

Trumpet Weekly

JANUARY 30, 2015



Bundesministerium
der Finanzen

German Chancellor Angela Merkel



Swiss Franc Soars, Euro Plummets— World Wonders if the EU Is Doomed

THE SWISS NATIONAL BANK STARED THE WORLD IN THE EYES AND told a bald-faced lie. It might have been one of the most expensive lies in the history of global finance. But the moral of this story has nothing to do with morals. It has everything to do with the survival and future of Europe.



ROBERT MORLEY

In a shock announcement on January 15, the Swiss National Bank (SNB) said it was reversing policy and would no longer defend its currency peg to the euro. For three years, Switzerland emphasized that it was “prepared to purchase foreign exchange in *unlimited* quantities” in order to maintain the peg (emphasis added throughout). It was an economic imperative, its cornerstone policy, SNB said. It was a national survival issue.

Then the lie was exposed. “If you decide to exit such a policy, you have to take the markets by surprise,” bank president

Thomas Jordan eventually told a stunned audience.

Seconds later, market makers reacted with fury. Trillions worth of currency revalued. Within minutes, the Swiss franc shot up 41 percent against the euro—the *sharpest move by a major currency in history*. Switzerland’s main stock market plummeted by 9 percent on the news—the biggest fall in a quarter century. The next day it was down 6 percent more. Hundreds of billions in market value were eviscerated.

Analysts like Derek Halpenny at the Bank of Tokyo-Mitsubishi ufy described the currency move as “unprecedented.” Others called it “historic.”

Then the carnage spread. Brokerage firms started failing. Pension funds announced losses.

A 2008-style Wall Street banking crisis seemed possible. Investors wondered where the derivative losses would end. Who would be left holding the insurance bag?

It was a strong sign of how precarious the economy is.

These kind of currency moves just aren’t supposed to happen.

Established currencies typically move like giant cruise ships, a fraction of a percent at a time. The big currencies might move a few percentage points a month—but never 40 percent in less than 40 minutes. And especially not the Swiss franc with its Rock-of-Gibraltar reputation.

The world wondered: What was going on? What could have caused the Swiss to suddenly reverse policy without a word of warning? To risk setting off a mini-Lehman moment?

The official answer was that Swiss money printing, designed to keep the franc's value low and in pace with the devaluing euro, was causing inflation to hurt the economy. Real-estate values were rising, and other distortions were hurting economic growth.

This is all true. But this is also nothing new. As late as the previous weekend, the SNB spoke as if the euro-peg was an integral part of Swiss policy.

But something new did happen—something that market analysts failed to understand.

On January 14, the European Court of Justice (ECJ) declared legal preeminence over Germany.

For the past decade, the German Constitutional Court has asserted that it ultimately decided all matters integral to its sovereignty. It was an opinion reasserted time and again—stating that various policy areas “must forever remain German,” or else the country must “refuse further participation in the European Union.” It was a position that the European courts never accepted but never challenged—until now.

According to the ECJ, those days are over. *It is time that Germany becomes fully European and submits to European rule.* The *Telegraph's* Ambrose Evans-Pritchard explains: “The European Court of Justice has declared legal supremacy over the sovereign state of Germany, and therefore of Britain, France, Denmark and Poland as well.

“The ECJ's advocate general has not only brushed aside the careful findings of the German Constitutional Court on a matter of highest importance, he has gone so far as to claim that Germany is obliged to submit to the final decision. ...

“The opinion is a vaulting assertion of EU primacy. If the [Federal Constitutional Court of Germany] accepts this, the implication is that Germany will no longer be a fully self-governing sovereign state.

“The advocate general knows he is risking a showdown but views this fight as unavoidable. ‘It seems to me an all but impossible task to preserve this union, as we know it today, if it is to be made subject to an absolute reservation, ill-defined and virtually at the discretion of each of the member states,’ he said. ...

“In this he is right. ‘This union’—meaning the union to which EU integrationists aspire—is currently blocked by the German court, the last safeguard of our nation states against encroachment.

“This is why the battle is historic.”

What will the German court do? The ECJ's “opinion is a direct affront to the German court. It asserts that the EU court has the final say in defining and creating the EU's own powers, without any national check,” Gunnar Beck, a German legal theorist at the University of London, said. “This would be a fundamental transformation of the EU from a treaty organization, which depends on the democratic assent of the sovereign states, into a supranational entity” (ibid).

According to Evans-Pritchard, the ruling “enthrones the ECB

over a monetary dictatorship answerable to nobody.”

But it is also possible that the ECJ justices could get their heads handed to them. They have picked a fight with the most powerful court in Europe's most powerful country. The German courts could refuse to submit and order German businesses to refuse cooperation with Brussels. The ECJ may get sent running back into its stuffy chambers to mull over its unenforceable legal theory.

What will Germany do?

Just days after the dramatic ECJ and Swiss actions—the European Central Bank made its own astonishing announcement. The bank plans to print €60 billion per month, up to €1.1 trillion total, to buy the debts of troubled nations. This supposedly would be done to stop Europe's economies from falling into deflation.

This move, strongly opposed by the German Bundesbank, is an act of political defiance against Germany. When Germany gave up the deutsche mark and joined the eurozone, it did so on the condition that Germany would never be outvoted on any issue of critical importance.

Economic sovereignty is an issue of critical importance. The ECB's decision to print money to buy sovereign bonds will have side effects. Germany knows this. So do the Swiss. This was the reason Switzerland got out in front of the ECB and broke its peg to the euro. The Swiss obviously see this money-printing announcement as the crack in the door to ever-greater market interventions—and their consequences.

Germany is strongly opposed to money-printing schemes. It remembers with bitterness the hyperinflationary Weimar Republic; wheelbarrows of worthless bills, trillion-mark postage stamps, and people burning stacks of money to heat their homes. And how that led to National Socialism. Germany also knows that forcing creditor nations to bail out debtors does nothing to solve underlying economic problems. What will prevent debtor nations from promptly going back into debt? It is a valid question, although an equally valid question would consider Germany's role as an accomplice.

But the main fear of many Germans is that the ECB is stealthily working toward full European monetary union—a common debt market—where member nations are collectively responsible for each other's debts.

But monetary union without political union is a disaster waiting to happen. *It can't work without a European strongman able to wield enough authority over member states to keep them in line.*

The clash between Germany and the ECJ/ECB could hardly come at a worse time. People are losing faith in the ability of central banks to restore prior prosperity. Economies are locked in recession, unemployment is high, youth unemployment is a powder keg, and the world's super wealthy are stretching their lead. The global economic system is precarious and prone to revolution.

Europe is a mess and is in need of strong leadership. The battle between the German and European constitutional courts, the battle between the German and European central banks, the unprecedented market volatility, Europe's persistent high employment, the euro debt crisis, and the rise of nationalistic parties across the Continent are conspiring to potentially turn 2015 into a momentous year.

Will Germany get in line with the European superstructure and work from the inside to exert its influence? Or will Germany

and its constitutional court revolt, break up of the union, and a form new smaller union of nations centered around Germany and built on German ideals?

The exact path forward may be murky, but the destination is clear. For more, read [“Europe’s Iron-and-Clay Unity.”](#)

 Follow [Robert Morley](#)

MIDDLE EAST

Iran’s Emerging Empire

Charles Krauthammer, Washington Post | January 22

WHILE IRAN’S MARCH TOWARD A NUCLEAR BOMB HAS PROVOKED a major clash between the White House and Congress, Iran’s march toward conventional domination of the Arab world has been largely overlooked. In Washington, that is. The Arabs have noticed. And the pro-American ones, the Gulf Arabs in particular, are deeply worried.

This week, Iranian-backed Houthi rebels seized control of the Yemeni government, heretofore pro-American. In September, they overran Sanaa, the capital. On Tuesday, they seized the presidential palace. On Thursday, they forced the president to resign.

The Houthis have local religious grievances, being Shiites in a majority Sunni land. But they are also agents of Shiite Iran, which arms, trains and advises them. Their slogan—“God is great. Death to America. Death to Israel”—could have been written in Persian.

Why should we care about the coup? First, because we depend on Yemen’s government to support our drone war against another local menace, al Qaeda in the Arabian Peninsula (AQAP). It’s not clear if we can even maintain our embassy in Yemen, let alone conduct operations against AQAP. And second, because growing Iranian hegemony is a mortal threat to our allies and interests in the entire Middle East.

In Syria, Iran’s power is similarly rising. The mullahs rescued the reeling regime of Bashar Assad

The Israelis can defeat any conventional attack. Not so the very rich, very weak Gulf Arabs. To the north and west, they see Iran creating a satellite “Shiite Crescent” stretching to the Mediterranean and consisting of Iraq, Syria and Lebanon. To their south and west, they see Iran gaining proxy control of Yemen. And they are caught in the pincer.

The Saudis are fighting back the only way they can—with massive production of oil at a time of oversupply and collapsing prices,

placing enormous economic pressure on Iran. It needs \$136 oil to maintain its budget. The price today is below \$50.

Yet the Obama administration appears to be ready to acquiesce to the new reality of Iranian domination of Syria. It has told the *New York Times* that it is essentially abandoning its proclaimed goal of removing Assad.

For the Saudis and the other Gulf Arabs, this is a nightmare. They’re engaged in a titanic regional struggle with Iran. And they are losing—losing Yemen, losing Lebanon, losing Syria and watching post-U.S.-withdrawal Iraq come under increasing Iranian domination.

The nightmare would be hugely compounded by Iran going nuclear. The Saudis were already stupefied that Washington conducted secret negotiations with Tehran behind their backs. And they can see where the current talks are headed—legitimizing Iran as a threshold nuclear state.

Which makes all the more incomprehensible President Obama’s [fierce opposition](#) to Congress’s offer to strengthen the American negotiating hand by passing sanctions to be triggered if Iran fails to agree to give up its nuclear program. ...

Why are you parroting Tehran’s talking points, Mr. President? [asks Democratic Sen. Bob Menendez](#). Indeed, why are we endorsing Iran’s claim that sanctions relief is the new norm? Obama assured the nation that sanctions relief was but a temporary concession to give last-minute, time-limited negotiations a chance.

Twice the deadline has come. Twice no new sanctions, just unconditional negotiating extensions.

Our regional allies ... are deeply worried. Tehran is visibly on the march on the ground and openly on the march to nuclear status. And their one great ally, their strategic anchor for two generations, is acquiescing to both.

Yemen: Divided

Callum Wood | January 29

DIVIDE AND CONQUER. NO STATEMENT BETTER SUMS UP THE small country of Yemen occupying the southwest corner at the base of the Arabian Peninsula. The nation is divided, and all that remains is the conquering. Judging by the current rate of events, that will happen soon.

It was only in September that United States President Barack Obama announced Yemen was a success in the fight against

terrorism. Within weeks, Houthi rebels blasted their way into the capital, Sanaa. From there, Houthis seized control of almost the entire region of north Yemen.

The Houthis quickly established a power-sharing agreement with the Yemeni government, though that did little to curb the fighting. A three-way power struggle emerged between the Houthis, the U.S.-backed government and al Qaeda in the Arabian

Peninsula (AQAP).

On January 22, the fight narrowed to two contestants. Yemen's president, prime minister and the entire cabinet—all backed and supported by America—resigned. On January 20, Houthi rebels launched an attack and captured the presidential palace. Shots were also fired at the prime minister's home. The royal guard was defeated and the state-run media turned over to the Houthis.

The two real powers in the country are now the terrorists. AQAP is the dominant power in south Yemen, whereas Shiite Houthi controls the north. Now that the government has collapsed, the only question is who will come out on top.

This branch of al Qaeda has shown its resolute nature over the years. It has outlasted U.S. drone strikes and, now, the country's government. However, aside from skirmishes with Yemeni forces and the occasional battle with Saudi forces, AQAP has faced little

resistance on the ground. Now that dominance has been challenged by the Houthi rebels.

The Houthis represent a real threat to al Qaeda. During the Houthi attack on the government, the offices of the presidential guard were taken. This rapidly expanded the terrorist group's arsenal with tanks and artillery. The arms will come in handy if the Houthis take the fight to AQAP.

There remains [one key factor on the Houthis' side](#). Being Shiite, the Houthis are close friends with the major Shiite powerhouse in the region: Iran. The Houthis are, for all intents and purposes, an extension of Iran's influence.

With Yemen divided, the fight has begun between the Sunnis and Shiites. Watch Iran. The Persians already have the upper hand following the collapse of the government. All that remains is the conquering.

Gunmen Stage Deadly Attack on Libyan Hotel **Wall Street Journal | January 29**

AN ATTACK ON A LUXURY HOTEL IN LIBYA'S CAPITAL KILLED NINE people, including an American, and stoked fears that the Islamic State militant group is expanding beyond the Middle East toward North Africa and Europe. ...

The apparent international nature of its authors and target makes Tuesday's attack stand out from the usual violence afflicting the North African nation, which has seen almost continuous factional fighting since longtime leader Muammar Qadhafi was killed in a popular uprising in 2011. ...

Tuesday's attack underscored growing U.S. concern about Libya's disintegration and alarm over the Islamic State's efforts to expand its sway there and potentially elsewhere in North Africa. ...

Former and current intelligence and counterterrorism

officials say the Islamic State is increasingly using terrorism to retaliate against Western strikes on its territory.

In one case, Libyan volunteers that sought to join the Islamic State in Syria were told by its commanders in Syria to stay in their country and carry out attacks there, according to an intelligence official.

The group is also sending French- and English-speaking fighters back home to perpetrate attacks, according to European officials and a Syrian activist whose organization is active in the Syrian Islamic State stronghold of Raqqa. ...

RELATED: ["IS LIBYA 'A THOUSAND TIMES WORSE'?"](#)

The Questions the U.S. Won't Answer About Its Billions in Afghanistan **Quartz | January 29**

WITH THE OFFICIAL "END" OF THE INTERNATIONAL MILITARY occupation of Afghanistan last fall, things are changing. The U.S. will only have 5,000 troops deployed in Afghanistan by the end of the year, down from a peak of 187,000 in 2008. But American taxpayers will still shoulder a hefty cash commitment: \$16 billion in 2015, and similar levels through 2017. Most of that money will be added to the \$65 billion the U.S. has already spent training and supporting the Afghan national security forces.

But there's one new difference: Now the public won't know where that money is going, or if it is accomplishing anything, according the Special Inspector for Afghan Reconstruction, an independent auditor charged with oversight of U.S. money in Afghanistan. In the past, it's uncovered the loss of tens of thousands of AK-47s in Afghanistan, and recovered some \$570 million in criminal forfeitures and other savings. But U.S. officials have decided they will no longer publicly answer its questions about funding the Afghan Army, instead keeping them classified.

Here's some of what the public can no longer know:

How many people are in the Afghan Army, and how much of their salaries the U.S. is paying? Are these numbers sustainable without U.S. funding?

How much money is being spent to train Afghan soldiers and police?

How many Afghan infrastructure projects are being funded by the Department of Defense?

How many weapons and what kind are being bought to arm the Afghan Army?

How many military bases has the U.S. turned over to the Afghans, and can they afford to sustain them?

Are the anti-corruption efforts by the Afghan government working?

Has any Afghan institution replaced the U.S. anti-corruption and anti-crime task force? ...

RELATED: ["BURIED IN AFGHANISTAN"](#)

Iran—Unafraid and Undeterred

Caroline Glick, carolineglick.com | January 30

ISRAEL'S REPORTED STRIKE JANUARY 18 ON A JOINT IRANIAN-HEZBOLLAH convoy driving on the Syrian Golan Heights was one of the most strategically significant events to have occurred in Israel's neighborhood in recent months. Its significance lies both in what it accomplished operationally and what it exposed.

From what has been published to date about the identities of those killed in the strike, it is clear that in one fell swoop the air force decapitated the Iranian and Hezbollah operational command in Syria. ...

According to a report by Brig.-Gen. (res.) Shimon Shapira, a Hezbollah expert from the Jerusalem Center for Public Affairs, the Iranian losses included three generals. ...

The fact that the men were willing to risk exposure by traveling together along the border with Israel indicates how critical the front is for the regime in Tehran. It also indicates that in all likelihood, they were planning an imminent attack against Israel. ...

The identities of the Iranian and Lebanese personnel killed in the Israeli strike indicate the high value Iran and Hezbollah place on developing a new front against Israel in Syria. ...

But Iran's willingness to expose its forces and Hezbollah forces also indicates something else. It indicates that they believe that there is a force deterring Israel from attacking them.

And this brings us to another strategic revelation exposed by the January 18 operation.

Earlier this week, Iran's Deputy Foreign Minister Hossein Amirabdollahian told Iran's IRNA news agency that the regime had told its American interlocutors to tell Israel that it intended to strike Israel in retribution for the attack. The State Department did not deny that Iran had communicated the message, although it claims that it never relayed the message.

While the Obama administration did perhaps refuse to serve as Iran's messenger, it has worked to deter Israel from striking Hezbollah and Iranian targets in Syria. ... The U.S. has also refused to acknowledge Iran's control over the Syrian regime, and so denied the basic fact that through its proxies, Iran is developing a conventional threat against Israel. For instance, earlier this month, Der Spiegel reported that Iran has been building a secret nuclear facility in Syria. When questioned about the report, State Department spokeswoman Marie Harf sought to downplay its

significance. ...

Until this month, the White House continued to pay lip service to the strategic goal of removing Assad—and by inference Iran, which controls and protects him—from power in Syria. Lip service aside, it has been clear at least since September 2013, when President Barack Obama refused to enforce his own redline and take action against the Assad regime after it used chemical weapons against its opponents, that he had no intention of forcing Assad from power. But this month the administration crossed a new Rubicon when Secretary of State John Kerry failed to call for Assad to be removed [from] power in talks with the UN envoy in Syria Staffan de Mistura. ...

Iran's presence on the Golan Heights is of course just one of the many strategic advances it has made in expanding its territorial reach. Over the past two weeks, Iranian-controlled Houthi militias have consolidated their control over Yemen, with their overthrow of the U.S.-allied government

With the conquest of Yemen, Iran now controls the Gulf of Aden. Together with the Strait of Hormuz, Iran now controls the region's two maritime outlets to the open sea. ...

From the Golan Heights to Gaza, from Yemen and Iraq to Latin America to Nantanz and Arak, Iran is boldly advancing its nuclear and imperialist agenda. ...

Earlier this week, during Obama's visit with the new Saudi King Salman, he got an earful from the monarch regarding the need to prevent Iran from acquiring nuclear weapons. But it seemed to have no impact on his nuclear diplomacy with Tehran. The administration believes that Iran and Saudi Arabia will be able to kiss and make up and bury a thousand-year rivalry between Sunni and Shiite Islam because they both oppose the Islamic State. This too is utter fantasy. ...

Due to the U.S. administration's commitment to turning a blind eye to Iran's advances and the destabilizing role it plays everywhere it gains power, Israel can do little more than carry out precision attacks against high-value targets. The flipside of the administration's refusal to see the dangers, and so enable Iran's territorial expansion and its nuclear progress, is its determination to ensure that Israel does nothing to prevent those dangers from growing—whether along its borders or at Iran's nuclear facilities.

In Strategic Shift, U.S. Draws Closer to Yemeni Rebels

Wall Street Journal | January 29

THE U.S. HAS FORMED TIES WITH HOUTHİ REBELS WHO SEIZED control of Yemen's capital, White House officials and rebel commanders said, in the clearest indication of a shift in the U.S. approach there as it seeks to maintain its fight against a key branch of al Qaeda.

American officials are communicating with Houthi fighters, largely through intermediaries, the officials and commanders have disclosed, to promote a stable political transition as the Houthis gain more power and to ensure Washington can continue its campaign of drone strikes against leaders of the group al Qaeda in the Arabian Peninsula (AQAP), officials said.

"We have to take pains not to end up inflaming the situation by inadvertently firing on Houthi fighters," a senior U.S. official said. "They're not our military objective. It's AQAP and we have to stay focused on that."

Washington's outreach to the Houthis, who in January routed forces loyal to President Abed Rabbo Mansour Hadi, a close American ally, represents a contrast from years of U.S. support for the Hadi government, which the Houthis have opposed.

The shift also could place it on the same side as Iran in the Yemen conflict. ... U.S. officials believe the militia has received considerable funding and arms from Shiite-dominated Iran

[T]he U.S. and Iran both already are backing Iraq's Shiite government in its military campaign against Islamic State fighters who have captured parts of northeast Iraq and Syria in recent months.

Houthi commanders, in recent interviews conducted in Yemen, asserted that the U.S. began sharing intelligence on AQAP positions in November, using intermediaries, as the conflict in the country intensified. They specifically cited a Houthi campaign against AQAP positions in western al Baitha province as one such operation.

One Houthi commander said the U.S. provided logistical aid to the militants and exchanged intelligence on AQAP to support the Houthis' operations against the group and pinpoint drone strikes. ...

The Obama administration increasingly has sought to describe the Houthis as a potential partner of Washington's ever since the militia gained control of Sanaa in January. The U.S. has continued to cite Mr. Hadi as the rightful leader of Yemen, but it

has also appeared to accept the Houthis as a legitimate part of a new government in Sanaa.

President Barack Obama in recent days cited the goal of maintaining counterterrorism cooperation against al Qaeda as one of his two top priorities in Yemen

In November, a Houthi representative visited Washington for several days He also appeared at the Atlantic Council, a U.S. think tank, on November 20, which analysts said was the first time a Houthi representative spoke publicly in the U.S. ...

[A]rab officials have voiced alarm about the Houthis control of Sanaa, viewing it as a major regional victory for Tehran.

"American contacts with the Houthis would likely unnerve the Saudis," said Emile Hokayem, an expert on the Persian Gulf at London's International Institute for Security Studies. "Saudis are already nervous about U.S. policy in the Middle East and the sense that Washington is no longer interested in containing, let alone countering, what they see as Iran-allied Shia militias." ...

EUROPE

'No More Middle Eastern Immigrants': AfD

The Local | January 28

THE DEPUTY LEADER OF RIGHT-WING POPULIST PARTY ALTERNATIVE for Germany (AfD) said on Wednesday that all migration from Arab countries should be stopped.

"We should no longer support immigration by people who are totally foreign to our cultural tradition, in fact we ought to block it," Alexander Gauland told Berlin's *Tagesspiegel* newspaper.

"There are cultural traditions that have a very hard time integrating here ... those cultural traditions are at home in the Middle East," Gauland said.

He added that there was a danger of "parallel societies" developing in Germany "with which we won't be able to cope with in the end."

And he continued his push to bring AfD closer to anti-Islam

movement PEGIDA by describing it as a "people's movement" comparable with the early anti-nuclear demonstrations that helped launch the Green Party.

The majority of PEGIDA participants were not racists, but "completely normal people," he said.

Gauland, a 73-year-old from Saxony, is seen as the voice of the growing nationalist-conservative wing of AfD, which originally began as a movement almost exclusively campaigning against the euro single currency.

He believes that mainstream center-right party the [Christian Democratic Union](#) will soon find itself in difficulty over Chancellor [Angela Merkel](#)'s declaration that "Islam belongs to Germany"

EU Heads Push for More Russian Sanctions

Wall Street Journal | January 27

EUROPEAN UNION LEADERS CENSURED RUSSIA'S ACTIONS IN Ukraine and asked the bloc's foreign ministers to work up new options for sanctions, but Greece's new government signaled it might resist fresh pressure on Moscow.

EU leaders, in a communiqué, cited Russia's "continued and growing support" for pro-Moscow rebels in eastern Ukraine, saying it "underlined Russia's responsibility" for the recent surge in violence. ...

Greece's new government, though, jumped into an early diplomatic spat with Brussels over the statement, which it said it hadn't approved. The statement "was circulated without having

followed the correct procedure for ensuring the consent of member states and, in particular, without ensuring Greece's consent," said Dimitrios Tzanakopoulos, a senior aide to new Greek Prime Minister Alexis Tsipras.

The disagreement suggests the election victory of Mr. Tsipras's left-wing Syriza party on Sunday could deepen divides within the bloc over how hard to press the Kremlin.

It also hints that Mr. Tsipras could prove to be a political thorn in the side of the EU beyond his campaign against European-imposed austerity policies and in favor of further debt relief that helped bring him into office. ...

On his last trip in May 2014, the official *Rossiskaya Gazeta* newspaper published an interview with him where he said the sanctions “are harming Europe.”

Tuesday’s EU statement is evidence of an abrupt mood change

EU to Greece: No Debt Relief, Stick to Your Promises

EU Observer | January 29

TOP EU OFFICIALS HAVE WARNED THE NEW GOVERNMENT IN Greece that it needs to stick to the bailout requirements and that there will be no debt relief.

“There is no question of canceling the Greek debt. Other euro-zone countries will not accept this,” EU Commission chief Jean-Claude Juncker said in an interview published Thursday in *Le Figaro*.

Juncker had a phone conversation on Monday with the new Greek prime minister, Alexis Tsipras, who was elected on an anti-austerity platform and has made debt forgiveness the core topic of his campaign.

“He told me that he doesn’t consider himself a danger, but a

in Brussels. Last Monday, foreign ministers were discussing ideas on how to eventually ease tensions with Moscow and even reverse some sanctions over time. ...

challenge for Europe. And I replied that Europe is not a danger for Greece, but a challenge,” Juncker told *Le Figaro*.

The EU Commission chief said, “arrangements are possible,” but warned against expecting a fundamental change of the bailout terms. “We respect the democratic elections in Greece, but Greece also needs to respect the others, the public opinions and the parliamentarians from the rest of Europe,” Juncker said.

A similar message was conveyed Wednesday by Juncker’s deputy, Jyrki Katainen, who in a press conference said that all commissioners were unanimous about the fact that Greece is expected to fulfill its commitments. ...

Majority of Germans Fed Up With Holocaust Remembrance

Israel Today | January 28

TUESDAY MARKED THE 70TH ANNIVERSARY OF THE LIBERATION OF the Nazi death camp at Auschwitz by the Soviet Red Army. The anniversary has become the International Holocaust Remembrance Day commemorating the organized extermination of the Jewish people by the Nazi regime.

However, according to a representative survey conducted by the Bertelsmann Foundation, an overwhelming 81 percent of Germans have grown weary of dedicating so much time and effort to Holocaust remembrance, and want to instead focus on present-day problems.

German Foreign Minister Frank-Walter Steinmeier disagreed. “It remains the duty of parents to inform their children that there can never be a line drawn under [our history],” he told Germany’s

Bild newspaper.

“We can consider ourselves lucky that after the atrocities of the Third Reich, after 70 million dead in the Second World War and 6 million murdered Jews, that we can be accepted back into the international community, even today,” the foreign minister continued. ...

Unfortunately, it would seem a majority of Germans simply don’t see eye-to-eye with their leaders on this issue, and much of that has to do with the modern State of Israel.

According to the survey, more than a third of Germans believe that Israel’s policies in dealing with Palestinian terrorism is comparable to what the Nazis did to the Jews. Only 36 percent of Germans said they hold a positive view of Israel.

ASIA

Ukraine Looking More Like Poland on the Brink of World War II

Reuters | January 28

RUSSIA IS WINNING THE BATTLE FOR UKRAINE. PRO-RUSSIAN SEPARatists captured the airport at Donetsk, a bright new terminal now reduced to rubble, last week. Alexander Zakharchenko, head of the self-declared People’s Republic of Donetsk, has made it clear that he will attack Ukrainian lines once more. He will rely, as he has done before, on reinforcements from the Russian Army and special forces. ...

Ukraine today is somewhat in the position of its neighbor Poland, now a member of the European Union, before World War II. Poland made defense pacts with both France and the United

Kingdom, which obliged them to come to its aid if attacked. Both did declare war on Germany when it attacked Poland, but they did too little else, too slowly, and their armies were smashed in France by the Wehrmacht. Ukraine made an agreement in 1994, in Budapest, with the United States, the UK and Russia (France and China also joined in, with separate agreements) that its borders would be guaranteed.

Russia smashed that agreement in both Crimea and eastern Ukraine. The West, mainly through the International Monetary Fund, has given its financial support to keep the rest of Ukraine

more or less going and has sanctioned Russia. EU leaders noted this week that there was “evidence of [Russia’s] continued and growing support” for separatists in eastern Ukraine, and called for the consideration of “further restrictive measures.”

Sanctions are terrible for a Russian economy already suffering from the halving of oil prices—the nation’s credit rating was cut to “junk” by Standard & Poor’s earlier this week. But they appear to be making Russia more aggressive. In a speech in Davos last week, Igor Shuvalov, the first deputy prime minister, was quoted as telling an audience to “read our history: the Russians will never give up their leader. We will tighten our belt, eat less food, suffer any privations, but if outsiders want to force changes on us, we will be united as never before.”

President Vladimir Putin, the leader who would never be given up, told students in St. Petersburg that forces of the North Atlantic Treaty Organization were backing up the Ukrainians, a claim NATO’s secretary general, Jens Stoltenberg, dismissed as “nonsense.” ...

Putin appears to be moving beyond laws, even those of which he approves. His press secretary, Dmitry Peskov, recently commented that “there are more important things than laws”—prompting Mikhail Fishman, *Newsweek Russia* editor, to write that Russia is sliding toward a situation like that in Iran, where a particular interpretation of Islamic morality and justice trumps all laws and government policy.

This “Islamization of justice,” writes Fishman, means that “even a public demonstration of legality” is dispensed with in a state that privileges “the archaic and fundamentalist idea that any alternative to the uniquely true point of view is intentionally amoral.”

Because the one point of view is uniquely true, right and just, the continued fighting in eastern Ukraine is justified, not by

reference to international, or national, laws, but because Putin “has fallen victim to his own propaganda and his regime has fallen into the trap of its own moral imperatives.”

This means that there is no obvious solution because Ukraine and its Western allies are working in a different register from the Russian leadership. The former appeals to agreements and law, the latter to an intervention justified by the moral imperative of keeping Ukraine within the Russian ambit.

The region lives still in the aftermath of the dissolution of the Soviet Union in 1991. That had been celebrated as peaceful—give or take many tens of thousands of deaths over the past two decades in two wars in Chechnya; the continuing conflict involving the Armenian enclave of Nagorno-Karabakh within Azerbaijan; the violent breaking away of Abkhazia and South Ossetia from Georgia; civil wars in the Central Asian republics of Tajikistan and Kirghizia ... and others. But the conflict in Ukraine is the big one because, unlike these other conflicts, it has large geopolitical consequences.

The 15 new independent states that rose out of the ruins of the Soviet Union were all created to be democratic, with strong civil societies. But except for the tiny Baltic states of Estonia, Latvia and Lithuania, and with the partial exception of Georgia, the others have proven, to a greater or lesser degree, unable to shuffle off the Soviet coils, to produce and sustain a non-corrupt, democratically minded leadership and to see the West, especially the countries of Europe, as allies.

Ukraine ... tried that. Russia, pushing aside all considerations of economic health and European peace, is determined to stop it. The ruined airport at Donetsk is this week’s symbol of its stony determination, fueled by an overpowering sense of right. There will be more.

Russian Military to Exercise in Baltic and Kaliningrad **Jeremiah Jacques | January 29**

RUSSIA’S ENTIRE BALTIC FLEET WILL CONDUCT NAVAL DRILLS THIS weekend, the country’s Ministry of Defense announced Wednesday.

The fleet includes more than 50 destroyers, corvettes, missile ships, landing ships, minesweepers and other vessels. “The exercise will prepare the fleet for battle readiness, conducting damage control at port and anti-sabotage maneuvers,” the Defense Ministry said.

A separate Ministry of Defense statement said air- and land-based troops would conduct simultaneous exercises around the Kaliningrad region. “At the final stage of training at the sites in the Kaliningrad region, units of the Baltic Fleet coastal forces will live fire small arms and grenade launchers,” the statement said. The drills will include “weapons infantry fighting vehicles, BMP-2s, and T-72 tanks” and personnel “will conduct complex tasks on their intended use.” Unconfirmed reports said the drills would include units from Belarus alongside the Russian troops.

The drills come at a time of heightened concern among the Baltic states. These nations see Russia’s aggression against

neighboring nations, and fear that President Vladimir Putin could set his sites on the Baltics next.

In mid-January, Lithuania’s Defense Ministry distributed a how-to manual to the nation’s citizens and soldiers explaining what to do in the event of a foreign invasion. The manual, “How to Act in Extreme Situations or Instances of War,” is 98 pages long and is intended to gird Lithuanians for the possibility of invasion and occupation. “Keep a sound mind, don’t panic and don’t lose clear thinking,” the manual says. “Gunshots just outside your window are not the end of the world.”

Lithuania was under Soviet control from 1940-1991, and many of its citizens say Russia’s role in the Ukraine crisis means Moscow is a danger to all of its neighbors. “When Russia started its aggression in Ukraine, our citizens here in Lithuania understood that our neighbor is not friendly,” said Lithuanian Defense Minister Juozas Olekas in an interview with Reuters. The situations with Ukraine and Georgia, both of which have lost territory to Russia or pro-Russia forces, “show us that we cannot rule out a similar kind of situation here,” Olekas said.

 Follow [Jeremiah Jacques](#)

Russian Sanctions Might Be Obama's Greatest Blunder

Robert Berke, Oilprice.com | January 25

ONE OF THE GREATEST FOREIGN POLICY BLUNDERS OF THE OBAMA administration was the push by the U.S. for economic sanctions against Russia. That led to Russia fleeing into the arms of China for refuge. In response, Russia, Europe's largest and most populated country, is now intent on moving its vast storehouse of resources eastward, strengthening America's largest emerging rival.

Over the last two years, the two countries have completed a \$700 billion agreement for Russia to deliver energy to China, amounting to about 17 percent of Chinese annual supply, for a period covering 20 years, with China financing much of the initial costs of pipeline construction.

What Russia has done, in that one move, is to help repair a major hole in China's military armor, making it invulnerable to a U.S. cutoff of seaborne energy supplies, which until now was one of the greatest fears of Chinese military strategists.

From the Chinese perspective, this is a gift that fulfills its wildest dreams. It's also a gift that could severely undermine the West's plans to deliver expensive Liquefied Natural Gas (LNG) to China and Asia, while already facing competition from Qatar and Australia LNG, will now also run up against Russian pipeline gas through China.

That can't be wise policy for the U.S.

Consider the fact that prior to adoption of the sanction regime, Russia and China were not even military allies. Their histories are fraught with mutual distrust, competition, and border conflicts. Although Russia has often supplied China with military equipment, it has always held back on high-tech weapons because of mistrust. Why supply advanced weapons to a country that might one day become your adversary?

Now things have changed drastically, with both countries developing an alliance clearly balanced against the West. Recently, Russia offered China its most advanced ballistic missile system that China had long sought in order to offset U.S. sea and airpower superiority. With that, China will become far more capable of countering America's pivot to Asia.

Just this week (January 20), China agreed to finance a high-speed rail link between Beijing and Moscow, with an estimated cost of \$242 billion.

China, with its \$4 trillion in foreign reserves, has become Russia's chief creditor and partner in development of Russian energy and resources, a role that for the last decade, was dominated by Western international oil giants like ExxonMobil that have invested billions in Russia's energy sector. ...

China May Overtake Japan in Naval Power This Year: Report Want China Times | January 22

SINCE XI JINPING BECAME CHINA'S TOP LEADER, THERE HAS BEEN a noticeable change in the country's foreign policy, according to *Duowei News*, an outlet run by overseas Chinese.

Beijing has implemented a shift in the geopolitical focus of its global strategy, which has seen the relationship with the U.S. and with the European Union displaced as first priority ties for the country. At the same time, China has strengthened its sea power, with many speculating that the power of the PLA Navy is set to overtake that of Japan in 2015. ...

In addition to the country's first aircraft carrier, the Liaoning, the JL-2 intercontinental-range submarine-launched ballistic missile, and the DF-41 ICBM, both believed to be under development, China has started to build a guided missile destroyer, the Type-052D, nicknamed the Chinese Aegis, which suggests its naval power has grown to a size at which it can threaten Japan and even the U.S. In response, Japan will start to build two ships incorporating the Aegis combat system in 2015, as part of a plan to increase their numbers to eight ships by 2020.

In terms of Aegis combat system ships, China is already leading Japan. In 2014, the PLA had eight of the warships, comprising five Type-052C destroyers, one Type-052D destroyer and two Type-051C destroyers, more than Japan's six; in 2015, China plans to add another Type-052C destroyer and a Type-052D along with two other destroyers.

In December, China began to build a new-generation Aegis

combat system ship, the Type-055 destroyer. The destroyer will have four combustion turbine engines with up to 100,000 horsepower and be armed with long range anti-aircraft defense and S-band radar guided missiles and extremely low-flying attack missiles, which can also respond to X-band radar. The destroyer is likely to be deployed by 2017.

In terms of the numbers game, China is gradually increasing its already substantial lead over Japan. China's navy has 235,000 personnel, compared to the 45,800 of the Japan Maritime Self-Defense Force. In terms of the total number of warships, Japan, with 120, only has 12 percent of China's 970. In 2013 alone, 27 ships were launched or commissioned in China, double the number in Japan.

In terms of submarines, China has a fleet of 56 including its five nuclear submarines, whereas Japan only has around 18. On Dec. 12, 2013, in Bohai Bay in northern China, a Chinese Type-094 nuclear submarine test-launched a JL-2 intercontinental ballistic missile and is right on Japan's tail in terms of quality. The Type-093 nuclear attack submarine and the Type-094 ballistic nuclear submarine, replacing the first generation Type-091 and Type-092 nuclear submarines, have gradually entered service over the past five years. In terms of naval air power, China has 468 aircraft while Japan has 339. China has one aircraft carrier, the Liaoning, while Japan has four helicopter carriers. ...

Russia Adds 70 New Aircraft to Military District Around Crimea

Newsweek | January 26

RUSSIA HAS PURCHASED 70 NEW ARMY JETS AND HELICOPTERS, which will be stationed across the annexed Crimean Peninsula over the course of the coming year. The move is part of a massive overhaul of the facilities in its Southern Military District, which stretches between the Caspian and the Black seas.

The new southern-based units consist of 50 fighter jets and 20 helicopters, some of which will come under the command of Russia's Air Force, while others will join the air defense regiment of [Russia's historic Black Sea Fleet naval unit in Crimea](#). New additions will include Su-34 strike fighter jets, the amphibious Beriev Be-200 jet and Mil Mi-28 attack helicopters, also known as "Havoc."

Earlier this month Russia's air force estimated 150 new units would be added to its ranks in 2015 across all four of its military

districts, meaning that almost half of Russia's military aviation reinforcements in the next year are to be stationed in the district surrounding Crimea. ...

The recent deterioration of relations between the West and Russia over the Ukraine conflict has seen an increase in its troops based near the Black Sea. While the Southern Military District only had about 25 military aircraft in 2011, last year the Kremlin added 40 new aircrafts to the district's ranks. This year the number of new units added has almost doubled. ...

Russia's Ministry of Defense also announced it will increase air force drills in the district by 30 percent in the coming year.

Despite the growing threat of recession in Russia, the Kremlin has increased the military's budget to \$26 billion for 2015—an all-time high in Russia's post-Soviet history.

Chinese Money Is Backing Putin's War

The Daily Beast | January 28

THE GROWING CHINESE-RUSSIAN ALLIANCE IS ONE OF THE MOST important geopolitical developments of the century. ... [A]s the willful Russian leader dismantles his neighbors, his economy is tumbling. The price of oil has collapsed beneath him and international sanctions have been heaped on top of him. Where does he find the wherewithal to go on with his quasi-imperial plans?

There's a one-word answer: China. ...

First there are a series of oil and gas contracts signed since 2013, signs of the "energy alliance" between the Dragon and the Bear.

These deals are starting to pay off for Putin. ... Thanks in part to oil and gas sales, total trade volume between China and Russia increased 6.8 percent to \$95.3 billion last year, a record. Putin says trade with China will hit \$200 billion in 2020.

That sounds high, but that's not all. [Beijing apparently has made a decision to support the Russian economy, come what may](#). As Shen Danyang of China's Ministry of Commerce said this month, "If there is a need from the Russia side, China is willing to offer necessary aid within its capacity." Those remarks echo those of Foreign Minister Wang Yi's from December and an editorial from the same month in the Communist Party's *Global Times*. "Russia is an irreplaceable strategic partner on the international stage," the paper declared. "China must take a proactive attitude in helping Russia walk out of the current crisis."

Those words are more than just words. In October, Moscow and Beijing entered into a \$24.4 billion currency-swap arrangement, effectively providing Russia liquidity. ...

Then the People's Bank of China, China's central bank, on December 26 permitted the trading of renminbi-ruble derivatives, facilitating trade between Chinese and Russian companies. China's Export-Import Bank did its part by extending credit to two sanctioned Russian banks. Premier Li Keqiang, in a three-day visit to Moscow in October, signed 38 deals with the Russians. ...

Why is China doing all this? In the Russian strongman, Beijing's policymakers see not only someone who shares their general outlook and a fighter willing to take on Washington, but also a now needy and therefore pliable junior partner. With America essentially identified as China's geopolitical opponent, it is only natural that Beijing seeks to fortify the Kremlin. ...

How close are Moscow and Beijing? Last year, Putin met Xi Jinping, China's ruler, five times.

And what does China get in return? Beijing gets an opportunity to expand the use of its currency as Russia, targeted by new rounds of sanctions, is progressively shut out of the dollar-based global financial system. ...

So Obama and European leaders can pile on all the sanctions they want on Russia, to "weaponize finance" as some say, but Beijing will be standing by to help Putin weather the West's attack. ...

"Russia's bullying of Ukraine and takeover of Crimea have exposed Vladimir Putin as the authoritarian dictator that he is. These moves have Eastern Europeans quaking with fear and the Western world deeply concerned. But what about China and India? These Asian powerhouses have made clear that they support Putin. This is a stunning fulfillment of a biblical prophecy! ... When these Asia nations—extremely powerful nuclear-armed countries—begin to show solidarity with each other regarding moves like that, what does that portend for the world? I tell you it is woe to the world. It will cause many serious problems. And it is going to affect everyone."

Gerald Flurry, Trumpet, May-June 2014



Winston S. Churchill Was 'the Watchman'

Stephen Flurry,
Trumpet Daily | January 29

B RITAIN WAS ON THE BRINK—AND THEN CAME A GODSEND. WHAT about now?

Follow Stephen Flurry



Muslim Brotherhood-Aligned Leaders Hosted at State Department

Washington Free Beacon | January 28

THE STATE DEPARTMENT HOSTED A DELEGATION OF MUSLIM Brotherhood-aligned leaders this week for a meeting about their ongoing efforts to oppose the current government of President Abdel Fattah al-Sisi of Egypt, who rose to power following the overthrow of Mohamed Morsi, an ally of the Brotherhood, in 2013.

One member of the delegation, a Brotherhood-aligned judge in Egypt, posed for a picture while at Foggy Bottom in which he held up the Islamic group's notorious four-finger Rabia symbol, according to his Facebook page.

That delegation member, Waleed Sharaby, is a secretary general of the Egyptian Revolutionary Council and a spokesman for Judges for Egypt, a group reported to have close ties to the Brotherhood.

The delegation also includes Gamal Heshmat, a leading member of the Brotherhood, and Abdel Mawgoud al-Dardery, a Brotherhood member who served as a parliamentarian from Luxor.

Sharaby, the Brotherhood-aligned judge, flashed the Islamist group's popular symbol in his picture at the State Department and wrote in a caption: "Now in the U.S. State Department. Your steadfastness impresses everyone," according to an independent translation of the Arabic.

Another member of the delegation, Maha Azzam, confirmed during an event hosted Tuesday by the Center for the Study of

Islam and Democracy—another group [accused](#) of having close ties to the Brotherhood—that the delegation had "fruitful" talks with the State Department. ...

Azzam also said that the department expressed openness to engagement, according to one person who attended the event.

Trager, a fellow at the Washington Institute for Near East Policy, told the *Washington Free Beacon* that ... "The State Department continues to speak with Muslim Brothers on the assumption that Egyptian politics are unpredictable, and the Brotherhood still has some support in Egypt." ...

"But when pro-Brotherhood delegations then post photos of themselves making pro-Brotherhood gestures in front of the State Department logo, it creates an embarrassment for the State Department," [Trager said]. ...

Patrick Poole, a terrorism expert and national security reporter, said the powwow at the State Department could be a sign that the Obama administration still considers the Brotherhood politically viable, despite its ouster from power and a subsequent crackdown on its members by Egyptian authorities. ...

"This is a direct insult to our Egyptian allies, who are in an existential struggle against the Muslim Brotherhood, all in the pursuit of the mythical 'moderate Islamists' who the D.C. foreign policy elite still believe will bring democracy to the Middle East," Poole said.

Have We Reached 'Peak Food'? Shortages Loom as Global Production Rates Slow

Guardian Unlimited | January 28

THE WORLD HAS ENTERED AN ERA OF "PEAK FOOD" PRODUCTION with an array of staples from corn and rice to wheat and chicken slowing in growth—with potentially disastrous consequences for feeding the planet.

New research finds that the supply of 21 staples, such as eggs, meat, vegetables and soybeans is already beginning to run out of momentum, while the global population continues to soar.

Peak chicken was in 2006, while milk and wheat both peaked in 2004, and rice peaked way back in 1988, according to new

research from Yale University, Michigan State University and the Helmholtz Center for Environmental Research in Germany.

What makes the report particularly alarming is that so many crucial sources of food have peaked in a relatively short period of history, the researchers said.

"People often talk of substitution. If we run out of one substance we just substitute another. But if multiple resources are running out, we've got a problem. Mankind needs to accept that renewable raw materials are reaching their yield limits worldwide," said

Jianguo “Jack” Liu, of Michigan State University. ...

Peak production refers to the point at which the growth in a crop, animal or other food source begins to slow down, rather than the point at which production actually declines. However, it is regarded as a key signal that the momentum is being lost and it is typically only a matter of time before production plateaus and, in some cases, begins to fall—although it is unclear how long the process could take.

“Just nine or 10 plants species feed the world. But we found there’s a peak for all these resources. Even renewable resources won’t last forever,” said Ralf Seppelt, of the Helmholtz Center.

The research, published in the journal *Ecology and Society*, finds that 16 of the 21 foods examined reached peak production between 1988 and 2008.

This synchronization of peak years is all the more worrying because it suggests the whole food system is becoming overwhelmed, making it extremely difficult to resurrect the fortunes

of any one foodstuff, let alone all of them, the report suggested. ...

The simultaneous peaking of the world’s basic foodstuffs is largely down to the competing demands of a mushrooming population, which is putting ever-greater strain on the land for housing, agriculture, business and infrastructure. At the same time, producing more of any one staple requires the use of extra land and water, which increases their scarcity and makes it harder to increase food production in the future.

Finally, increases in production tend to push up pollution, which exacerbates shortages of resources and slows the growth in output. ...

While the peak production study suggests a doubling of food output could well be impossible, [director of California Academy of Sciences] Dr. Foley points out that, since 30 to 40 percent of the food grown globally for human consumption never gets eaten, eliminating waste would go a long way to feeding the growing population. ...

Raúl Castro: U.S. Must Return Guantanamo to Cuba **Telegraph | January 28**

CUBAN PRESIDENT RAÚL CASTRO DEMANDED ON WEDNESDAY that the United States return the U.S. base at Guantanamo Bay, lift the half-century trade embargo on Cuba, and compensate his country for damages before the two nations reestablish normal relations.

Castro told a summit of the Community of Latin American and Caribbean States that Cuba and the U.S. are working toward full diplomatic relations, but “if these problems aren’t resolved, this diplomatic rapprochement wouldn’t make any sense.”

Castro and U.S. President Barack Obama announced on December 17 that they would move toward renewing full diplomatic relations by reopening embassies in each other’s countries. The two governments held negotiations in Havana last week to discuss both the reopening of embassies and the broader agenda of reestablishing normal relations.

Obama has loosened the trade embargo with a range of measures designed to increase economic ties with Cuba and increase the number of Cubans who don’t depend on the Communist state for their livelihoods.

The Obama administration says removing barriers to U.S. travel, remittances and exports is a tactical change that supports

the United States’ unaltered goal of reforming Cuba’s single-party political system and centrally planned economy.

Cuba has said it welcomes the measures but has no intention of changing its system. Without establishing specific conditions, Castro’s government has increasingly linked the negotiations with the U.S. to a set of longstanding demands that include an end to U.S. support for Cuban dissidents and Cuba’s removal from the U.S. list of state sponsors of terrorism.

On Wednesday, Castro emphasized an even broader list of Cuban demands, saying that while diplomatic ties may be reestablished, normal relations with the U.S. depend on a series of concessions that appear highly unlikely in the near future.

“The reestablishment of diplomatic relations is the start of a process of normalizing bilateral relations, but this will not be possible while the blockade still exists, while they don’t give back the territory illegally occupied by the Guantanamo naval base,” Castro said.

He demanded that the U.S. end the transmission of anti-Castro radio and television broadcasts and deliver “just compensation to our people for the human and economic damage that they’ve suffered.” ...



A Prophecy About a Physical House **Gerald Flurry,** **The Key of David | January 30**

YOUR BIBLE SHOWS THAT THE TWO GREATEST CRISES IN THIS END time revolve around a physical building.

