

Income inequality has become a political buzz-word. In April 2011 two economists in the IMF's Research Department produced a paper entitled Inequality and Unsustainable Growth : Two Sides of the Same Coin. It concluded that high growth is more sustainable in countries with a more equal income distribution, and contended among others that :

- “Some inequality is integral to the effective functioning of a market economy ... but (*undue*) inequality can ... be destructive to growth”;
- Most empirical literature has missed a key point that “longer growth spells are robustly associated with more equality in the income distribution”; and
- “Poorly designed efforts to lower income inequality could grossly distort incentives and thereby undermine growth ... (*Our*) analysis *nevertheless* does perhaps tilt the balance towards the notion that attention to inequality can bring significant longer-run benefits for growth and, over long time horizons ... more sustainable growth.”

Talking about inequality, according to World Bank economist Branco Milanovich in his 2010 book The Haves and the Have-Nots, an annual per capita income of US\$1,225 would have earned one a spot in the top half income-wise of the world population, US\$5,000 among the top 20%, US\$12,000 among the top 10%, & US\$70,000 among the top 0.1% - *these numbers, however, don't appear to take into account differences in the cost of living.*

A 2013 Pew Research survey showed only 28% of Germans & Italians viewed China favourably (*the former rather remarkably so since their exports to China helped boost its economy*), along with 38% of Americans (down 14 points in two years). But popular support for China in Malaysia & Pakistan was 81%, in Africa 78%, 77% & 76% in Kenya, Senegal & Nigeria, and 71%, 65% & 62% in Latin American commodity exporters Venezuela, Brazil & Chile.

Last year the Chinese Ministry of Health released data showing that, due to rampant overprescription, people in China use, on average, 10x as many antibiotics as Americans (due in large part to hospitals getting only 20% of their funding from the government & depending on the sale of drugs for a significant part of their income. This was so despite the fact that, as a result of a government campaign to combat overprescription of antibiotics, their use had declined by 15% in the previous two years - *on the other hand, in China only half of all antibiotics sold are fed to animals, vs. 80% in the US (a number contested by the Animal Health Institute).*

In its free trade talks with the US, the EU is seeking to have the use of names like Parmesan, feta & Gruyere banned from cheese made in the US (as it was for some locally made cheeses under its free trade deals with Canada & some Central American countries). Not surprisingly, US dairy producers, cheese makers & food companies are fighting the idea - *Amazing how views on intellectual property rights change when the shoe is on the other foot.*

A chart produced by the St. Louis Fed showed that, while “federal debt held/*owned* by foreign & international investors” had increased steadily from US\$2.6TR in mid-2008 to US\$5.6TR at the end of 2012, in 2013 its growth had stopped. And another one by the Fed itself showed a similar trend in the volume of marketable securities it held in custody for “foreign official & international accounts”; after growing steadily from January 2008 until early last year, growth had ended (YTD it had nosedived as foreign central banks had sold US dollars to support their own currencies (*or, possibly, to remove them out from under US control just in case it decided to seize them?*) - *this is what led fifty years ago, when the position the US\$ in the system started looking increasingly dodgy, to the removal of foreign-owned assets from New York to London, thereby setting the stage for the emergence of the London-based Eurodollar market, the*

creation of SDRs in the IMF on January 1, 1970, the 'uncoupling' of the US dollar from gold by the Nixon Administration on August 15th, 1971 & the subsequent collapse of the Bretton Woods exchange rate system.

A Geological Survey study last November found that in California overpumping of groundwater to feed water-hungry crops had caused the land to sink as much as 11 inches per year (*between 2008 & 2010 near the hamlet of El Nido in Merced county*) in a 1,200 sq. mi. swath of its Central Valley. The reason is that land once devoted to growing annual (vegetable) crops has been planted to *more profitable* perennial crops like nuts & grapes. And where before farmers could let land lie fallow when water was scarce, nut & grape growers must keep watering, & in fact, during periods of drought must use more water than usual to keep their plants from dying. This has been aggravated by a lack of rules on the use by land owners of 'their' underground water resources.

The Globe & Mail April Report on Business magazine had a chart on global light vehicle production & sales, and the number of auto workers, in Canada & seven other countries, to see "how we stack up" (but did a half-assed job since it didn't include countries producing more, or nearly as many, light vehicles as Canada, like South Korea, Brazil, Thailand, Russia, Spain, France & the UK).

The numbers of vehicles produced & sold were in balance in only one country, China, at 17.5MM¹. There were five net exporters, Japan (7.5MM produced, 2.6MM sold domestically), Germany (5.5MM & 2.5MM), India (2.6MM & 2.4MM) Canada (2.3MM & 1.6MM) & Mexico (1.5MM & 1.1MM) & two net importers, US (10.5MM & 15.5MM) & Australia (0.2MM & 1.1MM). Implicit in the Globe's numbers were differences in :

¹ These are all rough numbers, eyeballed off a chart.

- productivity² - Canada produced 14.5 vehicles per worker, US & Japan 11.3, Mexico & China 10.9 each, India 9.6, Germany 7.1 & Australia < 5; and
- domestic annual per capita new vehicle sales : US - 0.049, Australia - 0.048, Canada - 0.047, Germany - 0.030, Japan - 0.020, China 0.013, Mexico 0.009, & India - 0.002.

While not commenting on the Chinese or US industries, it commented on the others as follows :

- **Australia** : a strong dollar & high costs of production have caused Ford, GM &, most recently Toyota, to pull out; so by 2017 it will no longer produce any cars;
- **Canada** : production is expected to decline by up to 20% by 2020, as shifts to lower cost locales like Mexico & the US - *so Canada's apparent high productivity advantage is more than offset by its high cost structure*;
- **Germany** : has benefitted from innovation & productivity improvements³, & a rebound in Western European sales will likely prompt a 5% hike in production in coming years;
- **India** : projected to become the world's third-largest market by 2020, its share of the global passenger vehicle market will double to 8% of the global total;
- **Japan** : Japanese automakers (*not the most unbiased source*) expect the hike in the sales tax (*effective April 1st*)⁴ to depress domestic sales by 9.8%; and
- **Mexico** : by 2015 it may replace Canada as the largest exporter of cars to the US.

In verifying these numbers, it was interesting to note that on a 40 producer country list produced by the OICA (Organization Internationale des Constructeurs d'Automobiles/International Organization of Motor Vehicle Producers) that included Slovenia & Uzbekistan, the Netherlands was the only one to produce neither any cars nor commercial vehicles (i.e. light-to-medium trucks). Obviously, its governments have learned something that Australia has now learnt but that Canada has yet to face, namely that it has no 'comparative advantage' in producing them.

Last month Waltham, Mass.-based AquaBounty Technologies applied to the Canadian government to be allowed to sell its patented AquaAdvantage GM Atlantic salmon (that carries one Chinook salmon gene & grows to market weight in half the time ordinary Atlantic salmon do) in Canada for human consumption - *the best thing that can be said about this fish is that it is sterile*.

On December 31st Switzerland's FX reserves (*ex gold*) stood at US\$481BN (*in line with the year-earlier number but up 8x from five years earlier due to its central bank having sold unprecedented amounts of Swiss francs to stay 'competitive' in the face of hordes of investors seeking to sell Euros to buy its safe haven currency*). Of this total US\$77BN (16%) was in equities (unusual for a central bank) and, whereas in 1997 its FX reserves' currency

² Disregarding differences in car sizes & values (which may help explain the counter-intuitive German productivity number since with brands like Mercedes Benz, BMW & Audi it likely has a disproportionate share of the upscale luxury market, although domestically the best selling car is the Volkswagen Golf).

³ Given the above numbers, giving credit for this to productivity improvements seems a stretch; apart from innovation, its success was likely due to its careful cultivation of the snob appeal of its brands among the emerging markets' new middle classes.

⁴ It will increase from 5% to 8%. The last time there was an increase in the tax was in 1997, when it went from 2% to 5% was in 1997, after which the economy went into recession, the Prime Minister was forced to resign & the governing party took a beating at the polls.

composition had been 80% US dollars, 17% DM & 3% Other, today it is 27% US dollars, 50% Euros & 23% Other.

Equity analysts are often accused of skewing their BUY/SELL recommendations more with an eye to their employers'-, than their clients'-, interests. This was validated by a recent observation that just 25 stocks in the S&P 1500⁵ had a consensus analyst SELL recommendation while 1,000 had BUY or OVERWEIGHT ratings.

Facebook trading at 22x Price-to-Sales (P/S), 11x Price-to-Book Value (P/BV) & 120x Price-to-Earnings (P/E) is reminiscent of the dot.com era a decade-and-a-half ago. On the other hand, a high P/BV ratio is common for hitech companies whose inherent value is based on people not hard assets, and it has a high Current Ratio (12x) & low leverage (with a Liabilities/Equity ratio of 0.16).

In the US the "Millennials" (born in the decade of the 1980's) number 52MM, 16% of the population. They are better educated & more socially responsible than the Boomers (born between 1946 & 1964) & the Generations Xers (1964-1980). According to Accenture, a management consulting firm, by 2020 they will account for 30% of all retail spending in the US. If so, their greater sense of social responsibility & their having grown up in an interconnected world will have a major impact on retail business, for instance with respect to more environmentally-friendly products like organic food & online shopping (*however, the growth numbers for the latter are misleading; for, while on the surface impressive, up to 70% of all goods sold on line are returned to the vendor since they failed to live up to the buyer's expectations (or, in the case of clothing may have been ordered to be worn on a special occasion with every intention to return them after a single use).*

Once upon a time, boxed cereals were the epitome of American breakfasts [*despite the fact that it was an inordinately expensive way to buy carbs, that the milk added often had more nutritional merit than the (over)processed grain, & that it was well-known advertising was the manufacturers' biggest expense*]. But no more : North American cereal sales have been declining for years, most recently by 4% in the Fourth Quarter, & by 2% for 2013 as a whole, for Kelloggs' Rice Krispies & Corn Flakes. While breakfast remains a big market - one-fifth of all fast food restaurant visits are for breakfast - people no longer take the time for a sit-down breakfast at home and/or no longer consider breakfast one of the three key meals of the day. And when they do have breakfast, they tend to do so 'on the run' and/or are turning to 'healthier' alternatives.

The Canadian Navy has two Protecteur class Auxiliary Oiler Replenishment (AOR) vessels that came into service in 1969 & 1970. In 2004 Ottawa announced plans to retire them & replace them with three new Joint Support Ship (JSS) vessels, set a \$2.1BN budget for them & planned for the contract to build them to be awarded by 2008, with the first ship delivered in 2012 & the last by 2016. This has since become an even greater equipment procurement clusterf%^ than the 1998 purchase of four mothballed British Navy submarines (which only in 2013 achieved "steady state" status, i.e. the ability to have three operational at all times). In 2009 it was decided three ships couldn't be accommodated within the \$2.1BN 'envelope'; so their number

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That consists of all the stocks in the S&P 400, S&P 500 & S&P 600

was cut to two, the budget increased to \$2.6BN & the delivery dates deferred to 2019/20⁶. Then in February 2013 the Parliamentary Budget Officer issued a report saying their cost would be more like \$3.28BN-\$4.13BN range, i.e. \$1.64BN-\$2.06BN each. Meanwhile France is building two similar-sized, & functionally not all that dissimilar, ships for the Russian Navy at US\$600 a pop, the German Navy is building basically the same ship - Canada is using its design - for a great deal less than \$1.3BN⁷, & the Dutch Navy last year had a similar ship for sale for about US\$550).

The answer for this price disparity can be found in the Parliamentary Budget Officer's report; for it contains a chart with three circles inside each other, the inner one entitled "DND Operational Requirement", the middle one "Government Procurement Rules" & the outer one "Built in Canada Requirements", the implication of which is that the second of these more than doubles the base cost of DND's operational requirement, & that the "built in Canada" requirement almost doubles it again. So the Department of National Defense budget is saddled with a \$2+BN 'tab' for an 'Industrial Development Strategy' that seeks to safeguard fewer jobs in a nineteenth century industry in which Canada hasn't been competitive for a long time than are created from scratch in twenty-first century industries in a month. Moreover, if only for transparency reasons, this cost should have been included in the budget 'envelope' of a department where it properly belonged.

In the event, last month one of ships, HMCS Preserver, had to be towed to Pearl Harbour after a major fire in its engine room. Given the plans to scrap it anyway, it will likely never see active service again, and the Canadian Navy will have an even more limited seagoing provisioning capacity for several years & have to depend on its allies to supply its ships at sea.

Pre-WW II planning to build a new farm home on the Canadian Prairies often started in the T. Eaton Company catalogue, as if shopping for work boots or coveralls. For in those days it had a section in it showing pictures of homes & their floor plans and, if one of them caught the fancy of a farmer wanting to build a new home, all he had to do was to order it & a couple weeks later a railcar would arrive at the nearest rail point with a complete kit for building the house on it, incl. all the necessary blueprints, precut lumber, plumbing, paint, nails, instructions & whatever else was needed for building it down to the very last detail (*in my first summer in Canada I did in fact work for a farmer who was building his own home from plans ordered from Eaton's although by then the service provided had been reduced to just the sale of blue prints & instructions*).

About 80% of Spanish people live in owner-occupied housing & the unemployment there is 27%, while in Germany only 43% do so (the second lowest rate in the developed world but for Switzerland) and the unemployment rate is 5.2% - *interesting, if not necessarily relevant*.

One of the great idiocies of the EU is that once a month its Brussels-based Parliament convenes for four days in Strassbourg, *its nominal capital (as a sop to the French who would oppose, & could veto, any change in this practice)*. This requires a 300 mile movement there over the weekend, & back Thursday evening, of 2,500 plastic boxes full of files on five transport trucks, ditto for two chartered trains carrying 1,000 politicians, officials & translators & the

⁶ Since the plans to retire the Protecteur & the Preserver from active service in 2015 did not change, this meant that Canada, rather embarrassingly, would have to depend on its allies to provide logistical support to any of its ships at sea for at least four years.

⁷ And neither France or Germany are known as 'low wage cost' countries.

movement of several thousand of other people by others means, all of it at an annual cost of 140MM Euros.

Krill oil has been gaining popularity, & is being marketed by the natural health industry, as a 'magic bullet' for many things affecting older people, incl. heart disease, arthritis & memory loss. But its production & sale ought to be outlawed; for krill is a collective name for a group of tiny *ocean-dwelling* crustaceans that constitute the very basis of the ocean food chain. Harvesting them is about as stupid as when, in the dying days of the North Atlantic cod fishery in the 1980's, in response to diminishing catches, the size of the holes in nets were decreased (thereby ensuring that fewer fish lived long enough to reproduce, & hastening the fishery's demise). For fishing krill means that the viability of the ocean fish stocks is being undermined **both** top-down by overfishing **and** bottom-up, by depleting its food source⁸. And in due course, no krill, no fish!

GLEANINGS II - 552SP
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DEBT EXCEEDS \$100 TRILLION AS GOVERNMENTS BINGED (BB, John Glover)

- According to numbers recently released by the Basle-based BIS (Bank for International Settlements) in the six years ended in mid-2013 total global debt soared by over 40% to US\$100TR (while the value of equities actually shrank by 6.8% to US\$53.8TR⁹).

Debt growing at a 6.12% CAGR (faster than real growth + inflation) is clearly unsustainable.

DECLINING COSTS ADVANCE RENEWABLE ENERGY (BB, Ehren Goosens)

- In a report last June the Paris-based IEA (International Energy Agency) concluded that wind-, solar-, bioenergy-, & geothermal use may grow by 40% in the next five years, twice the rate of the past five years and that, spurred by declining costs & growing demand, by 2016 renewable energy may globally supply more electricity than nuclear reactors & gas. This means, it said, that, not including hydro, by 2018 cleaner sources of energy may account for 8% of total global electricity generating capacity, double that in 2011. And according to its Executive Director, Maria van der Hoeven, "Renewable power sources are increasingly standing on their own merits versus new fossil-fuel generation ... Many renewables no longer require high economic incentives. Emerging markets will be the largest drivers of the growth in renewables, with China accounting for 40% (310 gigawatts) of new capacity, as a result of which by 2018 58% of global renewable electricity generation will come from countries outside the OECD, up from 54% in 2012."

⁸ It also constitutes the diet for the world's 18 species of 'baleen whales' (i.e. whales without teeth, which include blue-, fin-, grey-, humpback-, & minke-, whales); thus the world's largest mammal, the blue whale that can reach a length of 100 feet & weigh up to 180 tons, survives on a diet of crustaceans that are at best 2 centimetre (0.8 inches) in length & whose weight is measured in grams, not kilograms.

⁹ If this may seem counter-intuitive, given the movement in share prices since then, the main reason likely lies in the massive amounts of corporate share buybacks.

In 2012 investment in renewables was US\$132BN in the developed-, and US\$112BN in the emerging-, economies, the smallest gap ever between the two.

SOLAR INDUSTRY IS HERE TO STAY - AND GROW (G&M, Brian Milner)

- It has long been denigrated as too expensive, too unreliable & too dependent on subsidies. But its cost of equipment & installation have fallen dramatically while electricity prices are generally rising. This is making solar more competitive with other energy sources & enticing more key markets such as Japan (where the government hopes it will help replace nuclear) & Saudi Arabia (whose government hopes it will create jobs).
- A recent McKinsey report says “The industry is poised to assume a bigger role in global energy markets ... (*and*) its impact on businesses and consumers will be significant and widespread.” And it goes on to say that, while the industry has been hurt by the financial crisis, subsidy cuts by cash-strapped governments & competition from cheap natural gas, these conditions “have profoundly challenged the industry’s short-term performance, But they haven’t undermined its potential.”
- Solar installations have grown by an average 50+% each year since 2006 & in the US the price of a rooftop solar photovoltaic system with top-of-the-line capacity has gone from US\$7/watt in 2008 to US\$4, or less, today. According to McKinsey “These cost reductions will put solar within striking distance, in economic terms, of new construction for traditional power-generation technologies such as coal, natural gas and nuclear energy ...not just for residential and commercial segments, where it is already cost competitive in many (though not all) geographies, but also, eventually, for industrial and wholesale markets.” Furthermore, “the business model for utilities depends not so much on the current generation base as on installations of new capacity ... Solar could seriously threaten the latter because its growth undermines the utilities’ ability to count on capturing all new demand which historically has fueled a large share of (*their*) annual revenue growth.”

Global solar power generating capacity was minimal in 2004. But it doubled between 2005 & 2006, and again by 2008, 2010 & 2012 to 99,700MW by December 31st, 2012. Then in 2013 it increased by 37% to 136,700MW; with 11,300MW thereof accounted for by China, 10,000MW by Europe, 6,900MW by Japan & 4,700MW by the US (the latter a 41% YoY increase).

WALL STREET INVESTORS TAKE AIM AT FARM LAND (Mother Jones, Tom Philpott)

- A report by the Oakland Institute¹⁰ documents a trend for the investment arms of insurance companies-, banks-, pension funds & the like to buy US farmland, especially in regions dominated by industrial agriculture, like Iowa & California’s Central Valley. For they see farmland a “reassuringly tangible commodity” with a potential for “solid, if not excellent, returns”. While food-strapped countries like China & UAE are buying land in the developing world, the Oakland Institute says that the *more* pricey US farmland is attractive since it “boasts some of the world’s most fertile soil, advanced industrial farm technology, strongest private property rights, [and] federally subsidized crop insurance.” Nearly 40% of all US farmland is rented (& 50+% in the industrial agriculture regions) &

¹⁰ Oakland, Cal.-based it seeks to “increase public participation and promote fair debate on critical social, economic, and environmental issues in national and international forums.”

over the next 20 years half of all US farmland, 400MM acres (160MM hectares) of it, will be up for sale¹¹.

Last year the CPPIB (Canada Pension Plan Investment Board) with AUM of C\$200+BN & plans to invest in farmland in Canada, the US, Australia, New Zealand & Brazil, bought 115,000 acres of farmland in Saskatchewan (for just C\$128MM), with its spokesman saying "farm land is an attractive asset class that has ... delivered stable, risk-adjusted returns and the global outlook for agriculture in general is positive due to increasing demand for agricultural products." Other major institutional investors invested in farmland include Australia's US\$1+TR Superannuation Fund, Holland's US\$300+BN ABP National Civil Pension Fund, Sweden's US\$70BN Swedish occupational pension fund Alecta, Alberta's C\$70BN AIMCo., Sweden's US\$35BN Second-, & US\$30BN Third-, National Pension Funds, & Alaska's US\$20BN State Retirement Fund,

PROFESSIONAL, SCIENTIFIC JOBS HIT RECORD HIGH (G&M, Tavia Grant)

- The professional-, scientific- & technical services sector generates above average incomes. Last year it led Canada's job growth with 85,500 new jobs in a year the economy created the fewest in four years. Its share of total employment has climbed 50+%, to 7.6% in the past 20 years, & it is now the fourth largest employer in Canada, bigger than construction, although still smaller than manufacturing (which has tumbled from 14.0% to 9.8%).

Canadian manufacturers still going strong are, with a few exceptions, obviously better, and more competitive & innovative, than most at doing what they do, occupy niches, enjoy patent protection, benefit from a high threshold to entry, or any combination thereof. Keeping industries alive that lack any of these attributes is expensive. Thus Ottawa could have saved billions, if not tens of billions, if it had placed its naval vessel orders with foreign shipyards & just paid off those still in the shipbuilding industry in Canada (which is already gaming it six ways from Sunday). And attracting foreign manufacturers' branch plants often results in bidding wars that end up with manufacturing facilities that cannot stand on their own two feet & must come back to the trough, time & again.

CANADIAN FAMILIES' NET WORTH RISES, BUT SO DOES THEIR DEBT (G&M, Tavia Grant)

- According to the StatsCan Survey of Financial Security, between 2005 & 2012 the median net worth of Canadian families rose 44.5% in real terms to \$243,800, largely due to rising home-, & pension plan-, values. But they also saw their debt loads increase, as their mortgages grew & their car loans more than doubled. So, according to Leslie Preston, an economist at TD Bank, "overall debt grew at a faster pace than assets ... (although) because assets are far greater than debt, net worth still increased." And while families in the top-, & bottom-, quintiles saw their net worth decline in this seven year period, the former to 67.4% of total family net worth & the latter from \$1,300 to \$1,100, in the three others net worth increased¹² (due to their home ownership & pension

¹¹ Either because the current operators will retire, have no offspring willing to take their place and/or want to have access to the cash in their retirement, or have already retired but are renting to provide them with income in retirement and/or have an attachment to the land that their heirs are unlikely to have to the same degree, if at all.

¹² Suggesting that the inequality problem in Canada may be far less severe than in the US.

entitlements). Nevertheless, the Ottawa-based Broadbent Institute (*that proclaims itself to be non-partisan but that with a name like that cannot help but have a left-of-centre bias*) maintains that “economic inequality remains a serious concern”.

- In 2012 principal residences accounted for one-third of family assets, after their median value had risen 46.6% to \$300,000 during the preceding seven years. Private pensions were the next most important; seven out of ten families had them & the median amount of their value had grown in the seven years, by 50.8% to \$116,700. And on the debt side 75+% of Canadian household debt consists of mortgage debt that had grown by 53.7% to \$1TR while one quarter of families also had lines of credit that had swelled by 87%.

The risk is that, while the rising value of their homes has given rise to a “wealth effect” among Canadian homeowners that makes them more willing to spend since their home is ‘making money as they sleep’, thereby inflating demand, if there is going to be a housing market correction, as is bound to happen later if not sooner, this could result in a “reverse wealth effect” that would see Canadian consumers cut back on their day-to-day spending (at a time that for macro-economic reasons increased spending would be called for). The finding that “seven out of ten” families had private pensions is out of line with the CW but, if correct, would make claims that the CPP needs to be enriched to ensure greater retirement income security for Canadians merely an attempt to hike middle class entitlements & the role of government, rather than an effort to meet a real need; for the other one-third is likely adequately looked after, relative to their working years’ earnings, by existing federal retirement income-, & various provincial ‘top-up’ old age-, programs.

THE FACE OF SNOWBIRDS IS CHANGING (EJ, Dan Barnes)

- According to the Canadian Snowbird Association Canadians made 895,000 visits to Arizona in 2012 & spent US\$923MM, up from 649,000 & US \$746MM two years earlier. While once the typical snowbirds were in their late 60s or 70s, brought their own mobile home to park & *spend the entire winter there*, they are now more likely to be in their 50's with plenty of disposable income & expensive tastes, and often telecommute. For as the CEO of the Canada Arizona Business Council put it “During the recession, when Arizona was on sale and Canada was on fire, you saw an enormous amount of ... Canadians coming down here and buying ... (*with*) the most expensive homes being sold to Canadians.” As a result, 350,000 Canadians, two-thirds of them Albertans, now have second homes in Arizona.

The numbers don't seem to entirely fit the theory; for while the number of people was up 38%, their total spending was up only 24%; so per capita spending declined from US\$1,150 to US\$1,031. The reason for this may be that, while the Snowbirds of yore came & spent four, five months there, the new breed comes for shorter, albeit often more frequent, stays (which also gives rise to double counting in the number of visits). There are three caveats to this reasoning. Many Canadian buyers have taken insufficient account of the tax-, & safety net-, implications of a permanent second home in the US (it is interesting in this context that growing numbers of US persons are renouncing their citizenship in favour of jurisdictions with lower tax regimes). The Arizona economy is based on unsustainable-, & increasingly more unsustainable-, rates of water withdrawal from the Colorado River & underground sources (& the water situation in the US Southwest & California is becoming increasingly critical). And much of this article was based on information from individuals with a vested interest in touting the state of Arizona.

IS CANADA A HAVEN FOR THE WORLD'S STRAY DOGS? (Epoch Times, Justina Reichel)

- The Sochi Olympic Winter Games threw the spotlight for dog lovers on the fate of the world's stray dogs after the Russian authorities ordered their removal from Sochi's streets before the Games' opening ceremony (& their subsequent permanent disposal). Neither the Canada Border Service nor StatsCan keeps track of how many stray-, or unwanted-, dogs are brought into Canada from countries as disparate as the United States, India, China, Greece, Russia & Mexico; but with many adoption groups active in Canada, their number is estimated to run into the thousands, if not tens of thousands, annually.

Thus my No.4 grandson just arranged for the local adoption of a rescue puppy from Mexico. This is, however, not always greeted very enthusiastically by local animal welfare groups who fear that local no-longer-wanted dogs will lose out as a result (although the percentage of dogs taken in by SPCAs in Canada that end up being euthanized is only 14%, vs. 60% in the US).

U.K FOOTPRINTS MAY BE ONE MILLION YEARS OLD (AP, Jill Lawless)

- Footprints that old of up to five individuals were found in old estuary mud at Happisburg on England's East Coast. They had been preserved in layers of silt that were dislodged by the tide last year & are believed to have been left by people belonging to the genus Homo Antecessor who died out 800,000 years ago but whose fossilized remains have been found in Spain. Scientists dated them by studying their geological position & from nearby fossils of mammals such as mammoths, ancient horses & voles, and now are hopeful they will find fossilized remains of these people & *hopefully*, of their living quarters.

Although the picture in the paper was hazy, these people seemed to have had a huge big toe.

TB EPIDEMIC HITS WEAVER'S VILLAGES IN INDIA (AP, Biswajeet Banerjee)

- The Lohata cluster of poor villages, outside the ancient city of Varanasi in the Indian state of Uttar Pradesh, has long been known for its colourful silk saris. But now it is known *for something less positive* associated with its weaving tradition, namely tuberculosis; for as its sari weavers work in poorly ventilated rooms conducive to the spread of all sorts of germs, they breathe in minute threads that weaken their lungs. So 100,000 people there, almost half the population, has tuberculosis. This has led to an unofficial quarantine, to the point where even rickshaw drivers refuse to go there.
- India has made great strides in public health, recently launching a successful polio vaccination campaign. But tuberculosis remains a stubborn, common problem. It has over 25% of the world's new TB cases & 300,000 people die from it every year, many weakened by poverty & malnutrition (increasingly a problem in Lohata where changing fashions & a lack of raw materials has resulted in less weaving, & hence more poverty). With 2.4MM cases, has the highest incidence of TB in the world & more disconcertingly, the fastest growth in the multidrug-resistant varieties thereof. And while the government seeks to combat the disease by offering free drugs, its efforts are thwarted by quacks 'treating' TB sufferers, pharmacists freely handing out antibiotics & sufferers stopping to take the drugs when they start to better, before they are supposed to, to avoid their harsh side-effects.

The antibiotic-resistant bacterial problem has become so entrenched in India that in 2011 a Cardiff University-led team found bacteria carrying a gene that makes them resistant to a wide

range of antibiotics in New Delhi's drinking water system, prompting some medical professionals to issue warnings that "the golden age of medicine is coming to an end."

TOO MUCH SCREEN TIME FOR KIDS SEEN AS FUEL FOR 'DIGITAL DEMENTIA' (NYT, Mary Ann Roser)

- This term was coined in South Korea (whose population is more digital than most) after doctors started seeing growing numbers of young people with memory & cognitive problems commonly linked to brain injuries. Now Dr. Manfred Spitzer, a neuro-scientist & psychiatrist, and Medical Director of the Psychiatric University Hospital in Ulm, Germany, has written a book entitled Digital Dementia: What We and Our Children are Doing to our Minds. In it he argues that children don't memorize any more because they can Google, that "The more you train kids with computer games, the more attention deficit you get", & that "the more time you spend with screen media ... the less developed your social skills will be." He also believes that young people looking at their smart phones 150 times a day creates stress & anxiety, and thinks it's better to read hard copy since, not distracted by things like pop-ups, the reader retains more.
- Warren Spector, the *recently appointed* Director of the Denius-Sams Gaming Academy at the University of Texas (*that this fall will launch a post-baccalaureate program "in advanced training in game development"*) doesn't agree; in a letter to Spitzer he said his arguments are similar to those once made by critics & researchers against movies, TV, comic books & rock n' roll¹³. On the other hand, some pediatricians share Spitzer's concerns; thus Dr. Stephen Pont of the Dell Children's Medical Center, & Medical Director for the Austin school district, limits his two young sons' screen time, as does Dr. Bradley Berg, Medical Director of Pediatrics at the Scott & White Hospital in Round Rock, Tex. (who also argues that children should spend more time with others, & more time exercising to boost their brain health & *development?*) & who wrote in an email "If a person is constantly letting a computer think for them ... their neural pathways are not *sufficiently* stimulated ... We know ... that neurons ... not used are pruned away."

Old people are often warned to remain mentally active since "If you don't use it, you'll lose it"; similarly in child development it may now become a matter of "If you don't develop it early, you'll never have it later." Thus the spectacular flameout of NBA superstar Michael Jordan two decades ago, when he decided to try his hand at professional baseball (at the bush league level), gave rise to a (small) body of research suggesting that if one hadn't started developing skills in a sport at an early age, chances of ever achieving stardom would be compromised (thus one-time hockey super star Wayne Gretsky started batting pucks around on a backyard rink at age 3).

THE COST OF CODDLING (G&M, Geoff Smith)

- "Trigger warning" is a concept in growing use on US college campuses. It denotes student groups demanding professors warn students about any course material that might provoke anxiety, panic attacks and/or, *believe or not*, post-traumatic stress disorder in students who have been victims of abuse or assault or believe themselves to be victims of systemic discrimination. So Oberlin College now has a policy asking faculty

¹³ And why should he (agree); for it's his ox that's being gored? In addition, there is the question as to his credibility on this issue; for he has an MA in Radio-TV-Film, not an MD (and for all it's worth, he is married to what is described as a "fantasy writer).

members to “be aware of racism, classism¹⁴, sexism, heterosexism, cissexism¹⁵, ableism¹⁶, and other issues of privilege and oppression”, & two months ago a Rutgers sophomore writing in his student newspaper called for a trigger warning on, among others, F. Scott Fitzgerald’s *The Great Gatsby* since it contained “suicide, domestic abuse, and graphic violence.”

- But an informal survey by a retired Queen’s university history professor of colleagues & friends found a near universal disdain among them, male or female, feminist or not, of this & a common belief students have to grow up & be ready to take their place in the real world, & that one role of university is to prepare them to do so. So the problem may lie less with professors but with the atmosphere in which kids are raised [*& with university administrators (& School Boards) that are afraid of their own shadow & unwilling to stand up to parents*¹⁷]. Thus a recent article in the Atlantic Monthly¹⁸ is critical of helicopter parents & micromanaged children who are growing up more fearful & less creative than previous generations, and who no longer are left alone to find their way, to indulge in spontaneous, even though sometimes risky, forms of play, to confront & overcome unknowns, to do things for themselves, and to learn to fall, fail & get up again.

The referenced article is well worth reading but covering too much ground, to do it justice here. It basically compares the experience children have in a “free and permissive adventure playground”, free of adult guidance, in North Wales, where they can do what children have done since time immemorial, with that of North American children in their structured-, safe/risk-averse-, structured-, & adult supervised/directed playground environments. Perhaps its most instructive observation was that in the muddy Wales playground three kids “lounged” in the only three chairs that weren’t broken & nobody complained because “they were the oldest”. Rather coincidentally, someone just sent me an email comparing the school environment in 1945 & today, examples¹⁹ of which are :

- ***boy won’t sit quiet in school*** : then he would have been sent to the principal’s office who would have boxed his ears & sent him back to class, after which he did sit still, whereas today he would be filled with Ritalin & diagnosed with ADHD, after which the school gets extra funding to enable it to accommodate him & his ‘disability’;
- ***boy breaks a window in their neighbour’s car*** : in 1945 his Dad would have given him a few “of the best” which would have made him more careful in the future & taught him

¹⁴ Different treatment according to real or perceived differences in class.

¹⁵ Treating transgendered people different than non-transgendered ones

¹⁶ Discrimination of disabled people.

¹⁷ Thus complaints from university professors are commonplace about being visited by family delegations of as many as half a dozen people, often not including the student involved, to complain about the fact that their family member didn’t get an “A” on the ground that Johnny or Jennie “worked so hard”

¹⁸ The Over-protected Kid, by Hanna Rosin.

¹⁹ While these might be dismissed as exaggerations, it is worth remembering that exaggerations typically involve facts blown out of proportion to make a point.

- something that would help him become more successful later in life, whereas today, if his Dad had done so, he would be sent to jail for child abuse, and the boy placed in foster care from which he graduated in due course to a gang &, eventually, to jail; and*
- ***boy uses firecrackers to blow up a wasp nest** : in 1945 this would have just been a matter of a bunch of dead wasps; while today that would remain unchanged, it also would have resulted in the anti-terrorism squad being called in & his Dad being placed on terror watch list (which would make it difficult for him ever to fly commercially again).*

While all of these are, of course, exaggerations, it's worth remembering that exaggerations usually are based of facts blown out of proportion to make a point.

RESEARCHERS LOOK TO CAFFEINE TO PROTECT BRAIN CELLS (EJ)

- Researchers into Parkinson's & Alzheimer's have found caffeine may improve memory & prevent brain cell destruction; for people who drank two, or more, cups of coffee a day had a 40% lower incidence of Parkinson's. According to Prof. Jiang-Fan Chen of the Boston University School of Medicine "Caffeine has a major benefit for cognition" while Bertil Fredholm, a Swedish caffeine researcher says "we need to develop a drug rather than use caffeine ... (because) we need an effect that is larger than can be obtained with caffeine."

The latter observation is obviously that of a scientist who still believes in the innate superiority of Science over Nature, & that for every problem there is drug that will deal with, if not outright cure, it. The wiser & more frugal among us may just want to stick with coffee. And I am SOL because I typically drink only one cup of coffee a day.