

Quote of the week : “We the people are the rightful masters of both Congress and the courts, not to overthrow the Constitution but to overturn the men who pervert the Constitution.” - Abraham Lincoln - *dear old Abe must be spinning in his grave at supersonic speeds at the sight of politicians in Washington playing short-sighted, ego-driven “silly bugger games” rather than keeping the nation’s best interests foremost in their minds, while their “masters” let them.*

I am a John Mauldin fan, even though he is a self-avowed right-of-centre Texan and I am Canadian with views that are fiscally modestly conservative & in social policy terms marginally left-of-centre. So for those of you interested in learning more about the US healthcare situation, & the challenges it faces in the years ahead, I recommend you may take the time to read the latest column in his “From the Front Line” series entitled The Road to a New Medical Order. Much of it is based on hands-on knowledge of a friend of his associated with the Cleveland Clinic, a top drawer US medical facility with 43,000 employees & annual revenues of US\$6BN. Among other things, what I took away from it were two facts new to me : the US national healthcare bill rose from 5.2% of GDP in 1960 to 17.5%-18.0% today & could rise to 22%, and the Cleveland Clinic has annual billings of US\$18BN but revenues of only US\$6BN, since Medicare pays only 23¢ on the dollar billed, Medicaid 18¢ & insurance companies 38¢ (*which makes one wonder as what numbers find their way into the calculation of GDP*).

According to Frank Rich in New York Magazine the impasse in Washington is all about the refusal by a party, thrice thwarted in its efforts to derail Obamacare (with Congressional approval in 2010, the subsequent Supreme Court ruling on its constitutionality & the 2012 election), to accept the legitimacy of the democratic process & its frustration at having been unable to delegitimize a twice-elected President – *he, somewhat unfairly, paints the entire GOP with the Tea Party brush.*

Since 2008 the world’s most important four central banks (the Fed, BoE, ECB & BoJ) have ballooned their balance sheets by US\$5TR, in the process generating US\$1TR in GDP growth. Such a 1 : 5 payback ratio wouldn’t pass the ‘smell test’ in the corporate world, never mind the 18 : 1 ratio when the contingent liabilities on the G-7 countries’ consolidated balance sheets are included (*recently Sprott’s John Embry opined that, if those of the US government were included, it would be US\$200TR ‘in hock’, over 10x US GDP or its reported national debt*).

In December it will be five years since the Fed embarked on its policy to keep interest rates at “exceptionally low” (zero to 0.25%) levels for an extended period. And what has been the result? The banks have profited hugely while taking zero risk as they borrowed cheaply **from** the government & lent the money back **to** it at a spread, government debt servicing costs have been muted & corporations have accumulated huge cash balances, while in the real world GDP growth, consumer income & productive business borrowing remained anemic [thereby once again validating the old market adage that in monetary policy “You can’t push on a string”, i.e. it can restrain borrowing with high interest rates but cannot entice wealth creating borrowing with low ones when borrowers see no benefits in doing so (in this context, one of you asked me about Janet Yellen’s appointment. The best thing about it is that ‘she ain’t Summers’. But after that its mostly downhill : the last thing the Fed needs at this juncture is another Chair with an academic background & no first hand financial market/real world experience who is more dovish than the incumbent; even though in the short run markets will see her as providing continuity & being a known quantity, longer term both these considerations are immaterial).

On October 8th the US Treasury put into circulation a new series of one hundred dollar bills. Quite similar in appearance, but 60% more costly to produce (12.6¢ rather than 7.8¢), than the existing ones, they are expected to be more difficult to counterfeit. With 76% of the US\$1.1TR in

US banknotes in circulation accounted for by the one hundred dollar denomination, Bloomberg's headline was that they "are going to be huge overseas" (*especially among drug barons?*).

There was a program recently on CNBC featuring Matt Taibbi (who in recent years has made a career documenting the financial shenanigans of the US "too big to fail" banks). Somewhere along the way he observed that, apart of the US\$11BN penalty JPMorgan CEO Jamie Dimon is currently said to be negotiating with the US Justice Department & assorted federal & state regulators in full settlement of their various investigations of his bank's alleged past misdeeds, in recent years the bank had already paid US\$16BN, one-third of its after-tax earnings, in penalties & compensation for other inappropriate behaviour. While one participant in the program sought to defend Dimon by saying he "had turned the bank into a cash-generating machine", she conveniently overlooked the fact the same can be said about the Mafia or the Mexican drug cartels - *JPM's fall from grace saddens me; for during my dealings in government with the bank over two decades I had learnt to look upon it as truly the "class act" among banks.*

There is an anomaly in US electricity prices. For, while the shale gas glut is driving its cost of production **down**, consumer prices have been going **up**; thus, while in 2000 their average cost was 8.1¢, by 2012 this had risen to 11.9¢ (*up 47%, i.e. a compound annual growth rate of 3.56%, well in excess of the official inflation rate*). The reasons for this include the *growing* cost of operating & maintaining an aging grid-, & generating-, infrastructure, and the need to comply with increasingly stringent environmental regulations. Meanwhile in recent years the cost of solar power has declined 44%-55% to between 12.7¢ & 14.3¢, with the growing importance of solar power in the US generally not fully appreciated¹.

Ford & GM reported that this past August had been the best for sales in seven years. But all that glitters may not be gold. For GM had reported earlier that last year its in-house financing arm had experienced a US\$200MM increase, to US\$933MM, in its delinquent loans. A likely contributing factor was the fact that it has been making a disproportionate number of loans to "sub-prime" car buyers; moreover, while in 2011 only 8% of its loans went to the 60% of Americans with credit scores of at least 660 (the dividing line between "good" & "fair"), in 2012 that had declined to 4%. And yet, GM recently sold its first **unsecured** bond offering, US\$4.5BN of it, since emerging from bankruptcy (one-third each at 5 years with a 3.50%-, 10 years with a 4.87%-, & 30 years with a 6.25%-, coupon) – *one may be able to justify buying, & need to buy, 30-year bonds, but anyone buying such long bonds issued by a car maker must operate on the basis that he or she will be long gone by the time they may become problematic.*

One year ago the API (American Petroleum Institute) filed suit against the SEC for seeking to implement Section 1504 of Dodd's-Frank (the so-called "Cardin-Lugar provision" that would require listed US oil & gas companies to make public detailed information as to what they paid to whom for the concessions they, or their foreign affiliates, had obtained in foreign countries). API President Jack N. Gerard justified this by saying "we support transparency" but not when it makes US companies "less competitive" vis a vis SOEs "with no interest in transparency". But last April, at the request of several NGOs incl. Oxfam, the DC Circuit Court of Appeals negated API's right to sue the SEC in this matter - *while it's not hard to have sympathy for the*

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Total installed solar PV (PhotoVoltaic) capacity in the US is said to have tripled between 2010 & 2012, to be expected to triple again by 2016 & 49% of the nation's new electricity generating capacity in the First Quarter to have been accounted for by PV installations. And Bloomberg predicts that this year 37GW in new solar PV generating capacity will come on stream worldwide (in a 23MM GW system).

companies' competitive handicap in this respect, making an exception in this case would significantly move the yard sticks in the corporate transparency game.

This week the APEC Summit will take place in Bali². On his way there Canada's Prime Minister Harper became, last Saturday October 5th, the first Canadian Prime Minister in 17 years to visit nearby Malaysia. Unfortunately his timing was poor & the money spent basically wasted³. For his visit coincided with that of China's President Xi Jinping, who got the most of the government's-, & all the media's-, attention (& who, while there, opined *on October 7th* that he expects a "long & tortuous" process" of global economic recovery & that China's 7% GDP growth rate was "within a reasonable and expected range"). But who can blame the Malaysians? For their annual two-way trade with China is in the US\$100BN range, 30x that with Canada, and nearly 25% of its population is ethnic Chinese (*more evidence of the 'Amateur Hour' conduct of Canadian foreign policy these days?*) And, while on the subject of the APEC Summit, President Obama's decision to cancel his Asian tour cum attendance at the Summit, no matter how justifiable, if not inevitable, in domestic political terms given the shutdown cum debt ceiling situation, made Xi Jinping the uncontested star of the show & did significant harm to the US image and undermined its status in the region & the credibility of its "pivot strategy", even though Singapore's Prime Minister, Lee Hsien Loong, who is close to China's leaders & was among the most direct in commenting on Obama's absence, declared "No other country can replace the American engagement in Asia ... Not China, not Japan, not any other power."

The CSEC (Communications Security Establishment Canada) has a \$350MM annual budget, employs 2,000 people & in an era of supposed austerity has just moved into a new \$1+BN headquarters in Ottawa that is the most expensive building the federal government ever built & that the CBC calls a "spy palace". By law it has a mandate to gather foreign intelligence⁴, safeguard Canadian government communications & computers from foreign hackers, and help other federal security agencies where it is legally possible to do so. On October 7th the Brazilian news program Fantastico made public documents from the Snowden treasure trove that included a CSEC slide presentation showing it had hacked the Brazilian Ministry of Mines & Energy. Apparently its "Advanced Network Tradecraft" team eighteen months ago had started accessing the encrypted servers & associated data bases of the Ministry with such pleasing results that one of its analysts had turned the findings into a "Top Secret"-rated PowerPoint presentation shared, the following June, with third parties. Not surprisingly, the Brazilian government is not pleased & has turned this into a diplomatic row.

China's annual investment abroad increased over seven-fold in the seven year period ended in 2012, from US\$17BN to US\$129BN. And in the first half of this year an astounding almost 40%

² Located just to the East of Indonesia's main island of Java, it is the country's main tourist destination point & its 4+MM inhabitants are almost 90% is Hindu & constitute almost the country's entire Hindu population.

³ To the point that it even overshadowed the announcement by Prime Minister Mohd Nadib of a "gargantuan" \$36BN investment by state-owned Petronas (that last year bought Calgary-based Progress Energy) in a BC LNG plant & associated pipeline infrastructure (much of which represents the cost of the natural gas purchased over 30 years, almost exclusively from BC producers, with little by way of direct benefits for Alberta).

⁴ Incl. economic intelligence as well as intelligence of a national security nature?

of its total US\$60BN investment abroad went into Africa, much of it into bauxite-rich Guinea that expects to hike its bauxite production by 2020 to 25% of the global total (up from 7% today)⁵.

On September 26th the panel advising the GPIF, Japan's US\$1.23TR government pension fund, issued a report saying that in view of the Fund's record losses on its fixed income holdings, & with inflation returning, it should reduce its exposure to government bonds & boost its holdings of 'risk assets'. This came after the fund itself three months earlier already had announced it was lowering its target for government bonds from 67% to 60% & hiking those for foreign & domestic equities from 9% & 11% respectively to 12% each) - *with the mama-sans now increasingly net sellers of JGBs in retirement, & foreign buyers scared off by the negative outlook for the Yen, that leaves only the 'buyer of last resort' for JGBs, the BoJ!*

One day last week three small vessels (over)loaded to the gunnels with people from assorted African nations in search of a better life in Europe departed from Libya headed for the tiny Italian island of Lampedusa, halfway to the 'toe' of Italy. But only two made it to their destination. Such departures are a common occurrence, & so are failures to do so, with thousands of would-be asylum seekers drowning every year (most vessels used in this traffic are old & decrepit, and often barely, if at all, seaworthy). What seems to have captured the media's attention this time was the extent of the loss of life (of the 500+ people on the 60 foot vessel, each of whom must have had less than five square foot of space on board, less than 200 survived), the place where it happened (only half a mile offshore) & the reason for it happening : it had started taking on water & someone lit a small fire to attract help that got out of hand, causing its human cargo to stampede away from the fire to the ship's 'safe' side, causing it to "turn turtle" & dumping everyone in the water except the unlucky ones trapped inside - *climate change & a TV-fueled belief among the world's poverty-stricken that there are better options elsewhere will only increase migration pressures in the years to come. And there will always be predators willing to take advantage of, & profit from, other people's desperation. In the end there are only three options to address, singly or in any combination, this problem : a greater, & more effective, spreading of the wealth by the world's more fortunate, more efficient immigration (& subsequently integration) policies by the destination countries and/or, as an unpalatable, but likely extremely effective, last resort, the summary execution of any & all human traffickers*⁶.

This week, as an attachment that you may wish to read, or pass on, there is a brief review of a recent Alberta Legislature all-party committee meeting on the not well-known Irlen Syndrome, a reading disorder that can be, & often is, misdiagnosed to the detriment of the academic achievements of those affected. In so doing, I am following in my father's footsteps'. For despite, or perhaps because of, his narrowly focused formal pre-WW I training as a navy officer,

⁵ Guinea is located on the West coast of Africa, bordered on the North by Guinea-Bissau & on the South by Sierra Leone. It has a population of about 10MM, has about the same landmass as the UK, & is resource-rich (possibly as much as half the world's bauxite as well massive amounts of iron ore & lesser quantities of gold, diamonds & uranium. It also contains the headwaters of the three major rivers in the region, the Niger-, Gambia- & Senegal-, rivers (which accounts for its massive hydropower-generating potential - with electricity being a key cost element of aluminum smelting).

⁶ Thirty years ago already I told a friend in Holland who complained about all those "black-footed" people coming there we had two choices, share the wealth & enable them to make a decent living in their traditional surroundings or have them 'come & visit us', with the truth being it was cheaper for us, & more congenial to them, if they were to stay put.

he was a lifelong avid reading “grazer”, who read anything outside his own field that caught his eye. So in retirement many years ago, he read about a then newly-identified affliction affecting children’s learning ability called dyslexia. Some time later, on one of his daily walks in the neighbourhood, he engaged in conversation with a lady living across the street from my parents, one of whose three sons, who seemed bright, had difficulties with his school work for reasons no one had been able to figure out. So my father mentioned to her what he had been reading about this novel dyslexia thing, she had him tested, and, presto, problem identified! For the rest of his life he took great pride in having made an enormous change in the life of that family & of that boy. If I only could be as lucky!

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Thursday October 10th, 2013

THE NEW BATTLE FOR THE PACIFIC : HOW THE WEST IS LOSING THE SOUTH PACIFIC TO CHINA, THE UAE AND JUST ABOUT EVERYONE ELSE (East-West Center, Cleo Paskal)

- The Pacific Island nations have historically been thought of, & referred to, as “small island nations” whereas they more realistically should be seen as “large ocean states” with vast fisheries & potential seabed resources, and increasingly important geostrategic positioning. Thus in 2012 Adm. Samuel Locklear, Head of the US Pacific Command, told an audience in the Cook Islands that “Five trillion dollars of commerce rides on the (Asia-Pacific) sea lanes each year, and you people are sitting in the middle of it.”

The proof of the pudding is in the eating, as witnessed by President Obama’s unfortunate failure to attend the APEC Summit. And the West is not only getting behind the eight ball in the Asia-Pacific region but also in sub-Sahara Africa, a cornucopia of, often strategic, resources, where in the next forty years half the world’s population growth is expected to take place (Ms. Paskal is an Associate Fellow at Chatham House, London, & Adjunct Faculty at India’s Manipal University, one of India’s top universities, & in many people’s opinion its top university bar none).

CENTRAL BANKS UNDER INCREASING PRESSURE (Reuters, Sujata Rao)

- The world seems to be working up to a break in the recent decades’ trend of central banks operating relatively free from politics & concentrating on inflation targeting to one in which governments (as a cop-out from having to make hard fiscal policy choices themselves?) expect them to boost economic growth with low interest rates, even at the risk of inflation & currency volatility. Thus, according to Christian Keller, Head of Barclay’s EEMEA Research, “We are definitely seeing more pressure on central banks” in emerging economies that has been ... encouraged by the blurring of the fiscal-monetary policy lines in the West where the central banks have been busily printing money & buying government bonds to cap governments’ borrowing costs.

The spread of the rot in central banking thinking is reflected in what Chicago Fed President Charles Evans, a dove & this year a voting member, purportedly said at the September 17th-18th FOMC meeting namely that ‘while unconventional monetary policies do carry increased risk of financial instability, it would be “horrible” if the Fed raised interest rates solely to address financial instability concerns’ which, he said, should be addressed with regulatory & prudential tools (whatever the latter adjective may mean). And while on the subject of financial stability, the latest IMF Global Financial Stability Report noted that the banks in Spain, Italy & Portugal face

250BN Euros in potential losses on their business loans (i.e. 25% of their total) over the next two years, with only the Spanish banks having sufficient reserves to cover their 104BN Euro share thereof.

BOEHNER RULES OUT DEBT LIMIT HIKE WITHOUT OBAMA CONCESSIONS
(CTV News, Donna Cassata)

- Over the weekend House Speaker John Boehner (R.-Ohio) and Sen. Chuck Schumer (D.-NY) were on ABC's This Week and Sen. Ted Cruz (R.-Texas) & Treasury Secretary Jack Lew on CNN's State of the Union while the latter was also on CBS's Face the Nation, Fox News Sunday & NBC's Meet the Press. Boehner adamantly ruled out a vote on the debt limit without concessions by the President, saying "we're not going to pass a clear debt limit increase ... The votes *for that* are not in the House and the president is risking default by not having a conversation with us." Schumer issued Boehner a "friendly challenge", saying "Put it (*i.e. the spending authority bill*) on the floor (*of the House*) Monday or Tuesday ... I bet there are the votes to pass it." (*Democrats have maintained throughout there is more than adequate bipartisan support from most, if not all, Democrats & a scattering of Republicans*). Cruz called the debt ceiling "the best leverage the Congress has to rein in the executive" & said "We ... look for three things ... some significant plan to reduce government spending ... avoid new taxes ... ways to mitigate harm from Obamacare." Jack Lew warned Congress "is playing with fire", Obama hasn't changed his opposition to coupling both bills to changes in Obamacare & spending cuts, and by October 17th the Treasury will have US\$30BN cash on hand, half of the cash that goes out some days.
- Elsewhere Mark Zandi, Chief Economist at Moody's Analytics, said a default would be a "cataclysmic event ... (*that would*) cost us for generations to come" while Republicans like Steve King (R.-Iowa) dismiss warnings about a government default as "a lot of false demagoguery" & Defense Secretary Chuck Hagel ordered most furloughed Pentagon workers back to work, based on the Pentagon's interpretation of the Pay Our Military Act.

A shutdown was once deemed almost-, & a failure to raise the debt ceiling totally-, inconceivable while now one is a fact of life & there appears to be a growing acceptance the other may become so. All of that because one in ten lawmakers are holding their own party, & the nation, to ransom & because John Boehner is more concerned about his job than the state of the nation. Having said that, a default likely would neither be as calamitous as Zandi, nor as much of a walk in the park as people like King, possibly influenced by the Y2K experience, suggest. Meanwhile, the democratic template the US holds out as a model of governance is becoming a collateral damage victim.

HERE'S HOW WE CAN END THIS STALEMATE (WSJ OpEd, Paul Ryan)

- The President is giving Congress the silent treatment. But there is room for a breakthrough. We could pay down the debt & jump start the economy if we were to start discussing common sense reforms of the entitlement programs & the tax code. He is wrong when he says he "will not negotiate" the debt ceiling since that would be unprecedented; for Reagan did so in 1985 & Clinton in 1997, and he did in 2011 by signing the Budget Control Act, which swapped spending cuts for a debt ceiling hike. Negotiations need not be a betrayal of principles; thus in 2011 Sen. Ron Wyden (D.-Ore.) & I offered ideas on reforming Medicare; but while we had different perspectives, we also had mutual trust.
- Reforms are vital. For the CBO predicts that *on present trends* in ten years discretionary spending (*i.e. everything but entitlements & debt service*) will have grown by 17% to US\$202BN & mandatory spending by almost 80% to US\$1.6TR. And just as compound interest on a good investment generates higher returns over time, structural reforms now will produce greater savings as the years go by, making the entitlement programs more secure. Maybe we should agree on a six-week debt ceiling hike (*while the government*

remained 'shut down' - albeit it only to its present 17%) to discuss material fiscal changes.

The first crack in the dam, or an attempt to regain the initiative by giving in on the debt ceiling? (Democrats likely see it as the first & want to avoid the latter like the plague). While Ryan is right in much of what he says, there is also an element in it of the pot calling the kettle black. Speaker Boehner c.s. have let themselves be taken hostage by a small group of blinkered extremists who are not into negotiating except strictly on their terms, with both betting that, given his track record, Obama will be the first to blink. But anybody can turn stubborn, regardless of his or her past record if provoked enough (as many divorced people can attest to). Moreover, the Democrats think that in the short run they can win this battle & that, if they do, this will over the longer term undermine the viability of the GOP.

OBAMACARE BEGINS - AND THE RIGHT IS TERRIFIED THAT IT WILL WORK (The Independent, Rupert Cornwell)

- With all attention in Washington on what was shut down, less attention was paid to what had opened up with the launch of Obamacare (despite its teething problems as its websites were overwhelmed). This will be Obama's legacy. Since Harry Truman others have tried and President Johnson, *half a century ago*, partly succeeded with the passage of Medicare & Medicaid, despite Reagan telling his followers Americans would spend their "sunset days telling our children and our grandchildren what it was like when men were free."
- The Republicans' King Canute-like refusal is nothing more than a refusal to accept the rule of law. There is broad agreement Obamacare is not perfect, albeit not as imperfect as its detractors make it out to be (& *how much of that is due to Republican opposition to its during its formative stages?*) since Obama consulted with every interested party possible (*disregarding the old adage "a camel is a horse drawn by a committee"*), the main victim of which became the idea of a single payer system.
- Obama has learnt House Republicans can turn olive branches into whips. Since 2010 they have made 42 attempts to overturn Obamacare, full well knowing the Senate would reject every one of them. So now they have brought down government despite knowing that 70% of Americans feel that shutting down government is not the way to go about it.

The amazing part of it all is not that a relatively small number of Tea Party lawmakers are so recalcitrant, for they represent the views of a majority of people in their little world, but that the GOP leadership is so disastrously failing to represent the views of the majority of their followers (the latest polls show 71% of non-Tea Party Republicans believe failing to raise the debt ceiling would be a "serious" problem, as do a like number of Democrats, and even 44% of Tea Party followers)

RULING CLASHES WITH EUROPEAN TRIP TO DEFEND OILSANDS (EJ, Graham Thomson)

- On Wednesday October 2nd a plane carrying Alberta Environment Minister Diana McQueen touched down in Athens *on her five-country tour to Greece, Austria, Croatia, France & Sweden* to spread the message the oilsands are OK & Alberta has an environmentally responsible government. Unfortunately for her, & for Premier Redford's government, minutes later news broke of the release by Alberta Court of Queen's Bench Justice Richard Marceau of a ruling using words to describe their environmental review process like "tainted", "fatally flawed" & having a "direct apprehension of bias" in a case brought by the Pembina Institute & the Fort McMurray Environmental Association who

felt they had been unfairly barred from official status in an environmental hearing for an oilsands development proposal requiring up to 1.7MM litres of fresh groundwater daily that, *they said*, would also add to the region's declining air quality.

- The judge based his ruling on an internal "briefing note" written in 2009 in the case of another oilsands project by the then Director of the Northern Region in the Alberta Environment Ministry for his then Deputy Minister (that the judge reproduced in full in his ruling since it revealed the government's mindset) that had come to light during the court proceedings. It basically said the government wanted to have those at environmental hearings only those who were friendly to the oilsands & to keep out those it deemed 'unfriendly'. More specifically, the Director wrote it wanted people that were "relatively simple to work with" & that had "never filed an appeal" against a departmental ruling.

Her journey was stage 2.0 of an \$85,700 charm offensive by the Alberta government to try & head off a proposal in the EU, two years in the making, that would attach a higher carbon footprint rating to oilsands-, vis a vis conventional-, oil, thereby reducing its competitive position in the EU & the potential netback to producers [Stage 1.0 had been an earlier, similar "swan" by International Relations Minister Cal Dallas to Bulgaria, Hungary, Latvia, Lithuania & Romania {in both cases a choice of destinations that with one exceptions (France), or possibly two (France & Sweden), involved countries that don't matter a fig in the overall scheme of things but do notionally have an equal vote in EU decisions as, say, Germany & are easier "targets"}]. While this unlikely had been an optimum use of taxpayers' money in the first place since the EU must only be the umpteenth priority target market for oilsands oil, it now likely has been a total waste thereof (one local perception of the government's attitude was portrayed in a cartoon in a local paper that showed Premier Redford saying "This is an environmental hearing. We're here to listen to opinions from oilsands critics ... and the energy industry", with the first half of the saying shown near her normal-sized right ear while the latter part was positioned right next to her French horn-sized left ear.

U.S. CUTS MILITARY AID (TO EGYPT) RAISING FEARS OF REGIONAL RETREAT **(WSJ, Charles Levinson)**

- On October 9th Obama Administration officials announced that to press Egypt's military leaders to pursue a democratic transition they were postponing the shipment of hundreds of millions of dollars in military equipment, incl. tanks, Apache attack helicopters & Harpoon missiles, & (re)directing US\$260MM in cash from the government to aid programs in the country. This decision is arousing fears among Washington's allies in the region that the US' commitment to Middle East is dropping on its list of global priorities.

As well it should, & perhaps for no one more so than Prime Netanyahu. But the writing has been on the wall for some time. First came the US government's mounting fiscal challenges. Next, the growing disinterest at the US grass roots in 'foreign entanglements'. Then the 'pivot strategy'. And finally, after long talking about the need for "energy self-sufficiency", shale gas is now thought to have ended that being a pipe dream⁷. In practical terms where Egypt is concerned' however, this may not matter much since Saudi Arabia & other Arab states have been shoveling billions of dollars into Egypt to prop up the military regime & help it keep the Muslim Brotherhood at bay (& here is an interesting question : what in the name of Hades was the

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And there has recently been growing talk of the US exporting as much as 4BCFD of natural gas to Mexico (once a significant gas exporter to the US)..

official thinking behind selling Harpoon missiles to Egypt, other than to throw McDonnell-Douglas/Boeing a bone? For they are “over-the-horizon”, “anti-ship” weapons, & what might be the naval threat to Egypt?.

CHINA URGES U.S. TO PREVENT DEBT DEFAULT (Xinhua)

- At an October 8th press briefing convened by the Foreign Ministry China’s Vice Minister of Finance, Zhu Guangyao, said “The US is the world’s biggest economy and a major country issuing reserve currency. Safeguarding the debt is of vital importance to the economy of the US and the world ... This is the United States’ responsibility”, adding that China hopes the US will address the challenges facing its economy, solve the dispute over the debt ceiling & keep the recovery process in the US, & the world going.

This likely won’t cut much ice with the zealots in the US Congress, nor with those in the Republican Party too timid, & too preoccupied with their own re-election, to bring them to heel.

THE EDUCATION OF CHINA’S OIL COMPANY (Reuters)

- It is now anything but clear that CNOOC’s acquisition of Canada’s Nexen (oil company) was in the best interests of its stakeholders (i.e. the Chinese government & its public shareholders). According to one company insider “For CNOOC the closing of the deal marked the end of euphoria, and the beginning of pain”; for the feeling now is that, given the transformation of the global energy industry as a result of the shale gas revolution, the Company overpaid & underestimated the risks in monetizing Nexen’s land-locked oilsands & shale gas reserves that account for 75% of its proven & probable (p&p) reserves.

This is a revealing observation given the fact that Chinese SOEs do, & are encouraged to, take a “long view”. If this sentiment were to spread, it could bode ill for the outlook for Alberta’s economy & the Prime Minister’s dream of Canada becoming an “energy super power”.

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THE IRLLEN SYNDROME (aka the scotopic sensitivity syndrome)

This is an optical disorder named after the now 68 year-old California-based neuro-psychologist Helen Irlen who identified it 30 years ago & has since devoted her life to it. It is manifested by a disconnect between the brain & the eye that makes the printing appear jumbled & reading all but impossible, thus hindering sufferers’ academic & vocational prowess. She claims as much as 15% of the population is affected & that it accounts for up to half the people with reading problems.

In Britain testing for the Irlen Syndrome is publicly funded, and there are also laws on the books in Massachusetts & Mississippi that provide for it. A while ago a private member bill in the Alberta Legislature received First Reading & recently an all-party committee of it met to discuss the possibility of having it included on its legislative agenda. The advocate of the bill is Mary Jablonski, a fifth-term MLA, one of whose grandsons had difficulty learning to read, & reading, without there seemingly being any psychological or optical reason for it. And while a teacher suggested he suffered from ADD & be put on Ritalin, his grandmother ran into one of 10,000

Helen Irlen-trained 'Irlen screeners' who put her on the right path with the result that he is now an avid reader.

The Committee hearing turned into a tussle between Helen Irlen protagonists & some of the local medical establishment. For her solution to the problem has been to equip Irlen Syndrome sufferers with coloured glasses (whose colour varies between individuals) which somehow or other unscrambles the problem for those affected. This the local medical establishment blasted as unproven, unregulated & a poor substitute for traditional methods such as prescription glasses, prisms & orthoptics, with the UofA's Head of ophthalmology dismissing it as a form of dyslexia & the doctor who heads the AMA's pediatrics division even going as far as to state outright "it is not on my list of diagnoses" (i.e. he denies its very existence). Meanwhile, in the other corner were Helen Irlen herself (who had come to Edmonton for the occasion), an educational psychology colleague of hers, an Edmonton GP who, along with two of her children, has the affliction & has benefitted from the use of coloured glasses, as well as, albeit by reference only, a couple of British ophthalmologists who, while once negative on the idea, had since reversed their position

(The above is based on a reportage little-known, paid-subscription publication called Insight that provides a weekly review of happenings in the Alberta government, whose subscribers apparently include a number within the government itself).