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1, A most interesting three-part series started in the Fortune magazine, in the July 5 issue, on developments, debates and possible consequences regarding increasing life expectancy. It is well known that a spectacular increase in life expectancy (the age someone has 50% chance to reach) happens in societies when / where the basic food supply, uncontaminated drinking water and basic health care are provided. Actually, more sophisticated methods than these have not been proved to be successful. However, the situation may change soon. We are entering quite a new level of understanding many very basic biological processes, including aging. Up until recently, hundreds of theories on aging remained not more than speculations. Elixirs with magic power have come in and out of fashion. Modern genetics has changed that.

Today, there are finally very serious and promising research projects in this previously quite neglected field. Scientists seem to close from various directions (studies on the effect of size, stress-resistance, calorie restriction, reproduction patterns of a range of living creatures) on certain gene mutations that somehow increase life span. It seems that one day human life span might be increased by the relatively simple manipulation of a small number of genes. Contrary to what some popularizing media communicate, there are not even theories being elaborated on practical anti-aging therapies by serious researchers. On the other hand, as one of the scientists of the field remarked, "the gloom is gone" in gerontology, and according to another, "we are so much on the edge of major discoveries in this field". A major breakthrough is felt by many closer than anyone imagined just a year ago. "Translating the convergence into anti-aging medicines would doubtless take many years, and testing their efficacy wouldn't be easy. But perhaps it wouldn't take decades ...", summarizes the first article in the series.

The second part of the series is, in some sense, perhaps even more exciting. It addresses the consequences of not just those possible life-span expanding therapies that will eventually come out of research labs, but also of demographic changes that have occurred. At the beginning of the century, in the US, not more than 2 or 3 people of every 1,000 had the chance to live beyond age 90. Today, 17 or 18 can realistically expect that. The number of centenarians (people age 100 and over) in various developed countries has doubled every decade since the 1960s. In 1990, there lived 28,500 of them in the US, there is going to be 72,000 next year, and according to some projection, their number will reach 834,000 in 2050. By 1990, there were more than 1.5 million Americans age 85 and over who would not have been alive if death rates had stayed at not even the early century level, but the 1960 level.

There are fierce debates among demographers about the probability that these spectacular life-increasing trends can continue. According to one group, half of the girls and a third of the boys recently born in the developed world will live to be 100. The argument for this is based on the evidence of the past, an interesting new discovery, and an optimistic view of those advances in life sciences referred above. Life expectancy gains from reduced mortality among the young (due to better nutrition, antibiotics, etc.) in the developed world seemed to plateau by the mid-century. However, in the last two decades, life expectancy gains were recorded again, but this time among the elderly. The new discovery explaining this challenged an old 'common sense' assumption, namely, that the chance of dying gradually increases as we get older. From scrutiny of death statistics it turned out that human mortality actually declines after age 80. (The same pattern was recognized with cars and medflies, by the way.) As one demographer put it, "if there is a biological limit to human longevity, we are not getting close to it yet." According to the calculation of this school, there could be nearly 37 million US boomers age 85 and over by 2050, more than twice the government best guess.

Even if the 'bullish' demographers are only partly correct, the good news of expanding life span also triggers some tough questions regarding the economic consequences. Quite simply, existing government plans for social and medical support of seniors might easily turn out inadequate. The American Social Security Administration projects that the decline in old-age death rates will slow to a crawl early in the next century. They forecast, e.g., that life expectancy will rise to about 82 years in 2075, from about 76 now. Considering that this projected increase is about one fourth of what occurred in the last 75 years, and that what is happening now is just the opposite of slowing down, the situation looks alarming. According to even a 'moderate' demographer, the 2.2% payroll tax increase the Social Security estimates as needed to keep its trust fund actuarially sound is more than 30% below what it should be. Since tax hikes are politically untenable, there is a good chance that politicians will not act in time again.

All the above refers to the US, ... but I do not see why would the situation be much different in Canada either. The Fortune article devotes one paragraph to the story of Canada's chief actuary, who was fired while preparing a report on the fiscal health of Canada Pension Plan. As he

who was fired while preparing a report on the fiscal health of Canada Pension Plan. As he claimed, it happened after he refused altering a figure in the report that would have embarrassed the government. His former boss denied the claim. Anyway, his successor concluded that the CPP remained strong and workers would not have to pay more. Recently, Canadian newspapers reported that a new survey found Canadians are again quite optimistic about the government's ability to support them in retirement, and to maintain / improve (?) The health care system on the long term. I think, this is simply a case of much daydreaming. Just one more citation from the Fortune article in this regard: US federal "medical payouts for individuals over 84 are more than twice as high, on average, as for those between 65 and 69." Of course, anything about the future is just speculation, or educated guess, in the best case. Doing long-term intelligent speculation, I think, is the basis of any kind of planning of our life.

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2, While many investment advisors maintained recently that Europe is the place to be today, there were not so impressive market returns and economic reports coming from the area. Some saw the bleak performance of the new Euro as a major sign of general weakness, and poor German economic data as the reason for much concern. As Prof. Krugman summed it up, "Germany stopped being the powerhouse of Europe and became its biggest source of weakness," because of the prevailing over-regulation and a too-generous welfare state there. He thinks the nature of the problem is not political but philosophical: the Germans' longing for clear principles and rules makes them much less competitive today than what the American sloppiness and pragmatism offers. He is probably right in saying "the world has changed in a way that seems to favor flexibility over discipline", but he may undervalue the ability and willingness to change in Germany.

As another Fortune article suggests, the "Nice place, Germany - too bad it is slumped in terminal decline" type of conventional wisdom of today is worth a second look. There are strong indicators of fundamental changes going on in the country. The changes come mainly from businesses; the eagerness of big companies to restructure themselves is comparable to what happened in America in the 1980s. In addition, a new breed of small German companies is emerging. The country is still the world's second largest exporter, and third largest economy. The stock market has more than doubled in the last three years, returns on equity and corporate profits are high, and mergers and acquisitions are proliferating. Financing new enterprises has improved hugely lately, and there are increasingly more success stories in high-tech fields. Briefly, "the idea that Germany is a Teutonic wall of rigid regulation is a myth". Also, in spite of the strength of unions, "German companies pay lower effective corporate taxes than British or Irish ones do."

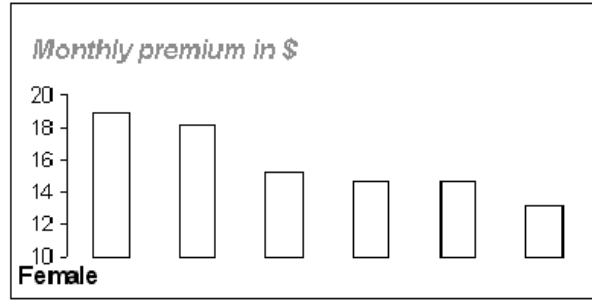
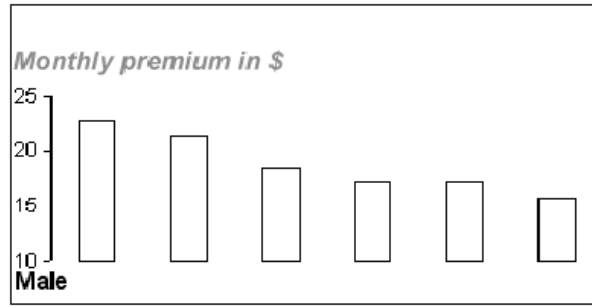
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3, The list of sobering analyses regarding the dangerous "bubble-nature" of the American economy and stock markets is getting ever longer. When the world markets almost went bankrupt last year, the American wonder economy was touted as one that probably saved the world from a serious recession or even depression. Usually, a quick recovery in those troubled countries is wished for, so that they can join the American success, and make the whole world more stable. Anna Bersanek (Fortune, Aug 2) warns of the danger of a global recovery that is too fast. The risk is in foreigners pulling suddenly out of the US, sending it into a spin. Nobody knows when it will happen, but when managers of large portfolios will feel that the moment arrived, the change can be a landslide. The US exports much less than it imports, Americans practically stopped saving, and re-emerging inflation may create havoc. As The Economist summarized (July 3): "The danger is clear. A fall in share prices of 20-30% might be salutary. But if they were to plunge by 50% or more - which is not impossible - and stayed there, investor and consumer confidence would be shattered. America's economy would slow, perhaps dramatically."

What can we do? Maybe assets that will surely be needed in the next few years should urgently be transferred to more secured forms than equities.

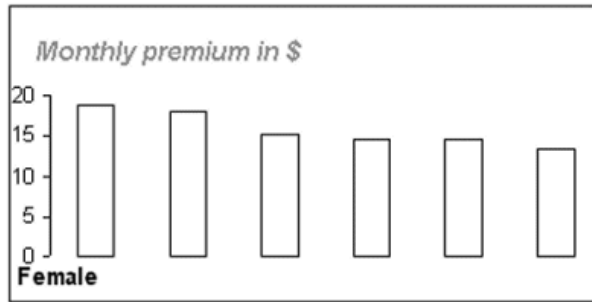
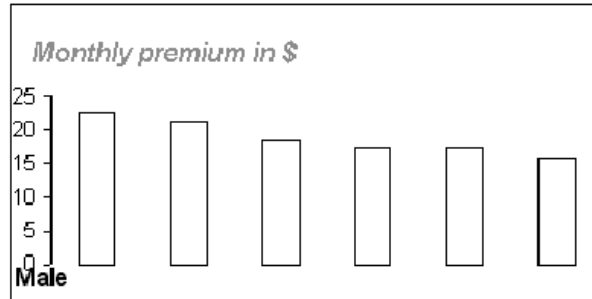
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4, A few weeks ago, big Canadian banks' attempt to get the right for selling insurance through their branches derailed again. Some people saw it as a successful defense of turf by insurance companies and agents only. Reality is probably a bit more complicated. I could dwell now on several arguments supporting the view that the customer's interest can usually be best served by independent brokers. As well, I could elaborate on and my opinion / wish that the time is coming when the commission system in insurance will be replaced by a fee based service. Instead, let me share my recent experience with an insurance offer from a bank, or rather just one single aspect of that offer. (I make this very strong limitation here to save space only.) Below are the charts with which they illustrated the competitiveness of their 10 year term life insurance policy. (I deleted the names of companies.) The first five columns represent 10 year term policies from well known insurance companies, and the last / lowest columns represent the price of the bank's policy. Surprise, surprise! :-)



There are two problems with the charts.

One is that when you look at them, you will probably not pay much attention to the small \$10 at the bottom of the columns. The first impression can easily be a big "whoa" of admiration for how low the bank's premium is, compared to the others. Wouldn't the innocent viewer get a truer grasp of comparison with a chart where the columns start at the zero level? I recreated the charts with the same amounts, but forgetting the common bottom \$10. Then the charts look like this:



Do you have a guess why they created the charts the way they did? A balloon (with one hole only) will be given to the luckiest reader drawn from among those whose guess will match mine. Take your chance! Send me your answer before Sep 15. :-)

The other problem with the chart is that if you are naive enough you may just assume that they made the comparison with the best competitors. The reference to the Compulife comparison software below the chart kind of suggests this. Sorry to disenchant you, but they didn't use the best rates from that software. When I run that software, the initial rates of the bank were not bad, but not on the top either. For nonsmokers, and for the age they selected, they ranked from 4 to 9, according to the contracted amount and whether the payment was annual or monthly. (After the chart, they gave monthly / annual premiums in a table for \$50K, \$100K, and \$150K, ...and I did run the comparison for all these.) For smokers, they ranked from 9 to 15. Again, not bad rankings, ... but is this a decent illustration? Who would send the application back to them (without knowing what the renewal rates will be, by the way)? Obviously, there are people who

(without knowing what the renewal rates will be, by the way): Obviously, there are people who do. They might even have the satisfaction that they were not sold; they just grabbed a good opportunity and even avoided the hassle of dealing with ugly sales people. :-)

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5, Did you know that the world's three richest individuals have more wealth than the combined gross national product of the 43 poorest countries? This is not the only fact that you might find shocking if you spend some time with the recent United Nations publication, Human Development Report 1999. For a few days after the Report's release, you probably heard about it, if only because Canada was found, again, the most pleasant country to live in, overall. However, the Report is much more meaningful if you look beyond the overall score-chart. One can learn from it about many details of how controversially globalization affects the life of the majority of one's more than 6 billion fellow human beings. The whole Report is available on the Internet. If you have problems with accessing it, do not hesitate to contact me, since I downloaded the whole material.

Another widely publicized international report published recently is the World Competitiveness Yearbook 1999. In this case, unfortunately, only the summary is available free on the Internet. For Canadians, the most important finding is that Canada kept her 10th position on the overall score chart.

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6, I got these from someone on the Internet. They were called "GEORGE CARLIN JOKES" Whoever this George is, he will surely excuse me for using his lines below. Enjoy it!

One tequila, two tequila, three tequila, floor.

Atheism is a non-prophet organization.

If man evolved from monkeys and apes, why do we still have monkeys and apes?

I went to a bookstore and asked the saleswoman, "Where's the self-help section?" She said if she told me, it would defeat the purpose.

Could it be that all those trick-or-treaters wearing sheets aren't going as ghosts but as mattresses?

If a mute swears, does his mother wash his hands with soap?

If a man is standing in the middle of the forest speaking and there is no woman around to hear him, ... is he still wrong?

If someone with multiple personalities threatens to kill himself, is it considered a hostage situation?

Is there another word for synonym?

Isn't it a bit unnerving that doctors call what they do "practice?"

Where do forest rangers go to "get away from it all?"

What do you do when you see an endangered animal eating an endangered plant?

If a parsley farmer is sued, can they garnish his wages?

Would a fly without wings be called a walk?

Why do they lock gas station bathrooms? Are they afraid someone will clean them?

If a turtle doesn't have a shell, is he homeless or naked?

Why don't sheep shrink when it rains?

Can vegetarians eat animal crackers?

If the police arrest a mime, do they tell him he has the right to remain silent?

Why do they put Braille on the drive-through bank machines?

How do they get the deer to cross at that yellow road sign?

**Is it true that cannibals don't eat clowns because they taste funny?**

**What was the best thing before sliced bread?**

**One nice thing about egotists: they don't talk about other people.**

**To be intoxicated is to feel sophisticated, but not be able to say it.**

**Never underestimate the power of stupid people in large groups.**

**The older you get, the better you realize you were.**

**Age is a very high price to pay for maturity.**

**Procrastination is the art of keeping up with yesterday.**

**Women like silent men, they think they're listening.**

**Men are from Earth, women are from Earth. Deal with it.**

**Give a man a fish and he will eat for a day. Teach him how to fish, and he will sit in a boat and drink beer all day.**

**Do pediatricians play miniature golf on Wednesdays?**

**Before they invented drawing boards, what did they go back to?**

**Do infants enjoy infancy as much as adults enjoy adultery?**

**If all the world is a stage, where is the audience sitting?**

**If God dropped acid, would he see people?**

**If one synchronized swimmer drowns, do the rest have to drown too?**

**If the #2 pencil is the most popular, why is it still #2?**

**If work is so terrific, how come they have to pay you to do it?**

**If you ate pasta then ate antepasta, would you still be hungry?**

**If you try to fail, and succeed, which have you done?**

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**Talking about potentially gloomy prospects and the media, I found the following definitions of terms of "doomology" amusing: When your neighbour loses his job it's a slowdown (or, if you dislike him, a correction); when you lose yours, it's a recession; when an economic journalist loses his, that's a depression. (again, taken from The Economist)**