

# Trumpet Weekly

AUGUST 28, 2015

Traders work on the floor of the New York Stock Exchange on August 25, following a day of steep drops in global markets the previous day in New York City.



## Fear Index Explodes as World Careens Toward Global Market Meltdown

ON AUGUST 24, MANY AMERICANS WOKE UP TO THE SMELL OF coffee brewing and news that China's stock market was once again in free fall. Yawn.

By 9:30 EST, a totally different aroma was infiltrating boardrooms and offices inside America's biggest banks and Wall Street houses.

It was fear.

Suddenly, memories of the 2008 economic crash were being replayed in high-definition Technicolor with

brokers clinging white-knuckled to their computer keyboards and iPads—watching in disbelief as stock prices went into free fall. In less than 10 seconds on Monday, over 1,000 points were wiped off the Dow Jones Industrial Average. *Hundreds of billions of dollars simply ceased to exist.*

Three minutes later, the carnage continued as it fell an additional 300 points. *The 1,300-point loss was the sharpest single intra-day drop on record.*

Analysts wondered what would happen next. Never before have the markets been exposed to such massive leverage. Corporations have borrowed a stunning \$9.3 trillion since the



ROBERT MORLEY

SPENCER PLATT/GETTY IMAGES

beginning of 2009. Rarely have investors borrowed such massive sums on margin.

*Could this be the beginning of another Black Monday? Another 1929?*

For a brief period, anxiety shot so high it blew out the Chicago Board Options Exchange volatility index—often referred to as the *fear gauge*. The computer algorithms couldn't handle the unprecedented volume as the index tripled. For 30 minutes, investors were greeted with patchy data and empty screens.

The last time the index reacted so sharply, bad things followed. Think 2008 Great Recession and Wall Street meltdown.

But market participants should not have been flying blind. The fear gauge was pinging all month. If it ends at these levels, it will be the biggest one-month percentage gain in the fear gauge in history.

A lot of other signs of trouble were evident too.

The riskier portion of the junk bond market, which many corporations are forced to rely upon for their financing needs, got absolutely massacred just days prior to the stock market mayhem. The average cost to borrow for a CCC-rated company spiked from 13 to 16 percent on August 13. It was less than 7 percent a little over a year ago. These kind of “vertigo-inducing” events are rare in normal times, says analyst Wolf Richter. “And there haven't been any [‘normal times’] since the [last] financial crisis.”

In July, the Empire Manufacturing Index—the all-important measure of business activity in New York State—also plummeted to levels only before seen in the last two economic recessions.

Shipping rates have collapsed, highlighting the sharp slowdown in global trade. “There is now a full-blown August storm sweeping through global markets,” writes the *Telegraph's* Ambrose Evans-Pritchard.

Commodity prices are collapsing too. Oil dipped below \$40 per barrel on Monday, down 60 percent from a year ago. Coal, iron ore, potash, uranium, soybeans, sugar—all down. Oranges, wheat, nickel, silver, cement—all down too.

Surely somebody should have noticed that something was wrong.

On Monday, as world stock markets followed China and the United States into the red, it became clear that it caught authorities off guard. In Australia, both Finance Minister Joe Hockey

and Prime Minister Tony Abbot took to the airwaves to reassure investors after Australia's benchmark stock index dove at the sharpest rate since 2009.

“I'm absolutely confident, absolutely confident, that the fundamentals of the Australian economy and the global economy are still good, are still good. Without doubt, that is the situation,” Hockey told the Nine network's *Today Show*. “In fact there is no crisis now. It is a correction.”

Could he have mentioned *absolutely confident* one more time?

“I think it's important that people don't hyperventilate,” Prime Minister Abbott said. “The fundamentals are sound.” Former Federal Reserve Chief Ben Bernanke talked a lot about America's *fundamentally sound* economy before the 2008 crash too.

When a prime minister is in front of the cameras talking up the market, you know that everything is not sound.

By end-of-day Monday, the Dow Jones tried to rally, but it still ended down almost 600 points. It was the *first time in history* the Dow had fallen by 500 points on two consecutive days.

On Tuesday, the markets initially rose but the Dow ended the day down another 205 points. There wasn't even a dead cat bounce. It was the *biggest reversal* since 2008.

The markets are giving some pretty strong warning signs that all is not well. It is beginning to look a lot like the days prior to the 2008 economic meltdown.

And we haven't even reached September yet.

“Most crashes tend to be in the fall,” *Commentary's* John Steele Gordon observes. “I think it's human psychology, you tend to be more cautious in the fall. The speculations of summer that seem so brilliant, suddenly, when the chill winds of October come, you wonder if they're such a good idea and you try to get out.”

Whatever the reason—the September/October time frame does tend to be the most dangerous. We are almost there.

But don't worry. The pundits on TV say it will be fine, so it must be. So go ahead and buy the dips. Pull out the credit card. Buy yourself something nice ... maybe another cup of high-priced coffee. And enjoy the aroma—because you might be smelling something else before you know it.

If instead you would like some help putting your financial house in order, [read this](#). It is free.

 Follow [Robert Morley](#)

## MIDDLE EAST

**TrumpetDaily**  
RADIO SHOW

SALVATION IS CREATION | AUGUST 28

THE DEMISE OF GLOBALIZATION AND THE RISE OF NATIONALISM | AUGUST 27

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BRITAIN PAYS FOR REPAIRS TO EMBASSY IRANIAN MOB RANSACKED | AUGUST 24

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## Iranian Official: Israel's Annihilation Still Our Central Goal

Arutz Sheva | August 25

A SENIOR IRANIAN OFFICIAL HAS REITERATED THAT IRAN VIEWS the annihilation of the State of Israel as its most central foreign policy, despite warming relations with Western powers.

The Iranian Parliament Speaker's Adviser for International Affairs, Hossein Sheikholeslam, made the comments in a speech to reporters in Tehran, during which he also attacked the British Foreign Secretary [Phillip Hammond] for suggesting Iran's hostility towards Israel had softened since the nuclear deal.

"Our positions against the usurper Zionist regime have not

changed at all; Israel should be annihilated and this is our ultimate slogan," Sheikholeslam said Tuesday, according to the semi-official Fars News. ...

Sheikholeslam also rebuffed Hammond's call for past hostilities between Iran and Britain to be forgotten, retorting that Iran "will never forget the past and Britain's colonialist moves."

**RELATED:** ["WHY IRAN CAN AFFORD TO BE INSANE"](#)

## Iran's New Launcher 'Paves Way for Longest Range Missiles'

Arutz Sheva | August 22

IRAN UNVEILED ON SATURDAY ITS NEW FATEH-313 SURFACE-TO-SURFACE missile with a 500 kilometer (300 mile) range, as well as its massive 27-meter-tall Simorgh satellite launcher, which one expert says may pave its way to intercontinental ballistic missiles (ICBMs).

Tal Inbar, head of the Fisher Institute for Air & Space Strategic Studies' Space Research Center, told Arutz Sheva on Saturday night that an analysis of the pictures of the new launcher reveals a great likeness to North Korea's satellite launcher technology.

"This rocket will allow Iran to launch satellites double the weight it is currently able to, and additionally it will bring it closer to expertise in the needed technologies for developing especially long-ranged ballistic missiles up to intercontinental ranges," said Inbar.

The expert appraised that Iran's unveiling of the Fateh-313 is meant to be a message to its rivals in the Persian Gulf such as Saudi Arabia, and also a warning to Israel that it may transfer the advanced new missiles to its terror proxy Hezbollah in Lebanon.

"It also has an element of protest against the fixed members of the UN Security Council, [because] during the negotiations with Iran on its nuclear program, Iran stated that its missile

program isn't up for discussion." ...

Regarding the satellite launcher, Inbar said it strengthens the known military cooperation between North Korea and Iran.

But beyond that, he noted that by deepening its heavy rocketry technology for outer space, it is developing the means "to contribute to assault rocketry of the longest range." ...

[At the unveiling ceremony of the missiles, Iran's President Hassan Rouhani said, "Iran's strategy is based on defense and deterrence. The first line is diplomats and the second line is generals. Diplomats should be backed by generals. If they fail, it is the generals' turn to come forward." Arutz Sheva said Rouhani's remarks were "a clear indication that military action will follow the failure of nuclear diplomacy."]

**"[W]e can expect [Iran's] provocations to continue to get stronger. ... Events are barreling toward the conclusion prophesied in Scripture: Iran—self-assured and belligerent, lulled by years of all-bark-no-bite response from the West—is going to push once too many, too hard, too far. And the sudden, shocking, overwhelmingly violent response they encounter will be their end!"**

"Sanctions Fawil Again: Iran Pushes Back," [theTrumpet.com](#), July 4, 2012

## On Syria: Germany Stands Out, Stands Up

Al Arabiya | August 27

THEY'RE CALLING HER "MAMA MERKEL," SENDING HER LOVE MESSAGES on Twitter and showing gratitude unseen recently for a Syrian or Arab leader. Germany's chancellor, Angela Merkel, is being celebrated by many Syrians this week, for defying EU rules and showing compassion to a refugee population that's been let down all too often in the last four years. ...

Merkel might not be the most charismatic leader or orator on the global stage, but this week, Germany's chancellor has shown both the audacity and the empathy in addressing the Syrian refugee problem. On Tuesday, Berlin announced its intention to welcome all Syrian asylum seekers to stay in the country,

disregarding Europe's Dublin protocol and enraging the far-right groups in the process.

Merkel called for restoring European values in tackling the humanitarian problem, for "sharing the burden" dismissing the far-right attacks as "disgusting, how right-wing extremists and neo-Nazis are trying to preach dull hate messages." Merkel also vowed "there will be no tolerance of those who question the dignity of other people." ...

Germany's embrace of thousands of Syrian asylum seekers exposes how little other countries have done on this issue. Amnesty points out that "excluding Germany and Sweden, the



remaining 26 EU countries have pledged a mere 5,105 resettlement places, or 0.13 percent of Syrian refugees in the main host countries.”

Ironically, the countries that are most involved militarily in the Syrian war, ... with the exception of Turkey, are the ones doing the least on the refugee issue. ...

With no end in sight for the Syrian war, however, and with militias multiplying in numbers and nefariousness, the Syrian refugee crisis is only expected to intensify in the coming period. For Germany’s chancellor, who is being called by some activists as “Merkel of Abyssinia” in reference to the Muslim migration to Ethiopia in the seventh century, this will boost Berlin’s credibility in the Middle East as an impartial problem solver, helping alleviate the suffering as many who directly contribute to it

choose to ignore it.

**“[Trumpet editor in chief Gerald Flurry] wrote: ‘For Germany, Syria’s revolution isn’t about a humanitarian crisis at all. It’s about geopolitics and how Berlin can aggressively advance its strategic interests in the Middle East!’ As you continue watching the impending demise of Bashar Assad, watch this trend of Germany moving deeper into the region to check Iran. ... Watch for Iran to lose its hold in Syria. Expect the Syria-Iran alliance to break. Above all, watch to see if Germany doesn’t make a strong move to pick up the pieces—and to actually use Syria as a tool to fight Iran.”**

“An Important Trend to Watch as Assad’s Rule Weakens in Syria,” theTrumpet.com, June 21, 2015

## EUROPE

# TrumpetHour

THE RISE IN NATIONALISM | AUGUST 28

FEAR IN GLOBAL MARKETS, THE EUROPE OF THE BIBLE TAKES SHAPE, LIVE BY EVERY WORD AND MORE | AUGUST 26

### EU States Favor Christian Migrants From Middle East Andrew Rettman, EU Observer | August 21

#### WE TALKED ABOUT THIS



EU MEMBER STATES WITH A ROMAN CATHOLIC HERITAGE ARE showing a preference for taking in Christian migrants, despite their obligations under EU law.

The Slovakian government was the latest to issue a statement. ...

Its Interior Ministry told *EU Observer* on Thursday (August 20) that it’s “not a discriminatory country” and that “if some Muslim people come to Slovakia and decide to stay in our country and ask for asylum, they will be [put] in [a] normal asylum process.”

But it added that, in practice, Muslims don’t want to live there and end up moving on to EU states with larger Muslim communities. ...

Cherry-picking migrants is against EU law. Its Charter of Fundamental Rights contains explicit clauses on non-discrimination. ...

But the EU relocation mechanism, the final details of which are to be decided by EU officials and member states’ experts in a “forum for resettlement and relocation” next month, leaves wiggle room for national preference. ...

*EU Observer* also contacted ministries in the Czech Republic, Ireland, Poland and the Baltic States, all of which have a strong Catholic or Protestant heritage.

None of them are willing to say quite what Slovakia is saying. ...

But Ireland (120 refugees) did echo Slovakia. A Justice Ministry spokesman noted that “language skills, family links, or cultural ties relate to the capacity of the people relocated to integrate into their new host country, which is something to be taken into account in the relocation process.”

A contact from one of the three Baltic states (725 asylum seekers and refugees in total) also noted the region is becoming increasingly anti-Muslim.

“In Latvia and Lithuania, there is a nascent debate about [banning] the wearing of the burka”, the government source said. ...

[Hungary is] one of the few states which has so far not volunteered to take in any asylum seekers or refugees under the EU program.

Its right-wing prime minister, Viktor Orban, said in July that “We would like for Europe to keep belonging to the Europeans ... to preserve the Hungarian Hungary.”

The Czech president, Milos Zeman, has also attacked EU “political correctness.”

He recently said “refugees from a completely different cultural background would not be in a good position in the Czech Republic” and said Muslim migrants are potential terrorists.

Poland, in July, already took in some 60 Christian-only families from Syria. ...

The Polish prime minister, Ewa Kopacz, in the run-up to the project, said Poland, “as a Christian country,” has a special responsibility to help Christians. The Polish opposition party, PiS, which is neck-and-neck in polls ahead of October elections, has said multiculturalism is a “failure” in Europe.

Belgium, which also has a Catholic heritage, has volunteered to take 2,464 asylum seekers and refugees under the EU scheme.

In July, it already took in some 200 Christians from Syria, in a separate NGO initiative. ...

Operation Safe Havens is in “advanced negotiations” to resettle a second group of Christian-only families in the EU next month.

[Its spokesman] asked *EU Observer* not to name the host state due to the sensitive timing of the talks, but it is also a Catholic

country in Eastern Europe.

“The more secular countries quite often have the reaction that it [a Christian-only rescue mission] is discriminatory,” he said.

A contact from another agency which works to highlight the persecution of Christians in the Middle East, who asked not to be named, told this website: “There are quite a few EU countries which have, for years, unofficially given preference to asylum applicants of Christian origin.”

She named Belgium, Ireland, Hungary, Poland, Slovakia and Sweden, which has a strong Christian-democrat element in its establishment, as well as an increasingly popular anti-Muslim party, the Sweden Democrats.

Sweden has volunteered to take 1,860 asylum seekers and refugees in the EU program.

It also hosts the highest number of protected migrants per capita in the EU. ...

### **What Europe's Refugee Influx Means for EU Foreign Policy** **Judy Dempsey, Real Clear World | August 25**

**T**HE EUROPEAN UNION'S APPROACH TO CRISIS MANAGEMENT IS reactive. What is more, the union is unwilling to consider using hard power to underpin its values.

It is as if European governments were not warned about the current refugee crisis and its serious consequences for Europe's foreign and security policy. Over the past year, hundreds of thousands of refugees—particularly those fleeing the wars in Syria and Iraq, unrest in Afghanistan, and repression in Eritrea—have risked their lives to reach Europe.

The refugees are beholden to gangs of smugglers, with Albanians taking the leading role in exacting huge fees to get the migrants to an EU country.

Unless the EU's crisis management policy radically changes, the flow of refugees will continue. Few North African and Middle Eastern countries provide security, stability or a democratic and economic perspective for their youth. ...

As it is, in most Eastern European countries there is an anti-Muslim sentiment and a deep reluctance to open the doors to people who are seeking security and freedom. ... Poland has now officially said it will accept Christians—as have

Slovakia and the Czech Republic. Muslims, shamefully, are not welcomed. ...

With the benefit of hindsight, the EU should have acted in Syria by using hard power against the regime of President Bashar Assad. The longer the European governments sat on the sidelines, the more intractable the conflict became. ...

In Libya, the EU's crisis management machine was almost nonexistent, even though the European Commission had known for several years about the potential scale of the refugee problem emanating from Libya and the political and social impact of overthrowing the regime of former strongman leader Muammar Qadhafi.

The vacuum left by the collapse of the regime was rapidly filled by a plethora of tribal movements as well as criminal and terrorist gangs—not to mention the havoc wreaked in nearby Mali. ...

Ultimately, this is about the EU recognizing that its crisis management and soft power tools—both always too slow to react, let alone anticipate—can only go so far without hard power.

### **Putting the French Train Attack Into Context** **Stratfor | August 24**

**T**HE MEDIA IS RIFE WITH SPECULATION ABOUT THE MOTIVES OF the Moroccan gunman who attacked a Paris-bound train August 21. Ayoub al-Khazzani, who was subdued by three American tourists aided by a British man living in Paris, brought an AK-47, a pistol and a box cutter onto the train. ...

The August 21 attack fits into several analytical narratives that Stratfor has been following. First, it highlights the vulnerability of rail transit; trains and subways continue to provide soft targets for would-be attackers. As we have previously discussed, rail transit is an enticing target for a terrorist attack because it offers a dense concentration of potential victims, neatly packaged into a small metal box. It simply is not economically feasible to implement airport-like security measures for

high-volume train lines, so they will therefore remain vulnerable soft targets for the foreseeable future.

Second, the would-be attacker was known to security agencies in Spain and France. The number of potential attackers at any given time is very high, especially in Europe, and authorities simply do not have the resources to place them all under constant surveillance. Surveillance efforts must therefore favor operatives who are considered to be the most dangerous. This means that some possible assailants will continue to slip through the cracks.

Third, the attacker was able to obtain weapons in Belgium. Several attacks, including the *Charlie Hebdo* attack in Paris on January 7, and thwarted plots have been carried out with

weapons obtained on the Belgian black arms market.

Fourth, although the attacker allegedly had traveled to Syria—ostensibly to obtain military training at a jihadist camp—he was not highly trained. After his first few shots, his AK-47 malfunctioned and he struggled to clear it. This malfunction gave the three Americans and the Briton time to rush and disarm him. Had the

weapon not malfunctioned, the men may have had to charge into a hail of fire. ... When confronted by danger, they possessed the proper mindset to charge the gunman instead of freezing or sitting by passively in denial, waiting to be shot. Had they hesitated and given the gunman time to clear the malfunction in his AK-47, the story in the news today may have been far more tragic.

## **Serbia Sees Its Path to EU Open After Pact With Kosovo** **Misha Savic, Bloomberg Business | August 25**

**S**ERBIA RESOLVED MOST OF ITS DISPUTES WITH KOSOVO IN EUROPEAN Union-mediated talks and signed four agreements with the breakaway province that the EU bloc's Foreign Policy Chief Federica Mogherini described as "landmark."

The documents allow Serb-populated municipalities in Kosovo to run some of their affairs, such as education, health care and economic development, with Serbia's financial backing. ...

"There are no more obstacles for starting accession talks" with the EU, Vucic said. "Our European path is open."

Serbia seeks to follow fellow former Yugoslav republics Slovenia and Croatia into the world's biggest trading bloc and hopes to gain entry by the end of the decade. Improving ties with the former province is an EU condition for Serbia, which refuses to recognize Kosovo's 2008 secession.

"In a way, this is recognition of Kosovo independence" by Serbia, broadcaster B92 reported, citing Kosovo's foreign minister, Hashim Thaci. "Serbia signed the documents under pressure from the international community." ...

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## **TW IN BRIEF**

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**R**efugee shelters in Germany burned down: A fire broke out on the grounds of a refugee center in northern Berlin Wednesday afternoon. The building, which used to be a gym of a former mental hospital, was covered in flames as firefighters tried to put out the fire. According to an eyewitness, as reported by local media, there was an explosion that preceded the fire—which would indicate arson. The mood in Germany is tense as many Germans are upset with the incoming surge of refugees. Numerous other attacks and threats have occurred this week. Another temporary shelter for asylum seekers was burned down on Tuesday just west of Berlin.

**G**ermany declares all asylum seekers welcome: Germany will take in all asylum seekers from Syria, regardless of which EU nation they first entered, the government announced yesterday. Germany is now the first EU nation to suspend a 1990 protocol, which says that refugees must request asylum in the first EU nation they enter. The government also announced they would revoke all current expulsion orders for Syrian asylum seekers. Germany is expecting nearly 1 million migrants this year, and is Europe's top destination for migrants. The decision to allow in Syrian refugees will draw in even more migrants. Yet the topic is contentious, with some violently opposing the influx.

## **ASIA**

## **China Builds Up Its Fleet of Ships That Make Artificial Islands** **War Is Boring | August 27**

**C**HINA'S BURGEONING DREDGING FLEET HAS NOT ONLY EXCAVATED new land in the South China Sea, but has also given China a big new shovel to break ground on the seaward vector of China's "One Belt, One Road" initiative, the Maritime Silk Road.

Even after China finishes constructing new "islands," its dredgers stand ready to support port construction and channel widening along its strengthening Silk Road. China's rapid rise to the forefront of world dredging exemplifies its ability to leverage its broad economic and technological achievements into the advancement of the country's strategic goals. ...

While China announced on August 11 that reclamation had halted in the area, it has also rejected U.S. proposals for

a construction halt, calling it unfeasible and reiterating that "the South China Sea islands are China's territory." Recent construction has massively augmented seven locations .... [China] acknowledged that "necessary defense facilities" would emerge as part of the next development phase.

Beijing's South China Sea land reclamation work has reportedly resulted in 2,900 acres of land ....

The scale of China's land reclamation has alarmed both fellow claimants such as Vietnam and the Philippines as well as Asia-Pacific actors like the United States, with the predominant American concern being that China will inhibit freedom of navigation, and freedom of the seas as traditionally understood, in

the strategically significant South China Sea.

This concern appears well founded. Chinese ambassador to the Philippines Zhao Jianhua recently stated that there is “no freedom of navigation for warships and airplanes.” ...

China has ... created a fleet capable of literally altering geography, creating “islands” in the span of 18 months where before there were only reefs and shoals. ... The rapid construction of the islands shows that these ships served a geopolitical purpose. Growing use of port expansion to increase influence likewise suggests that China is using dredgers as part of its diplomacy.

China’s ability to change geography so quickly should not be ignored, especially as China works to develop a Far Seas-capable navy and, potentially, its first overseas military support facility in Djibouti. ... With dredging, China has proven that it is capable of mustering a difficult-to-match effort when it comes to rapidly modernizing specific industries when it perceives a need, and especially at immediately leveraging that development in order to further its foreign policy.

**RELATED:** [“WILL CHINA CALL AMERICA’S MILITARY BLUFF?”](#)

### **China Censoring Black Monday on Country’s Biggest Search Engine, Baidu, Stopping Citizens Looking for Information About Financial Chaos** **Independent | August 26**

**C**HINA HAS BEEN ACCUSED OF CENSORING REPORTS ABOUT THE financial chaos in the country, stopping its citizens from looking for reports about what’s going on.

China’s “Black Monday” has sent share prices around the world into free fall, and has led to renewed worries about a slow-down in growth in the country. But its citizens don’t seem to be able to find out why.

Baidu, the country’s biggest search engine, is censoring

results related to the chaos, according to George Chen, managing editor of the international edition of the *South China Morning Post*. When searching for the Chinese characters that translate to stock disaster, the results say that “Due to related rules and policy, some search results won’t be shown.” ...

### **North Korea Negotiator Hails ‘Turning-Point’ for Ties With South** **Agence France-Presse | August 27**

**O**NE OF THE TWO NORTH KOREAN NEGOTIATORS INVOLVED IN recent crisis talks with South Korea spoke Thursday of a “dramatic turning point” for relations between the two countries.

In an upbeat and conciliatory assessment of the agreement struck at the talks, Kim Yang-Gon, a senior party official responsible for South Korean affairs, said it carried the potential for a genuine improvement in cross-border ties.

His comments, reported by the North’s official KCNA news agency, contrasted with those of lead negotiator Hwang Pyong-So, who focused on spinning the accord as a victory for the North and a salutary lesson for the South.

The deal, struck in negotiations in the border truce village of Panmunjom Tuesday, ended a tense military standoff that had pushed the two Koreas to the brink of an armed clash. ...

### **Russia and Allies Conduct Military Exercises Near Baltics** **Eurasianet | August 23**

**T**ROOPS FROM CENTRAL ASIA, ARMENIA AND BELARUS ARE CONDUCTING military exercises with Russia near the borders of Estonia and Latvia. The exercises are being held under the

auspices of the Collective Security Treaty Organization, the Russia-led political-military bloc. ...

### **Tensions in Asia-Pacific Amid China-Russia Drills** **ValueWalk | August 24**

**N**EARLY 30 VESSELS, 23 AIRCRAFT, 30 ARMED VEHICLES AND nearly 500 marines from China and Russia have entered the active phase of the Joint Sea 2015 (II) drills held in Russian territorial waters and in neutral waters off the Sea of Japan. ...

Although a source close to the joint maneuvers told Xinhua news agency that the drills “are not targeted at any third party and are not relevant to the regional status quo,” the West and Japan are still worried about the meaning of such exercises at this particular time.

This is the fourth joint drills of the Russian and Chinese

navies. This year, the drills are supposed to show a high level of mutual strategic trust between armies of the two powers, which is likely [to] promote both the strategic cooperation between Beijing and Moscow and their military friendship. ...

If Beijing and Moscow decide to create an official alliance, it would completely change global strategic map, while the U.S. and Japan would face a real threat. ... Such an alliance would be a true challenge for the next president of the United States to be elected in 2016.

## **Over 2,000 Russian Troops Killed During Ukraine Invasion** **Ukrainian Policy | August 25**

A MOSCOW NEWSPAPER REPORTED THAT RUSSIA HAD LOST “NO fewer than 2,000” dead in the fighting in Ukraine and another 3,200 serious casualties by February 1, a story that stayed up until Kremlin censors removed those lines from the article lest it call into question Vladimir Putin’s constant refrain that there are no Russian soldiers fighting in Ukraine. ...

## **China’s Xi Vows Unceasing Fight Against Tibet Separatism** **Reuters | August 26**

C HINA WILL WAGE AN UNCEASING FIGHT AGAINST SEPARATISM IN its restive mountainous region of Tibet, President Xi Jinping said, as the government repeated it would never accept exiled Tibetan spiritual leader the Dalai Lama’s genuine autonomy proposals. ...

It is 50 years since China established what it calls the Tibet

But the original uncensored article remained accessible in a cached version, and the key passage of that reads as follows, Zelfanov says: “The government of the Russian Federation has taken an important decision about the monetary compensation of military personnel who have taken part in military actions in the east of Ukraine.” ...

Autonomous Region and also the 80th birthday of Tibetan spiritual leader the Dalai Lama, who has lived in exile in India since fleeing Tibet in 1959 following an abortive uprising. ...

“We should fight against separatist activities by the Dalai group,” Xi was quoted as saying. ...

## **Devaluation Stunner: China Has Dumped \$100 Billion in Treasuries in the Past Two Weeks** **Zero Hedge | August 26**

A S PART OF CHINA’S DEVALUATION AND SUBSEQUENT ATTEMPTS to contain said devaluation, it has been purging foreign reserves at an epic pace. Said otherwise, China has sold an epic amount of treasuries in the past two weeks.

How epic? ... [I]n the past two weeks alone China has sold a gargantuan \$106 (or more) billion in U.S. paper just as a result of the change in the currency regime!

But wait, there’s more: Recall that one month ago we posted that “China’s Record Dumping of U.S. Treasuries Leaves Goldman Speechless,” in which we reported that China has sold some \$107 billion in treasuries since the start of 2015.

When we did that article, we too were quite shocked at that number. However, we—just like Goldman—are absolutely speechless to find out that China has sold as much in treasuries in the past two weeks, over \$100 billion, as it has sold in the

entire first half of the year! ...

What happens when China liquidates all of its treasury holdings is anyone’s guess, and an even better question is will anyone else decide to join China as it sells U.S. treasuries at a never before seen pace, and best of all: Will the Fed just sit there and watch as the biggest offshore holder of U.S. treasuries liquidates its entire inventory?

**“Herbert W. Armstrong warned of a gigantic financial crisis that would shake the economic world. He said this unparalleled crisis would motivate Europe to unite into a great superpower.”**

Gerald Flurry, “The ‘In God We Trust Dollar,’” *Trumpet*, November-December 2008

## **Russia and China Close the Military Training Gap** **Stratfor | August 25**

F OR SEVERAL DECADES, THE AMERICAN MILITARY HAS RELIED ON its superior training to ensure victory in its campaigns across the globe. But the absolute advantage in training that the U.S. military has come to depend on since the late 1970s is no longer as certain as it once was. Russia and China, recognizing the value of highly trained troops, have begun ramping up and revamping their training programs in recent years. Despite their many significant differences, Russian and Chinese forces also often train and cooperate with each other. Their navies are currently participating in Joint Sea 2015, the largest joint naval exercise in history. Scheduled to last until August 28, the event features 22 warships, submarines and support ships in a battery of amphibious, anti-submarine, anti-aircraft and anti-ship exercises.

Both countries also hold at least one significant exercise

almost every week. According to figures compiled by the Atlantic Council, the Russian military held at least six major military exercises involving between 65,000 and 160,000 personnel between the start of 2013 and the end of 2014. During the same period, NATO’s largest exercises barely exceeded 6,000 personnel. ...

Though the United States will likely continue to enjoy its absolute training advantage well into the future, the wide lead U.S. military planners have come to expect is no longer a guarantee. Both Russia and China appear to be determined to continue investing in their forces’ development, despite growing financial constraints; even if military spending is ultimately cut, training and instruction will likely continue to take precedence over other areas. ...



**"As early as 1956, the *Trumpet's* predecessor, the *Plain Truth*, accurately predicted that these two nations would form a dangerous partnership. Herbert W. Armstrong, founder of the *Plain Truth*, warned the world about a coming Asian conglomerate that would push at Europe. 'Plagues, terrible beyond description, shall fall upon this fascist European empire,' he**

**wrote in 1956. 'The sixth of these punishing plagues will be a military invasion of Europe by ... forces from Russia and the Orient. By that time, the Red Armies of Russia, China and allies will number 200 million!'"**

**"Russia, China Plan Military Exercises," theTrumpet.com, April 28**

## ANGLO-AMERICA



### The Former Prophets

Gerald Flurry,

The Key of David | August 28

**T**hese books of the Bible contain prophetic history, yet few study them and even fewer understand their significance for today.



### Bilingual Services Audit Tackles Long-Standing Problem Catalyst Chicago | August 25

**A** MONTH AGO, CPS (CHILD PROTECTIVE SERVICES) ANNOUNCED it would audit services for English-language learners at every school in the city. Now, officials say, the review will begin in the fall at schools with the highest number of English learners and then work down the line.

At 123 schools, at least a third of students are working to become proficient in English. At 545 schools, there is at least one student, according to data from last year. Officials are hoping to complete the task by mid-February but might return to schools in the spring if problems persist.

The district's goal is for all schools, including charters, to

meet state- and federally mandated requirements for providing services to students learning English—an issue that has plagued the district for decades. ...

"You're choosing between servicing your bilingual kids and having a classroom with 40 kids. That's the reality of student-based budgeting," says one former bilingual teacher who asked not to be identified because she is looking for work in CPS. "How are you going to justify hiring a teacher to pull out your handful of kids in each grade that need support?" ...

Today there are 66,000 students working to learn English—the majority speak Spanish as their first language. ...

### Slain Christian's Head Allegedly Bashed by Muslim 'Refugees' World Net Daily | August 25

**T**HE APARTMENT WAS IN DISARRAY, WITH EMPTY BEER CANS AND trash strewn about, as though a party had come to an abrupt end at the onset of a physical altercation.

Akoa, 49, apparently knew his assailants, but police have not commented on the nature of their relationship.

He had been beaten and kicked in the head, and bashed in the head with a piece of furniture in an assault that continued relentlessly for hours, police said in the arrest affidavit.

But they were silent on what touched off the vicious attack. ...

Of the three Muslim assailants, at least two have common Somali names—Mohamud Mohamed, 36, and Osman Sheikh, 31. The third suspect is Abil Teshome, 23.

There were several other people in the apartment when the altercation broke out, Vogel told WND. But how many of them understood what was being said is in question, since the arrest affidavit states that the words being exchanged between Akoya and his assailants were not in English. Vogel also said he did not

know the immigration status of the suspects.

Portland has been on the receiving end of a steady infusion of Somali refugees over the past 15 years, and Mohamed and Sheikh appear to have been part of that community, although no mention of their national origin has even been mentioned in the local media.

Apparently it's a "don't ask, don't tell" policy with regard to Somali refugees in Maine, said refugee watchdog Ann Corcoran.

The U.S. State Department, in cooperation with the United Nations high commissioner for refugees, has sent 1,379 Somali refugees to Maine since 2002, with 1,010 of them going to Portland, according to the State Department's refugee database. ... The UN has sent more than 110,000 Somalis to U.S. cities and towns as "refugees" since the early 1990s. The largest Somali community in the U.S. lives in the Minneapolis-St. Paul region of Minnesota, which also happens to be the nation's biggest hotbed of jihadist recruitment.

In April, U.S. Attorney Andrew Luger admitted “we have a terror recruitment problem in Minnesota” as he announced the arrests of six Somali men from Minneapolis who had repeatedly tried to board flights to Turkey where they planned to cross into Syria and join ISIS. Dozens of other Somalis have been arrested

on terrorism-related charges, yet the U.S. State Department continues to import Somali refugees into the U.S. at a rate of 600 to 800 per month. Hundreds more are now coming from the jihadist capital of the world, Syria, even as persecuted Christians from that country are ignored by the Obama administration.

## Revenge Race Murder

Daily Mail | August 27

### WE TALKED ABOUT THIS



**A** MAN WHO WAS FIRED FROM HIS JOB AS A TELEVISION REPORTER two years ago took revenge against the small-town Virginia news station by executing two of his former coworkers on live television, and then posting disturbing first-person video of the attack on social media. ...

Five hours later, police cornered Flanagan a three-hours drive northeast in Fauquier County, Virginia, where he shot himself in an attempt to commit suicide. Flanagan initially survived the gunshot wound, but died not long after at approximately 1:30 p.m.

Before he was caught by police, Flanagan took to Twitter to explain his reasons for killing his former coworkers.

Flanagan, who is African-American ... also allegedly contacted ABC News after the attack, sending the news network a 23-page document elaborating on his motivations, saying he wanted revenge for the Charleston church shooting and was inspired by infamous mass shooters. ...

In the fax, described as a suicide note to friends and family, Flanagan says he became angered after the Charleston church killings and praised Virginia Tech shooter Seung-Hui Cho as “my boy.”

Flanagan, who was raised as a Jehovah’s Witness in California, also said Jehovah made him act.

“Why did I do it? I put down a deposit for a gun on 6/19/15. The church shooting in Charleston happened on 6/17/15. ...

“What sent me over the top was the church shooting. And my hollow point bullets have the victims’ initials on them.

“As for Dylann Roof? ... You want a race war ... ? BRING IT THEN, YOU WHITE ... !!!”

At the same time, he professes a deep respect for other mass shooters like Virginia Tech gunman Seung-Hui Cho.

“Also, I was influenced by Seung-Hui Cho. That’s my boy right there. He got NEARLY double the amount that Eric Harris and Dylann Klebold got ... just sayin’.”

He goes on to say that he has faced both racial and sexual discrimination as a black, gay man and that he was just waiting to explode.

“Yes, it will sound like I am angry ... I am. And I have every right to be. But when I leave this Earth, the only emotion I want to feel is peace. ...

“The church shooting was the tipping point ... but my anger has been building steadily ... I’ve been a human powder keg for a while ... just waiting to go BOOM!!!!”

At one point in the manifesto, he even confesses to killing his cats in a forest close to where he lives, blaming the news station for the animals’ deaths. ...

Flanagan, 41, had “a long series of complaints against coworkers nearly from the beginning of employment at the TV station,” said Dennison, now an official with the Hawaii Department of Land and Natural Resources.

“All of these allegations were deemed to be unfounded. And they were largely under along racial lines, and we did a thorough investigation and could find no evidence that anyone had racially discriminated against this man.”

According to the station, the situation got so bad he was asked to contact employee health care over fears for his mental stability.

## **T** Islamic Terrorists Enter United States Through Mexico Daryle Hochstetler | August 26

**M**USLIM TERRORISTS ARE ENTERING TEXAS WITH THE ASSISTANCE of Mexican drug cartels, according to a July 30 report from Judicial Watch.

According to the report, drug cartels smuggle Special Interest Aliens into stash areas around Acala, Texas, approximately 50 miles from El Paso on Highway 20. Terrorists then wait there until they receive orders to disperse into other American regions.

An internal Texas Department of Public Safety report documented that several members of known Islamist terrorist organizations have been apprehended crossing the southern border



Traffic backs up along the route to the border crossing from Mexico to the U.S. in Laredo, Texas.

in recent years.

As the influence of Mexican drug cartels over the El Paso region started insignificantly, so the influx of Muslim terrorists is beginning marginally. Retired Navy SEAL and former FBI agent Jonathan Gilliam stated, “[Terrorists’ arrival in the United States] probably means that’s not the first time they’ve gotten people in this way. And it’s really scary when you think about it.”

His fears are well founded.

In recent years, an increasing number of Muslim terrorist attacks have occurred in America. Here are a few examples:

- On July 16, a “devout Muslim” staged a suicide attack in Chattanooga, Tennessee, at two different military centers, leaving at least five dead.

- On Sept. 25, 2014, a “sharia advocate” beheaded a woman in Moore, Oklahoma.
- In 2014, four other Muslim-related attacks killed six people.
- In 2013, at least five Muslim-related attacks, including the Boston Marathon bombing, killed eight and wounded over 260.

All in all, the blog Religion of Peace has recorded 75 Muslim-related terrorist attacks that killed 3,106 Americans on U.S. soil.

To learn more about why Americans should be concerned with the rising number of Muslim terrorists in America, read [“Fables About Islam and Destroying America From Within.”](#)

## **T** **The Return of National Fences** **Brad Macdonald | August 28**

### **WE TALKED ABOUT THIS**



**F**ENCES ARE MAKING A MAJOR COMEBACK IN AMERICA, EUROPE, Asia and the rest of the globe. Some, like Donald Trump’s proposed fence along the United States-Mexico border, are literal. Others, like China’s currency manipulation, are figurative. But they all serve a common purpose: preserving national interests and deterring domestic threats.

These fences evidence a major global trend: the rise of nationalism. They manifest a growing shift away from globalization, and toward self-interest. Nations are focusing more on protecting their own economies, their own manufacturing industries, their own people and their own cultures—because of uncertain and unstable global socioeconomic conditions.

### **The Case for Globalization**

Nationalism and globalization are mutually exclusive trends. Both cannot exist at the same time. Today’s trends indicate that nationalism is coming up on top.

But that hasn’t always been the case.

International Institute for Management Development Prof. Carlos A. Primo Braga wrote for the World Economic Forum: “As bad news is mounting concerning the health of the world trade system, one has to wonder: Have we reached a peak in the globalization process? Is there still an appetite to continue to promote international integration via the expansion of trade? ... Or have the tides changed so that we are going to witness a retreat from globalization in parallel with the observed slowdown of international trade?”

Professor Braga listed a series of multilateral trade agreements that are bogging down and even failing. The faltering global economy is compelling countries to work harder to protect and advance their own trade interests. Consider the trends in the following regions and nations.

### **Europe**

“The 21st century was supposed to be a time for European openness and cooperation, but increasingly countries are turning to an age-old tactic to isolate themselves: They’re building [fences] along their borders,” noted *Vocativ* on August 25. “The refugee



crisis sweeping Europe has led a number of countries to tighten their borders, something at the expense of international obligations to respect right of refugees ....”

Hungary is building a 110-mile, 13-foot-high fence along its border with Serbia. Hungary has been receiving tens of thousands of migrants from the Middle East and North Africa. The nation is overwhelmed by them, and it feels the need to act to protect itself.

Bulgaria has a 50-mile-long steel fence along its border with Turkey. It’s adding another 10 to 15 miles lined with razor wire and monitored by armed security guards.

Macedonia is also facing a similar migrant crisis. More than 3,000 migrants cross into Macedonia every day.

Across Europe in recent years we have seen a drastic increase in the popularity of nationalist political parties. Some of these parties espouse some pretty extreme views; some support Nazism; some want to confront Islam and get rid of Muslims; some want to toss out the migrants. But they all want to protect and further the national interests of their countries.

### **Russia**

Russian President Vladimir Putin invaded Ukraine and annexed Crimea—all in an effort to augment and expand the Russian nation. Most recently, Putin has embarked upon a nationwide purge of food imported from certain foreign nations, mainly

European nations. Last year, Putin put an embargo on food imported from Western nations.

The country is transforming into a nationalist fortress, yet many Western leaders are apparently content to ignore the potentially dangerous implications.

### China

The *National Interest* wrote, on August 3: “After a decade of reaping the benefits of a soft-power offensive, China’s ‘peaceful rise’ took an abrupt turn in the late 2000s. The country that emerged from a unique confluence of events beginning in 2008 has proven a more assertive, authoritarian and nationalistic rising power.”

Beijing is literally building islands in the South China Sea. It is expanding its military and parading its weapons before the world. In recent weeks, China devalued its currency by at least 3 percent to invigorate its manufacturing industry and export market. A cheaper yuan makes Chinese goods cheaper.

American authorities thought Beijing would be so intertwined with the global order that it wouldn’t do anything to destabilize that order, as doing so would only hurt its own interests. But they were wrong!

Some people are starting to realize that globalization is not making the world safer, and it’s certainly not improving relations with China. China is taking care of self!

### Britain

In Britain, Nigel Farage and the United Kingdom Independence Party remain popular despite setbacks in national elections earlier this year. Farage believes in a strong, independent Britain. He

despises the European Union because it is destroying Britain’s laws, values, culture and lifestyle. He’s deeply concerned about immigration for exactly the same reason.

Farage wants to “make Britain great again!” And his popularity shows that there are a lot of people who agree with him.

### America

Donald Trump, the front-runner in the race to become the Republican nominee for president, is America’s version of Nigel Farage.

Like Farage, Trump is candid, brave and totally fearless. He doesn’t worry too much about political correctness. He doesn’t mind offending other nations or peoples.

Trump’s message has a distinct nationalist tone to it. His campaign slogan is “Make America great again!” The central question for Trump on almost every issue is: *What is best for America?*

Like some nations in Europe, Donald Trump wants to build a fence too—the great wall of Mexico that will be 2,000 miles long.

When he talks about China, or Mexico, or Japan, he uses terms like “competitors” and “opponents.”

Nationalist sentiment is increasing across the planet.

The more extreme that economic conditions become, the harder that nations will work to take care of their own.

If this nationalist trend continues, there will be more tensions, more rivalries, more disputes, more conflicts and, ultimately, more wars between countries and regions. As conditions worsen—especially with the global economy—expect less cooperation, less collaboration and more tension and conflict!

 Follow [Brad Macdonald](#)

## OTHER NEWS

### Scientists Replicated 100 Recent Psychology Experiments: More Than Half of Them Failed

Vox | August 27

#### WE TALKED ABOUT THIS



**R**EPPLICATION IS ONE OF THE FOUNDATIONAL IDEAS BEHIND SCIENCE. It’s when researchers take older studies and reproduce them to see if the findings hold up.

Testing, validating, retesting: It’s all part of the slow and grinding process to arrive at some semblance of scientific truth.

Yet it seems that way too often, when we hear about researchers trying to replicate studies, they simply flop or flounder. Some have even called this a “crisis of irreproducibility.”

Consider the newest evidence: a landmark study published today in the journal *Science*. More than 270 researchers from around the world came together to replicate 100 recent findings from top psychology journals. By one measure, only 36 percent showed results that were consistent with the original findings. In other words, many more than half of the replications failed.

“The results are more or less consistent with what we’ve seen in other fields,” said Ivan Oransky, one of the founders of the blog Retraction Watch, which tracks scientific retractions. Still, he

applauded the effort: “Because the authors worked with the original researchers and repeated the experiments, the paper is an example of the gold standard of replication.”

But Stanford’s John Ioannidis, who famously penned a paper arguing that most published research findings are wrong, explained that exactly because it’s the gold standard, the results might be a little too generous; in reality, the replication failure rate might be even higher.

“I say this because the 100 assessed studies were all published in the best journals, so one would expect the quality of the research and the false rates to be higher if studies from all journals were assessed,” he said.

The 100 studies replicated ended up excluding some 50 others for which the replication was thought to be too difficult. “Among those that did get attempted, difficult, challenging replication was a strong predictor of replication failure, so the failure rates might have been even higher in the 50 or so papers that no one dared to replicate,” Ioannidis said. ...