MOMENTUM WEALTH

Was The Past Really Better Than Today?!

We've long believed that it's nearly impossible to be a successful investor with a pessimistic view of the future. Despite the incredible and undeniable progress that has occurred over our lifetimes, pessimism still rules the day.

In 2017, **59% of Americans said that the lowest point in our nation's history is "right now[1]."** It's gotten worse in the time since with 67% of Americans saying they believed that 2024 was the lowest point in history[2].

This means **a large majority of Americans believe that things are worse today than in the midst of WWII, the Cuban Missile Crisis, 9/11, the Great Financial Crisis, or a host of other scary times.** Pretty shocking, no?

While we believe this pessimism stands in direct contrast to the data[3], we are not surprised by it since it's actually quite easy to become convinced that the world is in decline. All that's required is to believe that the past was much better than it actually was. This is what's known as rosy retrospection.

In other words, if our view of the past is **undeservedly positive**—and it almost always is—then our opinion of the current moment and the future is destined to be poor by comparison.



And this is exactly why pessimism regarding the future has been a recurring theme throughout history. Even back in 1830, Thomas Babington Macaulay[4] shared his confusion with the public's pessimistic outlook when he said,

"On what principle is it that with nothing but improvement behind us, we are to expect nothing but deterioration before us?"

Regardless of timing, history has rendered all long-term pessimism to be misguided at best, and yet, the trend continues. If you watch the nightly news for just ten minutes, you will quickly have your preconceived beliefs confirmed that the world is indeed headed in the wrong direction, even if it's unequivocally not.

But why all the negativity? Because we have problems?

Contrary to what we may like to believe, **there will *never* be a time in which every problem in the world is magically solved**. The fact that problems still exist today doesn't mean that we aren't solving problems because we are. Big ones. All the time.

A quick look through history will show us that many of the major problems of the past have miraculously vanished.

As one such example, smallpox killed an estimated 300 to 500 million people in the 1900s alone[5]. Yet, upon eradicating one of the deadliest diseases in human history thanks to a simple vaccine, we didn't sit around celebrating the fact that we no longer needed to worry about it. Instead, we turned our attention to solving new problems, just as we should have.

One could argue that the fact that we're aware of so many problems today might even be a good thing because, simply stated, **if there were no problems, there would be no progress.**

And that's the way we'd encourage you to think about it because all progress is nothing more than the result of humanity identifying a problem and then spending time and money to solve it. Once solved, we move on to the next problem, and then to the next, barely stopping to catch our breath.

The only difference between the problems we face today and those of the past is that we believe that the problems of the past were smaller than they were, but the only reason we believe that is because we solved them.

As we noted, preventing smallpox is just one example of a huge problem that was solved so well that few people under the age of 50 even know what smallpox is, so it doesn't seem like that big of a deal from where we sit today. But it was!

Just as the problems of the past have now been minimized in our memory bank, we suggest that **we'll look back at today with similar feelings in the future, thinking that the problems we currently face were equally small.** If for no other reason, *because we solved them.*

No matter the size and scale of the problem we solve next, I'm quite sure we will spend almost zero time celebrating. We'll be too busy moving on to the next problem while still lamenting that the past was better than the present moment—even if it wasn't.

Such is life.

The good news is that once you're aware of this bias, you may find yourself being a little more optimistic about the future and becoming a better investor in the process. The future is indeed bright.

That's all for this week. If anything here raises questions or concerns, please don't hesitate to reach out!

As always, stay the course.

Momentum Wealth

[1] The State of Our Nation (p. 2)

[2] 2024 Stress in America (p. 164)

[3] If you would like a deep dive into the incredible progress and improvements of our world, we'd recommend reading Factfulness by Hans Rosling, Ten Global Trends Every Smart Person Should Know by Ronald Bailey and Marian Tupy, or The Rational Optimist by Matt Ridley.

[4] Goodreads

[5] The End is Always Near by Dan Carlin

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