

Headlines:

- **US Tests Missile**
- **Recession Dawns Global Economy**
- **Trump Wants to Buy Greenland**

Details:

US Tests Missile

On Sunday 18th August, the Pentagon tested a conventionally-configured (i.e. non-nuclear) cruise missile. The missile flew over 500 km and officials described it as accurately impacting. A ground-launched cruise missile of that range would have been flat out illegal under the Intermediate Nuclear Forces (INF) Treaty of 1987, which the US formally withdrew from on August 2. The Pentagon says they intend for this test, apparently of an old missile they had lying around, is meant to “inform” the future development of missiles that would also violate the INF. The Pentagon intends to spend massive on intermediate-range missiles, though so far it isn’t entirely clear where they will be positioned. Defense Secretary Mark Esper wants to position the missiles across Asia. Another nation testing a similar missile would have been condemned by the international community for causing instability and threatening world peace. Whilst for America everything goes in the name of national security, it seems for others doing the exact same act this affects world’s peace.

Recession Dawns Global Economy

The last week has not been good for the global economy. Three of the top four economies showed signs they may be going into recession. In the US, bond markets were in a tailspin when yields inverted. This is the phenomenon in the bond market in which longer-term interest rates fall below shorter-term interest rates. This in America’s case usually indicates a recession. In July, the labor force participation rate stood at only 63%, which indicates the US economy is not generated new jobs. China has never fully recovered from the crisis in 2008. China depends on exports, but during the financial crisis, global demand decreased. As a result China printed lots of which found its way into a property market that created the world’s largest ever bubble. Combine this with the tariffs imposed by China’s biggest customer, the US it doesn’t look good for China. Germany is the closest to slipping into the classic definition of recession. Germany is the most reliant upon exports which accounts for nearly 50% of its GDP which makes it very vulnerable to minor belt-tightening in other countries. If the German economy contracts, the rest of Europe will also suffer.

Trump Wants to Buy Greenland

US President Donald Trump tweeted this week of his desire to buy Greenland. Many have been shocked at the mere fact it is even being actively discussed in the Oval Office. For Trump it’s the real estate deal of a lifetime, one that would secure a land mass a quarter the size of the US and cement his place in US history alongside President Andrew Johnson, who bought Alaska from Russia in 1867, and Thomas Jefferson, who secured Louisiana from the French in 1803. To Trump’s advisers, the planned multibillion-dollar takeover challenges China’s dominance of the world’s industrial metals and helps to block Russia’s renewed military ambitions. Greenland is an autonomous region that effectively runs itself while Denmark, its sovereign owner, takes care of defence and foreign policy. Age-old conversations with Denmark about leases for parcels of Greenland has developed into one about buying the whole place outright. Greenland harbours some of the largest deposits of rare-earth metals, including neodymium, praseodymium, dysprosium and terbium, along with uranium and the byproducts of zinc. More than 100m tonnes of ore are believed to be sitting below the surface. Trump made it clear on the tarmac as he prepared to board Air Force One, bound for the G7 summit in France, that he thought Greenland had a price, in the same way that everything and everybody has a price, and Denmark could be a willing seller. He said: *“We protect Denmark like we do large portions of the world. So the concept came up and I said, certainly. Strategically it’s interesting. It’s essentially a large real estate deal.”*