



# Financial Crisis Report

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## Advancing in a Time of Crisis

Words of Wisdom: "Truth without the courage to assert it is useless"

Dennis Prager

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Except for the Great Depression, we are experiencing the most economically unstable period in the history of the modern world. This period will be marked with extreme fluctuations in the stock, commodity and currency markets accompanied by severe and sometimes violent social disruptions. As is typical of such times, many fortunes will be made and lost during this period. After talking with many business owners, executives, professionals and government officials from around the world, the writer believes that for the financially astute investor, this is a time of unprecedented opportunity given the global trade unbalances and distortions in the commodity and currency markets. The *Financial Crisis Report* is a free compilation of the opinions of David Miyoshi as well as of those advisors he himself subscribes to (with appropriate credits given) on how to benefit during this time of crisis. The writer receives no compensation of any kind from any advisors whose articles or ideas may appear in this report. The reader is welcomed to check on all sources of information mentioned herein. Because the opinions and observations of this writer and other advisors are provided herein without charge, the reader is asked to make his/her own judgment on the contents.

### Independence Day

In a few days on July 4, Americans will celebrate Independence Day commemorating when they broke from the tyranny of England 240 years ago. Now, the overriding question is will England celebrate June 23, the day they presumably broke from the tyranny of the European Union?

Few (including me) expected the Brexit to occur. Yes, the European Union is a flawed concept with many competing cultures to unify. But the trade agreements and shared currency for the region is a good idea, at least in theory. But tribes and their respective cultures do have to be satiated and that is no easy task. So now we need to ask what will be the consequences of the biggest divorce in human history. Is this the beginning of the eventual breakup of the EU? Time will tell.

To be sure the news agencies are falling all over themselves showing us what the fallout is. The UK Prime Minister David Cameron resigned, the British pound has fallen to new lows, and the European banks are getting crushed, down 15–25%. Here in America, the U.S. Treasury bond yields have made their biggest one-day jump ever, and oil is getting killed. The day after the Brexit, the Dow dropped more than 600 points.

As the *Wealth Advisory* letter cautioned, it might be tempting to say this is an overreaction and step in to buy the dip. But they also said that's not a good idea...at least for now. There's a lot of repositioning that has to happen from here. Currency trades involving the euro and pound need to be adjusted, for one. And when you get unexpected events that crush prices like this, you know some hedge funds out there are getting punished. Investors will start pulling their money out, the funds have to sell to meet redemptions — chances are it will get uglier before it's all said and done.

### Globalization in Reverse

An analyst from Bank of America described the Brexit vote as globalization in reverse. It's worth pondering what this might actually mean.

For the last 30 years or so, free trade deals, the Internet, the breakup of the Soviet Union, and the emergence of China has created a truly global economy. Money moves pretty freely around the globe to find the best returns. Chinese can buy U.S. real estate, Apple can sell phones in Australia, BMW builds cars in South Carolina...

Unfortunately, when you say globalization, all some people see is jobs getting shipped overseas. That's a somewhat valid concern — a free global economy does mean manufacturers can seek out the lowest costs for their goods. That's why a pair of Levi's today costs the same as they did in 1978.

The alternative is to use tariffs and trade restrictions to protect jobs against change. Right now, exports from the U.S. are 13.5% of GDP, about \$1.5 trillion. Throw in services, and it's \$2.2 trillion. That's a lot to jeopardize by adopting protectionist policies.

Make no mistake: the Brexit vote is about protectionism. The UK doesn't want to bail out Greece and others (who can blame them). It doesn't want to take in refugees/immigrants from the Middle East (again, who can blame them). It's understandable that it wants to control its own destiny. Data shows that 70% of the laws that regulate Britain, originated from Brussels. That can get old very fast. But breaking from the EU is not necessarily the easiest road to take.

We are already seeing a bevy of articles about how UK voters that cast "leave" votes are already regretting their choice as they see their currency plunge...

Is the U.S. in the same boat?

The one thing that the U.S. has going for it is that the Dollar is stronger than the Pound. The Brexit gives the U.S. Fed the perfect excuse to continue

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the “status quo” (i.e. don’t do anything).

We know that share buybacks will continue to offset the wealth extraction feeding the increasing divide between the haves and the have-nots. Volatility will stay around for a bit, then drift down to the same lows that have marked the post-Grand Recession market. Negative interest rates will remain, and maybe deepen. Bonds will be bid up, driving yields down. Risk will be hidden by demand, and will not match the reward. And gold will continue to climb, making the gold miners who have survived the lean years that much more attractive.

But other than that, the same issues that were voted on in the Brexit are at play in the U.S. As Donald Trump’s campaign has shown, the notion of protectionism appeals to a lot of voters. And maybe it’s the right thing to do over the long term. But if protectionist policies are instituted here in the U.S. we can reasonably expect we will reap the same consequences as what the U.K. is now experiencing. Thinking back to college I think this was all covered in Economics 201.

D. Miyoshi

## How Hollywood Views Financial Professionals

America’s politics, culture and economy are greatly influenced by the ideas of Hollywood and its celebrities. After finishing business school I was considering working in New York in the financial industry but I received an offer to practice international business law in my hometown Los Angeles and so I accepted it. Now, I love watching movies and I know that attorneys are (understandably) seldom portrayed in a positive light in movies but that negative image is partly the reason why attorneys remain prominently featured in the media.

But I am also interested in how Hollywood portrays financial professionals, the other profession I once considered entering. Then I came across a presentation by *Wealth Management.com* entitled “Twelve Telling Portrayals of Financial Professionals in Film.” This presentation is a reminiscent jaunt into how Hollywood villainizes the business executives on Wall Street. In all movies, there is some truth being told but we are left to our own faculties to discern what that is. Anyway, I feature the article here and hope you find it interesting.

### Twelve Telling Portrayals of Financial Professionals in Film

Investor trust is a precious, but fickle thing. According to the recent Edelman/CFA Institute Investor Trust Study, 61 percent of retail investors consider financial services firms trustworthy, up from 50 percent three years ago (of course, an extended positive run in the stock market may go a long way in this regard). I wonder what they think now after the Brexit? Even so, investors are basing their trust on greater transparency from firms around fees and lack of conflicting incentives, according to the survey: “Among retail investors, the

most important actions from an investment firm are that it fully discloses fees and other costs and has reliable security measures. These even surpass protecting their portfolio from losses.”

But, just as trust seems to be making a comeback, along comes Hollywood with yet another tale of investment professionals screwing over the little guy – the recently released George Clooney/Julia Roberts film *Money Monster*. It joins a long list of Hollywood films that portray financial professionals with ethics just this side of a Russian mobster. Here’s a look at some of the most striking portrayals of financial advisors in film over the last 30 years and some thoughts on how they may reflect society’s view of the industry at the time of their respective releases.



*Wall Street* (1987)

Considered the quintessential reflection on the excess and opulence of the 1980s, this film introduced the world to Gordon Gecko—the original seed from which all other movie portrayals of evil financial professionals would grow. He lives the good life, buying up companies and liquidates their assets, screwing the common working man in the process, without a care in the world. His counterpoint is Bud Fox, the young and naïve stockbroker who falls under Gecko’s influence and, ultimately, on realizing what he and Gecko are doing, reports them both to the government. Though Fox is the hero of the story, he still ends up facing the music for his crimes and the movie’s ending heavily implies that after his release he will leave the financial industry and go to work for the same airline as his father—an honest job.



*Bonfire of the Vanities* (1990)

Based on the 1987 Tom Wolf novel about Wall Street excess, sys-



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temic corruption and racial tension. Bond trader Sherman McCoy is actually the somewhat sentimental favorite in this one, despite the fact that our first introduction to him involves him canoodling with his mistress and then participating in the hit and run killing of a black teenager. He's certainly a bad person, it's just that everyone else is much worse (the implication perhaps being that Wall Street was a lesser evil of the 80s). The helpless McCoy gets caught up in the machinations of a corrupt political and legal system fueled by racism and, ultimately, barely escapes conviction for the crime—it's left to the audience to decide whether this is a good or bad thing.



### *Other People's Money* (1991)

One from the lighter side, and one of the more positive portrayals on this list. Danny DeVito's Lawrence Garfield appears to be a corporate raider in the Gordon Gecko mold, buying up mom and pop companies and dismantling them with the help of a computer program (predicting the rise of the robos!). We even get the typical boardroom scene of the current owner espousing old time business values over corporate greed. However, interestingly, Garfield's rebuttal argument in favor of liquidation is actually treated respectfully, and he ultimately wins over the shareholders. In an odd ending, he even gets the girl (and the company magically becomes profitable again). Perhaps society's views on financial professionals were softening in the early nineties. Or maybe it was just people like Danny DeVito who were softening.

### *Rogue Trader* (1999)

A big jump ahead in time and across the pond to Great Britain and Singapore. This film is based on the true story of Nick Lesson, who bankrupted Barings bank by running up huge debts on the Singapore stock market. Strangely (or not, since the source material is Lesson's autobiography), Nick is portrayed as somewhat of an anti-hero and a victim in this movie, even as the film lays out just how deliberate his scam was. Everyone from Lesson to the bean counters back in London are just characterized as kind of lovable dummies who are in over their heads. No mention is made of the regular people who presumably lost their shirts as a result. A surprisingly glib portrayal of a true story.



### *Boiler Room* (2000)

This one is pretty similar in its depiction of the industry to an updated version of Wall Street. We have the evil brokerage firm of JT Marlin perpetrating a pump and dump scheme on unsuspecting investors, complete with it's too cool for school executives living large on stolen money. On the other hand there's the "good guy" broker in Seth Davis, who is initially unaware of the firm's illegal activity. Once he finds out, he, of course, brings the firm down and (literally) drives off into the sunset. The major tonal shift from Wall Street is that while that film painted the entire financial industry with the same brush, this one at least pays lip service to drawing a distinction between JT Marlin and legitimate firms.

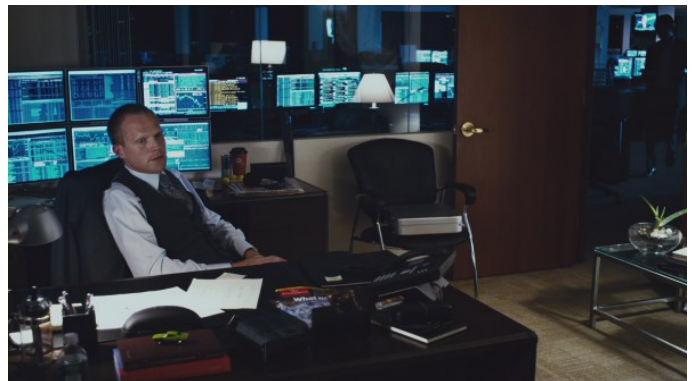


## How Hollywood Views Financial Professionals



### *Pursuit of Happyness* (2006)

Likely the most positive portrayal on this list, an unpaid internship is effectively the last chance for down on his luck, but essentially good, Chris Gardner and his son, who are broke and homeless. Though the movie focuses on Gardner's struggles to make it during the 6-month training period before he can be paid, he's established as a good and honest man and a permanent position with the firm (which he achieves) represents his literal salvation. Needless to say, markets were doing well in 2006.



### *Margin Call* (2011)

A story of corporate greed and callous disregard for the wellbeing of clients and the market, this movie takes aim at the biggest fish. Perhaps in reaction to public outcry over the lack of punishment for those most responsible for the 2008 crisis, the higher-ups and management types in financial institutions are portrayed as callous, selfish and aloof. The rank and file come off a little better—still not well, mind you—as they're simply left with tough decisions and struggling to keep their jobs in a bad economy. Still, there are no winners here.



### *Wall Street: Money Never Sleeps* (2010)

We're now very clearly post-2008 and this one is pretty grim for financial advisors. You've got all manner of slick, greedy hucksters trying to take advantage as the economy crumbles around them (which is also their fault). Heck, Gordon Gecko looks like one of the good guys for 75 percent of the movie (doesn't last). It's basically a revenge movie set against the backdrop of the financial crisis featuring the perpetrators of that very crisis—plus Shia Labeouf. It's not a good look for anyone in the financial industry.



### *Arbitrage* (2012)

Oh look, more murder (more like vehicular manslaughter, but that's not as snappy). Richard Gere is a vague Bernie Madoff stand-in here, as he portrays a hedge fund manager who cooked the books to cover up his losses and is trying to deflect any unwanted attention authorities may pay his company before he can sell. Throughout this film, Gere's character is far more concerned about the financial ramifications of the accident than the fact that he killed somebody (his mistress—they don't have long life expectancies in these movies it seems). Needless to say, prioritizing monetary gain over human life isn't exactly a ringing endorsement of financial professionals.





## Why Do We Think Liberal or Conservative?



### *The Wolf of Wall Street* (2013)

The financial industry's "Goodfellas." All of the main characters are doing awful things to each other and their clients, but the tone is such that you're supposed to kind of like them. This is the flip side of the financial crisis—in comparison, it makes other financial crimes seem less serious. So, while a pre-2008 movie about Jordan Belfort would probably take a sterner tone, this one can depict its characters like a lovable band of scamps whose shenanigans are largely harmless. Who cares about some penny stocks when the economy just almost collapsed? Quaaludes for everyone!



### *Money Monster* (2016)

This one goes exactly like you'd expect a movie about the financial industry featuring George Clooney and directed by Jodie Foster to go. Clooney plays a Jim Cramer stand in who dispenses financial advice on television but is more interested in ratings than returns. He's accosted live, on camera, by a crazed, bomb-wielding individual who lost all of his savings on a bad tip from Clooney. The guy with the bomb is not the villain here, of course. He's actually the victim of a vast financial industry conspiracy intended to defraud hardworking Americans. Safe to say any movie that portrays financial advisors as being worse than a maniac with a bomb vest doesn't think very highly of the industry.

Well, that's it. I hope you enjoyed our short look back at Hollywood.

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### *The Big Short* (2015)

Sharing a similar philosophy to "The Wolf of Wall Street," this film is an absurdist comedy that expands its scope to encompass not just one unscrupulous firm, but the entire financial industry. However, while "The Wolf of Wall Street" seems to celebrate financial advisors behaving badly, this movie takes a slightly more condemning tone, basically asking the audience "Can you believe the balls on these guys?" Overall its comedic tone seems less about slapstick and more about making the audience laugh to keep them from crying. The financial crisis is far enough in the rearview mirror to make jokes about, but still recent enough to be painful.

With the many "warm" (or sometimes heated) political discussions my colleagues and I have had this election year, I have come to wonder what makes us liberal or conservative in our thought patterns. Further to that, besides the proverbial "nature versus nurture" supposition, I wonder is there a physiological reason why some of us turn out to be conservative and others liberal.

To answer that question, I did a little research and located some interesting data in a book titled *American Nations: A History of the Eleven Rival Regional Cultures of North America* written by Colin Woodward.

We remember from our high school American History class that there were many things the Puritan migrants coming to New Eng-





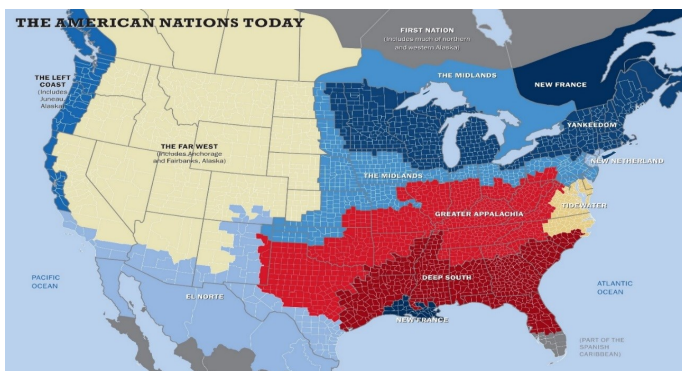
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land didn't like about the England they'd left, but they tended to agree that communities need to stick together, and the government can be an effective tool in that collective enterprise.

Woodward's book tells us that the Scots-Irish that settled the Appalachians tended to be furious at the English government. It was too distant to really improve on their clan-based societies, and mostly just taxed and otherwise interfered with them. They came to the new country wanting nothing to do with government, and viewed any and every government with suspicion and hostility.

On the other hand, the southern Atlantic seaboard was settled by aristocrats who saw running society as their provenance (after all, they tended to be more educated than anyone else around, right), which really was more of a strongly hierarchical view of society than a pro-government one.

Woodard's book goes on to explore eleven regions in substantial depth. He also examines how those settlement patterns dramatically affect how those regions remain quite divergent today in their culture and thought patterns.



There are many factors that have warped this original pattern, but it is quite surprising how much of it remains true. Like all people in the world, American's are increasingly seeking out like-minded people to live amongst. If you are vaguely more liberal than conservative and want to move to "where the action is", you're probably going to head to California rather than Texas. If you are somewhat more conservative than liberal and you want to retire, the opposite is true. This is called demographics clustering, and it seems to be even more significant now than it looked to be in the recent past.

The urban-rural thing is also a big effect which has also grown more pronounced. There are a lot of reasons floating around why this may be the case.

Now for the physiological theory of why we think the way we do, the dominant theme in sociology appears to be that liberals tend to score higher in "openness to new experiences", and the chaos of high-density interaction with others is perceived as invigorating. Meanwhile, conservatives tend to be more watchful of "differentness", and that same chaos is threatening. It seems this is related to brain functioning — our brains are wired to have a specific "preference for either stability or change", which manifests itself in many ways. We recall the word "change" that President Obama chanted in his 2008 election campaign that magically captivated most Democrats (and admittedly some Republicans).

But can neuroscience provide evidence for a liberal and conservative thinking style?

It may seem like a stretch to say that one could predict whether you lean left or right by looking at a brain scan—no questions asked, no opinions voiced—purely based on your neuroanatomy. However, this might not be too far from reality—at least insofar as predicting thinking style, which has been shown to be somewhat distinct based on political party association.

The ultimate chicken or egg question in politics is does brain structure determine your beliefs, or do your beliefs change your brain structure? What about those who switch parties at some point? How do they fit in to this model?

Now keep in mind this is not an endorsement of any one political party. This is science so we will just discuss the data.

Recent converging studies are showing that liberals tend to have a larger and/or more active anterior cingulate cortex, or ACC—useful in detecting and judging conflict and error—and conservatives are more likely to have an enlarged Amygdala, where the development and storage of emotional memories takes place. More than one study has shown these same results. So liberals are "ACC dominant" and conservatives are "Amygdala dominant". As a conservative, I find it easy to remember the acronym ACC to stand for Always Continually Confused. But I digress (this may just be my enlarged Amygdala acting up). My intention herein is to provide as much of a balanced and objective survey of this issue as I can.

Two neuro studies, the Amodio study (Neurocognitive Correlates of Liberalism and Conservatism, 2007) and the Kanai/Colin Firth study (Political Orientations Are Correlated with Brain Structure in Young Adults, 2011), found similar results when comparing the neuroanatomy of liberals and conservatives.

The Amodio study found that liberalism correlated with greater





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activity in the ACC, while the Kanai study found that liberalism correlated with a larger ACC, as shown in MRI scans. Additionally, the Kanai study found that conservatism was correlated with increased volume of the right Amygdala.

How do these brain functions affect, if any, political affiliation?

The first question we should ask is: What does it mean to be liberal or conservative? As a nation, we have been through wars, major financial crises, human rights revolutions, and during each of these significant historical events, the core values or prominent issues backed by the liberal and conservative party seem to change somewhat. Because of this, it wouldn't be accurate to say a liberal 50 years ago looks the same as a liberal today. So can we really say there is a liberal or conservative "thinking style" if the issues paramount to each party are always evolving? Well, perhaps we can if we believe it isn't so much the specific issue that defines the thinking style but instead it's the preference for either stability or change. Depending on the current events, this can mean very different things.

There was a recent article in the *Guardian* titled, "What does it mean to be a liberal?" in which liberalism is described as adaptability to a changing environment. If you look at liberalism as adaptability, and conservatism as stability, the party reactions to various events such as gay marriage (liberals want acceptance and change to new ways of thinking, conservatives want stability of time tested values), war (liberals are willing to adapt to shifting world views, while conservatives see war as a means of "preserving the stability and security of the homeland"), or even the current financial crisis where liberals want to take care of the people no matter the costs while conservatives feel compelled to obey the natural economic laws to avoid bankrupting the country—all make perfect sense.

Let's assume, for sake of discussion, that all of the data in these studies hold up. What would that imply?

Past studies, as well as the ones mentioned here, have shown that liberals are more likely to respond to "informational complexity, ambiguity, and novelty". Considering the role of the ACC in conflict monitoring, error detection, and pattern recognition/evaluation, this would make sense. Liberals, according to this model, would be likely to engage in more flexible thinking, working through alternate possibilities before committing to a choice. Even after committing, if alternate contradicting data comes along, they would be more likely to consider it. This is how scientific protocol works, and why there might be many correlations between scientific beliefs (and lesser belief in religion) and tendency to be liberal. This is not a hard and fast rule but you can see the group differences overall.

Now conservatives, who are more likely to have an enlarged Amygdala, would tend to process information initially using emotion. According to Kanai, conservatives respond to threatening situations with more aggression than do liberals and are more sensitive to threatening facial expressions. So, when faced with an ambiguous situation, conservatives would tend to process the information initially with a strong emotional response. This would make them less likely to lean towards change, and more likely to prefer security and stability. Stability means more predictability, which means more expected outcomes, and less of a trigger for anxiety. In financial matters, this may mean conservatives would do better in longer term investing.

Liberals, on the other hand, tend toward unpredictability. They don't mind change, and in fact, they prefer it. This personality type would likely choose "change" over "stability" just because they tend to be more novelty-seeking by nature. The fact that they have a more prominent ACC helps them to deal with radically changing situations, find the salient points without emotion getting in the way which in financial matters may make liberals better short term investors. These individuals are the compartmentalizers, the logic-driven ones, while the conservatives are the ones driven by deep feelings and empathy. On that point, it should be noted that human beings make most of their significant decisions using emotion. For the most part we select our wives, girlfriends, cars, jobs, style of homes and so forth based on emotions. Maybe this indicates conservatives are more direct in their thought processes?

So what does this boil down to in practical terms?

In order for a person to embrace a cause or idea, it needs to be meaningful for them. Each type of person has a different way that they assign meaning and relevance to ideas. Let's take liberals and conservatives, since we are theorizing that they are two distinct thinking styles: liberals would be more flexible and reliant on data, proof, and analytic reasoning, and conservatives prefer stability, are emotion-driven, and connect themselves intimately with their core ideas, making those beliefs a crucial part of their identity (we see this in more high-empathy-expressing individuals). This fits in with the whole "family values" platform of the conservative party, and also why we see more religious folks that identify as conservatives, and more skeptics, agnostics, and atheists that are liberal. Religious people are more unshakable in their belief of a higher power, and non-religious people are more open to alternate explanations, i.e., don't rely on faith alone.

So—for liberals to make a case for an idea or cause, they come armed with data, research studies, and experts. They are convinced of an idea if all the data checks out—basically they assign meaning and value to ideas that fit within the scientific method, because that's their primary thinking style. This is why most col-







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lege professors are liberal (or at least profess to be). Emotion doesn't play as big of a role in validation. This is not to say that liberals are unfeeling, but just more likely to set emotion aside when judging an idea initially, and factor it in later. If it checks out scientifically, that means its validated. Liberals can get just as emotionally attached to an idea, but it's usually not the primary trigger for acceptance of an idea.

Conservatives would be less likely to assign value primarily using the scientific method. Remember, their thinking style leads primarily with feeling and emotion. In order for them to find an idea valuable, it has to be truly meaningful for them personally. It needs to trigger strong empathy. That means they need some kind of emotional attachment to it, such as family, or a group of individuals who share mutual respect and are close in some way. The evidence shows that strongly bonded groups are usually more conservative in their thought patterns. In the armed forces, I served as a Marine and I can emphatically attest to that propensity in the Corps.

It should be mentioned that this article is not meant as a criticism or an endorsement for one style of thinking over the other, but merely pointing out that there are definite differences between groups in primary thinking or processing style. Also, this data was assumed to be correct for the sake of this hypothetical discussion. With that said, there are some very important things to take into account before drawing any final conclusions.

It is important to consider the following things about neuroscience and psychology as they relate to politics:

1. The brain is plastic. Meaning, every time we engage in any activity, our brain changes somewhat, even if only to a very small degree. In fact, your brain is a little bit different right now than when you started reading this article. Engaging in any activity excessively or intensely over a long period of time changes your brain even more—such as training for a sport or spending a long time practicing and becoming proficient at a skill. Conversely, if you stop using an area of your brain to a significant degree, it will likely shrink in size due to lack of connectivity, similar to the atrophy of muscles.

2. Not everyone fits into little personality boxes. The world just loves the idea of personality defined by linear spectrums of traits that are the opposite of one another. We assume everyone occupies one data point on that spectrum, neatly dividing people into categories based on how close they are to one or the other end: thinking vs feeling, introvert vs extrovert, and so on. This may be true for a few people, but not for most.

Just because someone rates high on emotionality, doesn't mean they automatically rate low on rationality, and vice versa. Some people are clearly more on one end of the spectrum than the other,

but some people are weighted relatively equally on both ends of the spectrum—not in the middle of the two, but extreme on both ends—they are able to go back and forth between thinking styles depending on the situation. This is very important to keep in mind when you talk about labeling and sorting people into categories based on one measure of a trait.

3. Political affiliation is a choice. We hear of people talking about “the conservative gene” or the “liberal gene”. That's like saying there's a “rollercoaster affinity gene” or a “Mint-Chocolate Chip Ice Cream Gene” (But if that exists, I know some friends who have it).

A person chooses to join a political party; they are not forced into one straight from the womb. Trump was originally a Democrat who (for reasons we all have opinions on) switched to the Republican party. The tendency for a personality type to be likely to engage in a set of somewhat related behaviors is not a genetic cause for a behavior. There is a lot of variability, even with genetic predisposition. Also, there is very rarely one gene that accounts for anything, especially when we are talking about conditions of complex traits like personality style or psychological disorders. Another significant point to keep in mind, a liberal does not necessarily have to be a Democrat and a conservative is not always a Republican. One can be liberal and a Republican while a conservative can be a Democrat. Granted, the chances of this are less than 50% but it does happen.

4. People tend to join networks of peers that are like themselves, regardless of specific political issues. The majority of the population is not terribly well-informed about the current political issues (this is most evidently demonstrated by the on-street interviews we see on TV). Yes, a portion of the population is extremely involved and loyal to their party's mission—but most people are pretty apathetic, and will just go along with what their peers are doing. This is both very sad and very true. When that happens the party as a whole tends to take on the personality of the dominant leaders at that point in history, and attract people who respond to that type of personality or communication style (i.e. Trump).

### Conclusions

So when we speak of “liberal and conservative thinking styles” the most important thing to keep in mind is: we are talking about group differences, not individual differences. The people that fit into this two-category model described here are generally the most active and hard core members of the parties. This doesn't account for moderates, nor does it take into account extreme fanatics of both wings, where we start to see mental instability confounding the group traits. Both sides have a little extremity and their fair share of imbalanced individuals in the fringes, so don't





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Advancing in a Time of Crisis



Financial Crisis Report



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assume any one party is immune.

Additionally, this "liberal/conservative thinking style" division doesn't account for those types of individuals mentioned up there in point number 2. Some people are just really complex. Maybe they are highly emotionally sensitive and have a large Amygdala, but also have a prominent ACC and prefer novelty and ambiguity. Those people exist. The really complex people never fit neatly into models like these. Furthermore, it is possible these complex people are more likely to be the ones to switch parties at some point (Trump?). Because they have the traits that make them receptive to both kinds of arguments—logical and emotional—it might take one particular issue that strikes a chord that swings them one way or another (these are the type of voters Clinton and Trump are both trying to get on their side). However, I don't think these "party switchers" are necessarily moderates; they may be just as extremely committed to those new ideals as they were the old ones. Also, these "party-switchers" might be the best ones to champion reaching across party lines; they know, to some extent, how the other side feels and how best to reach them. It would be great to see further research on this issue.

So, how can this information be used for good (and not evil)?

It's clear that there are group differences in party thinking style. When a party is trying to rally its base and speak to their own, they will use those communication styles that work for them, which makes perfect sense. Liberals will rally with data and logical arguments, and conservatives will hammer away about important family values and stability. This works really well for strengthening your in-group. But it doesn't do any good trying to cross party lines with those same tactics, because the other side just isn't as receptive to those arguments and communication styles as your own side

may be.

So the ultimate bottom line is each side is going to have to recognize that not everyone thinks like them, processes information like them, or values the same types of things. Each party is going to have to think of, i) what idea they are trying to communicate, ii) how that other group responds best to presentation of information (what turns them on or off), and iii) how to present it to that other group in a way that is both meaningful and non-threatening.

That is actually asking a lot, but tough times call for tough measures. With the regretful state our country is now in geo-politically, economically, militarily, morally, socially and security-wise, I don't think we have any choice but to rally together and do whatever needs to be done in order to reach some redeeming common ground. Not just one party bending, but both parties—and it needs to happen soon because if it doesn't, I am afraid our country will suffer much more than a mere Financial Crisis which this newsletter is about.

Harking back to the beginning article in this newsletter, the Brexit showed us there is a definitive split in the world between those in control who believe they know how best to govern societies for the good of all and those in societies who feel those in control do not care about or even realize their needs and concerns about their society, economy and national security.

Donald and Hillary, I hope you are listening.....and more importantly, truly care.

D. Miyoshi

Past issues of the *Financial Crisis Report* can be found on the law office website [www.miyoshilaw.com](http://www.miyoshilaw.com)



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