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Socialist 'Paradise' Faces Collapse

By Robert Morley

ENEZUELA HAS THE WORLD'S LARGEST OIL RESERVES, YET THIS socialist utopia is on the verge of economic collapse and possibly revolution. It stands as a stark warning of how addictive



ROBERT MORLEY

socialism is-and how destructive.

Some people blame Venezuela's pending collapse on falling oil prices, but this was brewing when oil was at \$100 per barrel. Venezuela is an example of what happens when governments embrace wealth redistribution in an attempt to buy votes. They call it promoting "fairness" and "sharing the burden." It is the Achilles' heel of democracy. Once people figure out they can

vote themselves benefits out of the public treasury, a vicious spiral occurs with politicians promising ever-greater benefits and

voters demanding increasingly more gifts. Venezuela is the result. The Telegraph's Peter Foster does a good job describing the sit-

uation. Take a look (emphasis added throughout):

[Late Venezuelan President Hugo Chávez] promised the people the riches of the revolution, and for a while he was able to deliver, thanks to his country being blessed with the world's largest proven oil reserves.

But now, as the people queue at the pharmacy and the

supermarket for basic necessities like baby formula, flour, milk and toilet paper, the promises sound like empty boasts.....

In a shopping center in the Sabana Grande district last week, women queued outside a pharmacy for nearly two hours to buy two four-roll packs of toilet paper....

In public, the shoppers are stoical, wary of speaking ill of a regime that has a track record of taking revenge on its critics, excluding them from the handouts and government jobs that became the hallmark of Chávez's rule.

But in private, the anger is intense. ...

For Nicolas Maduro, the president, a former bus driver who Chávez designated as his successor and who won a disputed election in 2013, the response to the crisis has been a mixture of denial, wishful thinking and angry denunciations of international capitalism waging an "economic war" on Venezuela....

Notice the incompetency of a socialist government more interested in waging war on capitalism than the real-life consequences of its policies (ibid):

But with real inflation now running at nearly 100 percent, according to Robert Bottome of the VenEconomia think tank, and with Venezuela's oil revenues being

squeezed further by international oil prices, the measures were equivalent to trying to open an umbrella in a hurricane. ...

The country is almost completely reliant on oil sales to pay for imports of goods that it no longer manufactures after decades of living as a petro-state. With Venezuelan oil prices dipping below \$40 a barrel this week, those revenues are shrinking fast.

Why does Venezuela no longer manufacture things? The same reason store shelves are empty. It's because of inane socialist policies including government-mandated prices that companies are "allowed" to sell their products for. This is part of the socialist dogma of making sure capitalist manufacturers are not "exploiting" their customers. Another reason is that the government has nationalized local and foreign manufacturers who refused to sell products at a loss. The government-run businesses then ran them for a loss, adding pressure to state finances.

Over time, ever-greater portions of Venezuela's economy became government run. And run with losses. High oil revenue made up for the loss for a while, but the government increasingly turned to money printing to make up the difference between its revenue and the promises politicians made. Money printing led to massive inflation and the destruction of the value of the bolívar. Now that oil prices are falling, it appears like the socialist mecca may be about to collapse. Here is another example of socialism gone extreme (ibid):

In the streets of Caracas, there is a superficial normality. Cars still clog the roads, as it costs only 3.5 bolvíres roughly [56 cents]—to fill a saloon car with petrol—and many of the shops appear well stocked.

No wonder Venezuela is broke. The government is selling gasoline for 56 cents to fill a car. Not 56 cents per gallon—per car. But if the government allowed prices to rise to the cost of gasoline production, many people who have become reliant on government subsidies would be up in arms.

Foster continues:

But look more closely and the "Potemkin village" aspects of Venezuela's economy become clear. McDonald's has no potato fries to serve because the company's supplier cannot find the money to import real potatoes, so instead it serves a cardboard tasting substitute made from yuca.

In a branch of the Farmatodo pharmacy, one entire wall is stocked just with toothpaste and mouthwash and another with bottles of Pepsi, following a government directive ordering stores to fill the shelves with anything to give the appearance of plenty. Curiously, for all the toothpaste on display, there are no toothbrushes.

Another silly government mandate. Order merchants to fill shelves. If only it were so easy. *Just pass another law and outlaw the effects of bad government policy*. What happens when the mouthwash runs out? Will the government order businesses to fill shelves with rocks? Will it mandate that McDonald's only sell potato fries even though it can't buy potatoes because nobody will take bolvíres? This is what eventually happens in command economies. Socialism eventually degrades into the government becoming increasingly intrusive into people's lives and in the economy of the nation. Until it collapses.

As Foreign Policy describes, even as Venezuela has spiraled into hyperinflation and economic collapse, Venezuela's leaders kept building massive state-financed mega projects—monuments to their greatness. They include a 50,000-seat soccer stadium and a 35,000-seat baseball park. As the Foreign Policy article pointed out:

[President Nicolas Maduro's] big bet: A new sports park will take his countrymen's minds off their sputtering economy. Venezuelans may not have hand soap, milk or deodorant right now. But they'll have their sports. ...

And if similar projects around the world are any indication, the full cost of the stadiums could blow past initial estimates and run upwards of \$1 billion, with the full price tag of the park, stadiums and transportation hub coming in even higher. Not that there's much oversight: Funding for the project comes from opaque development funds that bypass congressional approval, potentially opening it up to the graft and corruption so pervasive in Venezuela. ...

Nagging shortages of basic foodstuffs remain a persistent problem. Even in places like Caracas, the sudden delivery of staple goods like sugar, coffee or corn meal can quickly lead to huge lines. And because of a steel and cement deficit, the government has cut back on public housing and infrastructure projects. Meanwhile, the country's currency, the bolvar, has lost most of its value. Although the official exchange rate is 6.3 bolvares to the dollar, the black market rate is now 182. Analysts also estimate that inflation will rise to over 60 percent by the end of the year. And with oil prices dropping precipitously, the prognosis for the future is bleak: Many experts predict that inflation could hit triple digits next year as the recession deepens. ...

Indeed, before his death, Chvez inaugurated a number of megaprojects to showcase the success of his revolution, often taking credit even for those started by his predecessors. Finishing them has proven more difficult. According to Venezuela's national comptroller's 2013 annual report, 4,381 public infrastructure projects remained incomplete as of Dec. 31, 2013. A quarter of them began before 2006 and have languished due to a lack of funding, political will, corruption or poor execution.

Here is the ultimate result (ibid):

Roberto Montoya, a 37-year-old teacher in Caracas, and others fear that [the athletic coliseums will never be finished], especially as Venezuela's economic crisis mounts. "I'm hoping that they will be able to finish it, especially the sports venues," he says. "But right now I'm too busy trying to find some groceries to worry about it."

Before you breathe a sigh of relief that you do not live in Venezuela, take a look at the latest issue of the *Philadelphia Trumpet*.



The Yemen Crisis Gerald Flurry, The Key of David | February 6

T RAN HAS OVERTHROWN YEMEN'S GOVERNMENT. HOW IT DID SO gives us a glimpse into its strategy to conquer the Middle East.



Yemen's Shiite Rebels Announce Takeover of Country Ahmed Al-Haj, Associated Press | February 6

Y EMEN'S POWERFUL SHIITE REBELS ANNOUNCED ON FRIDAY THAT they have taken over the country and dissolved parliament, a dramatic move that finalizes their months-long power grab.

The development also plunges the impoverished country deeper into turmoil and threatens to turn the crisis into a fullblown sectarian conflict, pitting the Iran-backed Houthi Shiites against Sunni tribesmen and secessionists in the south. ...

In a televised announcement from the Republican Palace in the Yemeni capital of Sanaa, the Houthi rebels said they are forming a five-member presidential council that will replace President Abed Rabbo Mansour Hadi for an interim two-year period.

The Houthis also said that Revolutionary Committee would be in charge of forming a new parliament with 551 members. The committee is the security and intelligence arm of the rebel group, led by Mohammed Ali al-Houthi, relative to the Houthis' leader, Abdel-Malek al-Houthi.

The statement in Sanaa, read by an unidentified announcer, claimed that it marked "a new era that will take Yemen to safe shores." ...

Saudi Arabia and Pakistan May Have Just Renewed a Secret Nuclear Weapons Pact Washington Institute for Near East Policy | February 4

THE VISIT BY THE CHAIRMAN OF PAKISTAN'S JOINT CHIEFS OF Staff Committee will likely prompt concern in Washington and other major capitals that Saudi Arabia and Pakistan have reconfirmed an arrangement whereby Pakistan, if asked, will supply Saudi Arabia with nuclear warheads.

The main meeting on Gen. Rashid Mahmoud's itinerary was with King Salman—the topics discussed were reported as "deep relations between the two countries and ... a number of issues of common interest." ...

The only senior Saudi absent from the meetings appears to have been Crown Prince Muqrin.

For decades, Riyadh has been judged a supporter of Pakistan's nuclear weapons program, providing financing in return for a widely assumed understanding that, if needed, Islamabad will transfer technology or even warheads.

It has been noticeable that changes in leadership in either country have quickly been followed by top-level meetings, as if to reconfirm such nuclear arrangements. Although Pakistani nuclear technology also helped Iran's program, the relationship between Islamabad and Riyadh has been much more obvious.

In 1999, a year after Pakistan tested two nuclear weapons, then Saudi Defense Minister Prince Sultan visited the unsafeguarded uranium enrichment plant at Kahuta outside Islamabad—prompting a U.S. diplomatic protest.

Last year, as Riyadh's concern at the prospect of Iranian nuclear hegemony in the Gulf grew, Pakistan's chief of army staff, Gen. Raheel Sharif, was a guest of honor when Saudi Arabia publicly paraded its Chinese css-2 missiles for the first time since they were delivered in the 1980s. Although now nearly obsolete, the css-2 missile once formed the core of China's nuclear force. Pakistan's first nuclear devices were based on a Chinese design.

Pakistan's prime minister, Nawaz Sharif, visited the kingdom January 23 for the funeral of King Abdullah and had also been there a couple of weeks earlier to pay his respects to the ailing monarch....

The visit by General Rashid comes a day after Pakistan announced the successful flight-testing of its Raad air-launched 220-mile-range cruise missile, which reportedly is able to deliver nuclear and conventional warheads with pinpoint accuracy.

While chairing his first cabinet meeting as prime minister yesterday, King Salman announced there would be no change in Saudi foreign policy.

In its own way, today's top-level meetings with the Pakistani military delegation seem to confirm this statement, adding perhaps an extra awkward complication to the Obama administration's effort to secure a diplomatic agreement with Tehran over Iran's nuclear program.

Iran May Already Have Its Bomb, But It Is Not Nuclear

Jerusalem Post | February 1

PRESIDENT BARACK OBAMA'S TRIP TO PAY HIS RESPECTS TO THE new Saudi Arabian king, Salman, could not come at a more crucial time. The past weeks have been momentous for the Middle East.

Recent developments threaten to continue to spread instability to the region and indeed the world. But the particular media coverage of the demise of Saudi King Abdullah bin Abdul Aziz and the concurrent collapse of the Yemini government are hardly the most compelling story, important and unsettling as they are. ...

Western countries, led by the U.S., have been busy trying to justify to the Sunni Arab states their rationale for continuing negotiations with Iran with the goal to manage if not reverse Iran's nuclear plans.

Long-standing U.S. allies in the Arab world remain skeptical and unwilling to sign on to Obama's Iranian overtures. Israel's Prime Minister Benjamin Netanyahu is so intent on challenging the U.S. policy that he is willing to risk a complete severance of his relationship with President Obama by encouraging the U.S. Congress to push for additional sanctions.

But it may already be too late. Iran may have already secured its greatest leverage, achieving a strategic and economic chokehold on Saudi Arabia and Israel at the same time. It may never need a nuclear bomb to threaten its regional enemies and force their acceptance of its growing influence and regional strategies.

Thanks to events over the past weeks, Yemen's Houthi rebels, aligned with Iran and supplied and trained by the Iranian Revolutionary Guards, have seized the Red Sea port of Hodeida, a mere 30 kilometers [18.6 miles] from Djibouti. For the first time Saudi Arabia's archrival now has the ability to control the Mandeb Strait connecting the Red Sea to the Gulf of Aden and Indian Ocean. Iran now is as close as it has ever been to controlling the strategic link between the Mediterranean Sea and the Indian Ocean. Through it, 3 million barrels of oil pass daily.

Straits in the Middle East are more than geographical features. They are nothing less than lifelines for the region's countries. The blocking of the Straits of Tiran by Egypt triggered the 1967 war between Israel and its Arab neighbors. Iran has in the past threatened to block the Straits of Hormuz if it was attacked by the West. The access to the Red Sea by Iran's allies makes the threat of an effective use of sanctions against Iran smaller. Iran is poised to push back the West in the nuclear negotiations.

President Obama's strategy of focusing on Iran's nuclear ambitions ignores Tehran's overall objective of asserting itself as the regional superpower. Failure to deal with the threat of an Iranian takeover of Yemen has now contributed to vastly increasing the cards that the Iranian regime can play. ...

Hamas Leader Calls for Lebanon, Syria Branches to Attack Israel Agence France-Presse | February 5

SENIOR HAMAS LEADER CALLED WEDNESDAY FOR THE FORMAtion of Palestinian militant groups loyal to his Gaza-based Islamist movement in refugee camps in Lebanon and Syria for attacks on Israel.

Mahmud Zahar told reporters in the Gaza Strip that Lebanese and Syrian branches of the Izz ad-Din al-Qassam Brigades, Hamas's armed wing, should launch attacks on Israel "to help us liberate Palestine." ...

[Denying any interference by Hamas in Egypt, Zahar said], "Our guns are always trained on the enemy," ... referring to Israel. ... "Zechariah [specifically Zechariah 14:1-5] prophesies of a violent takeover of half of Jerusalem led by the Palestinians, which is why it is likely that Hamas will eventually grab hold of the West Bank. Its leadership there will most likely be needed to orchestrate an attempt of the takeover of East Jerusalem." Stephen Flurry, Trumpet Daily, Aug. 25, 2014

Israel Reluctantly Accepts Hamas Rule Al-Monitor | February 4

WAR IS BEING WAGED IN THE SINAI PENINSULA BETWEEN THE regime of Egyptian President Abdel Fattah al-Sisi and the Islamic State It is an all-out, no-holds-barred, war. ...

The strategic balance in the region is as follows: Israel from the north, Gaza in the middle, Egypt's Sinai on the south. Gaza is blockaded on all sides, but armed to the teeth with missiles that can threaten Tel Aviv and most of the territory of the State of Israel. [The Islamic State], meanwhile, is shedding much Egyptian blood in Sinai and does not appear to be on the verge of stopping. It's a free-for-all, everyone against everyone else, but only the residents of Gaza are trapped in a bubbling pressure cooker, which has exploded with growing intensity over the years. "We have not managed to understand," said a high-placed Israeli military figure, "how it can be that the Gazans are not sick of the Hamas regime. How are they willing to continue to live in such a reality." ... During Operation Protective Edge, in July and August 2014, there were about half a million civilians in Gaza who became refugees About 2,200 people were killed in Gaza during the operation, and about 11,000 were wounded

In addition to all this, the Hamas regime is dictatorial. Hamas opponents are thrown from high places or shot in the knees to put them permanently out of commission. In the course of the operation, Hamas used brutal force to disperse spontaneous demonstrations that organized against it in Gaza. ... *How can it be*, Israelis ask. Why aren't the people disgusted with Hamas's rule? ...

As of now, Israel is trying to take the pressure off Gaza, to allow the Gazans to manage their economy and develop it. The catch is that Hamas is likely to attribute this improvement to its "victory" in the Protective Edge campaign. ...

In other words, Israel is beginning to reconcile itself to Hamas as a governing body and the Hamas movement as the entity that authentically represents the Palestinian people....

Until now Israel has tried to edge Hamas out of the picture, to try to "help the Palestinians understand" that the organization is bringing catastrophe down on their heads, but things have changed. From now on, Israel is relinquishing all attempts to "educate" the Palestinian people. Instead it prefers to occasionally release the pressure in the cooker to prevent the next explosion.

The odds for the success of this policy are unknown. The situation in Gaza remains grave. ...

"In the current state of affairs," the Israeli security official said, "it is not clear whether we will be able to avert the next explosion of the Gaza pressure cooker." All this is happening as a war is being waged a bit farther south, in Sinai, a war that has a direct effect on Gaza. A bit north from Gaza lies Israel, which is also engaged on several fronts simultaneously. Everyone is fighting with everyone else, and all are embroiled in one giant pressure cooker that results in quite a number of secondary, local explosions a year. The question is whether at some point we will have a big bang.

Report: U.S. Prepared to Rely on Iran for Regional Stability in Afghanistan, Iraq and Syria Breitbart | February 4

E UROPEAN OFFICIALS HAVE REPORTEDLY RELAYED A MESSAGE TO Israeli officials about the Obama administration's plans concerning the ongoing nuclear negotiations with Iran. The U.S. and Iran are reportedly closing in on a deal that would allow the ayatollah's regime to keep the vast majority of its centrifuges running, while also allowing for Iran to be in charge of stabilizing its surrounding region.

Israeli Army Radio reports that the deal is being brokered between U.S. Secretary of State John Kerry and Iranian Foreign Minister Mohammad Javad Zarif. The Iranians would purportedly have to make sure that there are no flare-ups in Iraq, Afghanistan and Syria. It remains unclear how Iran would rein in the three countries, all of which remain hotbeds of sectarian violence. In exchange for Iran agreeing to terms that appear to very much empower its regime, the United States will also agree to lift its economic sanctions against Iran, according to reports. ...

Last week, the Obama administration denied a report that said the president would agree to 80 percent of Iran's demands in the ongoing nuclear talks. Israeli officials believed the deal would render Iran with the capability to reach nuclear "breakout capacity" almost imminently, according to reports.

Iran: The 'Americans Are Begging Us for a Deal' Washington Free Beacon | February 5

A TOP IRANIAN MILITARY LEADER CLAIMS THAT U.S. OFFICIALS have been "begging us" to sign a nuclear deal during closed door negotiations with Tehran over its contested nuclear program, according to recent comments made to the Iranian state-controlled media.

Mohammad Reza Naghdi, the commander of the Basij, a paramilitary group operating under the wing of the Iranian Revolutionary Guard Corp (IRGC), recently claimed that the "Americans [An Associated Press] report notes that experts have warned that it's very easy to reverse the centrifuge reduction and maximize its efficiency.

Iranian figurehead President Hassan Rouhani told reporters on Tuesday that "Fortunately, the trend [of Iran's nuclear issue] is proceeding within the framework set by Iran."

"Iran cannot and will not sit idly by while a pariah terrorist group claims kingship of the Middle East. Iran might have actually supported and funded the Islamic State in the past, as some reports have indicated, but it appears that the Islamic State and Iran have crossed paths. Iran will use its clout in Iraq, its rising international legitimacy ... and the Islamic State's global marginalization to defeat or severely cripple ... Islamic State and assert its prophesied role as the end-time 'king of the south' (Daniel 11:40)." theTrumpet.com, July 3, 2014

are begging us for a deal on the negotiation table," according to comments published in Persian and independently translated for the *Washington Free Beacon*.

Naghdi added that American officials routinely "plea" with Iran in talks and that the United States is negotiating from a position of weakness, according to his comments, which follow earlier reports claiming that Iran's leading negotiator "frequently shouts" at U.S. officials. ...

Greek Standoff Pushes Europe to the Brink

Jeremy Warner, Telegraph | February 5

O NE OF THE CURIOSITIES OF FINANCIAL MARKETS IS THAT WHEN confronted with the possibly catastrophic consequences of unfolding events, they tend to assume rational, least-damage outcomes, a mind-set they stick to right up to the moment they're proved wrong.

Perhaps the most famous example was in the run up to the First World War: Even after the assassination of Archduke Ferdinand, markets remained in a state of blissful unconcern, notwithstanding the ever more deafening sound of saber rattling. Nobody could surely be so stupid as to go to war. But they were, and as the borders closed, the world succumbed to one of the worst financial crises in modern history.

By now you will have guessed where this is heading. I was at a presentation in the city the other day, listening to some leading bond-market strategists giving their thoughts on the outlook for interest rates. Naturally, they were asked about Greece. The prevailing view was that some kind of compromise would be cobbled together, one that would allow both sides to claim victory and prevent a messy Greek exit from the euro. "There is common, rational ground between Berlin and Athens in terms of flexibility around the size of the primary surplus and the interest rate Greece is charged on its debts," one of the strategists said.

Really? What perhaps ought to be the case is, in practice, a very long way from it. The first cracks in this oddly sanguine view of a fast deteriorating situation appeared on Wednesday night, when the European Central Bank said it would refuse to take Greek collateral. ... There was a brief bout of nerves following this "bombshell," but markets soon recovered their poise. One way or another, they have convinced themselves that it will be fine in the end.

Well here are the three key political reasons why Berlin is most unlikely to compromise in any meaningful sense, even though cutting Greece slack bears zero economic cost and arguably avoids a major European implosion.

First, compromise might have serious political repercussions

in Germany itself. Throughout Europe's economic crisis, Germany has been a beacon of broadly sensible, centrist, political stability, apparently immune to the populist movements which are overwhelming others. Germans are natural disciplinarians, and they don't take kindly to the idea of bailing out those who flout the rules, however oppressive. If Wolfgang Schäuble, Germany's hard-line finance minister, needed further convincing, he only had to look at *Bild-Zeitung*, the German equivalent of Britain's *Sun*, in which a poll suggested that 68 percent of Germans were against any further concessions. ...

Two, if Syriza was seen to "win," it would encourage others to pursue the same strategy, most notably Spain, which faces a general election in the autumn and where a Syriza-like populist movement, Podemos, is riding high in the polls. To the German way of thinking, it would almost guarantee a Podemos victory and Europe's descent into destabilizing and economically illiterate populism.

Three, further compromise would be seen as an act of betrayal against those political leaders—again notably Spain's beleaguered Mariano Rajoy—who have risked their political futures swallowing Berlin's medicine and pushing through painful reform.

Support for German intransigence among the incumbent governments of Europe should not be underestimated. For most, the austerity is largely over. It would seem cruelly perverse to be drummed out of office having come so far, only to watch Europe's puppet masters cave into those who have won power by claiming they can refuse the treatment. In any case, Mr. Rajoy, and perhaps others too, may be even keener than Berlin to see Greece ejected, if only to demonstrate what happens if voters follow Syriza's high-risk tactics. ...

In these circumstances, Syriza would appear to have but one, somewhat miserable, card left to play—that if Greece is let go, it would soon become another failed state on Europe's doorstep. ...

The European Union, Nationalism and the Crisis of Europe George Friedman, Stratfor | January 20

C UROPEAN MEDIA HAS BEEN FLOODED FOR THE PAST WEEK WITH leaks about the European Central Bank's forthcoming plan to stimulate the faltering European economy by implementing quantitative easing. ...

The plan is an attempt to spur economic activity in Europe by increasing the amount of money available. It calls for governments to increase their borrowing for various projects designed to increase growth and decrease unemployment. ...

The United States did this in 2008. In addition to government debt, the Federal Reserve also bought corporate debt. The hyperinflation that some had feared would result from the move never materialized, and the U.S. economy hit a 5 percent growth rate in the third quarter of last year. ... Now the Europeans will begin such a program—several years after the Americans did—in the hopes of moving things forward again.

The European strategy is vitally different, however. The Federal Reserve printed the money and bought the cash. The European Central Bank will also print the money, but each eurozone country's individual national bank will do the purchasing, and each will be allowed only to buy the debt of its own government. The reason for this decision reveals much about Europe's real crisis, which is not so much economic (although it is certainly economic) as it is political and social—and ultimately cultural and moral.

The recent leaks have made it clear the European Central Bank is implementing quantitative easing in this way because many eurozone governments are unable to pay their sovereign debt. European countries do not want to cover each other's shortfalls, either directly or by exposing the central bank to losses, a move that would make all members liable. In particular, Berlin does not want to be in a position where a series of defaults could cripple Europe as a whole and therefore cripple Germany. This is why the country has resisted quantitative easing, even in the face of depressions in Southern Europe, recessions elsewhere, and contractions in demand for German products that have driven German economic growth downward. Berlin preferred those outcomes to the risk of becoming liable for the defaults of other countries.

The major negotiation over this shift took place between European Central Bank head Mario Draghi and German Chancellor Angela Merkel. Draghi realized that if quantitative easing was not done, Europe's economy could crumble. While Merkel is responsible for the fate of Germany, not Europe, she also needs a viable free-trade zone in Europe because Germany exports more than 50 percent of its gross domestic product. The country cannot stand to lose free access to Europe's markets because of plunging demand, but it will not underwrite Europe's debt. The two leaders compromised by agreeing to have the central bank print the money and give it to the national banks on a formula that has yet to be determined—and then it is every man for himself. ...

It is as if the Federal Reserve were to print money and give some to each state so that New York could buy its own debt and not become exposed to California's casual ways. The strangeness of the plan rests in the strangeness of the European experiment. California and New York share a common fate as part of the United States. While Germany and Greece are both part of the European Union, they do not and will not share a common fate. If they do not share a common fate, then what exactly is the purpose of the European Union? It was never supposed to be about "the pursuit of happiness," but instead about "peace and prosperity." The promise is the not right to *pursue*, but the right to *have*. That is a huge difference.

Europe's crisis is not ultimately an economic one. Everyone families and nations—has economic problems. The crisis is not war, which tragically is as common as poverty. Europe's problem is that it promised a joy beyond custom, a joy yielding brotherhood and abolishing war, and a promise based on prosperity, which is a promise so vast it is beyond anyone's hope to make perpetual. Neither perpetual peace nor perpetual prosperity can be guaranteed, therefore the joy that would overcome custom and bind men in brotherhood is a base of sand. ...

The test of the American republic came when the idea that all men are created equal and endowed by their Creator with certain inalienable rights was juxtaposed with the brutishness of slavery. Prior to the revolution, these United States were divided into sovereignties so profound that many states saw themselves as individual nations not bound by the promises of the Declaration of Independence. They believed themselves free to withdraw from the federation if displeased by others' moral interpretations of the Declaration. What ensued was the Civil War, which was fought, as Abraham Lincoln put it, to test whether a nation so constituted could long endure.

That is precisely the question of the European Union. Can an entity, founded on nations of wildly different customs, expectations and economies long endure and share a common fate? ...

The strategy proposed for quantitative easing is a great compromise, and it may solve the economic problem. But at its first test, hardly on the order of slavery and the American Civil War, Europe has failed a more profound test: brotherhood, which is men bound together by a joy-transcending culture. ...

In *Flashpoints*, I wrote the following: "We are now living through Europe's test. As all human institutions do, the European Union is going through a time of intense problems, mostly economic for the moment. The European Union was founded for 'peace and prosperity.' If prosperity disappears, or disappears in some nations, what happens to peace? ... That is what this book is about. It is partly about the sense of European exceptionalism, the idea that they have solved the problems of peace and prosperity that the rest of the world has not."

But if Europe is not exceptional and is in trouble, what comes next? The history of Europe should give us no comfort.

NATO Due to More Than Double 'Rapid Response' Force in Reaction to Ukraine Deutsche Welle | February 5

T HE NATO ALLIANCE IS SET TO EXPAND ITS RAPID RESPONSE FORCE from 13,000 to 30,000 troops. The move was in response to Russian aggression in Ukraine and the challenge of Islamic extremism, its head Jens Stoltenberg said.

Speaking ahead of a meeting of NATO defense ministers in Brussels on Thursday, NATO Secretary General Jens Stoltenberg said the representatives were expected to agree to the measures, which he insisted were purely defensive.

"This is something we do as a response to the aggressive actions we have seen from Russia, violating international law and

annexing Crimea," he told reporters.

The strengthened rapid response force was set to include a "spearhead" force of 5,000 troops able to deploy anywhere within a few days, which was announced at a previous NATO conference last September and for which details were expected to be agreed on Thursday.

Other measures included setting up six regional command and control centers in eastern European nations, namely Estonia, Latvia, Lithuania, Poland, Romania and Bulgaria, to ensure the new forces could be mobilized quickly. A multinational headquarters for the alliance in Szczecin, Poland, would also be expanded. The military boost was also motivated by threats from extreme Islamist militants in the Middle East and North Africa.

"Our decisions make clear that NATO is determined to defend

all allies against any threat, from any direction," Stoltenberg said. ...

German Defense Minister Ursula von der Leyen described the expected increase in troops as a "sign of closeness and determination" on the part of NATO. ...

ECB Ratchets Up Pressure on Greece EU Observer | February 5

I N A SURPRISE MOVE, THE EUROPEAN CENTRAL BANK (ECB) ON Wednesday night said it will no longer accept Greek bonds as collateral for loans, giving Athens a week to reach an agreement with international creditors or face serious cash-flow problems.

Under the eurozone bank's rules, junk-rated bonds cannot be accepted as collateral. But Greek banks were nevertheless able to access cheap ECB loans under an exemption linked to the troika-overseen bailout program.

This waiver will be annulled from February 11 onwards because the ECB does not think Greece will reach a deal with its creditors by the end of the month, when an extension of the bailout expires.

Greece Economy: Merkel Rules Out More Debt Relief BBC | January 31

G ERMAN CHANCELLOR ANGELA MERKEL HAS RULED OUT CANceling any of Greece's debt, saying banks and creditors have already made substantial cuts.

But Ms. Merkel told the *Die Welt* newspaper she still wanted Greece to stay in the eurozone.

Greece's left-wing Syriza Party won last weekend's election with a pledge to have half the debt written off.

Its new finance minister has refused to work with the "troika" of global institutions overseeing Greek debt.

The troika—the European Commission, European Central Bank and International Monetary Fund—had agreed a ϵ 240 billion (US\$270 billion) bailout with the previous Greek government....

Greece still has a debt of €315 billion (\$357 billion)—about 175

France, U.S. Support Greece in Debt Battle EU Observer | February 2

PARIS AND WASHINGTON HAVE EXPRESSED SUPPORT FOR ATHENS' attempts to renegotiate the terms of its bailout, as Germany comes under increasing pressure to reconsider its approach to austerity in the eurozone.

French finance minister Michel Sapin on Sunday (February 1) met the new Greek finance minister, Yanis Varoufakis, and reiterated that there is no question of annulling Greece's debt, but said a "delay" could be considered.

"No, we will not annul. We can discuss. We can delay," he said on French TV Canal Plus after they spoke. ...

U.S. President Barack Obama also entered the debate by

"Suspension is in line with existing euro-system rules, since it is currently not possible to assume a successful conclusion of the program review," the ECB said in a statement.

The ECB board however kept the "emergency liquidity assistance" (ELA) program for Greek banks—which is routed through the Greek central bank and at higher interest rates than the direct lending from the ECB.

But the Frankfurt bank reviews the ELA system every two weeks to decide whether to continue it, giving the ECB further leverage over Greece. ...

percent of gross domestic product—despite some creditors writing down debts in a renegotiation in 2012. ...

Ms. Merkel insisted she did not want Greece to leave the eurozone.

She said: "The aim of our policy was and is that Greece remains permanently part of the euro community. Europe will continue to show its solidarity with Greece, as with other countries hard hit by the crisis, if these countries carry out reforms and cost-saving measures."

On Friday, German Finance Minister Wolfgang Schäuble warned Greece about its negotiation tactics on writing off debt.

"There's no arguing with us about this, and what's more we are difficult to blackmail," he said. ...

urging the eurozone to look at how the U.S. returned to growth. "Fiscal prudence is important. But what we've learned in the U.S. experience ... is that the best way to reduce deficit and to return to fiscal soundness is to grow." ...

This is based on the assumption that the European Central Bank (ECB) will keep emergency funding flowing—something the Frankfurt-based bank has not confirmed.

Currently, the ECB provides Greek banks with emergency cash because the country is considered to be compliant with bailout requirements. But if Athens is in breach of those commitments, the ECB could pull the plug. ...

Russia and China Dance Across Latin America Jeremiah Jacques | February 5

I N RECENT YEARS, CHINA AND RUSSIA HAVE BEEN DANCING WITH increasing vigor to the rhythms of Latin American trade and diplomacy. The two Eastern giants want business allies, resources and friends who share their desire to close the curtain on the era of United States dominance. As they tango across Latin America, they are finding all three in abundance.

China has been the main player to cha cha its way into the void America is leaving in the region. From 2000 to 2009, trade between China and Latin America increased 1,200 percent. If trends persist, China will surpass the European Union *next year* to become Latin America's second-largest trade partner.

China's dance into Latin America also includes an increasing amount of investment. Last month, Chinese President Xi Jinping pledged to invest \$250 billion into the region. "China has taken over the inside lane of economic development in Latin America with an ambitious 10-year regional investment plan on the scale of the Marshall Plan," said Latin America expert Juan de Onis,

China has also apparently broken ground on a canal through Nicaragua. The \$50-billion venture is billed as the world's largest engineering project. Its width and depth will dwarf that of the Panama Canal, several hundred miles south, allowing Nicaragua to accommodate modern freighters that are too large to pass through Panama. The overshadowing of the U.S.-built Panama Canal will significantly challenge American hegemony in Latin America.

From Cuba to Chile, the Chinese dragon is quickstepping to Latin America's spicy, conga-driven polyrhythms. Offering a mojito here and sharing a fine cigar there, China is winning many friends on the great Latin American dance floor.

In the past decade, Russia has worked to reestablish the footing in Latin America that the Soviet Union held during the Cold War era. Its efforts have intensified in recent months after the U.S. and Europe slapped sanctions on Russia as punishment for its role in the Ukraine crisis. In July, Russian President Vladimir Putin made a six-day tour of Latin America, visiting Cuba, Argentina, Brazil and Nicaragua, and meeting with 11 regional leaders. He signed landmark deals ranging from security and military to agriculture and investment. In recent months, Russian bombers have patrolled the Caribbean, landing in Venezuela and Nicaragua. Russia has held joint military drills with Venezuela, and Russian ships have entered Cuban and Venezuelan ports. As the Russian bear promenades and dips across the vast Latin American dance floor, it is establishing a position for itself of unprecedented strategic value. China and Russia do not feel threatened by one another's moves in Latin America. Instead, the two are dancing hand-inhand through key steps of their advance.

To support the Nicaraguan Canal project, Russia has promised military backing to ensure safety during construction. Starting this year, Nicaragua will host a Russian base, and Moscow's fleets will patrol the country's Pacific and Caribbean coasts. In July, Putin and Xi crossed paths in Brazil to unveil a new-world "development bank" to challenge U.S.-dominated financial institutions.

This all adds up to a deeply significant trend, yet the U.S. is indifferent to the Russo-Chinese advance into its backyard. But what about Europe? Will the Europeans allow their sister continent to become ever more aligned with Moscow and Beijing?

For more than five centuries, Europe and Latin America have been bound together as sister continents by both religion and language. This means European powers have enjoyed preferential economic treatment among nations of the region. The EU remains Latin America's second-largest trade partner (after the U.S.). Yet Europe's influence in the region has slipped slightly as the ambitions of Beijing and Moscow have swelled. But be assured Europe won't allow Beijing and Moscow to elbow it out of the dance.

Around the time Putin visited Cuba, Pope Francis sent letters to the leaders of Cuba and the United States. These letters played a key role in thawing U.S.-Cuban relations, which was announced in December. The pope's role in that deal gives the Catholic Church whose stronghold is Europe—renewed influence over Cuba. Will that influence be to the exclusion of Russia? For a time, Cuba's Communist regime may be in a position to play both sides against each other. Even still, the pope's maneuver significantly reduced Putin's sway over the island nation. Then in January, the pope appointed five new Latin American cardinals, saying the move would "manifest the indissoluble links between the church of Rome" and the nations the men came from. Also in January, Germany took a major step toward strengthening cooperation with Mexico.

At present, the lack of cohesion among European nations hinders Europe's efforts to reign supreme in Latin America. But the deepening inroads that China and Russia are making will actually serve as a catalyst for the EU to unite. As China and Russia continue mamboing through the region, European nations will increasingly work together, under German leadership and under Vatican guidance, to bolster Europe's own position on the great Latin American dance floor.

Departing From Japan's Pacifism, Shinzo Abe Vows Revenge for Killings New York Times | February 1

W HEN ISLAMIC STATE MILITANTS POSTED A VIDEO OVER THE weekend showing the grisly killing of a Japanese journalist, Prime Minister Shinzo Abe reacted with outrage, promising "to make the terrorists pay the price."

Such vows of retribution may be common in the West when leaders face extremist violence, but they have been unheard of in confrontation-averse Japan—until now. The prime minister's call for revenge after the killings of the journalist, Kenji Goto, and another hostage, Haruna Yukawa, raised eyebrows even in the military establishment, adding to a growing awareness here that the crisis could be a watershed for this long pacifist country.

"Japan has not seen this Western-style expression in its diplomacy before," Akihisa Nagashima, a former vice minister of defense, wrote on Twitter. "Does he intend to give Japan the capability to back up his words?"

As the 12-day hostage crisis came to a grim conclusion with the killing of Mr. Goto, the world has suddenly begun to look like a much more dangerous place to a peaceful and prosperous nation that had long seen itself as immune to the sorts of violence faced by the United States and its Western allies.

Some described a level of shock not unlike that experienced by the Americans after the 2001 terrorist attacks, or the French after last month's assault on the newspaper Charlie Hebdo and the murders in a kosher supermarket.

"This is 9/11 for Japan," said Kunihiko Miyake, a former high-ranking Japanese diplomat who has advised Mr. Abe on foreign affairs. "It is time for Japan to stop daydreaming that its good

Japan, Philippines Boost Defense Ties February 4 | Diplomat

ROM JANUARY 29-31, PHILIPPINE DEFENSE SECRETARY VOLTAIRE F Gazmin paid a three-day visit to Japan where he led talks with his counterpart General Nakatani to boost the defense relationship between the two countries.

Japan and the Philippines have a long relationship that extends beyond contemporary concerns about China. ... But while economics has long been a major part of the relationship, under Japanese Prime Minister Shinzo Abe and amid growing anxiety about Chinese actions in the East China Sea and South China Sea, both countries have been strengthening their defense ties under a strategic partnership inked in 2011.

The recent visit was another sign that the relationship between the two sides could grow closer still in this dimension. ... Yes, the two sides did brief each other on maritime security issues, which have brought them ever closer over the past few years. But they also signed a memorandum of understanding outlining specific steps to enhance defense cooperation and exchanges between their two defense ministries.

Some of the measures agreed upon include regular dialogues at the ministerial and vice-ministerial level as well as talks and visits by the various armed services, which will help further collaboration. But there was also mention of specific cooperative endeavors both bilaterally and with other partners. Japan would commence a capacity building project for the Armed Forces of the Philippines in the area of humanitarian assistance and disaster relief, while both sides would also explore cooperation

will and noble intentions would be enough to shield it from the dangerous world out there. Americans have faced this harsh reality, the French have faced it, and now we are, too."

The crisis also comes at a crucial moment in Japan's modern history. Since taking office two years ago, Mr. Abe, a strong-willed conservative, has tried to push his nation into shedding the passive brand of pacifism that it repentantly embraced after defeat in World War II, and playing a more active role in world events. Analysts and former diplomats say the stark savagery of the killings will be an important test of how ready Japan really is to step onto the global stage....

"As significant as gutting Article 9 would be, the reality is that Japan has long been building toward a military capable of more than defense.... As the U.S. snubs history, turns inward, and ignores geopolitical shifts, the barriers established to prevent another world war are being systematically dismantled." Trumpet, December 2013

in defense equipment and technology. These are initiatives that could go beyond the transfer of 10 patrol boats to the Philippines originally announced in 2013, particularly with reports that Manila had handed over a "military wish list" of sorts to Tokyo to assist with its ongoing defense modernization.

More broadly, in a sign of the two countries working in other fora with like-minded partners, the Japan Maritime Self-Defense Force will work with the Philippine Navy as fellow members of the Western Pacific Naval Symposium to contribute to the development and implementation of the Code for Unplanned Encounters at Sea. There is also indication of both countries being integrated as part of existing partnerships, with mention of working to make its air force part of the "Cope North Guam" exercises-a Japan-U.S.-Australia joint exercise. This would build conceptually on Japan's previous participation-to varying degrees-in U.S.-Philippine bilateral exercises last year. ...

"Maybe Tokyo would be able to persuade nations ... to form an alliance with Japan to counter the China-Russia axis.... But the strong implication of Bible prophecy is that even if some kind of Japan-led counter-alliance were formed, it would not be long before it joined China and Russia." Trumpet, January 2014

TW IN BRIEF

Russia-India-China cooperation grows

OREIGN MINISTERS FROM RUSSIA, INDIA AND CHINA met in Beijing on Poly met in Beijing on February 2 for the 13th RIC

(Russia-India-China) meeting. The joint group called for a new world order and vowed to "build a more just, fair and stable international political and economic order." The ministers discussed

ways for the three countries to enhance their cooperation to strengthen and maintain peace and stability in the Asia-Pacific region. They agreed to establish a trilateral consultation mechanism on Asia-Pacific affairs to enhance cooperation and connectivity. All three countries attached special importance to their cooperation within the Shanghai Cooperation Organization (sco), which is increasingly seen as a counter to NATO, pillared by Russia, China and most of the Central Asian States. India has been invited to join the sco which is hailed as "one of the key instruments in promoting multilateral political, security, economic and humanitarian interaction in the region." The day before the meeting, Indian Prime Minister Narendra Modi said China and India are bound by an "unbreakable bond." Sino-Russian "relations are at the highest level ever," Russia's foreign minister reported and Chinese President Xi Jinping said the Sino-Indian relationship had "entered a new stage" calling for continued advancement of ties between China and India. The next RIC meeting is to be held in the second half of 2015.

ANGLO-AMERICA

Are We Living in the 'Last Days'?' Stephen Flurry, Trumpet Daily | February 6

W HEN JOURNALISTS TAKE AN HONEST LOOK AT THE WORLD around us, what they see is strikingly similar to what is described in the Bible. So, is it possible? Could we be living in the "last days"? Follow Stephen Flurry



The Obama Doctrine Says 'Israel's Enemy Is My Friend'

Melanie Phillips, Jerusalem Post | February 6

T HE BROUHAHA OVER PRIME MINISTER BENJAMIN NETANYAHU'S proposed address to the U.S. Congress next month is simply jaw-dropping.

Uproar ensued after Netanyahu was invited by the Republican speaker of the House of Representatives, John Boehner. Democrats have been furiously accusing the prime minister of crude Israeli electioneering. In Israel itself, he has come under widespread attack for putting the delicate relationship between Israel and the Obama administration at risk.

What planet are these people living on? The issue, and it could hardly be more urgent or grave, is not Netanyahu's behavior. The issue is how to stop Iran.

It is astounding to claim that Netanyahu is putting the relationship with Obama at risk. The wholly artificial storm whipped up by the White House merely illustrates once again Obama's sustained malice toward Israel, the invaluable bulwark of Western defenses in the Middle East, while he empowers Iran and other enemies of America and the free world.

That is what everyone should be talking about.

An article in *Atlantic* magazine by Jeffrey Goldberg claims Netanyahu decided to "ruin relations with Obama" through the Congress invitation which Goldberg says was cooked up with Speaker Boehner by Israel's U.S. ambassador, Ron Dermer.

Is it really likely that either Dermer or Netanyahu would be such reckless tactical imbeciles? Or is it more likely that they have made a strategic calculation born of desperation that Obama intends to allow Iran to get the bomb and time is running out to stop him? ...

In addition, thanks to Obama Iran is the one country in the Middle East that is becoming increasingly powerful as a result of the unrest in the region.

The coup in Yemen has brought an Iranian-backed Shiite group to power there. In Iraq, where Iran is fighting the Islamic State, Shiite militias responsible in the past for killing U.S. forces are giving orders to the Iraqi Army under the oversight of Maj. Gen. Qassem Suleimani, commander of Iran's Quds force. Iraq is on the way to becoming an Iranian satrapy. ...

For the Obama administration, nothing can be allowed to interfere with the U.S. rapprochement with Iran.

The fact that Iran is fighting the Islamic State seems to be driving all before it. The State Department even suggested the U.S. would side with the Iranian-backed Houthis in Yemen because, over the Islamic State, Iran and the West were on the same side.

This is utter madness. In the Middle East, my enemy's enemy may nevertheless still be my mortal enemy. Iran has killed countless American personnel in Iraq and elsewhere, and has been responsible for attacks against U.S. and Western interests over the years.

The regime constitutes the most deadly threat against the West in the world. In Iraq, it is fighting the Islamic State with a view to defeating the U.S. Yet Obama is treating it as an ally....

The U.S. president believes Iran can be stroked into coming in from the cold, thus rebalancing the Middle East around a new "Grand Bargain" which keeps the peace. ...

So nothing can be allowed to stand in the way of the Grand Bargain. But unfortunately, Israel is in the way—because tiresomely, Israel refuses to become the victim of a second genocide of the Jews as Iran never ceases to threaten. Obama's liberal Pollyanna/Narcissism is thus given a malevolent edge by his belief that the one impediment to the new world order he wants to create, formed in his resentful mind by evening up the score between the oppressive U.S. and the oppressed developing world, is the State of Israel.

So for Obama, the enemy is Israel, not Iran. ...

What we're seeing is not just a knockdown fight with Israel. We are watching the destruction of America's role as guarantor and protector of the free world, and the translation of the U.S. instead into the facilitator of Islamic terror and war.

Only Congress can stop this. Which is the real reason Mr. Netanyahu is going to Washington.

Τ

Britain's Dying Romance With Europe Daryle Hochstetler | February 3

PRESIDENT OF THE EUROPEAN COMMISSION JEAN-CLAUDE Juncker compared Britain's relationship with the European Union to a dying romance. He said this on January 18 when he met with French delegates. Juncker called for a "divorce" between Britain and the EU, marking the first time he has publicly mentioned Britain leaving the EU. He said he was ready to discuss Britain's demands for treaty change, but made clear that there are "red lines." One "red line" includes change to immigration rules for eastern European countries. He called the desire to change immigration rules "the whim of certain politicians."

Nigel Farage, the leader of UK Independence Party, asked for "an amicable divorce and a trading relationship [with the EU] to follow."

Making sure Britain understands his feelings, Junker stated that he would not get on his knees and beg Britain to stay. "People shouldn't stay together if the conditions aren't the same as when things started," he said. "It is easy to fall in love and more difficult to stay together." Polls show that Britons favor calling it quits too. A December survey found that 42 percent of British adults would vote for Britain to exit the EU, while 31 percent would choose to stay.

European leaders will meet again on February 12 to discuss possible changes to the EU treaty. Don't expect serious reconciliation.

Britain's divorce from the European Union is coming, but it will not be amicable.

America's Anti-Israel President Peter Wehner, Commentary | January 29

T HE OBAMA ADMINISTRATION IS UNUSUALLY PETTY AND SOPHOmoric. The attacks leveled against Israel's ambassador to the United States, Ron Dermer, are part of a troubling pattern in which officials in the Israeli government—including and especially Prime Minister Benjamin Netanyahu—are vilified.

No world leader has been treated by President Obama and his administration with the contempt they have shown Prime Minister Netanyahu—from this snub in 2010 to being called a "coward" and "chicken**** prime minister" by senior administration officials.

But the problem goes much deeper than a personality clash. President Obama is, quite simply, anti-Israel. In every conceivable situation and circumstance, the president and his aides give the benefit of the doubt not to Israel but to its enemies. This despite the fact that Israel is among America's longest and best allies, democratic, lawful, takes exquisite steps to prevent civilian deaths in nations committed to destroying it, and has made extraordinary sacrifices for peace. No matter; the pressure that's

UK Lawmakers Approve '3-Parent Babies' Law CNN | February 3

AWMAKERS ON TUESDAY VOTED IN FAVOR OF A LAW THAT SETS the stage for the United Kingdom to be the first country in the world to allow a pioneering in vitro fertilization technique using DNA from three people. ...

Passage of the law is opposed by Catholic and Anglican

applied is always applied most against Israel—even when, as in last year's conflict with Hamas, Israel was the victim of lethal attacks.

This is morally shameful. In a world filled with despotic leaders and sadistic and ruthless regimes ... which nation alone does Mr. Obama become "enraged" at? Which is the object of his disdain? Which provokes his white-hot anger?

Answer: Israel. ... Mr. Obama wouldn't be the first world leader to have an irrational animus against Israel. He's not even the first American president to have an irrational animus against Israel. (See: Jimmy Carter.) But it is fair to say, I think, that no American president has been this consistently hostile to Israel while in office or shown such palpable anger and scorn for it and for Israel's leader.

Perhaps given President Obama's history—including his intimate, 20-year relationship with the anti-Semitic minister Jeremiah Wright—this shouldn't come as a surprise. But that doesn't make it any less disturbing.

church leaders, in part because the process involves the destruction of an embryo. ... The new embryo will contain nuclear DNA from the intended father and mother, as well as healthy mitochondrial DNA from the donor embryo—effectively creating a "three-parent" baby. ...