



Are You Part of “The Great Enrichment”?

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I’m reporting today from St. Petersburg, Florida, at the 17th Annual Investment U Conference. Just moments ago, I stood before a room full of economists, financial authors and Oxford Club Members and argued that we are entering a new **Golden Age** for investors.

Why? The Federal Reserve reports that U.S. household net worth recently hit an all-time high of \$81.5 trillion.

Standards of living have never been higher. Human life spans have never been longer. Educational attainment has never been greater. Violent crime is in a long-term cycle of decline. American cities have never been safer.

Financial markets have never been broader, deeper or more transparent.

Investors have never had more choices of high-quality stocks, bonds and ETFs. Commissions have never been lower. Spreads have never been thinner. Trade executions have never been swifter. Monitoring your investments has never been easier.

To top it off, we’re in a period of non-inflationary growth. Interest rates are near historic lows. Job creation is the strongest since the 1990s. The housing market is rebounding. **Oil prices** have just been halved. The dollar hit an 11-year high this week. Corporate profits are at record levels. And so are profit margins.

Yet most *Investment U* readers aren’t buying my thesis. Editorial Director Andrew Snyder polled subscribers and found that just 37% agreed with me.

Thanks to all the gloom in the national media - and the political wrangling in Washington - most readers either can’t see it, don’t get it or refuse to believe it.

Perhaps they should listen to Deirdre McCloskey.

Dr. McCloskey is an economic historian and author of 16 books and more than 400 scholarly articles. She argues that humanity is in the midst of what she calls “The Great Enrichment,” a period of exponential wealth creation that started more than 200 years ago and is still accelerating today.

Of course, we weren’t around two centuries ago and are much more concerned with our lot today, even though most of us have more than our grandparents could ever have imagined.

We in the West are living longer, healthier, safer, richer, freer lives than any people on the history of the planet. Look at the quality of your transportation, the speed of your

communications, all the labor-saving devices, the huge variety of goods and services available and the luxuries that permeate your life.

Maybe it takes a humorist to wake us up.

In *The Wall Street Journal* recently, Dave Barry wrote, "My mom, like my dad, and millions of other members of the Greatest Generation, had to contend with real adversity: the Great Depression, the Dust Bowl, hunger, poverty, disease, World War II, extremely low-fi 78 rpm records and telephones that - incredible as it sounds today - *could not even shoot video.*"

Meanwhile, "The Great Enrichment" continues...

It's not just that our portfolios are expanding. So are our homes. According to the Census Bureau, the median square footage of newly built single-family homes hit 2,400 square feet last year. That's nearly 1,000 square feet larger than the median home built in 1992.

Yet instead of feeling grateful, many look at those in the top 100th of 1% and feel envy or anger.

Bill Gates has a 66,000-square-foot mansion that overlooks Lake Washington. Warren Buffett zips around the country in his private jet, a Bombardier Challenger 6000. Oracle founder Larry Ellison has a 453-foot yacht with 82 rooms, a private cinema and an extensive wine cellar.

But really, would those things truly change your world?

Don't answer that. But do think about this... Does Warren Buffett eat better than you do? (Hint: His favorite restaurant is Gorat's Steak House - only three stars on Yelp - and his favorite drink is Cherry Coke.) Does Oprah Winfrey have a better iPhone? Does Alex Rodriguez have a faster Internet connection?

Sure, the richest have gotten richer faster than the rest of us. But the tide is rising for us all. Over the last 35 years, the inflation-adjusted income of the average American has more than doubled.

If yours hasn't, bear in mind that an annual income of just \$34,000 puts you in the **top 1%** of all income earners worldwide.

Even the poor are rich by historical standards. Most Americans living under the poverty line today live in larger accommodations than the average European.

Historically, being poor meant having to struggle to get enough calories to survive. Today we have the opposite problem. Obesity is creating a healthcare crisis among the poor.

The average person living below the poverty line in the U.S. today also has a telephone, a TV set, indoor plumbing, central heat and an automobile. One hundred and fifty years ago, the richest robber barons couldn't have dreamed of such wealth.

And consider your political freedoms.

Transparency International ranks 174 world governments for honesty and integrity. The U.S. comes out relatively well, ranking 17th overall. (Denmark is No. 1.)

Only 13% of the world's population lives under the top 40 governments. Fully 87% of humanity lives under a mostly corrupt government.

David Boaz of the libertarian Cato Institute writes, “Americans today are more free than any people in history. We should take a moment to reflect on our history, and celebrate what we’ve achieved after centuries of hard work and political struggle.”

I’d suggest going even further. Your living standards are almost certainly better than they were for 99.9% of all the human beings who ever walked this planet.

It’s not a bad idea to occasionally spend a little time thinking about all the things you take for granted.

If you do, who knows? You might just open your eyes to “The Great Enrichment.”

After all, it’s going on all around you.

Good investing,

Alex