

## Three longs & three shorts: this week's best reads [21st Oct 2018]



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At the end of each week, we will share with you our favourite reads. We would be grateful if you could reciprocate.

#### 1. Long read: The Big Hack – How China Used a Tiny Chip to Infiltrate US Companies

Authors: Jordan Robertson and Michael Riley

Source: Bloomberg Businessweek (<https://www.bloomberg.com/news/features/2018-10-04/the-big-hack-how-china-used-a-tiny-chip-to-infiltrate-america-s-top-companies>)

This investigative article based on interviews with American government officials and corporates claims that Chinese spies attacked almost 30 US companies, including Amazon and Apple “by compromising America’s technology supply chain”. So how did China pull this off? It appears that China inserted a tiny microchip, not much bigger than a grain of rice, into the servers used by American corporates, by the CIA, by the US Department of Defense, the US Navy, both Houses of Congress...the list is long and growing as the probe into the matter is still open.

Once you have read the piece, you might want to sit back and ponder at the safety of India’s corporate and government servers and, more generally, at the sheer amount of control that the Chinese can exert on our hardware – from our phones to our servers to our telecom equipment.

#### 2. Long read: Saudi Princes Quest to Remake the Middle East

Author: Dexter Filkins

Source: The New Yorker (<https://www.newyorker.com/magazine/2018/04/09/a-saudi-princes-quest-to-remake-the-middle-east>)

In the wake of what looks like the murder of Saudi journalist, Jamal Khashoggi, in the Saudi Arabian embassy in Turkey, it is worth spending some time to understand how and why the heir apparent to the Saudi throne, Mohammed Bin Salman (MBS), is moving at such speed to stamp out all opposition to the house of Saud. This astonishingly well researched piece suggests that there are three factors at play: (1) the Trump White House sees Iran as enemy #1 in the Middle East and is clearly focused on using Israel and Saudi Arabia to neutralise Iranian influence in the region; (2) Trump’s son-in-law Jared Kushner has built a close relationship with MBS and has this might have emboldened MBS to take steps which previous Saudi monarchs would have hesitated to take; and (3) MBS himself comes across as an entitled, ambitious and ruthless young man who from his teenage days learnt how to use power to scare the living daylights out of people.

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If the New Yorker's hypothesis plays out and America and Saudi Arabia manage to isolate Iran, sideline second rung states like Qatar and make MBS de facto boss of the Middle East, it is difficult to see oil prices falling significantly.

### **3. Long read: In the Himalayas, living the crisis that the IPCC report warns off**

Author: Disha Shetty

Source: Indiaspend.org (<https://www.indiaspend.com/in-the-himalayas-living-the-crisis-that-the-ipcc-report-warns-of/>)

One of the challenges of our job is that we tend to lose all sense of proportion and obsess about trivialities such as the RBI's interest rate announcements or the latest sexual escapades of our politicians. Meanwhile, changes take place in the real world which are quite literally earth-shaking. On 6<sup>th</sup> October 2018, the Intergovernmental Panel of Climate Change (IPCC) said that by 2030 and no later than mid-century, global warming will reach 1.5 degree Celsius when compared to pre-Industrial Age temperatures. No one in India seemed to care in spite of the fact that India is one of the countries most vulnerable in the face of rising temperatures.

This Indiaspend article looks at the impact of climate change on the Indian part of the Himalayas. New trees and fruit plants never seen before are sprouting up, apple production is falling and summers in the Himalayas are hotter than ever. Glaciers are retreating and river basins are threatened. Surely, you are not one of those who is investing heavily in companies with plants in Uttarakhand or Himachal Pradesh.

### **4. Short read: Dodgy data makes it hard to judge Modi's job promises**

Author: Amy Kazmin

Source: Financial Times (<https://www.ft.com/content/1a008ebe-cad4-11e8-9fe5-24ad351828ab>)

Some of us in Marcellus were still in primary school when Indira Gandhi was the Prime Minister. In that era, our parents would give the news broadcast on Doordarshan a miss and tune into the BBC World Service's 9pm broadcast to understand what was happening in India. Ironically, the BBC reported both Indira Gandhi's and Rajiv Gandhi's assassinations before India's state run TV did.

Life has come a full circle for us because now even the private sector Indian media is as silenced as Doordarshan was in the Gandhian era. As a result, one has to once again turn to foreign media to get a more realistic perspective on matters closer to home.

In this piece, Amy Kazmin highlights, amongst other things, that: *"In 2008, the then Congress-party government started a quarterly employment survey, which sampled 2,000 enterprises — each with at least 10 employees — in eight labour-intensive sectors to track trends. That has since been expanded to cover some 10,000 businesses. In 2010, the government also started an annual survey of households, asking questions about employment status, type of work, frequency and earnings, capturing trends in both formal and informal jobs.*

*But Mr Modi's administration has not released the quarterly survey since March. Those results showed a paltry 136,000 new jobs from July to October 2017, far far below the numbers needed to absorb the 12m young Indians entering the labour market each year. New Delhi hasn't released the household employment survey for the 2016-2017 financial year either, though the data is thought to have been collected."*

### **5. Short read: The case for drip-feed investing is plausible, but costs more**

Author: Tim Harford

Source: Financial Times (<https://www.ft.com/content/f3d65c10-d207-11e8-a9f2-7574db66bcd5>)

In his typical style, the *Undercover Economist* debunks yet another everyday gospel – cost averaging. He shows that it works neither in theory nor has backing from historical data. Yet, he concludes it might still be the best thing to do, simply because the alternatives known to us aren't any better. However, acknowledging the shortcomings should drive discovery of a better alternative, much like many other aspects of life. *“Greg Davies, a behavioural finance expert at Oxford Risk, describes cost averaging as “deliberately doing something slightly inferior, to prevent the likelihood of something very inferior”. Just so. And it is worth looking for other areas where we might benefit from being guided by a slightly inferior rule of thumb — anything from “if it takes less than two minutes, do it immediately” to “never drink alone”. There are exceptions to these rules, but you may be better off just sticking to the rules. As a wise man once said, it’s such a fine line between stupid and clever. Cost averaging seems clever, but we should recognise that its true value lies in not being stupid.”*

#### **6. Short read: How tech employees are pushing Silicon Valley to put ethics before profit**

Author: Alexia Fernandez Campbell

Source: Vox (<https://www.vox.com/technology/2018/10/18/17989482/google-amazon-employee-ethics-contracts>)

To end on a brighter note, whilst the world is understandably worried about rapid groundbreaking technological advancements potentially working against humanity if abused, here is a piece which gives hope, for a better future. To the extent, leaders of large organisations drive culture around ethics, it is refreshing to see employees effecting shared beliefs even if it means overturning company strategy. This piece in the Vox talks about how Google and Microsoft employees are expressing their stand against usage of cutting edge tech such as AI for military progress for instance, is a healthy sign of ‘employee activism’ driving ethical behaviour of corporates, especially in tech.

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