

Why This is NOT World War III

The recent news events coming out of the middle east are certainly distressing, and they have led some in the media to say that we are at the start of World War III. We want to reassure you that it is not quite that bad, and to take a look back through some similar events in history in order to help put the current events into the proper historical perspective. We do not mean by this to imply that the attacks and the killings of innocent civilians are not terrible events, but rather that we should seek to view any conflict within the proper perspective.

In our lead article on page 1, we talk about how the stock market tends to almost always be in conflict during the second year of a presidential term, and that this year is no different. But what many people analysts seem to miss is that the geopolitical situation in the world also seems to find a climax of international troubles during those same second years. With that in mind, we would like to go through a few of the crises that have popped up over the past century plus, in order to help readers view the current events in the light provided by past conflicts. All of the years mentioned below were the second year of their respective presidential terms.

1898 - Boxer rebellion commences against China's emperor, reaching climax involving U.S. troops in 1900.

1914 - (June) Assassination of Archduke Ferdinand in Sarajevo, triggered World War I.

1918 - U.S. builds up troops in Europe, going from 85,000 in March 1918 to 1.2 million by September.

1926 - Augusto Sandino leads leftist rebellion in Nicaragua. U.S. Marines were ordered to return to Nicaragua in early 1927, after having ended their 1912-1925 occupation a year earlier. Later rebels named themselves "Sandinistas" in honor of Sandino. (May) - Moroccan rebels fight in Tangiers against Spanish control.

1930 - (March) - Gandhi leads peaceful civil disobedience in India against British rule. (August) - Military junta takes over in Peru, and Turkish troops venture into Persia (now parts of Iraq and Iran) to fight Kurds. (October) Vargas leads revolt in Brazil.

1934 - (February) Attempted coup against the Third Republic in France. (June 30) Hitler cements his rise to

complete power in Germany during the "Night of the Long Knives", by sending SS & Gestapo against the socialist leaders of the brown shirt SA (Sturmabteilung, or Storm Division), who had actually helped Hitler rise to power.

1938 (March) - Nazi "Anschluss" annexes Austria. (Sep 30) - Chamberlain appeases Hitler at Munich. (Oct 15) - German troops occupy Sudetenland (Germanic area of Czech Republic). (Nov 9-10) - Kristallnacht.

1942 - U.S. enters WWII.

1950 (June 25) North Korea moves across the 38th parallel, commencing the Korean War, a war which begins horribly for the U.S. with the failure of Task Force Smith, made up of poorly equipped occupation troops stationed in Japan

1954 (March 1) - Puerto Rican nationalists open fire from gallery of US House of Representatives, wounding 5 congressmen. (March 13) - Beginning of Ho Chi Minh's siege of French forces at Dien Bien Phu, Vietnam. (April) - Gamal Abdel Nasser leads coup in Egypt, formally establishing himself as military dictator of Egypt later that year. This coup led to British pullout from Suez. (May 5) - Coup in Paraguay (Oct. 31) - Algerian revolt begins against French. (Nov. 1) - Batista elected president of Cuba. Worthy of note is that 1954 also saw the landmark Brown vs. Board of Education decision by the Supreme Court.

1958 (August) - Castro leads revolution in Cuba, against Batista's rule. Saddam Hussein begins his rise to power by assassinating a supporter of Iraqi ruler Qassim, as part of lead up to 1959 Ba'athist coup attempt.

1962 (Oct) - Cuban missile crisis.

1966 Increased buildup of U.S. troops in Vietnam. (February) - Coup in Syria installs Ba'athist regime. (July) - Israeli and Syrian jets fight above the Jordan River, a prelude to the 1967 war. (August) - Coup in Nigeria.

1970 (March) My Lai massacre in Vietnam, and Lon Nol ousts Norodom Sihanouk in Cambodia. Oh, and the Beatles break up.

1973-74 - October 6, 1973 Yom Kippur War with Israel versus Egypt and Syria, leading to Arab Oil Embargo which lasted until March 1974. Nixon has additional troubles and resigns in August 1974.

1978 (March 14) Israel invades Lebanon. (May 9) Aldo Moro assassinated in Italy. (June) Ethiopia mounts massive offensive against Eritrea.

(August) Muslim extremists conduct arson attack on Teheran theater, killing 477 people. Leads to riots in Teheran in September 1978, when Iran army troops open fire on crowds. Unrest leads to fall of Shah Mohammad Reza Pahlavi in Jan. 1979. US embassy was stormed in Nov. 1979.

1982 - US Marines sent to Lebanon as peacekeeping troops (they left in 1983 after Beirut bombing carried out by Hezbollah).

1986 (April 5) Bombing of the La Belle disco in West Berlin kills US soldiers, leads to US reprisal attack against Libya. Long conflict with Libyan air forces that year.

1990 (August) Iraq invades Kuwait, leading to first Persian Gulf War.

1994 (January) Zapatista revolt in Chiapas, Mexico. US Air Force fights against Serbian forces in Bosnia.

1998 (March) Slobodan Milosevic sends troops to Kosovo to quash unrest, leads to war crimes trial. (August 7) Bombings of US embassies by al Qaeda in Tanzania and Kenya.

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Our intention in compiling this list of events is not to provide a complete retelling of all of recent world history, but rather to call to mind a few other crises which arose during second years. All of them no doubt seemed to be of huge importance at the time. We have left off the events of 2001-02, and their lead up to the wars in Afghanistan and Iraq, since those are fresher in our collective memories.

Certainly, we could have examined 3rd years, or 1st years, and found other significant geopolitical or military events to plug into an equivalent hypothesis for those years. But the weight of these second year events seems to indicate that something more important tends to go on in the collective psyche of the world during these second years. None of the events listed here happened abstractly, nor without a protracted buildup of pressures over time before those pressures were released in a major event.

What we are seeing right now is the release of pressures that have been building up over the past few years. This current batch of 2nd year crises too shall pass, but not before they stir up the sort of investor fears that lead the stock market to do what stock markets do in second years. At the point when things look the worst, the stock market's situation will begin to get better.