

3. Finance and War

There will be Wars & Chaos

- There is no world government, never will be
- Organizations like the United Nations, G20 nations, are tenuous
- Try not to think of finance as something run by the government
- Regulations represent a common consensus, and will survive changes in government

Finance Survives Changes in Government, Religion

- Example: World War I, German stocks, reparations
- In Iran, after Ayatollah Ruhollah Khomeini displaced the shah in 1979, the new radical Islamic government made good on the pensions that government employees had been awarded under the Shah.
- In South Africa in 1994, after a fundamental turnover of the government from whites to a black majority at a time of great bitterness due to a history of repression and apartheid, financial securities, insurance, and pensions were not confiscated

Of Course, Wars Can Disrupt Finance

- Socialist theory allowed Vladimir Lenin, Lazaro Cárdenas (Mex), Mao Tse-Tung, Mohammed Mossadegh (Iran), Gamal Abdul Nasser, Indira Gandhi, and other leaders to justify major confiscations of property and nullifications of financial arrangements
- After World War II, US government forced the zaibatsu (the big four are The **Big Four** zaibatsu (四大財閥, *shidai zaibatsu*) of Mitsubishi, Mitsui, Sumitomo and Yasuda) to sell their assets & invest in nominal yen bonds