

RepReports

Registered Investment Advisors

Perspectives

I have had several encounters over the last few weeks with clients, friends, acquaintances that all had a similar theme — a general despair over life that included the economy, our government, the polarity of certain issues, and concerns about the future. Then the market began a precipitous 10% decline into “correction” territory. By the time you read this newsletter it will be better or worse, which seems to underline the pessimism I’ve been encountering.

Then I read an article in the Saturday-Sunday, February 10-11, 2018 Wall Street Journal, by Steven Pinker. Mr. Pinker is Johnstone Professor of Psychology at Harvard University. I’m going to quote about 2/3 of the article which is taken from his new book “Enlightenment Now: The Case for Reason, Science, Humanism and Progress, soon to be published.

Enlightenment

“For all their disagreements, the left and the right concur on one thing: The world is getting worse. Whether the decline is visible in inequality, racism and pollution, or in terrorism, crime and moral decay, both sides see profound failings in modernity and a deepening crisis in the West. The look back to various golden ages when America was great, blue-collar workers thrived in unionized jobs, and people found meaning in religion, family, community and nature.

“Such gloominess is decidedly un-American. The U.S. was founded on the Enlightenment ideal that human ingenuity and benevolence could be channeled by institutions and result in *progress*. This concept may feel naïve as we confront our biggest predicaments, but we can only understand where we are if we know how far we’ve come.

“You can always fool yourself into seeing a decline if you compare rose-tinted images of the past with bleeding headlines of the present. What do the trajectories of the nation and world look like when we measure human well-being over time with a constant yardstick? Let’s look at the numbers (most of which can be found on websites such as OurWorldinData, HumanProgress and Gapminder).

“Consider the U.S. just three decades ago. Our annual homicide rate was 8.5 per 100,000. Eleven percent of us fell below the poverty line (as measured by consumption). And we spewed 20 million tons of sulfur dioxide and 34.5 million tons of particulate matter into the atmosphere.

“Fast forward to the most recent numbers available today. The homicide rate is 5.3 (a blip up from 4.4 in 2014). Three percent of us fall below the consumption poverty line.

“And we emit four million tons of sulfur dioxide and 20.6 million tons of particulates, despite generating more wealth and driving more miles.

“Globally, the 30-year scorecard also favors the present. In 1988, 23 wars raged, killing people at a rate of 3.4 per 100,000; today it’s 12 wars killing 1.2 per 100,000. The number of nuclear weapons has fallen from 60,780 to 10,325. In 1988, the world had just 45 democracies, embracing two billion people; today it has 103,

embracing 4.1 billion. That year saw 46 oil spills; 2016, just five. And 37% of the population lived in extreme poverty, barely able to feed themselves, compared with 9.6% today. True, 2016 was a bad year for terrorism in Western Europe, with 238 deaths. But 1988 was even worse, with 440.

"The headway made around the turn of the millennium is not a fluke. It's a continuation of a process set in motion by the Enlightenment in the late 18th century that has brought improvements in every measure of human flourishing .

"Start with the most precious resource, life. Through most of human history, continuing into the 19th century, a newborn was expected to live around 30 years. In the two centuries since, life expectancy across the world has risen to 71, and in the developed world to 81.

"When the Enlightenment began, a third of the children born in the richest parts of the world died before their fifth birthday; today, that fate befalls 6% of the children in the poorest parts. In those countries, infectious diseases are in steady decline, and many will soon follow smallpox into extinction.

"The poor may not always be with us. The world is about a hundred times wealthier today than it was two centuries ago, and the prosperity is becoming more evenly distributed across countries and people. Within the lifetimes of most readers, the rate of extreme poverty could approach zero. Catastrophic famine, never far away in the past, has vanished from all but the most remote and war-ravaged regions, and undernourishment is in steady decline.

"Within developed countries, inequality is rising, but real poverty is not. A century ago, the richest countries devoted 1% of their wealth to children, the poor, the sick and the aged; today they spend almost a quarter of it. Most of their poor today are fed, clothed and sheltered and have luxuries like smartphones and air conditioning that used to be unavailable to anyone, rich or poor. Poverty among racial minorities has fallen, and poverty among the elderly has plunged.

"The world is giving peace a chance. During most of the history of nations and empires, war was the natural state of affairs, and peace a mere interlude between wars. Today war between countries is obsolescent, and war within countries is absent from five-sixths of the world. The proportion of people killed annually in wars is about a quarter of what it was in the mid-1980s, a sixth of what it was in the early 1970s, and a 16th of what it was in the early 1950s.

"In most times and places, homicides kill far more people than wars. But homicide rates have been falling as well and not just in the U.S. People in the rest of the world are now seven-tenths as likely to be murdered as they were two dozen years ago. Deaths from terrorism, terrifying as they may be, amount to a rounding error.

"Life has been getting safer in every other way. Over the past century, Americans have become 96% less likely to be killed in an auto accident, 88% less likely to be mowed down on the sidewalk, 99% less likely to die in a plane crash, 59% less likely to fall to their deaths, 92% less likely to die by fire, 90% less likely to drown, 92% less likely to be asphyxiated, and 95% less likely to be killed on the job. Life in other rich countries is even safer, and life in poorer countries will get safer as they get richer.

"Despite backsliding in countries like Russia, Turkey and Venezuela, the long-term trend in governance is toward democracy and human rights. Two centuries ago a handful of countries, embracing 1% of the world's people, were democratic; today, more than half the world's countries, embracing 55% of its people, are.

"Not long ago half the world's countries had laws that discriminated against racial minorities; today more countries have policies that favor their minorities than policies that discriminate against them. At the turn of the 20th century, women could vote in just one country; today they can vote in every country where men can vote save one (Vatican City). Laws that criminalize homosexuality continue to be stricken down, and attitudes toward minorities, women and gay people are becoming steadily more tolerant, particularly among the young, a portent of the world's future. Violence against women, children and minorities is in long-term decline, as is the exploitation of children for their labor.

"As people are getting healthier, richer, safer and freer, they are also becoming more knowledgeable and smarter. Two centuries ago, 12% of the world could read and write; today 85% can. Literacy and education will soon be universal, for girls as well as for boys. The schooling, together with health and wealth, is literally making us smarter— by 30 IQ points, or two standard deviations above our ancestors.

"People are putting their longer, healthier, safer, freer, richer and wiser lives to good use. Americans work 22 fewer hours a week than they did in the late 19th century and lose 43 fewer hours to housework. They have more opportunities to use their leisure to travel, spend time with children, connect with loved ones and sample the world's cuisine, knowledge and culture.

"Thanks to these gifts, people in a majority of countries have become happier. Even Americans, who take their good fortune for granted and have stagnated in happiness, call themselves "pretty happy" or happier. And despite the panic about "kids today" (heard in every era), younger generations are less unhappy, lonely, drug-addicted and suicidal than their Boomer parents.

"As societies become wealthier and better educated, they raise their sights to the entire planet. Since the dawn of the environmental movement in the 1970s, the world has emitted fewer pollutants, cleared fewer forests, spilled less oil, set aside more preserves, extinguished fewer species, saved the ozone layer and may have peaked in its consumption of oil, farmland, timber, cars and perhaps even coal."To what do we owe this progress? Does the universe contain a historical dialectic or arc bending toward justice? The answer is less mysterious: *The Enlightenment is working*. Our ancestors replaced dogma, tradition and authority with reason, debate and institutions of truth-seeking. They replaced superstition and magic with science. And they shifted their values from

the glory of the tribe, nation, race, class or faith towards universal human flourishing."

Mr. Pinker goes on to cite dozens (and dozens) of numerical figures to underscore his thesis that the Enlightenment Is Working. But how does all of this relate to you, me and your investments?

Simply that the clients of *JS Replogle & Associates LLC* are long-term investors, and the job for Eric and me is to add value to each client's investments over time. We do not seek or encourage clients who want to avoid the market declines by exiting when things decline or jumping in when the market seems to be going up. We don't buy on the dips or sell on the corrections. We develop long-term strategies, unique for each client. We monitor those strategies and "fine-tune" them as required. We seek future value for today's dollar.

Think about it, is a company making a quality product that people want, and selling it at a fair price really a less effective organization when the stock market drops? The centuries old progression of the market is **UP!** While it is true that every day we must get smarter and adjust to new understandings, I truly believe that today is better than yesterday, and tomorrow will be even better, no matter how many twists and turns, or ups and downs life provides.

Corporate Update

As we think about the future, I'm happy to report that my colleague, Eric W. Barkey, continues to take over more of the day-to-day operations, document preparation, and some client interfacing. Hopefully, this will allow me to focus on the areas in which I am the most interested and able — research, strategic planning, and portfolio construction. Eric can be reached at 540-828-2675, Ext. 3. In addition to direct conversation, the phone menu allows the caller to leave a message or be directed to his cell phone.

We appreciate the trust and confidence that you have placed in *JS Replogle & Associates LLC*.



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540-828-2675 • 540-828-0641(fax) • jimr@jsrass.com

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Registered Investment Advisors

107 Breezewood Terrace • Bridgewater, Virginia 22812-1434

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