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President Obama: Capitalist or Communist, 'Just Decide What Works'

Andrew Miiller | March 29

NITED STATES PRESIDENT BARACK OBAMA STOKED CONTROversy March 23 when he suggested to an audience of Argentine youth that they shouldn't get caught up in ideological disputes between capitalism and communism. Instead, he urged the next generation of Argentine leaders to pursue a mixed economy that uses bits of Communist theory and bits of capitalist theory.

During his speech at a Young Leaders of the Americas Initiative

Town Hall in Buenos Aires, the U.S. president advised:

So often in the past there's been a sharp division between left and right, between capitalist and Communist or socialist. And especially in the Americas, that's been a big debate, right? ... And I mean, those are interesting intellectual arguments, but I think for your generation, you should be

practical and just choose from what works. You don't have to worry about whether it neatly fits into socialist theory or capitalist theory—you should just decide what works.

President Obama further elaborated on what he meant by saying that Cuba's Communist system under dictator Raúl Castro has made "great progress" in providing all citizens with free access to basic education and health care. He said the Cubans "should be congratulated" for this "huge achievement." He then added that he believed the "most successful economies are rooted in a market-based system," so an ideal economy should have a private sector subject to community (i.e. government) oversight.

Two days before his speech in Argentina, President Obama held a press conference alongside Raúl Castro in Havana. During the press conference, Mr. Obama promised he would never try to impose American ideals on the Cuban people. Instead, he hoped America and Cuba could learn from each other's example on human rights.

During the press conference, President Obama said he agreed with Castro that government-provided education, government-provided health care and government-provided pensions are human rights. As President Obama nears the end of his second term, he is becoming more honest about his radical worldview.

According to one Gallup poll, 38 percent of Americans think the Obama administration needs to do more to solve the country's problems, as opposed to 55 percent who think the government is too involved in people's lives already. Many of those in favor of more government intervention may bristle a bit when they hear President Obama speak positively of communism. Yet when it comes to problems in their lives, they still think that the answer is the federal government.

The reason for this state of affairs? America's public schools no longer teach the rationale the Founding Fathers used to limit the power of the federal government in the first place!

America's founders were realists. They understood that human nature was evil, so they sought to devise a system of checks and balances that would keep power out of the hands of a single branch of government, or worse yet, a single individual.

The world's socialist and Marxist movements are rooted in

utopian thought. Generally speaking, they believe that 99 percent of humanity is basically good, yet they are being restrained by a corrupt upper class. If the 99 percent can overthrow their oppressors, the reasoning goes, then out of their goodness they can establish a government that will abolish poverty, racism, sexism and income inequality. To accomplish this, you do not need to limit government and maximize personal responsibility and freedom. You need to maximize government. You need an administrative state.

When confronted with truth about the astronomically high death tolls of past socialist movements, most utopians respond that the movement failed because a corrupt dictator hijacked the system. But is it possible that they are simply wrong about human nature?

Dictators will always try to hijack governments—that is, until the day all human beings develop righteous character. And because that righteousness comes only from God, and God's Kingdom on Earth is not yet, humanity is much better off having a constitutional system of checks and balances that prevents the concentration of power in the hands of the state. Such a system may occasionally restrain the state from doing some good things, but it also protects people from the tyrannical excesses of an out-of-control government run by carnal men.

As President Obama suggested in Argentina, he may be in the process of using socialist theory to circumvent and supercede America's traditional constitutionally limited government and its system of checks and balances and separation of powers. This isn't necessarily happening because the president has sinister intentions; it is happening because the human heart, cut off from God's Spirit, is "deceitful above all things, and *desperately wicked.*" Once the federal government has the power to regulate the educational system, the health-care system and the private sector, the only guarantee of liberty is the off chance of a benevolent leader.

President Obama's description of a nation with a state-run educational system, a state-run health-care sector and a state-supervised private sector doesn't fit Adam Smith-style capitalism or Karl Marx-style communism. It describes the mixed socialist market economy of a Chinese-style authoritarian bureaucracy.

MIDDLE EAST



SIXTY-ONE MORE PRISONERS GRANTED CLEMENCY BY PRESIDENT OBAMA; PLUS, AN INTERVIEW WITH GUTTENBERG \mid MARCH 31

OBAMA ASSAILS NEWS MEDIA FOR SHALLOW REPORTING AND CANADA SEEKS TO REWARD LAZINESS | MARCH 30

A WEEK'S WORTH OF UNSPEAKABLE ACTS OF RADICAL ISLAMIC TERRORISM | MARCH 29

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Turkey Turns to Lebanon



OPPORTUNISTIC TURKEY HAS MEDDLED IN THE ARAB SPRING over the years, particularly in Egypt and in Syria. In Syria, it has aided rebel movements fighting against President Bashar Assad.

The **Jerusalem Center for Public Affairs** (JCPA) noted a new development in Turkish meddling in the Middle East:

It now appears that in its efforts to destabilize Assad, Turkey may have chosen to take advantage of the already boiling situation in Lebanon between Hezbollah and its Sunni opponents and try to provoke a renewed civil war in Lebanon. Sending weapons to radical Sunni Islamists in northern Lebanon is but the tip of the iceberg and much remains to be seen on the ground before reaching such a conclusion. However, if this proves to be right, then, by doing so, the Turks would have created two new fronts: one that would attack the Latakia region from the south moving northwards and the other one that would generate civil war in Lebanon between Sunnis and Shiites, a situation that would force Hezbollah to withdraw its troops from Syria and return home to fight. By doing so, the Syrian regime would be deprived of some of its best troops and weakened, thus allowing the rebels assisted by Turkey to initiate renewed offensives in order to take back territory they have lost since the beginning of October 2015.

The JCPA then quoted French Prof. Fabrice Balanche, a specialist on Syria's political geography. Balanche wrote:

Turkey and Saudi Arabia may not remain passive in the face of major Russian-Iranian progress in Syria. For example, they could set up a new rebel umbrella group similar to Jaysh al-Fatah and/or send antiaircraft missiles to certain brigades. Another option is to open a new front in northern Lebanon, where local Salafist groups and thousands of desperate Syrian refugees could be engaged in the fight. Such a move would directly threaten Assad's Alawite heartland in Tartus and Homs, as well as the main road to Damascus. Regime forces would be outflanked, and Hezbollah's lines of communication, reinforcement and supply between Lebanon and Syria could be cut off.

The JCPA also noted the political tension that now exists between Lebanon and Saudi Arabia and its Gulf allies. It added:

According to one Sunni politician in Lebanon, Saudi Arabia was courting Syrian refugees in Lebanon with the goal of establishing an anti-Hezbollah Sunni militia. The politician said Saudi Deputy Crown Prince Mohammed bin Salman sees Sunni Syrian refugees with military training as a way to harass Hezbollah, and he may be using Saudi philanthropic organizations that provide aid to refugee camps as a way to court potential militia recruits. ...

The pro-Hezbollah media in Lebanon chose also to accuse Turkey and Saudi Arabia directly of destabilizing Lebanon as part and parcel of a greater scheme to bring down the Alawite regime in Syria.

The Syria-Russia-Iran-Hezbollah alliance is fighting proxy wars with the Turkey-Saudi Arabia-Qatar alliance. The JCPA concluded that appearances show "that both rival alliances are looking for the possible game changer in Syria, which might turn out to be frail, paralyzed and divided Lebanon." Such an outcome would not only endanger Israel, it would threaten Syria and lead to the congealing of the Middle Eastern alliances prophesied in the Bible.

The Islamic State's Next Targets: German Chancellery, Bonn Airport

THE ISLAMIC STATE IS CALLING ON GERMAN MUSLIMS TO EXEcute Brussels-style attacks on Chancellor Angela Merkel's offices and the Cologne-Bonn airport. The terrorist group released images of its targets on the Internet and urged Muslims to unleash violence on the "enemy of Allah."

About those potential target images, Reuters wrote,

One of the disseminated Islamic State images features a militant in combat fatigues standing in a field and gazing at Cologne-Bonn airport with a caption reading: "What your brothers in Belgium were able to do, you can do too."

Another shows the German chancellery building in Berlin on fire with an Islamic State fighter and a tank standing

outside the structure. The headline reads: "Germany is a battlefield."

Germany joined the U.S.-led airstrike campaign against Islamic State in Syria last year, though limiting its role to reconnaissance and refueling missions, after the jihadist group killed 130 people in shooting and bombing attacks in Paris.

A third graphic featured a [German Tornado] military jet ... against the backdrop of a mountainous area juxtaposed with the bloodied faces of women and children—apparently meant to represent civilians who Islamic State says have been killed by air strikes on areas it controls. The caption under this image says: "Will you continue to grieve or

will you finally act?"

"It is clear that Germany is the focus of international terrorism and that attacks could happen," said a spokeswoman of Germany's BKA federal police. But former German Defense Minister

Karl-Theodor zu Guttenberg condemned Europe's leadership for not acting decisively enough against radical Islam. The more Europe (and especially Germany) is a focus of Islamic terrorism, the closer it gets to fight back—and fulfill the prophecy in Daniel 11:40.

Iran's Future Is in Missiles Not Talks—Khamenei

A S THE WORLD DEBATES THE FULL LEGALITY OF IRAN'S RECENT test of ballistic missiles, Iran continues to defend its controversial missile program. "[I]t's the time of both missiles and dialogue," said supreme leader Ayatollah Ali Khamenei. But the missiles, he said, are more important than the dialogue.

The *Times of Israel* quoted Khamenei as saying, "That they say the future of the world is one of negotiation and not one of missiles, if that is said out of ignorance, well it is ignorance, but if it's said knowingly, it is treason." He added, "If the Islamic establishment seeks technology and negotiations but lacks defensive power, it will have to back down in the face of any petty country that threatens [Iran]."

Observers say Khamenei's comments were directed to both the international community and Iranian reformists who are pro-negotiations.

On Monday, Iran announced that it will continue developing and testing ballistic missiles, despite sanctions from the United States. The U.S. blacklisted two Iranian companies on March 24 for their involvement in Iran's missile program. President Hassan Rouhani said Iran's missile program was a "strategic policy." A commander of Iran's Islamic Revolutionary Guard Corps said, "Even if they build a wall around Iran, our missile program will not stop."

The Times reported,

Under a UN Security Council resolution passed alongside the nuclear deal, the country is forbidden from developing weapons that can carry nuclear weapons.

That would seem to include ballistic missiles, including two which were tested earlier this month with the words "Israel must be wiped off the Earth" emblazoned on one, according to the U.S. and other Western powers.

On Tuesday, the U.S., France, Britain and Germany and three allies called for a United Nations Security Council meeting to formulate an "appropriate response" to Iran's recent ballistic missile tests, which they say were carried out in defiance of a UN resolution and to threaten Israel.

The letter called the launches "destabilizing and provocative" and says the Shahab-3 medium-range ballistic missile and Qiam-1 short-range ballistic missile that were fired are "inherently capable of delivering nuclear weapons."

Trumpet executive editor Stephen Flurry wrote about this subject and where Iran's continued belligerence is leading in his article "**Iran Goes Ballistic**."

EUROPE



ISLAMIC STATE IN EUROPE, VULNERABLE NUKES, AUTHORITARIAN CHINA THREATENS JAPAN, AND MORE | APRIL 1

CAPITALISM OR COMMUNISM?, HOW DOCTORS DIE, SAVED FROM SCREENS AND MORE | MARCH 30

The Danger of the Islamic State



THE THREAT POSED BY THE ISLAMIC STATE IS CONSIDERABLY worse than what has been believed in the past, according to a number of news articles published in prominent newspapers

over the past week. In the wake of the Brussels attack, analysts, journalists and police departments are discovering that the Islamic State's penetration into Europe is far deeper than

previously thought—with several sources noting that the Islamic State is a more dangerous enemy than even al Qaeda.

"Terror Network's Web Sprawls Beyond Brussels and Paris" was the title of an article published by the *Wall Street Journal* on March 28. "A pan-European effort to crack the Islamic State network behind the Paris and Brussels attacks is yielding an unsettling discovery—a web of interlocking terror cells whose dimensions authorities say they are still trying to grasp," it warned. Over the weekend and toward the end of last week, authorities arrested several different men in different countries who all had connections to those behind the Brussels and Paris attacks. The ws J wrote:

The string of arrests, which come on top of multiple other detentions in recent months, suggests the terror networks being pursued by European authorities spread beyond Paris and Brussels. ...

A senior U.S. official said the array of arrests over the weekend showed that the terror network had become "very sophisticated." Other officials said the arrests also have revealed its sheer scale. "There is a large number [of members], all across Europe," the official said.

Britain's *Guardian* newspaper published similar warnings. In an article titled "How ISIS Laid Out Its Plans to Export Chaos to Europe," published March 25, it wrote, "Before the Paris attacks, leaders of the terror group gathered to hear its new strategy: spreading fear through European capitals."

In its article, the *Guardian* claims two Islamic State members spoke to the newspaper about the group's plans. These members said that nine days before the Paris attacks, Islamic State leaders got together for a rare meeting, traveling under fear of air strikes and attacks. The *Guardian* wrote:

In what marked a critical phase in the group's evolution, there was to be a new focus on exporting chaos to Europe, the assembled men were told. And up to 200 militants were in place across the Continent ready to receive orders. ...

Senior leaders said they were turning their focus to European capitals and had dispatched foreign fighters back to their homelands to prepare attack plans. And wait.

They described how the group planned to retain power, even if it was not capable of holding on to all of its territorial gains in Syria:

Instead, the group now had the capacity to take the fight to the heart of its enemy. ... [T]he migrant route that had ferried hundreds of thousands of Syrians and Iraqis fleeing persecution had also allowed a small number of ISIS members to blend in and head back the other way.

In essence, ISIS had begun to prioritize controlling populations over geography. While it hadn't given up its grip on the large swath of Iraq and Syria ... the original area it controlled was now less important than the faraway societies it could influence.

The article describes "the return home of the group's own members, a small number of the estimated 25,000 fighters who

had traveled to Iraq and Syria were now the advance guard of the 'next generation' of global jihad." It continued:

The men were to form classic sleeper cells and wait for orders. ISIS leaders saw opportunity wherever it may arise, but this new wave would place emphasis on wreaking havoc in Italy, Belgium, France, Germany and the UK. ...

ISIS leaders believe that European societies are easily weakened through savagery.

The *Guardian* goes on to quote one of the Islamic State members saying: "At the meeting, they talked about which societies would crumble first and what that would mean. They thought big attacks would lead to pressure on the European Union and even NATO."

Spiegel Online also wrote about the Islamic State's infiltration of Europe, in an article titled "Activating the Sleepers: Islamic State Adopts a New Strategy in Europe," published on March 29. It describes the Islamic State's track record of infiltrating its enemies with agents who remain dormant for a long time before striking. "The people behind this terror are proving to be surprisingly farsighted, patient planners, and not rash actors—and this applies in both Europe and Syria," it said. "This is the new and long underestimated side of [the Islamic State]."

"[The Islamic State's] behavior is in many ways more like that of a secret service than of animated fanatics," Spiegel reported. It continued:

Testimony from deserters suggests the terror organization began establishing sleeper cells in multiple European countries early on, in Turkey in particular. According to the former [Islamic State] fighters, they are made up of men who aren't on any watch lists. This enables [the Islamic State] to elude the vulnerability suffered by many based in Europe—namely that they are known terrorists.

Spiegel went on describe previous failed attacks by Islamic terrorists. It concluded:

Terrorism has become more professional since then. [Islamic State] masterminds now build up sleeper cell networks from an early stage in order to attack without hindrance at any chosen moment. That they are doing so in Syria is well documented. And that they are doing the same in Europe is very probable.

Kamran Bokhari made similar points in a Geopolitical Futures article titled "Counterterrorism and Jihadist Capabilities," published March 30. "[The Islamic State] and other such groups should be treated like intelligence agencies who have to avoid detection," he wrote. "And since [the Islamic State] has established a state, it has more resources than similar groups like, al Qaeda." He warned:

In the case of [the Islamic State], it is not the usual paramilitary group engaged in acts of terrorism. It is staging attacks in numerous countries from East Asia to the West and at the same time controlling territory in the heart of the Middle East. It is a terrorist organization as well as a

state. Most observers have yet to recognize that [the Islamic State] has a multi-divisional conventional military capability, which is why it is able to control and administer large swathes of land in eastern Syria and western Iraq. Likewise,

for [the Islamic State] to be able to simultaneously execute terror attacks across the world while being hunted by a global dragnet means it has a very sophisticated intelligence apparatus.

Could Islamists Launch a Nuclear Attack From Belgium?

THE ISLAMIC STATE MAY BE TRYING TO CARRY OUT A NUCLEAR attack. The *New York Times* reported that the group had video footage of a top official at one of Belgium's power plants. In "Belgium Fears Nuclear Plants Are Vulnerable," published March 25, it wrote:

The revelation of the video surveillance footage was the first evidence that the Islamic State has a focused interest in nuclear material. But Belgium's nuclear facilities have long had a worrying track record of breaches, prompting warnings from Washington and other foreign capitals. ...

In 2012, two employees at the nuclear plant in Doel quit to join jihadists in Syria and eventually transferred their allegiances to the Islamic State. ...

At the same plant where these jihadists once worked, an individual who has yet to be identified walked into the reactor No. 4 in 2014, turned a valve, and drained 65,000 liters of oil used to lubricate the turbines. The ensuing friction nearly overheated the machinery, forcing it to be shut down. The damage was so severe that the reactor was out of commission for five months.

Investigators are now looking into possible links between that case and terrorist groups, although they caution that it could also have been the work of an insider with a workplace grudge. What is clear is that the act was meant to sow dangerous havoc—and that the plant's security systems can be breached. ...

Prof. [Matthew] Bunn of Harvard noted that the Islamic State "has an apocalyptic ideology and believes there is going to be a final war with the United States," expects to win that war and "would need very powerful weapons to do so."

"And if they ever did turn to nuclear weapons," he added, "they have more people, more money and more territory under their control and more ability to recruit experts globally than al Qaeda at its best ever had."

Meanwhile, on March 26, the *Washington Times* wrote about another concerning incident related to a power plant. In "Guard at Belgian Nuclear Plant Shot Dead; His Security Badge Was Stolen," it wrote:

Just two days after terrorists attacked the Brussels airport and subway system, a security guard for a Belgian nuclear facility was murdered, and his security access badge was stolen, Belgian media reported Saturday.

The security guard's badge was deactivated as soon as it was discovered it was stolen, according to French newspaper *Derniere Heure*.

He was shot dead in the Charleroi region of Belgium as

he walked his dog, International Business Times reported.

On Thursday, *Derniere Heure* reported that the suicide bombers who set off explosives that killed 31 people were originally targeting a nuclear site, but a series of arrests of suspect militants, including suspected Paris attacker Salah Abdeslam, forced them to speed up their plans. ...

On March 29, Jeffrey Lewis brought up an even more disturbing scenario in his *Foreign Policy* article titled "Belgium's Failed State Is Guarding America's Nuclear Weapons."

"Washington's traditional nuclear strategy isn't keeping Europe safe—it's putting everyone at risk of apocalyptic terrorism," he warned. He noted the fear that Islamic State terrorists could rob a nuclear power station and build a dirty bomb. But, he wrote, "If you were a Belgian terrorist, why settle for a dirty bomb, when you have the option of stealing an honest-to-goodness nuclear bomb?" He continued:

The United States "forward deploys" about 180 B61 nuclear bombs at bases in Europe—including a small number at a Belgian air base known as Kleine Brogel, about an hour outside of Brussels.

The security of these nuclear weapons is terrible....

In January 2010, a group of protesters who call themselves "Bombspotters" entered Kleine Brogel.

Apparently the plan was to hang around on the tarmac of the runway and get arrested. But no one came to arrest them. So they wandered around—for either 40 minutes or an hour, the accounts differ—before walking through an open gate into an area with hardened aircraft shelters for the base's F-16s. Eventually, as the hippies continued to wander around the shelters, security arrived.

The "security force" was one moderately annoyed-looking Belgian guy with a rifle—an unloaded rifle. ...

The protesters were briefly detained but not for long. ... Not to worry, the Belgians assured their American partners, the activists weren't anywhere near the shelters with nuclear weapons.

So, a few months later, the activists entered the base *again*. They helpfully sent me a little note. This time, they not only got inside the proper area, but they also got inside one of the shelters.

Security never showed up. Apparently, the base commander found out about the incursion when the rest of us did—when the activists posted a video on YouTube a day or so later. ...

The base had a lax security culture that makes anything possible. ... Who is to say what other security breaches might be possible? ...

In recent years, as public criticism over its mishandling of nuclear weapons has grown louder, the Air Force has invested substantially in improving security at U.S. sites hosting nuclear weapons in Europe. But money doesn't solve security culture. It's true that the Bombspotters haven't been back to Kleine Brogel in a few years. But that's because they've been breaking into other locations. And, a couple of years ago, there was yet another incursion, by another group of activists, at Volkel Air Base in the Netherlands. Security still stinks, as far as I can tell.

Come Back KT!

N EARLY HALF OF GERMANS WANT FORMER DEFENSE MINISTER Karl-Theodor zu Guttenberg to return to politics—with many of them wanting him to take the top job. In an article titled "Germans Want Guttenberg Back," published March 30, *Die Welt* wrote (*Trumpet* translation):

Five years after the affair of his doctoral thesis, Karl-Theodor zu Guttenberg is almost as popular as he ever was before. According to one new Forsa poll, the majority of Germans would like to see the former economic and defense minister back in politics. Forty-eight percent of respondents would welcome Guttenberg's return, 38 percent are against it, 14 percent have no opinion.

But the survey, which was requested by the magazine *Frau im Spiegel*, revealed even more: Accordingly, 36 percent of the Guttenberg supporters even see him as a candidate for chancellor. Based on all respondents, this would make 17 percent. Men especially trust that the CSU politician can take the government position.

Publicist and adviser Gertrud Höhler also does not consider this outlandish. "Angela Merkel is still in office, because there is no decent successor in the CDU," she told the magazine. "Maybe the union should consider whether the CSU is the next candidate for chancellor." ...

Also this week *Handelsblatt* published an interview in English that it held jointly with Guttenberg and former U.S. Secretary of State Madeleine Albright, "Complex Answers for a Complex World." *Handelsblatt* asked Guttenberg, "Earlier we talked about

Germany taking on more responsibility. Do you see us as problem solver in this region?"

"Of course we have to deal with the mess of the refugee crisis," he replied, "but at the same, time I think the region is looking more and more at us right now. Ironically, because of the refugee crisis and the fact that we brought them all in, we have a huge credibility in Shiite circles. Germany could therefore do more here in that regard."

Handelsblatt asked: "Many in the United States are asking Germany to take on more responsibility. They often mean we could engage more with our troops. Do you think we should and we can deliver more?" After explaining that Germany already does a lot more than it gets credit for, Guttenberg replied, "Still, would I like to see more? Yes. Would I like to see more coherence in our movements? Yes."

Guttenberg also warned that the rise of populists in Europe and America "will lead us to question whether our beloved and so important and still growing democratic system is as stable as we would like it to be, or whether we need to look at it from a new creative point of view."

During the interview, he artfully dodged any questions of a return to German politics. When asked, "Do you think you will get a call? Maybe from Munich?" he replied, "Maybe from someone inviting me to a soccer game? I would love to attend."

If this week's poll is to be believed, he will probably be invited back for something much more important than football. For more information on why the *Trumpet* has been watching Guttenberg, read "A Strong German Leader Is Imminent."

TW IN BRIEF

igrant arrivals to Greece increase: Arrivals of refugees and migrants to Greece from Turkey rose sharply on Wednesday, just over a week since the European Union and Turkey struck a deal intended to cut off the flow. Greek authorities recorded 766 new arrivals between Tuesday morning and Wednesday morning, up from 192 the previous day. Under the deal, migrants and refugees who arrive in Greece will be sent back once they have been registered and their individual asylum claim processed. The returns are to begin April 4.

G erman law to deport migrants if not integrating: A German interior minister belonging to Angela Merkel's conservative party said on Monday that he plans to create a new law that will require refugees to integrate into society, or else lose their permanent right of residence. The minister told German newspapers that he did not want any more ghettos being set up around the country.

Under the proposed law, migrants would have to learn German and be seeking work or they would be deported after three years. The draft for the law is planned for May.

elgians' celebrated Brussels attacks: Celebrations broke out on the streets in several places around Belgium in the days following the Brussels attacks, Belgium's vice prime minister said Wednesday. While speaking at a forum in the Netherlands titled Terrorism, Israel and International Law, the vice prime minister admitted that his country has a jihadist problem. The problem, however, has received very little media attention. When Paris terrorist Salah Abdeslam was arrested in Belgium, around 200 young people in the area spontaneously began throwing bottles and stones at police. A former prime minister of the Flemish Region in Belgium said, "[I]t is regrettable that we saw nothing of these images on national television news." Belgium is Europe's

ASIA



Rule of the Sea: China Pushes Boundaries

Callum Wood | March 28

A TIOP.M. SATURDAY NIGHT, AN INDONESIAN SPECIAL TASK FORCE intercepted a Chinese fishing boat at the southern end of the South China Sea. The event took place within Indonesia's 200-mile exclusive economic zone off the Natuna Islands, which are far from mainland China.

Onboard the Chinese vessel were nine crewmen, all of whom were taken into custody by the lightly armed Indonesian force. The Indonesian vessel, with the compounded Chinese vessel in tow, began the trip back to an Indonesian base in the Natuna Islands.

At midnight, however, as the two ships reached Indonesia's territorial waters, they were intercepted by a third party.

A Chinese coastguard vessel, which had been following the Indonesian ship, moved to intercept. It rammed the Chinese fishing boat, sending a clear warning to the Indonesians.

"To prevent anything else occurring, the Indonesian authorities let go of the Chinese boat and then left towards Natuna, still with the eight fishermen and captain on board," said Arrmanatha Nasir, a spokesman for the Indonesian Foreign Ministry.

According to China, the Chinese fishing vessel was in "traditional Chinese fishing grounds," and the intercepting coastguard ship didn't enter Indonesian territory.

China's blatant violations of international boundaries—whether or not it happened in this case—are well known, as are

its bullying tactics.

Similar problems exist between China and other nations that share the waters of the South China Sea.

Many issues have stemmed from China creating its controversial "redline" through the South China Sea, claiming more than 90 percent of the region as its own. This has led to an increasing number of run-ins and disputes with China's neighbors.

China has taken control of numerous reefs and small islands throughout the South China Sea—some are important military locations and others are important fisheries.

The latest run-in between Indonesia and China shows how Beijing is using its coastguard to push—in some cases, quite literally—its rivals out of the region.

Expect such incidents to continue as China wrestles for broader control. So far the incidents have been defused with angry discussions and condemnations, but it may not last. China is set on increasing its claim to and presence in the South China Sea. With Beijing now placing weapons on its man-made islands, it is clear which direction China is heading.

The attack on the Indonesian vessel reflects China's desire for dominance and shows the aggressive action it uses to get it. For more on the militarization, bullying and incursions of Beijing in the South China Sea, read "How the World Changed in 2015 in Asia."

China: 'Japan's New Military Law Threatens Peace in Pacific'

THE CHINESE LEADERSHIP ACCUSED JAPANESE PRIME MINISTER Shinzo Abe of threatening peace in the Pacific region. The accusation came on Tuesday after Tokyo passed controversial laws that let Japanese soldiers fight on foreign soil for the first time since World War II.

The Guardian explained the Japanese military laws on March 29:

The security laws, which were passed last September after chaotic scenes in parliament, reinterpret the country's pacifist Constitution to enable Japan to exercise collective self-defense—or coming to the aid of the U.S. and other allies—in overseas conflicts. ... The legislation [is] the biggest shift in Japan's defense posture since its wartime defeat in August 1945

China's state-run Xinhua news agency published a commentary the same day that was highly critical of the Japanese laws, and referred to Abe as a "warlord":

[B]y reinterpreting the country's war-renouncing Constitution, the warlord prime minister shook off the

restraints of Article 9 of the supreme law over the use of force and the exercise of the right to collective self-defense and vowed to proactively contribute to regional and international peace and stability.

It is for sure that the security laws will not follow the country's pacifist Constitution to ensure and enhance Japan's security but will only serve to endanger the Japanese public's right to live in peace and, more importantly, pose a severe challenge to peace in the Asia-Pacific region, which is already vulnerable. ...

In the Asia-Pacific region, the security laws are not the right remedy to resolve any problems facing Japan since some issues require Japan to reflect on itself over history so as to enhance ties and trust with its neighboring countries, and Japan also needs the cooperation of the international community. ...

And it is more dangerous that, for Japan, the Abe administration is trying to demonize the country's closest neighbors so that the historical revisionists that comprise the leader's coterie have an excuse to jeopardize the postwar order and remilitarize Japan.

Looking back through history, the current chapter being manipulated by the Japanese prime minister has a German version in the 1930s when the Weimar Constitution was trampled on, and Nazi Germany ruthlessly stormed Europe thereafter. Imperial Japan, at that time, occupied the Korean Peninsula and northeast part of China and prepared for widening its aggressive onslaught to the Asia-Pacific region.

Let the future annals of Japan's history not read that it

was foolish enough to allow history to repeat itself, as history has already confirmed that such echoes of aggression will likely not end well for Japan.

With the Japanese military once again on the march, and with such powers as China and Russia becoming ever bolder, the scene could soon be set for dark chapters of history to repeat themselves.

Russians Are Now Drinking Less, Living Longer

THE PEOPLE OF RUSSIA HAVE OFTEN BEEN VIEWED BY WESTERNers as hard drinkers who live difficult lives and often die before their time. But an article in Russia Beyond the Headlines says these trends are reversing, and Russians are drinking less and living longer.

Russians' life expectancy has increased to just over 71.2 years, said Russian Minister of Health Veronika Skvortsova, during a meeting with President Vladimir Putin on March 9. Meanwhile, she noted that the general aging of the population continues with every fourth person in the country being older than 60. ...

Maternal mortality has also dropped by over 11 percent. According to the Ministry of Health, Russians' life expectancy has increased to just over 71.2 years, and much of the increase was observed among men. ...

The president asked, "Have they started drinking less?" referring to the population on the whole and men in particular. Skvotsova said that it was a factor as the mortality rate among the working-age population decreased by 4.5 percent on average. Skvortsova said that the decrease in the mortality rate was "due to healthy lifestyle changes, a decrease in smoking and alcohol consumption, as well as many other factors."

The minister highlighted that the continued reduction of smoking and alcohol consumption offered great potential for further decreasing mortality and that the Ministry of Health was working in this area. ...

If the lifestyle of Russians continues to become healthier, pushing this demographic shift forward, the nation's economy is likely to reap substantial benefits.

TW IN BRIEF



A uthoritarian China silences Xi's critics: Sixteen Chinese citizens are mysteriously missing after the news outlet they all worked for published an anonymous letter calling for President Xi Jingping to resign. The BBC reported on March 25 that the outlet's senior manager, senior editor and four other employees were detained by police. Ten other individuals employed in "a related technology company" were also taken away. The

whereabouts of all 16 people are now unknown. On March 30, reports emerged showing that the Communist Party is reaching beyond its borders to silence criticism. Two exiles residing in Germany said Chinese authorities have abducted their relatives in China, as a means of applying pressure on them. The abductions appear related to the publication of the letter calling for Xi's resignation. Experts say the crackdown on free speech within China is intensifying, an indication of rising authoritarianism.

ANGLO-AMERICA



The Islamic State attacks on the European Union and NATO headquarters will lead to the rise of a European strongman prophesied to destroy Islamic terrorism.



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America's Junk-in-the-Trunk Economy

Robert Morley | March 31

A MERICA HAS TOO MUCH JUNK IN THE TRUNK. THAT'S THE ASSESSment of Standard and Poor's credit rating agency. Their average rating on United States corporate debt just sagged to almost a 15-year low. According to the agency, America faces a debt diet that many companies will not survive. And guess who is to blame?

"We believe corporate default rates could increase over the next few years," warn S&P credit analysts Jacob Crooks and David Tesher.

Seven years of binging on cheap, high-calorie, nutrient-deficient debt—provided by the Federal Reserve—has left corporate America bloated, sickly and desperately addicted.

These companies need ever increasing amounts of debt to live—yet they are so overweight that any small rise in interest rates, or tightening of credit restrictions, could kill them. This is the danger Standard and Poor's is warning about. These companies are walking heart attacks waiting to happen.

Yet strangely, with the Dow Jones stock index near its all-time high, it seems as if these companies are the picture of health. Economic analyst Tony Sagami explains:

In the "good old" days, investment professionals used to focus on boring numbers like days sales outstanding, operating margins, cost of goods sold, accounts payable, and paid in capital.

Today, however, what passes for analysis is the dissection of every syllable that comes out of Janet Yellen and Mario Draghi's mouth. I never thought I'd see the day on Wall Street when linguistics was more important than things like revenues and profits.

Why do linguistics matter more than fundamentals today? Simple: The single most important factor affecting a company's revenue, profits and hence valuation is ...

Debt.

It is a debt junkie's world, where everyone, everywhere, is

addicted to it. It is the high-fructose corn syrup that is in practically every food you eat. It is the sweetener in your Oscar Mayer hot dogs and Campbell's vegetable soup. The secret ingredient in your Sara Lee Heart Healthy Whole Grain Bread. And the world's central banks are the Archer Daniels Midlands, the Cargills and the Corn Products Internationals that are pumping out ever increasing amounts of refined high-grade into the economic food stream.

Thus the markets hang on to every word from the world's sugar pushers. More sugar, the markets go up. Less sugar, they go down. That's what happened on Tuesday. Federal Reserve Chairwoman Janet Yellen gave a speech at the Economic Club of New York and the markets soared. Yahoo Finance explains:

The good doctor sounded cautious about moving toward the next increase for the Fed funds rate. That, my friends, is the bottom line. She seemed to acknowledge that economic conditions are somewhat sloppier than she thought just a few months ago (surprise, surprise) and also cited global economic worries as headwinds.

Yellen said the economic outlook is *deteriorating*. So the Dow Jones, the NASDAQ and the S&P 500 all soared from red into the green.

Not following that logic? Don't be so organic. Bad news is actually good news. It means the Federal Reserve will keep interest rates lower for longer. Maybe the Fed will even give the economy another sugar buzz via extra quantitative easing. At the least, it means the debt binge can continue for a little longer. So buy stocks.

All the while, everyone knows that if you eat too much sugar eventually complications result. Your teeth rot. Your breath turns sour. Blood pressure rises. Diabetes sets in, etc. Before you know it, you are wondering why you didn't buy more life insurance.

America is bloated with debt, and it is not just weighing us down—it is going to kill us. Our junk-in-the-trunk economy is headed for a coronary.

Follow Robert Morley

Britain Sacrifices Steel Industry to Buy Friendship with China



Britain is poised to lose steel production capacity—the primary hallmark of an industrial economy. The *Telegraph*'s Ambrose Evans-Pritchard reported on March 30 that in an effort to curry friendship with China, Britain was sacrificing its steel industry.

Britain's special relationship with China is becoming more expensive by the day. It now threatens to destroy the British steel industry, a foundation pillar of our manufacturing economy. ...

It is hard to pin down the exact moment when George Osborne's love affair with China turned into a Faustian Pact.

What we know is that the British government has for the last three years been blocking efforts by the EU to equip itself with the sort of anti-dumping weaponry used by Washington to confront China.

Britain is trying to cloak its actions under the pursuit of free trade. Lower steel prices are better for consumers, says Osborne. But are there greater concerns than just "lowest price"?

The UK view is that \dots punitive tariffs merely hurt your own consumers, so you shoot yourself in the foot. \dots

While Washington has slapped penalties of 267 percent

on Chinese cold-rolled steel, the EU peashooter has so far managed just 13 percent.

Redcar has already paid the price for this ultra-free trade ideology, and Port Talbot is about to follow. There will eventually be little left if the current drift in trade policy is allowed to continue.

According to Evans-Pritchard, Britain has cut a troubling deal with China. Britain sacrifices its steel industry in return for China's economic help.

So while Britain de-industrializes, China has become the world's leader in the production of steel—which in case you have forgotten, is one of the most important war-making materials on Earth. In fact, China now produces so much steel that just its excess capacity is twice Europe's total production.

China's share of global steel output has risen from 10 percent to 50 percent over the last decade. It has installed capacity of 1.2 billion tons a year that it can never hope to absorb as the construction boom deflates.

On OECD [Organization for Economic Cooperation and Development] estimates, it has built up 400 million tons of excess capacity, twice the EU's entire steel production. China's unwanted steel is finding its way systematically into Europe, greased by export subsidies, tax breaks, cheap state credit, and the panoply of measures used by a mercantilist power to rig global trade.

China has captured 45 percent of the UK market for high fatigue rebar steel, from near zero four years ago. The price of hot rolled steel in Europe has fallen to \$369 a ton from an average of \$650 from 2009 to 2013.

Meanwhile, other European countries are taking drastic measures to try and preserve their industry.

Germany shelters its energy-intensive industries by cross-subsidies under its "Energiewende." The UK left its steel mills to face the full shock of green taxes, until a partial rebate was agreed in December.

And China continues to expand production—to capture market share—despite falling prices. How can it expand unprofitable production? Simple: The Chinese government simply subsidizes it.

The fact remains that China is still adding extra capacity, albeit of a greener kind than the dirty micro-mills of the smog bowl.

The giant state producer Sinosteel—with \$16 billion of debts—was rescued from bankruptcy in October. ... [Swiss global financial services company] UBS estimates that the 100 biggest steel producers in China lost \$11 billion in the first 10 months of last year. The state plugged the hole. ...

"China is not a market economy. It has chosen a dumping strategy that is ravaging European industry. ..." says Edouard Martin, a French MEP leading the revolt.

Evans-Pritchard warned that if something doesn't change, "Europe would be finished as an industrial and military region. It would be civilizational suicide."

The steel crisis has in any case gone too far. It was possible to look [the] other way when China destroyed the European solar industry—with pirated German technology. There was a larger prize to think about. Steel is another matter. It is strategic.

We may have to face the unpleasant truth that free trade has its limits. Even Adam Smith conceded that you cannot disarm yourself entirely against a mercantilist power. He meant 18th-century France, of course. ...

This is the moment we have long feared. China's investment-led growth model has created a monster that is now too big for the international system. ...

The excess capacity is staggering and is likely to flood our economies with a fresh wave of deflation in the next global downturn, perhaps next year, or in 2018 if we are lucky.

Protectionism is the dog that never barked after the Lehman crisis. Bark it will.

Chicago Now Paying Price of Anti-Police Rhetoric and Black Lives Matter

VIDENCE IS ROLLING IN THAT THE ANTI-POLICE RHETORIC FOLlowing the Baltimore riots is resulting in more inner city violence as police backed off in fear of the racism label. Violence is heading off the charts in Chicago. The city is "Off to Deadliest Start in Nearly Two Decades," reported the *Chicago Tribune* on March 31.

As the first quarter of 2016 nears an end, violence in Chicago has reached levels unseen in years, putting the city on course to top 500 homicides for only the second time since 2008.

As of 6 a.m. Wednesday, homicides totaled 135, a 71 percent jump over the 79 killings in the same year-earlier period, official police department statistics show. That

represented the worst first quarter of a year since 136 homicides in 1999, according to the data.

Shootings have jumped by comparable numbers as well. As of Wednesday, at least 727 people had been shot in Chicago so far this year, a 73 percent rise from 422 a year earlier, according to a *Tribune* analysis of department data.

Worse yet, that jump follows two consecutive years in which shootings rose by double digits, the analysis found. Homicides also rose by about 12.5 percent last year over 2014.

And in case you think there is a bias against reporting positive news. The *Tribune* reports:

If there was any hopeful sign in the numbers, it would be

that for most of March, homicides rose citywide by a more modest 25 percent from the same year-earlier period.

So there you have it: Chicago is now so broken that a 25 percent increase in homicides is reported as a positive sign.

New police interim Superintendent Eddie Johnson blamed gang violence and the proliferation of guns. But according to the *Tribune*, there is a far greater reason violence is up—the police are no longer going after the criminals. *Why?* you ask.

In February, the *Tribune* reported a precipitous drop in morale among Chicago police, citing interviews with numerous officers. They told the newspaper the McDonald shooting had made them less aggressive on the street out of fear that doing even basic police work would get them into trouble. Criminals were taking advantage of their passive approach, they said.

The police department on January 1 also began requiring that cops fill out detailed reports every time they make a street stop as part of a new state law and a landmark agreement worked out with the American Civil Liberties Union. The change—the result of concerns over racial profiling—has not only kept officers busy with paperwork longer than

before, officers said, but also increased their anxiety about being second-guessed on whom they've stopped.

The result was that officers made 6,818 arrests in January, a 32 percent drop from nearly 10,000 arrests a year earlier. The number of street stops also has plummeted, with 9,044 investigatory stop reports issued in January, a fraction of the 61,330 "contact cards" that police issued during January 2015.

But don't worry, the American Civil Liberties Union says that "no empirical evidence exists that would suggest the low police activity has led to a rise in violence." Instead, some analysts blame the weather as "temperatures in Chicago over the first three months have been milder and snowfall below normal." Warmer weather makes people kill each other—didn't you know?

According to Chicago inner city preacher Ira Acree, the bigger cause of the violence is fragmented families, a poor school system, and proliferation of guns. Don't expect much media or political attention to focus on the broken families.

"It's a crisis here in Chicago," he said about the disturbing level of violence so early in the year. "Unless something radical transpires in our city, there's going to be a bloodbath this summer."

TW IN BRIEF

r. Obama hosts nuclear summit: President Barack Obama hosted his fourth nuclear security summit on Thursday and Friday in Washington. Absent from the summit were Russia, Iran and North Korea—some of the most prominent and hostile nuclear powers. At the first summit in 2009, Mr. Obama outlined his vision of "a world without nuclear weapons." Other nations have refused to cooperate with his utopian ideal. Unstable countries like Pakistan and India have not given up their nuclear stockpiles despite fighting four wars. North Korea claimed to have tested a hydrogen bomb in January. That same month, the U.S. and allies lifted sanctions on Iran, which has already violated the nuclear agreement several times. Even the Islamic State has been plotting to obtain nuclear material.

A rgentina awarded sovereignty of the Falklands? On Monday, the United Nations Commission on the Limits of the Continental Shelf (CLCs) unanimously endorsed Argentina's request to expand it maritime territory by 35 percent—an additional 0.66

million square miles. Argentine President Mauricio Macri celebrated the decision as "very significant" in advancing Argentina's claim of the British-ruled Falkland Islands. Observers said the UN decision will likely justify more Argentine fishing and oil drilling in the region, increasing tensions over the islands. Argentine Secretary of Exterior Relations Carlos Foradori confirmed those concerns when he said, "We have wealth that we do not even know about yet." However, the findings of the UN have no bearing on Britain's ownership of the Falkland Islands or the status of the ocean bed around it. The CLCS is a UN scientific body that exists only to verify a nation's claims about its geography. According to the CLCs website, "its recommendations and actions shall not prejudice matters relating to the delimitation of boundaries between states." It has already stated that a final determination of Argentina's maritime territory cannot be made until the Falklands dispute is settled. Argentina lost a brief, bloody 1982 war with Britain after Argentine troops seized the South Atlantic archipelago.



The Most Important Book Since the Bible Stephen Flurry, Trumpet Daily | April 1

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