

Dear Judith,

You'll appreciate this. I was pondering percentages the other day. No, I wasn't looking at my mutual fund statements, although percentages have told an interesting (in the Chinese sense of the word) tale over the past year. Instead, I was thinking about how big a role percentages play in our every day world, almost insidiously, one might say. But how many of us really know what they are and how they are used? They're pretty slippery things, percentages.

Financial people use percentages all the time. I already noted that changes in my investments are expressed this way. But when I think about it for a bit, I see that one has to be a bit careful. It's magic when interest rates rise. Does it work the same way when returns go down? Compound interest is tricky, as we all know, best left to computers and that strange breed of people who follow banking careers.

Stock markets are often reported as rising or falling so many points daily. People start to get twitchy when there is a drop of a hundred points, at least according to those breathless financial reporters on television. But, if the exchange is trading in the 10,000-point range, a hundred point change equates to just one percent. Should I be excited, particularly considering that most of my gains are only on paper until I cash out? I guess that's why I have you as a financial advisor. Call me when we get to the point that I should worry, but not after one or two percent.

Politicians love percentages. This party rises $x\%$ in the polls while another may go down $y\%$. Curiously, I often note that the percentages don't always add up to 100%. Even when $z\%$ of the population don't have an opinion, there are often a missing few percentage points in the equation. Isn't omitting some of the percentage points against some regulation of the Consumer Protection Branch. Somebody should check that out. Is it like commercial weights and measures that have to be accurate and tested periodically? Maybe we need a Private Member's Bill to legislate that it be mandatory for all percentages to add up to 100%. Seems to me that this is a reputation-building move just waiting for some Parliamentary backbencher there.

Of course, being Canadians we love to discuss the weather. And here percentages come into full bloom. A few years ago Environment Canada introduced the "Percentage of Precipitation" as an indicator of whether or not to rummage in the closet for the umbrella or the snow shovel. But, actually, what does it mean when we hear that there is a 70% POP for tomorrow? Will it rain/snow/sleet over 70% of the area covered by the forecast? Will it be wet for 70% of the day everywhere? Or did the dice just come up seven times out of ten during the meteorologists' forecasting session yesterday? Who knows? If your head is starting to hurt by now, just look out the window.

The professional sports industry is captivated with statistics and inevitably, percentages come in to play. Cleverly, baseball uses percentages to express the batting record of players but omits the percent sign, probably so they don't scare away the fans. So, we have "batting averages" instead of "batting percentages", although that's what they are. A batter who consistently hits half the times he is at the plate is "batting 500." Accurately speaking, he is hitting ".500" (note the decimal) or 50% of the time he is given the opportunity to be at bat. Computers allow sports statisticians to immediately call up the percentages of all sorts of other things: goals scored versus shots on goal, minutes in penalty boxes for minutes played, passes completed, and so on and so on. These percentages are of great interest to die hard fans and professional sports writers. Most of the rest of us just wonder about the numbers found in the huge salaries commanded by someone whose main claim to fame is good hand-eye coordination.

So, Judith, this letter just shows how incredibly unsophisticated I am about numbers and the manipulation thereof. I guess your job is safe as long as there are people like me around.

Yours truly,

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