

Think Low if You Think Tech

DOES NOT KNOWING HOW TO TURN ON YOUR COMPUTER make you feel guilty? Are you always two or three technology generations out of date? While most readers of this column don't have this problem, it may be more common than some might think.

For example, a Luddite friend of mine proudly confided the other night that he knew nothing about computers and didn't want to, either. He declared that others do his computer stuff, and he was glad of it. But he also said that he was paid the big bucks, as the head of his company, to think and act instead. Is he a total dinosaur, the last of a dying breed? In these days of high-speed mobile Internet connections, is there a place for plain and simple thinking? Do we set aside enough time for this low-tech activity?

Academics and the media regularly remind us that technological innovation has been responsible for almost all social and medical progress for millennia. Experts tell us that we'll amass more knowledge in the next five years than has been accumulated to date since the beginning of time.

But the wonders of technology may not be all favorable. They haven't, for example, given me more time for one of my favorite pastimes: nontechnical reading. My personal favorites have included science fiction and historical fiction, but I've tried to branch out to other areas as well. My current favourite is the No. 1 Ladies' Detective Agency novel series of Alexander McCall Smith, and I'll read even an occasional poem, inspired by my college poetry professor, Donald Hall, now the U.S. poet laureate.

But according to recent surveys, literary reading has declined 10 percent from 1982 to 2002, representing a loss of 20 million readers in the United States. This decline in book reading has been predicted for more than a century, threatened by the technology of phonography, movies, radio, TV, DVDs, and now the Internet; I am personally hoping for a comeback instead.

While touring colleges recently with my daughter Zoe, a high school junior, I found that most campus tours boasted about the number of books their libraries held, even though most students in the library were staring at or keying into their computers rather than reading books. But maybe that isn't so bad after all.

When Zoe was in fourth grade, I visited her math class. I took with me my typical techie equipment—my laptop and a calculator. (I also brought a slide rule, but I didn't include it for this exercise.) I asked her classmates how many calculating machines I'd brought with me and which

one they felt was most valuable. One of the students correctly answered that the most valuable was my brain. I wish everyone were that smart!

Actuarial high-tech includes internal models, ERM, ALM, option pricing, PBO, Cape Cod, Monte Carlo, predictive modeling, Googling, simulation, sarboxing, and common sense.

Common sense? How did that get in this list? Actually, it should be an integral part of every actuarial project, high-tech or not!

How will we go about problem-solving in the future? Complex models will certainly have their place. But at least for me, there will always be a place for trial and error—somehow finding my way, sometimes slowly, through the fog of ideas, attempting to ensure that the big picture isn't being missed, testing whether a borrowed formula or method works, or maybe coming up with a new one every once in a while.

All models should be subject to the most important validation: Does their output pass the test of reasonableness? In going about audit assignments, I can and do check the accuracy of detailed formulas, and I've found my share of Excel spreadsheet errors. But most of the times I find something significantly wrong, it's because it flunked a smell-test, with a little low-tech voice inside telling me something just doesn't make sense.

All of a sudden in the middle of writing this EndPaper column on my laptop, at midnight, sitting in my home library listening to my iPod on my headphones, knowing that my ever-patient *Contingencies* editor was probably waiting impatiently in DC as I missed yet another deadline, my wireless network connection went dead.

What to do? Simple. When technology fails, there's always snail mail. ●

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