

November 2015

Most of us watched news coverage of the multiple terrorist acts against the city of Paris, France with a mixture of horror and dread. The horror was our usual response to terrorism, the feeling that arises when we ask ourselves: how can people act this way? And then we realize that, somehow, there ARE people who think and act that way. The terror acts are so far from our own reality that the realization triggers deep emotions and dread because we begin to recognize these attacks could, and might still, happen here. The December 2012 attack in Sandy Hook may not have been at the hands of a radical religious terrorist group but it still had the same impact — we all felt vulnerable, nauseous and angry. Our day-to-day life was shockingly violated. Living in an idyllic small town bubble could not protect us from senseless killing and grief. We know how the people of Paris are feeling.

In a recently published book entitled *The Better Angels of Our Nature*, author Steven Pinker reminds us terrorism is far from a new phenomenon. After the Roman conquest, resistance fighters in Judea (who called themselves zealots) would stab unguarded Roman officials whenever the opportunity arose. In the 11th century, Shia Muslims launched clandestine assassinations on officials who practiced a slightly different version of their belief system. For over 200 years a cult in India (Thuggee's) strangled tens of thousands of unsuspecting travelers after joining the caravan and gaining their trust over time. The assassination of President William McKinley in 1901 was executed by an ugly breed of terrorist known as anarchists. Anarchists oppose authority and view the state as immoral. The assassin regarded President McKinley as a symbol of oppression and felt it was his duty as an anarchist to kill him. After McKinley's murder, (Leon Czolgosz was put to death in the electric chair), the United States Congress officially charged the Secret Service with the responsibility for protecting the president.

Some of us remember days when London and Belfast were routinely rocked by Irish Republican Army terror strikes, the Munich massacre during the 1972 Olympic games and in the U.S., the Weather Underground of the 1970s whose defiance to government had a terrible habit of setting off explosives in public places (Chicago, NY, and the Pentagon).

Mr. Pinker notes many other instances of terrorist organizations, but all of them prove a point: eventually, each of these groups goes too far, provokes the consciousness of the general public in the wrong way, and turns any sympathy to their cause into outrage. The author cites statistics that show that virtually zero terrorist organizations ever accomplish their aims and they tend to die out after their most visible, credibility-destroying "success." One has only to think of the fate of Al Qaeda after 9/11 as an example of a terrorist organization whose relevance declined to near zero in the messy aftermath.

No doubt the ISIS leaders who planned the attacks on Paris believed that this bloodletting would cause all Western nations to recoil in fear, and back off of their military efforts to contain the new caliphate to placate the caliphate so it wouldn't strike again. You and I know that this is pure nonsense. The inevitable outcome will be a new resolve, a hardening, a coming-together of the Western nations in a display of solidarity with France. Countries that were inclined not to get involved in the Middle Eastern messiness are now motivated to sign on for an international military campaign that will hopefully contain and perhaps completely destroy ISIS.

We anticipate world investment markets will fluctuate as the horror of the events in Paris are translated into uncertainty about the world we live in—and by extension the safety of our financial assets. We know markets respond reflexively and negatively to threats to our personal safety.

In these last weeks of 2015 seasoned investors realize these emotional downturns are temporary. Fears that global enterprises are somehow worth less because blood was spilled will prove to be overblown. History has a traceable track record.

We may feel the world changed over the weekend but not in a way that affects the long-term value of your investments. We will be OK.

The change will be felt most powerfully in the failed dreams of a caliphate whose brazen leaders have made a grave miscalculation destined to pay dearly for their malicious aggression. I suspect the terrorist organization responsible for the deaths in Paris is about to confront an opponent more powerful than its leaders have the ability to imagine: the resolve of the Western nations to end their reign of terror.

Please review the enclosed Asset Allocation Summary Report and feel free to give us a call if you want to discuss how world events may impact your overall financial position or any other concern.



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*Sources:*

*Steven Pinker*

*Bob Veres*

*Wikipedia*

*The New York Times*

