

# PERSPECTIVES

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In this season of hope, get ready to be agreeably surprised. I resume my discussion of how ongoing progress around the world goes contrary to our natural – but misguided – negativity bias. Drawing on two seminal books, *Enlightenment Now* (Pinker, 2018) and *Abundance* (Diamandis and Kotler, 2012), I share findings about increased life expectancy, reduced violence and other promising developments.

Speaking of the positive, Sylvia Ellis apprises us about December 5, CIBC Miracle Day, when all fees and commissions go to support children's charities.

*Stan*



### Behavioral finance

## The future is better than you think, Part 2

By Stan Clark - Senior Investment Advisor

**In last month's issue, I discussed how our perception of the world is often far more negative and pessimistic than it should be. I showed how aspects of our human brain, the media and other factors contribute to our negativity bias. This bias can help us avoid dangers. But it can also make us feel worse than we should, and lead to some harmful consequences.**

This month, I'd like to expand on the many ways our world has in fact been getting better; and why progress will most likely continue well into the future. For this, I'll be drawing on two excellent books, *Enlightenment Now* (2018) and *Abundance* (2012).

Bill Gates calls *Enlightenment Now*, by Stephen Pinker, "my new favourite book of all time." Gates's previous all-time-favourite book was Pinker's 2011 *The Better Angels of Our Nature*, which documents the decline in violence over the ages. *Enlightenment Now* expands on this to show how humankind's condition has improved in almost every other area, as well.

Pinker presents detailed data from the past few hundred years showing where the human condition has improved. I may not agree with all his conclusions, but I appreciate the sheer amount of data he accumulated and presented in a very digestible form.

The bulk of the book is Part 2, "Progress." It includes 15 chapters, each addressing an area where our lives have improved. I'd like to touch on several that impressed me the most.

### Increase in life expectancy

Perhaps the clearest and most objective measure of progress is the improvement in life expectancies. Only 150 years ago, around the time of Canada's Confederation, the average life expectancy in the world was about 30 years. The average is now over 71 years – and the increase shows no sign of slowing. Notably, the greatest increases have been in the world's poorest countries – and their life expectancies continue to increase too.

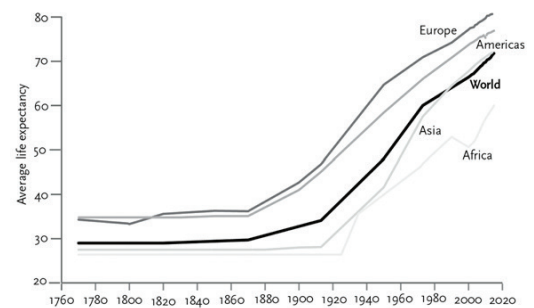


Figure 5-1: Life expectancy, 1771-2015

Sources: Our World in Data, Roser 2016a, based on data from Riley 2005 for the years before 2000 and from the World Health Organization and the World Bank for the subsequent years. Updated with data provided by Max Roser.

### Decrease in child mortality

The biggest contributor to increased life expectancy is the decrease in child mortality. The death rate of infants was previously very high. Also, the death of a 2-year-old brings the average down much more than that of a 60-year-old.

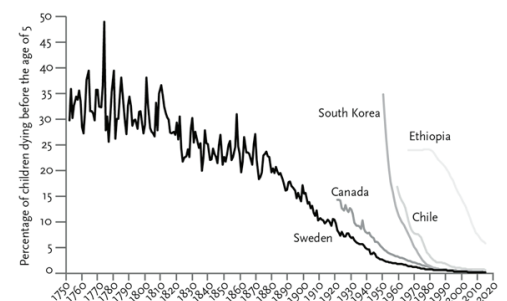


Figure 5-2: Child mortality, 1751-2013

Sources: Our World in Data, Roser 2016a, based on data from the UN Child Mortality estimates, <http://www.childmortality.org/>, and the Human Mortality Database, <http://www.mortality.org/>.

The huge decrease in infant mortality is one of the greatest human blessings resulting from progress. As Pinker puts it, "The loss of a child is among the most devastating experiences. Imagine the tragedy; then try to imagine it another million times. That's a quarter of the number of children who did not die last year alone who would have died had they been born fifteen years earlier."

## Team Talk:

Meghan Jones

Administrative Assistant



Meghan swimming at Casa Tortuga, Tulum, November 2018

### Been on any vacations this year?

Yes! My boyfriend and I just got back from Mexico. We visited Mexico City and Tulum, which I would describe as a ritzy boho beach town. We ate lots of tacos and ceviche, and came back with incredible memories.

My favourite part of our trip was visiting the cenotes – natural pits, or sinkholes, resulting from the collapse of limestone bedrock that exposes groundwater underneath. Mexico's Yucatan Peninsula houses nearly 7,000 of these beautiful caves and pools. Other highlights included touring the Tulum ruins, and participating in Día de Muertos festivities in Mexico City's main square, the Zocalo.

### How will you spend the holidays?

I will be attending my 10-year high school reunion (I graduated from Crofton House School in 2008), and participating in a Dreidel, or four-sided spinning top, competition. And spending lots of time with family and friends here in town!

## Improved Health

Much of our increased life expectancy is due to improved sanitation, vaccines and treatment of infectious diseases and other discoveries such as insulin and blood types. These not only save lives in the millions, but reduce much pain and suffering. Many diseases, such as yellow fever and smallpox, were terribly painful. Others, like polio, caused permanent disabilities.

For the elderly, one of the greatest fears is dementia. Just since 2000, "the rate among Americans over 65 fell by a quarter, and the average age at diagnosis rose from 80.7 to 82.4 years."

## Better nourishment

Lack of food causes death or stunted growth and other physical and mental challenges. The percentage of the developing world that's undernourished has fallen considerably over the past 50 years to 13% in 2015. And while 13% is still too high, it is better than 35% in 1970 and an estimated 50% in 1947.

Remember: These reductions have come despite the world population more than doubling over that time. Most of this improvement is due to technologies such as plant breeding, fertilizers and pest control. Since 1961, "the amount of land used to grow food increased by 12 percent, but the amount of food that was grown increased by 300 percent."

Reductions in undernourishment have also come from improvements in government systems that allow food to be produced and distributed to those needing it.

## Wealth

Measures of Gross World Product show increases of over 100-fold since the industrial revolution began in 1820.

Technology has been key in the growth of Gross World Product. In 1800, all the money in the world couldn't buy you an air conditioner, a refrigerator, a musical recording, electric heat or lights, or a dose of antibiotics. These are now easily available to almost everyone in Canada and to most of the world.

Here's another measure of increased wealth. In the early 1800s, 90% of the world lived in extreme poverty. The average income then was equal to that in today's poorest countries. Now, extreme poverty has dropped from 90% of the world's population to less than 10%.

Half of that drop occurred in the past 35 years. The trajectory looks very promising. Could we see extreme poverty virtually eradicated in the next 10 years?

## Reduction in violence

More than other events, news of violence influences our negativity bias. On the *If it bleeds, it leads* premise, the media constantly brings violent stories to our attention, more graphically than ever. Naturally, we assume there is more violence than there really is. We also forget how much violence existed in previous times, and how much it has fallen.

Pinker devotes five chapters to the reduction of various sources of violence in our world.

*Intentional violence*, i.e., wars between major powers, civil wars, genocides, murders and terrorism, has actually lowered over the past century. *Unintentional violence*, such as car deaths, pedestrian deaths, and accidental deaths from drowning, poisoning, fire and falls, has also declined. It appears those warning labels, fences around pools and decks and other restrictions are working. Even deaths from natural disasters like earthquakes and lightning strikes are down, thanks to improved building codes and safety measures.

Pinker looks at the spread of democracy as a contributor to the reduction in violence: "One can think of democracy as a form of government that threads the needle, exerting just enough force to prevent people from preying on each other without preying on the people itself."

He says the spread of equal rights has reduced violence in various segments of our society, for example, racial- or ethnic-based hate crimes, and violence against women. Again, contrary to what we might feel from watching the news, the number of these incidents has fallen over the past many years.

## Increase in knowledge

One of the main drivers of progress is the increase in our knowledge and education, which provide a source of happiness and self-fulfillment to many people. Our overall knowledge, helped hugely by the rapid growth of computers and the Internet, is growing exponentially.

Spreading knowledge requires literacy and education. Literacy has improved dramatically worldwide; the percentage of the world receiving a basic education has increased from 20% in 1820 to over 80% today.

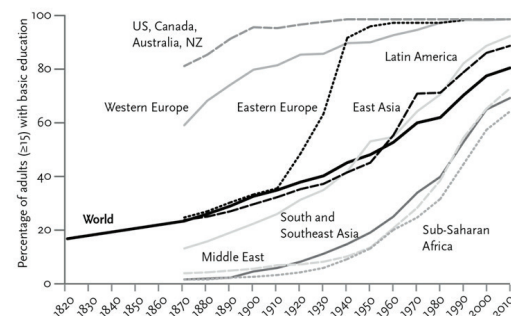


Figure 16-2: Basic education, 1820-2010  
Sources: Our World in Data; Rosen & Naylor (2014), based on data from van Zanden et al. (2014). The graphs indicate the share of the population aged 15 or older that had completed at least a year of education (more in later eras); see van Leeuwen & van Leeuwen (2014), pp. 88-93.

Even where lower levels of education persist, rates are rising due to well-focused efforts by many organizations to increase the availability and quality of schools.

## Improvement in quality of life

Let's turn to what increased lifespan and wealth have brought us in quality-of-life terms. Time is our most important possession. How are we now spending that time in terms of work, recreation and family?

A hundred years ago, retirement was not an option for many. Over 80% of men over age 65 still worked. Today, around 20% of over-65s still work, many because they want to. And the time people lose to housework has fallen fourfold, from 58 hours per week in 1900 to 15.5 hours

today. Despite the perception that people are more harried now, studies show we have 6-10 more hours of leisure per week than we did as recently as 1965.

It seems we're using most of that extra time well. We're spending more time with our children. "In 1924, only 45 percent of mothers spent two or more hours a day with their children (7 percent spent no time with them), and only 60 percent of fathers spent at least an hour a day with them. By 1999, the proportions had risen to 71 and 83 percent. In fact, single and working mothers today spend more time with their children than stay-at-home married mothers did in 1965." We're also spending more time than ever on pursuits such as travel, museum trips, the arts, hobbies like photography and gardening, and exercise.

While it seems that our lives are busier than ever, most of that busy-ness is with things we want to do.

### Inequality

The rising level of income inequality has been blamed for the current trend towards unrest and populism in many developed countries. But, when measured worldwide and across countries, inequality has actually fallen over the past 50 years. The poorest countries have been improving faster than the richest ones.

However, within some developed countries, income inequality has recently risen. For example, in the U.S. the Gini index<sup>i</sup> has increased from .35 in the 1970s to .42 now. However, this is still much lower than the .50 level of 100 years ago. Note that Gini does not consider income re-distribution and free services provided by government and other organizations. When you do consider these, the disparities are not as great as they appear when you look at income alone.

While inequality remains a vital concern, progress has meant that the poor are, in most every other way, far better off than they've been at most other times in history.

The recent rise in inequality is a legitimate concern, though, and while partially offset by income re-distribution and other programs, requires continued attention.

### Environment

The environment, particularly climate change, is many people's biggest long-term concern. Yet many areas related to our environment have improved. Air and water pollution have dramatically declined over the past 50 years. The smog-filled skylines of Los Angeles and London have mostly cleared up. In many cities, urban waterways that were left for dead have been recolonized by different animals, "including sometimes swimmers."

The percentage of the earth's land set aside as parks and preserves has grown from 8.2% in 1990 to 14.8% today. Marine conservation areas have improved as well, more than doubling to encompass over

12% of the world's oceans.

Many beloved animals have been pulled from the brink of extinction, including the albatross, condor, panda, rhinoceros and tiger.

Perhaps the biggest concern is the increase in greenhouse gas emissions and their effect on global warming. The ultimate answer to the problem must come from continued progress. Our creativity and willpower have helped us solve many of the world's problems over the last few hundred years. As our concern and focus on change intensify, we can look to further improvements.

### Happiness

Some people believe we aren't any happier today than we used to be. When you look closer at data, it seems we *are* getting happier – but you could still argue that happiness has not increased as much as it should have, given how much our lives have improved.

What makes people happy? Increased wealth helps. There seems to be a widespread view that increased wealth only increases happiness to a point. More recent data do not support this, indicating rather that happiness does increase as wealth grows. It's just that happiness increases less as you become wealthier.

Further, it seems there are things more important to our happiness than wealth; among these, community and connections with others. Humans are perhaps the most social of any animal, and we have a need to feel connected with others. Interestingly, Pinker notes, "Users of the Internet and social media have more contact with friends (though a bit less face-to-face contact), and they feel that the electronic ties have enriched their relationships."

Another major contributor to longer-term happiness is having a sense of meaning and purpose. This reflects our social nature, and that we've evolved to care about others and to want to help make the world a better place. We will discuss the topic of happiness more in future *Perspectives*.

### A future of progress

In terms of future progress, what about the many problems that still exist?

An excellent book on this topic is *Abundance*, by Peter Diamandis and Steven Kotler. It contains a good review of the progress humankind has enjoyed over the past few hundreds of years. It also includes a great summary of the technologies that should help solve many of the world's greatest problems.

A key concept in *Abundance* is the notion of exponential growth. Any technology based on information should grow exponentially because that is the nature of information – it builds on itself. Humans persistently underestimate the effects of exponential growth for the likely reason that our brains are hardwired to view

things linearly.

Here are some examples of exponential growth. If something doubles in speed 10 times, it becomes *one thousand* times as fast. If it doubles 20 times, it becomes *one million* times as fast. Wow! If something originally costs \$1 million and halves in cost 10 times, its cost falls to less than \$1,000. If it halves 20 times, its cost falls to less than \$1. Our minds have a difficult time comprehending those changes.

If a technology doubles in efficiency and halves costs every two years (which has been happening in information technology for the past 100-plus years), this will have an unbelievably profound effect on our lives – and the lives of our children and grandchildren – 20 to 40 years from now.

*Abundance* starts with the story of aluminum, the third most abundant element in the earth's crust. Two hundred years ago, *refined* aluminum was among the rarest of metals, more valuable than gold. It was abundant but unavailable because we didn't have the technology to refine it easily. Now we do, and aluminum is so abundant it has become almost a throwaway pop-can metal.

Many exponential technologies look promising for addressing the biggest problems that still exist in the world, including food, water, energy and healthcare. Many of these are abundant but unavailable or unusable in their current form. Technologies can change this. Some tech solutions seem in early stages, but thanks to expected exponential growth, can contribute in big ways before we know it. We will address some of these ways in future *Perspectives*.

It's hard to be positive when so much around us focuses on the negative. Yet, despite pessimism, the world has improved in countless ways. The prospects for continuing with that look good. We need to focus on problems to fix them – and as we do, it's helpful to remain positive to best harness our efforts for improvement. ■

<sup>i</sup> The Gini index is a measure of income equality ranging from 0 if everyone has exactly the same, to 1.0 where one person has everything and everyone else has nothing.



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CIBC Miracle Day:

## Helping kids toward future successes

By Sylvia Ellis, Senior Estate Planning Advisor

**This year, CIBC Miracle Day will be held on December 5. On that day, we at the Stan Clark Financial Team will donate all fees and commissions to the CIBC Children's Foundation.**

CIBC founded the Children's Foundation, a registered Canadian charity, in 1984 with the belief that by working with our clients, employees and children's charities, we can make a difference for children in need.

CIBC covers all administrative costs associated with running the Foundation. That means 100% of all funds raised on CIBC Miracle Day go to children's charities across Canada. In 2017, CIBC raised an astounding \$5.1 million for kids in need. Since inception, CIBC Miracle Day has raised over \$95 million for children's charities across Canada and \$248 million globally.

The Foundation has three areas of focus:

1. help for high-needs children
2. healthy, active living
3. well-being and enrichment

With its goal of improving quality of life for children in need, CIBC Children's Foundation is dedicated to helping them prepare for future successes. By focusing on health, education and well-being, the Foundation provides children with the opportunity to participate in programs that might not otherwise be accessible to them. These enrichment opportunities are vital in supporting young people in the formative years, encouraging personal and professional growth.

**The Stan Clark Financial Team is proud to be a part of CIBC Miracle Day. As we do every year, we invite you to suggest causes that are close to your heart.** Last year, at your suggestion, we directed funds to 14 charities, including:

**BC Adaptive Snowsports** – Formed in 1973, BC Adaptive Snowsports enhances the quality of life for children and youth with physical and cognitive disabilities, as well as for their families and volunteers, by providing opportunities to experience the joy, freedom, and health and wellness benefits of adaptive sports.

**Cassie + Friends** – This is the only charity in Canada dedicated 100% to the pediatric rheumatic disease community. Since 2007, Cassie + Friends has raised over \$1.5 million to transform the lives of kids and families affected by juvenile arthritis and other rheumatic diseases. Working with patients, caregivers, healthcare professionals, researchers and other friends, it provides life-changing support, education, community and research to help kids and families face the ups and downs of life with a chronic condition.

**HEROS** – HEROS is a volunteer-driven charity that uses the game of hockey to teach life skills and empower Canada's marginalized youth. By providing a safe and stable environment for young people to succeed, connect and learn, HEROS guides its participants to become constructive citizens within their communities.

**The Bloom Group** – The Bloom Group was originally founded as the St. James Community Service Society in 1961 on Vancouver's Downtown Eastside. The Group's mission is to support the most vulnerable people in our community through the provision of housing, health and social services.

We thank you in advance for your support! And again, we encourage you to let us know about any Canadian children's charities you would like us to consider. ■



*Sylvia Ellis is the Senior Estate Planning Advisor for the Stan Clark Financial Team at CIBC Wood Gundy. Sylvia provides support to the team in projecting and planning client financial affairs.*



**MIRACLE DAY**  
HELPING KIDS RISE ABOVE



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