

Human Progress: Reflected in the Stock Market

By Jeremy Kisner, Senior Wealth Advisor – Surevest Wealth Management



The world has improved dramatically over almost any timeframe you consider. During that time, it usually doesn't feel like it because negative headlines attract eyeballs and sell advertising. Granted, there are tons of very real problems, many of which did not exist 30 years ago. Nevertheless, I think Bill Gates nailed it when he said: "Headlines, in a way, are what mislead you, because bad news is a headline, and gradual improvement is not." The world improves in some small way on a daily basis because a few billion people go to work each day and figure out ways to improve living standards.

Stock Market Tunes Out the Noise

Individuals do not always recognize the gradual improvements, but the stock market certainly does. People buy more things, companies grow, and wealth is created based on billions of people living longer and better lives. It is unfortunate that investors often get scared out of the market by negative headlines, or even worse, things they think *might* go wrong. Since 2009, the stock market has more than doubled, but many investors bailed out for reasons like: the flash crash, European sovereign debt crisis, S&P downgrading the credit rating of the United States, fiscal cliff talks in Congress, US Government shut down, the Ebola virus, Brexit, the election of Donald Trump, North Korea, potential trade war, etc.

The thousands of items that did not make headlines include: advances in medicine, advances in fuel efficiency, alternative energy sources becoming economically viable, lower costs for almost every technology, and one of my favorites...free Wi-Fi at Starbucks.

In this post, I am going to lay out how the world has improved and the stock market's incredible ability to look past negative news headlines to reflect human progress.

Examples of Human Progress

Life Expectancy: Consider this: You had a 23% chance of dying before age 20, and a 38% chance of dying before age 45 if you were born in 1900.

Compare that to kids born recently. They have about a 1% chance of dying before age 20, and a 4% chance of dying before age 45. (source: calculatedriskblog.com) In fact, there was not a single country in the world that had a life expectancy above 40 as of the year 1800. Today, [there is not a single country with a life expectancy below 50](#).

Electricity: Can you imagine living without electricity? There were no homes (zero) that had electricity in 1870. Today 85% of people in the world have electricity.

Poverty: Just 200 years ago, 85% of the world population lived in extreme poverty. Twenty years ago, it was 29%, and today it's only 9% and falling.

Crime: Violent crime has been on a downward trend since 1990 (although you would never guess this from watching the news). Almost 14.5 million crimes were reported in the United States in 1990. By 2016, that figure was under 9.5 million.

Retirement: Ninety percent of 65-year-old American men who were still alive in 1870 were still working. Today, only 20% of 65-year-old American men are still working, while 80% get to enjoy retirement.

Housework: The average family spent 11.5 hours a week doing laundry in 1920. That has fallen to 1.5 hours as of 2014. Sadly, the Kisner household is well above average in hours spent on laundry per week.

Safety: Americans became 96% less likely to be killed in a car accident and 95% less likely to be killed on the job over the last hundred years.

Disease: The control of infectious disease since 1990 has saved the lives of more than a 100 million children. Thank you in small part to Bill and Melinda Gates. (Wow, two Gates mentions in one article!)

Food: There is no better example of increased efficiency and productivity than farming. Between 1961 and 2009, the amount of land used to grow food increased by 12%, but the amount of food grown increased by 300%.

Entertainment: There was almost no entertainment available to the average family in 1870. Today, our entertainment options are almost unlimited. Although, for some reason, my kids still say they're bored. 😊

Final thought on Human Progress and Stock Investments

It is no wonder that the stock market has been one of the best places to invest. The stock market represents ownership in many of the largest, most sophisticated companies—the companies that are making human progress and higher living standards possible. People who think the best days for the market have passed are essentially saying that human innovation is going to slow down or stagnate. That doesn't seem likely to me over the next 20-30 years.

P.S. I believe in giving credit, where credit is due. Thanks to Michael Batnick at [A Wealth of Common Sense](#) for many of the examples in today's post.

THOUGHT THIS WAS INTERESTING

World's Busiest Airports

Would you have guessed that Atlanta's Hartsfield airport is the busiest in the world? Los Angeles was #5 and O'Hare #6 for 2017 based on number of passengers. The big headline, though, was that JFK was no longer in the top 20. Hmm?

Rank	Airport Name	Location	Passengers (2017)	% change from 2016
1	Hartsfield-Jackson Atlanta International	United States	103,903,000	-0.3
2	Beijing Capital International	China	95,786,000	1.5
3	Dubai International	United Arab Emirates	88,242,000	5.5
4	Tokyo International (Haneda)	Japan	85,409,000	6.5
5	Los Angeles International	United States	84,558,000	4.5
6	O'Hare International	United States	79,828,000	2.4
7	Heathrow	United Kingdom	78,015,000	3
8	Hong Kong International	Hong Kong	72,664,000	3.4
9	Pudong International	China	70,001,000	6.1
10	Paris-Charles de Gaulle	France	69,471,000	5.4
11	Amsterdam Schiphol	Netherlands	68,515,000	7.7
12	Dallas/Ft Worth International	United States	67,092,000	2.3
13	Guangzhou Bai Yun International	China	65,887,000	10.3
14	Frankfurt/Main	Germany	64,500,000	6.1
15	Atatürk International	Turkey	63,872,000	6
16	Indira Gandhi International	India	63,452,000	14.1
17	Soekarno-Hatta International	Indonesia	63,016,000	8.3
18	Singapore Changi	Singapore	62,220,000	6
19	Incheon International	South Korea	62,158,000	7.5
20	Denver International	United States	61,379,000	5.3

Source: Airports Council International
Note: Preliminary rankings for 2017 with respect to total passenger traffic

Bloomberg

Sources:

<http://www.calculatedriskblog.com/2014/07/demographics-and-behavior.html#cXLHxZSyfhZh3dKi.99>

<http://awealthofcommonsense.com/2018/04/50-ways-the-world-is-getting-better/>