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WARREN BUFFETT TO CNBC: U.S. ECONOMY IN "SHAMBLES" .. NO SIGNS OF RECOVERY YET

June 24, 2009 CNBC.com reported: "In a live interview on CNBC today, Warren Buffett said there has been little progress over the past few months in the "economic war" being fought by the country. "We haven't got the economy moving yet."

While the economy is a "shambles" and likely to stay that way for some time, he remains optimistic there will eventually be a recovery over a period of years.

BECKY (QUICK): The last time we sat down to talk to you was on May 4, and at that point you told us that you think we're in an economic war right now. How much progress do you think we've made in that war?

BUFFETT: Well, it's been pretty flat. I get figures on 70-odd businesses, a lot of them daily. Everything that I see about the economy is that we've had no bounce. The financial system was really where the crisis was last September and October, and that's been surmounted and that's enormously important. But in terms of the economy coming back, it takes a while. There were a lot of excesses to be wrung out and that process is still underway and it looks to me like it will be underway for quite a while. In the (Berkshire Hathaway) annual report I said the economy would be in a shambles this year and probably well beyond. I'm afraid that's true.

Buffett also noted that he had a cataract operation on his left eye about a month ago. He joked that he thought it might help him see "green shoots" for the economy, but so far he hasn't seen any hopeful signs. Taking a firm position in an ongoing debate in the financial markets, Buffett says he's not concerned about deflation, but thinks inflation will be a problem in coming years."..."

N. KOREA THREATENS: US; WORLD ANTICIPATES MISSILE

June 24, 2009 The Associated Press reported: "North Korea threatened Wednesday to wipe the United States off the map as Washington and its allies watched for signs the regime will launch a series of missiles in the coming days.

Off China's coast, a U.S. destroyer was tailing a North Korean ship suspected of transporting illicit weapons to Myanmar in what could be the first test of U.N. sanctions passed to punish the nation for an underground nuclear test last month. The Kang Nam left the North Korean port of Nampo a week ago with the USS John S. McCain close behind. The ship, accused of transporting banned goods in the past, is believed bound for Myanmar, according to South Korean and U.S. officials.

The new U.N. Security Council resolution requires member states to seek permission to inspect suspicious cargo. North Korea has said it would consider interception a declaration of war and on Wednesday accused the U.S. of seeking to provoke another Korean War.

"If the U.S. imperialists start another war, the army and people of Korea will ... wipe out the aggressors on the globe once and for all," the official Korean Central News Agency said. The warning came on the eve of the 59th anniversary of the start of the three-year Korean War, which ended in a truce in 1953, not a peace treaty, leaving the peninsula in state of war.

The U.S. has 28,500 troops in South Korea to protect against an outbreak of hostilities. Tensions have been high since North Korea launched a long-range rocket in April and then conducted its second underground atomic test on May 25."..."

South Korea's Yonhap news agency reported Wednesday that the North may fire a Scud missile with a range of up to 310 miles (500 kilometers) or a short-range ground-to-ship missile with a range of 100 miles (160 kilometers) during the no-sail period."..."



North Korea

US SWINE FLU CASES MAY HAVE HIT 1 MILLION

June 25, 2009 Breitbart.com reported: "Health officials estimate that as many as 1 million Americans now have the new swine flu. Lyn Finelli, a flu surveillance official with the Center of Disease Control and Prevention, voiced the estimate at a vaccine advisory meeting Thursday in Atlanta.

The estimate is based on mathematical modeling. Nearly 28,000 U.S. cases have been reported to the CDC, accounting for roughly half the world's cases. The U.S. count includes 3,065 hospitalizations and 127 deaths. An estimated 15 million to 60 million Americans catch seasonal flu each year."..."

The percentage of cases hospitalized has been growing, but that may be due to closer scrutiny of very sick patients."...Other health problems have been a factor in most cases: About one in three of the hospitalized cases had asthma, 16 percent diabetes, 12 percent have immune system problems and 11 percent chronic heart disease."..."

EU BANK BAIL-OUTS COULD DWARF STIMULUS SPENDING

June 24, 2009 The EU Observer reported: "An annual report on public finances published by the European Commission on Tuesday (23 June) indicates the cost of government stimulus packages could pale into insignificance when compared to the bill for EU bank bail-outs.

The lengthy report says the final cost of bank bail-outs is likely to lie anywhere between 2.75 – 16.5 percent of EU GDP depending on the veracity of underlying assumptions and the ability of governments to recover capital injections and loans.

"Experience shows that the costs were lower when the banking crisis resolution strategy was implemented swiftly, was transparent and received broad political support," said a commission statement.

A final bill closer to the report's upper estimate would dwarf the costs of stimulus spending used by EU governments to tackle the economic crisis. EU governments will provide roughly five percent of GDP, or around €600 billion, to stimulate the bloc's economy and protect its citizens over 2009-10 when the rising cost of unemployment benefits and other automatic support measures are taken into account.

This year, the largest fiscal stimulus packages as a percentage of GDP are being implemented in Spain, Austria, Finland, the UK, Germany and Sweden. However the report warns that the heavy toll exacted on public finances as a result of the crisis and the growing burden presented by an aging EU population mean governments increasingly need to claw back spending and put their financial houses in order."...

Germany recently introduced a constitutional change that will make it illegal for the federal government to run a deficit of more than 0.35 percent of GDP from 2016, whereas the French president, Nicolas Sarkozy, rejected austerity measures in a speech to parliament on Monday.

Mr Sarkozy's warning that continued spending was necessary because the downturn was far from over was partially confirmed by a new survey on Tuesday that indicates the EU's recovery appears to have slowed in the second quarter of this year."..."

ISRAEL BUILDS BARRIER ALONG EGYPTIAN BORDER

June 24, 2009 Middle East Newsline reported: "Israel has launched construction of a barrier along its border with Egypt. Officials said the Defense Ministry has approved a \$500 million project to improve security along the 200-kilometer Egyptian border. They said the multi-phase program would include a wall along the northern part of the Egyptian border near the Gaza Strip."..."

NETANYAHU: IRANIAN REGIME 'UNMASKED'

June 23, 2009 The Jerusalem Post: "The true nature of the Iranian regime has been unmasked, Prime Minister Binyamin Netanyahu said Tuesday. "I think that people now can understand many of the things that we have been talking about all these years."

"I think what is happening in Iran is a fact of monumental and historical importance," Netanyahu told Italy's RAI television network. "I don't know how it will end, but I think that it is a deep expression of a desire for change, for freedom." Netanyahu was making his first visit to Europe since assuming office in March.

"I think that anybody who supports freedom and supports human rights supports the effort of the people of Iran to regain their freedom," he said. "I don't think people are merely protesting, 'we don't want this or that particular president'...they want a change, which will allow them to walk the streets, to have empowerment of women, to have youngsters being able to make choices in their lives."...



"I don't believe that this kind of thirst for freedom can be suppressed for very long. It may be suppressed further, but I think that two things are evident. One, the true nature of this repressive regime has been exposed and, two, there is in the Middle East something I haven't seen in my lifetime, and that is an awareness by everyone, not just Israel, but many of the Arab governments and I think many in the Arab public, including Palestinians, that we have a common challenge. We don't want to be overrun by this theocratic barbarism."...

Netanyahu said the threat of a nuclear-armed Iran was now clearer to the world. "Right now, everybody understands that nuclear weapons in the hands of such a brutal regime could be very dangerous to the entire world."..."

TO FIGHT DEFLATION, ABOLISH CASH. COULD JAPAN MAKE REALITY OF 'SCIENCE FICTION'?

June 19, 2009 TimesOnline.com reported: "With recovery elusive, a population doddering into old age and perhaps a decade of deflation in prospect, Japan may start mulling the most radical monetary policy of all — the abolition of cash.

Unorthodox, untried and, said one Bank of Tokyo Mitsubishi strategist, "in the realms of economic science fiction", the recommendation has nevertheless begun floating around Tokyo's corridors of power and economists have described Japan as particularly suitable as a testing ground.

The search for more outré economic policies continues, despite the recent surge in the Nikkei 225 index. The market may be reflecting soaring Chinese investment, rising consumer confidence and other cheerful data but economists see few long-term beacons of hope for Japan. Other extreme ideas mooted by the financial authorities include a tax on physical currency or introducing one to operate alongside the yen.

All three ideas are based on a theory concerning interest rates and the concept that a nominal rate of zero — as Japan has now lived with for much of the past decade — may be too high. In Japan's case, the theory would suggest that nominal rates of -4 per cent might be closer to what is required to rescue the economy from another deflationary spiral. Having agreed that this might be necessary, the next question is how it could be imposed."...

Nevertheless, the country remains a wholeheartedly cash-based consumer society."..."

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