent and well connected) there are few things in the age of the educated that can stop you from exploiting your talent. Save for this: barriers to civic equality. Prejudice and barriers against traditionally subordinate social groups (women, Jews, gays, and so on) is one of the few things that can stand in your way.

So the strongest supporters of political correctness are highly educated people belonging to subordinate social groups. As a Jew with a masters degree, who is both economically and socially liberal, I am the biggest possible cliché. Now consider who might be least supportive of political correctness: people with less human capital, worried about change, who belong to dominant social groups. Think elderly, white males. Hence, the argument over political correctness is, at root, economic.

The other way the row over globalisation has manifested itself is, as you might more readily accept, in a debate about governing structures. The drive to create international structures is, as I have already discussed, the natural result of the slowly expanding zone of trading and trust. It is simply the latest iteration of something that has happened throughout history. You would expect the attempt to create law that governs international dealings, as we have

more and more of those dealings. And you would expect that attempt to be resisted by those who feel that they are less able to control the new political structures.

### **Remainia vs Leavia**

In the recent Brexit referendum, Britain divided into two countries: 'Remainia' and 'Leavia': Remainia were the classes who saw new opportunities abroad as a promise; Leavia were those who saw them as a threat. Remainia, broadly speaking, were people with more human capital and younger. Leavia were those who were less well educated or older.

I am not arguing that absolutely everyone could be neatly identified in this way: some highly educated people supported leaving the EU because they think it an obstacle to globalisation. But age and social background was a pretty good way of establishing how someone was likely to vote. This, too, is at root economic. It isn't entirely surprising that the inhabitants of Leavia are worried about the direction that history's arrow is pointing. Trade is successful because it allows countries to specialise in providing goods and services where they enjoy a comparative advantage.

Yet, this means that high wage countries will specialise in providing high-end goods and services. Those who are unable to join in, who lack the skills to join in, may feel, may even be, left behind. Even though closing a country to international trade would simply make everyone poorer, the political impetus behind economic nationalism is obvious. It's not hard to see the fights ahead.

Almost all international trade treaties involve some of the same problems as the EU has experienced. The World Trade Organisation and the proposed Trans-Atlantic deal, TTIP, both require international decisions to be made about rules, by bodies that inevitably challenge the sovereignty of the parties to the treaty. Thus, any replacement for the EU in the form of bilateral trade deals will raise questions that Brexit was supposed to answer. We haven't had, in the UK, the political rows over trade deals that they have had in the United States. This is partly because we haven't had the power to make our own trade deals. Complaints about the EU have taken the place that, in America, is filled by complaints about NAFTA.

### **Open society vs Enemies of liberty**

The era in which trade becomes hotly controversial in Britain may, with Brexit, only just have started. The 'Left' has correctly anticipated that we would have an argument about equality, as new technology and specialisation makes some people richer whilst replacing the jobs of people with fewer skills. What they have failed to anticipate is that this battle over equality would turn into a row about immigration, about internationalism and about economic nationalism. They have been left, so far, completely perplexed by this development, as they have been by religious fundamentalism. Because fundamentalists often belong to minority groups and see themselves as victims of prejudice, part of the Left sees them as allies in the campaign for equality. Yet another part recognises that they are, in many cases, enemies of liberty.

The rise of fundamentalism is another way in which the political battle has not developed in the traditional Left-Right mould. The arrow of history suggests why that may be. And it suggests that we are going to have a battle over globalisation. That battle has now begun, has become, in fact, a central feature of world politics and is visiting itself on Britain. It is worth noting that, on past form, globalisation would win. But that does not, of course, mean that it inevitably will. Past form, as they say, may not be a guide to future performance.

### **Mass media and political power**

The arrow of history also points the way to changes in political power. The development of new information technology always proves challenging and unsettling. As throughout history, it wrests powers from elites and hands them to new, emerging, broader groups. And this is plainly happening now. Consider, just as an example, the MPs' expenses scandal. This would not have happened were it not possible to steal the whole of the archive of expense claims, with all the associated correspondence, and put it onto a memory stick the size of my thumb. It could then be analysed on someone's desktop computer.

There is any number of other examples: the rise of Wikileaks, for instance, or the Sony pictures hack. The microprocessor has put processing power on everyone's desktop, inevitably spreading power from those who hold it to those who seek it. What is happening is much bigger than the vulnerability of organisations to leaks, bigger even than the pressure it puts on organisations to be transparent or to have transparency thrust upon them. New technology allows, indeed insists upon, an entirely new relationship between those who govern and those who are governed.

Consider the experience of shoppers. Twenty, even ten, years ago, when buying goods (videos for hire, books, records, whatever), we would go to the shops and choose among a few items for sale. There could only be a few items because each took up physical space on the shelf. So we had to choose from the big, blockbuster items. The shop wouldn't stock niche items because it took up too much space for too few sales.

Now consider purchasing these goods. Where are Blockbusters? HMV? Tower Records? Borders? Gone, the lot of them, and replaced by online vendors like Netflix, Apple Music and Amazon! And these vendors have unlimited shelf space. They don't need to sell just the blockbuster items: they can sell, and you can buy, some pretty niche items.

Now think about political parties. Mass organised political parties didn't really exist before the second half of the end of the 19<sup>th</sup> century. As politicians began to need support outside of Parliament, they had to organise themselves to reach a mass audience through a few blockbuster channels – newspapers, and later television and radio. The limited shelf space that these mass channels had meant that there wasn't much room for anything but a very few of the big political messages. So there was a premium on discipline and uniformity. And only the leadership really had access to the mass party audience.

The mass media and the modern political party therefore grew up together. And now they may die together. The era in which everyone uses just a very few media channels with very

limited shelf space, to reach a mass audience, is over. Now everyone can, potentially, reach a mass audience. The political party is not a necessary intermediary. The discipline it seeks is no longer one it can enforce.

I recall, a few years ago, a video made by the MP Sion Simon, with the assistance of Tom Watson. Mr Watson held the camera while Mr Simon satirised David Cameron. With a few remarks about Mr Cameron's family that were judged in poor taste he landed himself in a great deal of hot water. He made, not to put too fine a point on it, a national fool of himself. But that is not what struck me. What struck me was that, while I had on occasion managed to make a national fool of myself and my allies, it had cost me millions of pounds and the weight of party headquarters in order to do so. Mr Simon now only required a video camera and Tom Watson. Just about anyone has the ability to reach a mass audience, with very little cost of equipment.

The election of Donald Trump illustrates how important this now is. Mr Trump was elected from entirely outside the political party system, with a tiny staff and a tiny network of donors. Opposed by much of the media, he was able to reach his audience directly. Why, people asked, don't they get the guy off Twitter? The answer was because it was helping him to win. Franklin Roosevelt was the first 'radio president', using his fireside chats. Kennedy was the first 'television president'. Obama was the first 'internet president', brilliantly using late-night comedy skits and entertainment. Donald Trump may be the first 'social media president', using Twitter with a brilliantly literate understanding of how Twitter works, of its language and its impact.

It is common to observe that there is a decline in respect for traditional institutions – banks, the police, the courts. Much less commonly observed is that this decline is really just a function of a change in the power relationship. The centre has lost control to the edges, because the edges have the technological equipment to subject the centre to scrutiny.

So, the arrow of history is pointing us to a new, more fractured politics, with much less deference, much more pressure for accountability and transparency. We will have many more sources of power and a much flatter political structure.

### **More change ahead**

Third, the arrow of history strongly suggests that the search for and development of new technologies will carry on. The search for new technological ideas and development has been a historical constant. Yet, at each stage, we are inclined to marvel at the changes that have arrived, whilst entirely under-estimating those that are just around the corner.

In 1995, one of my great modern heroes, Bill Gates, wrote a book called *The Road Ahead*, about the future of information technology. In many ways the book was far-sighted, but it missed one thing: he didn't regard the internet as of central importance. After the hardback came out, he realised his error and re-wrote the book for the paperback edition. Since then, we have seen not just the rise of the internet but also of the tablet computer, and the convergence between television and computing. Soon the satnav may make way for entirely

driverless cars. Yet, believing these are significant may simply reflect our failure to appreciate what 'significant' means.

By the very nature of things, it is impossible to know what the next great wave of technological change is. But it is hard to believe that what we have now learned about genetics and neuro-science will not be at the heart of it, bringing with it huge opportunities and huge moral challenges. The arrow of history suggests that we will use this knowledge to help us determine who we can trust and trade with. And this will pose big questions.

Just to give one tiny example, the more we know about genetics, the more difficult it will be to insure people, as the risks faced by one individual become easier to measure and therefore harder to persuade other people to share. As we learn more about people's capacities we will also face a clearer choice, and a bigger dilemma, about how much we judge that individuals are to blame for their actions.

I provide these only as illustrations of the very profound changes we can expect, and expect quite soon. Quite apart from the direction in which the arrow points, we much anticipate more, and more unsettling, change.

I want to add one final way in which the arrow of history suggests that the world will change, although doubtless there are many other ways which I will not mention. As we trade and trust more people, and as the technology to do so reaches new places, we will see the rise of new powers, countries that are enriched by more open trading and therefore emboldened diplomatically. In many places in the world, where there has been no middle class, a middle class will grow, and in places where the struggle to survive has been all that matters, the politics of relative prosperity will take its place. Western powers will develop new relations with countries that are now sources of imports, exports and investments.

We will also see a political battle take place over the nature of these rising powers. Will they tend towards commercial nationalism or Western-style liberalism? I tend towards optimism over the medium term. It is hard to see how trading, a middle class and information technology will not, together, produce an insistence, as they have elsewhere, on democracy and the rule of law. But, as with all such struggles, it is impossible to be certain of the outcome.

## **Conclusions**

Taken together, the arrow of history is pointing to a political battle over globalisation, democracy and liberty all at a time in which politics is becoming more volatile and unpredictable, and in which technology will pose moral and economic challenges that will be hard to answer. We have entered a period of great change and political uncertainty, in which the political and social arrangements that people have become used to are being overturned as people alternately embrace and resist change.

I don't think it is entirely wrong to feel some apprehension about this turbulence. My father was a survivor of exile in Siberia, my mother of Belsen. At my 50<sup>th</sup> birthday party I told my

guests how lucky I felt that, in my life, I had experienced none of this. I have lived in peace and never too far from Brent Cross shopping centre. When people start using 'metropolitan' as a term of abuse, rather than as a description of the Tube line to Pinner, I think it's reasonable to be nervous. When the elite is held up for abuse it is people who read books that are being attacked, rather than people who live behind golden doors in great towers...

But along with a degree of nervousness, there has to be a determination to rise to the challenge. Tony Blair argues that we are moving from the Left-Right divide to a new political divide: the divide between open and closed, between, one could say, the open society and its enemies. I think this analysis is characteristically acute. And open societies are more prosperous, freer, more stable, and more cohesive: they are better able to allow the talented to rise and to protect the vulnerable.

The biggest questions, now, are how we ensure that the battle is won by those who believe in open societies. There is no point in pitching into a political battle that is then lost, emotionally satisfying though the fight may be. And there is no point thinking that because the arrow of history points in a certain direction, the battle cannot be lost. It *can* be lost, and even if it is won in the end, it may be won only after I'm dead, timing that I regard as sub-optimal!

So we have to consider how best to ensure that those who resist change because they find it threatening, or not in their interest, can be helped to feel differently. We have to consider how much this has to be done by compromise, even though that risks conceding territory and accepting arguments on issues like immigration and trade that aren't quite right. How much can be done by economic incentive? (Though this risks creating economies where very large numbers of people are dependent on state payments.) And how much can be done by being bolder and braver in debate, advancing the case for openness, free trade and migration? (Although this may be politically naive.) These are all dilemmas, but in the end we will have to make choices. And so we will.