

# PROPHETIC TIMES

WEEKLY WORLD NEWS UPDATE

OAKLAND, CALIFORNIA

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## VENEZUELA MOBILIZES FORCES TO COLUMBIA BORDER

*March 6, 2008* Reuters reported: "Venezuela deployed tanks and air and sea forces toward the Colombian border on Wednesday in its first major military mobilization in a crisis that has raised fears for regional stability. Venezuela's military said it started sending 10 tank battalions toward the border and activated its air force and navy. Military analysts estimate such a mobilization could include more than 200 tanks.

The action escalated tensions over Colombia's weekend raid to kill rebels inside another South American neighbor, Ecuador, which Venezuelan President Hugo Chavez, an ally of leftist Ecuadorean President Rafael Correa, said could spark war.

While Ecuador and Venezuela have moved soldiers toward their borders with Colombia, Wednesday's movements were the first signs of heavy firepower being mobilized.

Colombia lambasted its neighbors for harboring FARC guerrillas, but said it would not deploy extra forces.

Governments worldwide urged the nations to defuse tensions as Venezuela and the United States blamed each other for the intensifying crisis.

"Our movement is totally defensive, fortifying our border posts due to the threat. ... They are war, we are peace," Chavez said at a news conference in Caracas with Ecuador's Correa, who is touring the region to lobby against Colombia.

The crisis pits OPEC nations Venezuela and Ecuador against Colombia, which receives billions of dollars in U.S. military aid and has received public backing from President George W. Bush in the crisis."..."

## THE FEDERAL RESERVE'S RESCUE HAS FAILED

*March 5, 2008* The London Daily Telegraph reported: "The verdict is in. The Fed's emergency rate cuts in January have failed to halt the downward spiral towards a full-blown debt deflation. Much more drastic action will be needed. Yields on two-year US Treasuries plummeted to 1.63pc on Friday in a flight to safety, foretelling financial winter. The debt markets are freezing ever deeper, a full eight months into the crunch. Contagion is spreading into the safest pockets of the US credit universe.

It is hard to imagine a more plain-vanilla outfit than the Port Authority of New York and New Jersey, which manages bridges, bus terminals, and airports. The authority is a public body, backed by the two states. Yet it had to pay 20pc rates in February after the near closure of the \$330bn (£166m) "term-auction" market. It had originally expected to pay 4.3pc, but that was aeons ago in financial time.

No sane mortal needs to know what term-auction means, except that it too became a tool of the US credit alchemists. Banks briefly used the market as laboratory for conjuring long-term loans at Alan Greenspan's giveaway short-term rates. It has come unstuck. Next in line is the \$45trillion derivatives market for credit default swaps (CDS).

Last week, the spreads on high-yield US bonds vaulted to 718 basis points. The iTraxx Crossover index measuring corporate default risk in Europe smashed the 600 barrier. We are now far beyond the August spike.

Sub-prime debt is plumbing new depths. A-rated securities issued in early 2007 fell to a record 12.72pc of face value on Friday. The BBB tier fetched 10.42pc. The "toxic" tranches are worthless.

Why won't it end? Because US house prices are in free fall. The Case-Shiller index for the 20 biggest cities dropped 9.1pc year-on-year in December. The annualised rate of fall was 18pc in the fourth quarter, and gathering speed...UBS says the cost of the credit debacle will reach \$600bn. "Leveraged risk is a cancer in this market."

Try \$1 trillion, says New York professor Nouriel Roubin. Contagion is moving up the ladder to prime mortgages, commercial property, home equity loans, car loans, credit cards and student loans. We have not even begun Wave Two: the British, Club Med, East European, and Antipodean house busts.

As the once unthinkable unfolds, the leaders of global finance dither. The Europeans are frozen in the headlights: trembling before a false inflation; cowed by an atavistic Bundesbank; waiting passively for the Atlantic storm to hit.

Half the eurozone is grinding to a halt. Italy is slipping into recession. Property prices are flat or falling in Ireland, Spain, France, southern Italy and now Germany. French consumer morale is the lowest in 20 years...

The Fed is now singing from a different hymn book, warning of the "possibility of some very unfavourable outcomes". Inflation is not one of them...

Ultimately the big guns have the means to stop descent into an economic Ice Age. But will they act in time?"..."



## UN DEEPENS THE IRAN NUCLEAR CRISIS

*March 5, 2008* Asian Times Online reported: "On Monday, the United Nations Security Council adopted a third round of sanctions on Iran

that will likely escalate the nuclear crisis, given Tehran's stated promise to resist "unlawful" pressures and demands. This may well mean resisting a key aspect of the UN resolution that calls for the interdiction of ships and airplanes carrying suspected nuclear cargo to and from Iran.

With US and French ships poised to carry out this duty in and around the Persian Gulf, the stage has now been set for the next chapter in the nuclear standoff, that is, physical confrontation.

After several weeks of closed-door negotiations, the 15-member Security Council imposed the sanctions, adding that if Iran "suspends all enrichment-related and reprocessing activities, including research and development", the council would suspend the implementation of the sanctions. The vote was 14 in favor, including the five permanent members - the United States, Britain, France, Russia and China - with one abstention from a non-permanent member, Indonesia.

For the first time, the council imposed a ban on trade with Iran, specifically on goods relating to both military and civilian uses. The last two resolutions against Iran were imposed in December 2006 and in March 2007, mostly relating to trade in nuclear-sensitive materials and technology."..."

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## **PENTAGON SAYS CHINA CONTINUES MILITARY BUILD-UP**

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*March 4, 2008* VOA News reported: "A Pentagon report released Monday asserts that China is continuing its steady military buildup. The annual assessment to Congress also says Beijing's reluctance to share information about its military intentions, spending and capabilities poses a risk to stability. VOA Correspondent Cindy Saine reports from Washington.

Every year, the Pentagon is required by Congress to submit a comprehensive assessment of China's military capabilities and an update on the situation in the Taiwan Strait. This year's report says China's People's Liberation Army is transforming from a mass army designed for long wars of attrition on its territory to one capable of fighting short conflicts against high-tech adversaries. It says that the main short-term focus of China's military build-up is the Taiwan Strait, but that Beijing is also improving its ability to win possible conflicts over resources or territory.

David Sedney, the Deputy Assistant Secretary of Defense for East Asia, says the international community still knows very little about China's military modernization.

"I think the biggest thing for people to be concerned about really is the fact that we don't have that kind of strategic understanding of the Chinese intentions," said Sedney. "And that leads to uncertainty, that leads to a readiness to hedge against the possibility that China's development will go in ways that the Chinese say it won't."

The 2008 report says China's capabilities are expanding from the land, air and sea dimensions of the traditional battlefield into space and cyber-space.

"In the counter-space area, the Chinese test of an anti-satellite system a little over a year ago was something that really brought home in a very dramatic way the capabilities that China has been developing," he said..."

Last month, when the Pentagon shot down a defunct U.S. intelligence satellite, China expressed concern, though the Pentagon insisted that it was transparent about its intentions and informed other countries in advance.

The United States believes that China understates its defense spending by tens of billions of dollars."..."

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## **US IRAQ TROOPS 'INSULT TO REGION'**

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*March 3, 2008* BBC News reported: "Iranian President Mahmoud Ahmadinejad has said the presence of foreign forces in Iraq is a humiliation and an insult to the region. On the second day of a visit to Iraq, he said major powers should not be interfering in the region's affairs. Mr Ahmadinejad called for the immediate withdrawal of foreign troops.

It is the first-ever visit to Iraq by an Iranian president. The two countries fought an eight-year war when Saddam Hussein invaded Iran in 1980.

Mr Ahmadinejad did not mention the US by name, but Washington still has more than 150,000 soldiers based in Iraq, nearly five years after it led the 2003 invasion. The Iranian president and his Iraqi counterpart, Jalal Talabani, on Monday signed a number of co-operation agreements on trade and transport.

"Without the presence of the foreign troops the region will live in peace and brotherhood," Mr Ahmadinejad said."..."

Our correspondent says Mr Ahmadinejad's visit could not contrast more strongly with those of Iraq's only other presidential visitor since the overthrow of Saddam Hussein, President Bush, whose trips have been unannounced, brief and confined to American military bases."..."

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