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Fri, Jan 26, 01

US in recovery from bad dose of dot.com hysteria

Just because the dotcom-men are going out of business by the truckload doesn't mean that the whole business is going to disappear

By NIALL MCKAY

Recession - there I've said it again. A few months back I wrote about the impending recession and you wouldn't believe the abuse I got. "You're not a journalist but a scandalmonger," said one. "You're not fit to darken the pages of The Irish Times," said another. Next time I make you really angry, go to the window, take a deep breath and ask yourself, am I really worth it? Then if you still feel angry, feel free to tell me what a useless, good-for-nothing scoundrel I am.

But right now, living in California, it's difficult not to think about a recession as your PC suddenly blinks off, taking with it that 1,000 word article that you knew you should have backed up but didn't. Yes, indeed , California is in crisis. There's no electricity, no power to turn the disks of the so-called new economy. Each day you wait to see if your area will be hit by the rolling blackouts. Now blackout warnings are so frequent that they are announced with the traffic reports in the morning and evening.

This, in addition to the already beleaguered Internet business, seems like the last straw.

Then every weekend some dot.com is selling its computers, furniture and what little it had, as it goes out of business. This week it was Gazoontite.com, the allergy website that was selling up. And now the guys I used to envy, because they were paper millionaires, are on the dole or looking for a job. Not that I am smug. I might be

next.

So is the technology revolution over? Not likely. However, I do think that we are headed for a recession, as the technology industry is experiencing what they call negative growth, i.e. it's shrinking. Many of the big companies are not hitting their earnings targets; even Jupiter, the Internet analysis firm that predicts which companies will or won't meet their earnings, failed to meet its own predictions and like many high-tech companies had to lay off staff.

What's even more befuddling about the speed of the slump in the tech industry is the speed of the downturn in people's expectations. The same people who were telling us that we had 10 to 15 years' growth ahead of us are now telling us that it's all over, for ever.

OK, so I'm not much better. I have been predicting a slowdown for the last 12 months and now I believe that things are really not that bad. Perhaps I just enjoy disagreeing with the pundits, but because the dotcom-men are going out of business by the truckload doesn't mean that the whole business is going to disappear.

Really, it was just a bit of mass hysteria, and before you start thinking "them Americans are great ones for hysteria", think back to an Ireland where thousands of people would stand for hours waiting for a statue of the Blessed Virgin to move. America got a bit carried away, but it's recovering.

I know it's very difficult to imagine hot sunny days during a blizzard or snow during the summer, but really the so-called technology revolution has not even started yet. We've just hit the end of the first phase. How do we know? Because our technology is rubbish. We are plagued with computer systems that crash, with operating systems that can't withstand an attack from some 14-year-old delinquent kid, with word processors that take a PhD in computer science to create a simple macro, and with an Internet that chokes if some idiot with a bulldozer in Chicago cuts a fibre optic line.

We've got a long way to go before we can even begin to build systems that work.

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