

**Quote of the week :** “We need to counterbalance China in the Asia-Pacific region, but that is not easy when we owe Beijing nearly \$1.3 trillion ... I am all for resisting Putin’s interest in Ukraine, but it is hard to weaken this petro-dictator without a rational energy policy of our own that will bring down the price of oil and create alternatives ... The Europeans do not *seem to* seriously want to take on Putin<sup>1</sup> ... *But* our biggest problem, though, is not Europe or Obama ... *but* our own political paralysis. The world takes America seriously *only* when they see us doing hard things together ... when we lead by example. If we want to do more nation-building abroad, then we have to come together on a plan to do more national building at home - first -. That’s how we build our muscle and weaken Putin’s ... It’s hard to replace a flat tire, when your jack is broken or is sitting on quicksand ... This is not just about Obama” - Thomas L. Friedman - *while the Republicans ignore this, much of the blame for what Friedman points out rests with Bush 43.*

On May 5<sup>th</sup> the WHO declared the spread of polio an “international emergency”. For, having gained a foothold in conflict zones in Pakistan, Syria & Cameroon, it has now spread from Pakistan to Afghanistan, from Syria to Iraq & from Cameroon to Equatorial Guinea. So WHO wants travelers from these six countries to carry official proof of having been recently inoculated against polio - *it has since reported that there have also been cases of polio in Ethiopia, Nigeria, Somalia & Israel, and that the total number of cases reported as of April 30<sup>th</sup>, had been 68, up from 24 during same period last year. Polio spreading from all these countries, Ebola from Guinea (located three or four countries West of Nigeria) to Equatorial Guinea (which abuts Nigeria from the South) & MERS from Saudi Arabia makes one wonder one’s own safety in this age of widespread-, & all but instantaneous-, international travel (at least in the olden days travel by sea typically took longer than the incubation period of a disease).*

Putin’s actions in Ukraine & Xi Jinping’s in the South China Sea seem to be taking a leaf out of Krushchev’s ‘brinkmanship’ playbook of over a half a century ago. For they are employing his tactic of “deliberately letting the situation get somewhat out of hand ... (*since this*) may be intolerable to the other party and force his accommodation”, in the process running the risk of someone accidentally taking them, & their opponents, over the brink & of possibly having to suffer an embarrassing climb-down (as Krushchev had to in the Cuban crisis) - *this is more likely, however, in Putin’s-, than in Xi’s-, case, and even for him it may be a lesser risk than for Krushchev; for Kennedy with his WW II experience was made of sterner stuff than Obama, & Europe’s leaders of that day, for a similar reason, than their modern day counterparts.*

North Carolina Speaker Tom Tillis gave the Republican Party establishment a boost, & the Tea Party a setback, going into the 2014 midterm elections, when he won its nomination to take on Democratic Sen. Kay Hagan next fall, by beating the Tea Party candidate 46-27 (having had the

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<sup>1</sup> Like many North Americans, he may give undue weight to the micro-economic siren song of companies like Siemens & individuals like former German Chancellor Gerhard Schröder (who in office heavily promoted the Nordstream gas pipeline on the Baltic Sea bottom to bypass Ukraine, to the point of providing its owner, Zug, Switzerland-based, Gazprom-controlled Nordstream AG, with a billion Euro loan guarantee & who, since his defeat by Angela Merkel in 2005, has been Nordstream’s Chairman), while in macro-economic terms only 1% of Germany’s GDP depends on trade with Russia while Russia is 15% dependent on Germany. And so far Nordstream has been a commercial failure; for since reaching its full 20MM cm capacity last fall throughput has been as low as 18% (creating a cash drain on Gazprom whose contract with Nordstream AG is on a ‘take-or-pay’ one).

benefit of the US Chamber of Commerce & American Crossroads<sup>2</sup> spending US\$2.5MM on his behalf, over & above the US\$1MM he spent himself).

Last Friday, May 2<sup>nd</sup>, the BLS (Bureau of Labour Statistics) reported that in April 288,000 new jobs had been created<sup>3</sup> (*far more than expected*) & the unemployment rate dropped by 0.4% to 6.3%. And yet the price of gold jumped by twenty-five dollars during the day to US\$1,303 (& was US\$1,313 at midday on Monday May 5<sup>th</sup>). While at first glance counter-intuitive, it wasn't really. For the BLS also noted that the labour force participation rate had also dropped by 0.4%, from 63.2% to 62.8% (a post-January 1978 low); so what the market focused on was that, while 288,000 new jobs might have been created, 800,000, i.e. almost 3x as many, people had dropped out of the work force. And one, albeit not necessarily the only, reason for this can be found in the results of the 2011 Census released last June by the Population Division of the US Census Bureau; for they showed that, whereas between July 1<sup>st</sup>, 2010 & July 1, 2012, the US population as a whole had grown by 1.4%, the 65-69 age cohort had grown 11.6%, and the 70-74-, 75-79-, 80-84-, & 85+ age cohorts by 7.2%, 2.3%, 2.3%, & 0.6% respectively. And what was curious, & potentially disconcerting, was that the same data source also showed that in the three age cohorts up to & including age 18 there were, rather curiously, 5% more males than females - *the "potentially disconcerting" part thereof is that this suggests that sex selection-driven abortions may be far more common in the US than generally appreciated; and while 5% is only a fraction of the 30+% more numerous boy-, than girl-, baby births in parts of China & India, if one takes into consideration that this practice is likely most common among a relatively small part of the US population, the rate among them may not be all that different.*

The Employee Benefit Research Institute (EBRI) recently released a report entitled Labor-Force Participation Rates of the Population Ages 55 and Older, 2013. Using Census Bureau & BLS data, and the results of its own Retirement Confidence Survey, it had found that since 1990 the participation rate of these older Americans had risen by one-third to 40% for three reasons : an increased rate among women (that of men had been flat), a need for continued coverage under employment-based health insurance and/or a desire to accumulate greater benefits under defined benefit pension plans, & an outright desire to continue working, facilitated by the fact that more educated workers could find meaningful work that could be done at an older age.

According to a February 2014 Pew Research survey, while back in 1979 high school graduates had incomes that were typically 77% of that of a typical college graduate, today that has declined to 62%. Furthermore, that while then 24% of the 25-32 year age cohort had a college education vs. 34% today, their average earnings had remained relatively flat in real terms.

Irony of ironies : a month or so ago, at a the 16<sup>th</sup> annual Food Safety Summit conference in Baltimore attended by 1,300 people, over 100 were laid low by suspected food poisoning.

With the Keystone XL pipeline decision deferred until next year, the environmental lobby may be shifting its sights onto Kinder Morgan's proposed tripling of the capacity of its Transmountain Pipeline from Edmonton to the Westcoast; at least on May 2<sup>nd</sup> it was the lead subject in Rachel Maddon's show on MSNBC. While its Kinder Morgan segment started out by pointing out *correctly* that its big 2007 pipeline break in Burnaby, that had featured a 12 metre-tall crude oil "geyser", had been caused by a contractor working for the city puncturing the line with a

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<sup>2</sup> A Super PAC founded by former Bush 43 White House strategist Karl Rove.

<sup>3</sup> Which brought **total** employment to within 100,000 of its December 2007 level.

backhoe, after that it became a Kinder Morgan-bashing event & the backhoe's contribution was no longer mentioned as she portrayed pipelines as inherently "unsafe", prone to leaks & breaks, and undesirable neighbours (especially if built near her home in Western Massachusetts as KM is proposing). On the other hand, her program also provided some useful, more objective information, including :

- in recent years, as growth in America's oil output overwhelmed its pipeline infrastructure, the number of tankcar loads of oil on America's railways grew from 9,500 in 2008 to 415,000 in 2013 (*& whereas in the First Quarter of 2012, just 16,000 bbl/d had been exported by train from Canada, in the first quarter of this year that had grown to 146,000 bbl/d which, however, according to Greenpeace campaigner Keith Stewart is "still relatively small potatoes' compared to the 590,000 bbl/d the Keystone XL will carry South from Canada if it is ever approved*). And the past year's derailments of oil-laden rail cars suggests moving it by rail may be even more problematic than pipelining it;
- just a few days before the latest such derailment, in downtown Lynchburg, Va., outgoing NTSB Chair Deborah Hersman had urged the White House to move by Executive Order to regulate the transportation of oil by rail, since the normal process for introducing new regulations takes so long (*& one of her predecessors, Jim Hall, NTSB Chairman under Clinton, had written Transportation Secretary Anthony Foxx, asking him to impose a 20 mph speed limit on oil-carrying trains in urban areas*<sup>4</sup>);
- a highlighting of the insensitivity in the Kinder Morgan submission to the Canadian authorities seeking approval for the Transmountain pipeline expansion when it noted that pipeline breaks have not just negative-, but also positive-, aspects in creating new employment from the resultant cleanup<sup>5</sup>; and
- the decision by Ottawa for a rapid phase-out of the use of so-called DOT-111 tanker cars<sup>6 7</sup> for moving oil will create a dichotomy in what is an integrated continental railway system that will put pressure on Washington to follow suit (*although the railway lobby there is far more powerful there than in Ottawa, where historically it has had very little empathy*). *It has since done so, albeit only up to a point since no one wants to kill the goose that lays the golden eggs, oil & gas-wise.*

*But the environmentalists may find the Kinder Morgan expansion a slippier target. For it already has a cross-border right-of-way to the Puget Sound area of Washington State (which may become the terminal point for the expansion due to opposition in Burnaby to having it go through what is now a built-up area & to any expansion of the local tank farm, & in Vancouver to*

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<sup>4</sup> The train involved in the Lynchburg derailment was traveling 24 mph in a 25 mph zone (*which raises the question as to whether speed limits are the answer or if rail transport of oil, as Ralph Nader in 1965 pronounced the Chevrolet Corvair, is "Unsafe at Any Speed."*)

<sup>5</sup> Which the Company, with some justification, said had been taken out of context since the application process requires it to enumerate both negative as well as positive factors.

<sup>6</sup> That constitute the lion's share of all rail tanker cars in both countries that burst too easily in derailments.

<sup>7</sup> The Obama Administration has been pressuring the railways since 2009 to rid itself of its DOT-111 cars but so far succeeded only in having them volunteer not to increase their number, mainly on the grounds that replacing them all would cost well over a billion dollars whereas the cost of derailments was only sixty-two million a year (although they have begun to sing a different song in light of the cost of this year's derailments).

*a quintupling, or more, of tanker traffic within a stone's throw of its iconic Stanley Park enroute to that tank farm) where there is ample surplus oil handling capacity (due to the decline in out on the Alaska North Slope). In addition, its operating track record has been pretty good : in every year since 2006 its pipeline safety has been better, in most years much better, than the national average & only two of its spills (incl. the Burnaby one) involved more than 1,000 bbls.*

The Gütersloh, Germany-based Bertelsmann Foundation is into governance; so every two or three years it calculates the 'Sustainable Governance Indicators' for the OECD member countries. It reported its latest findings on May 8<sup>th</sup>. Canada was mostly, & hence for Canadians comfortably, in the middle of the pack, except for environmental policy (where it was 38<sup>th</sup> out of 41), and social & economic policy (where it was 6<sup>th</sup> & 7<sup>th</sup> respectively). But what was really interesting were some of its comments. For it noted that "While the *Canadian* government has constructed high quality governance structures and implemented effective policies in many areas over many decades, the actions of the Conservative government since winning a majority have jeopardized the situation." And it took the (Harper) government to task for its "open hostility" to the since-departed Parliamentary Budget officer (*who as his title indicates is a servant of Parliament, not just of the party with the most seats in Parliament*), & for replacing the mandatory long census form with a less reliable voluntary survey, since "Good governance requires evidence-based (*not zealotry-driven*) decision-making and [that] requires high quality data". And it wondered why, with crimes rates in Canada declining, the Harper government is pushing a "tough on crime" agenda *without earmarking enough money to house the resultant influx into jail in non-retributive conditions - this report was written before the Prime Minister initiated a pissing match with the Chief Justice of the Supreme Court of Canada who had incensed him because she & her colleagues, most of them his own appointees, had the gall to rule his latest choice for the Court ineligible (after he had been forced to ask for their opinion.*

On May 6<sup>th</sup>, during a visit to the NATO headquarters in Brussels, Japan's Prime Minister Shinzo Abe signed a partnership agreement to 'deepen Japan's cooperation with it in areas such as counter-piracy, disaster relief & humanitarian assistance' - *the real reason for him doing was his concern about China's rapidly growing military spending & its increasingly aggressive stance in their dispute over some islands in the East China Sea.*

In Japan the government's debt service costs & non-discretionary spending obligations exceed its tax revenues; so all of its ongoing costs of government are funded with borrowed money - *it is hard to understand why so few people seem able, or willing, to grasp that this is an untenable 'business model'; for it is akin to a household having to spend all its income on mortgage payments & taxes, and then meeting all its other outlays, such as food, by running up its credit card balances, a recipe for disaster.*

**GLEANINGS II - 561**  
**Thursday, May 8th, 2014**

**CHINA MEDIA THREATENS VIETNAM OVER OIL RIG ROW (channelnewsasia.com)**

- Beijing on May 1<sup>st</sup> moved a billion dollar deep water drilling rig, *the CNOOC-owned Hayang Shihyou 981*, into the Paracel Islands (*120 miles offshore Vietnam*), where it is involved in a territorial dispute with Vietnam, a move which Hanoi called "illegal" & demanded be reversed. This prompted the Global Times (a Communist Party mouth piece) to editorialize "Hanoi has no guts to attack China's drilling platform directly ... If Vietnam takes further action ... the level of China's countermeasures must be elevated

... China should evaluate whether Vietnam would ...become a more aggressive provocateur than the Philippines. If so, China should alter its Vietnam policy and give Hanoi a lesson it deserves to get.”

*There are three possible explanations for this move. It is purely opportunistic (to take advantage of Washington's pre-occupation with Ukraine to the point where even the Israeli-Palestinian conflict & the Syrian situation seem to have all but fallen off its radar). It wants to further whip up nationalist fervour among China's hoi polloi so as to divert their attention from its growing mountain of economic-, financial-, social-, environmental challenges. Or it is a first stage of a long-term "salami" strategy to force settlement of its territorial disputes on a one-by-one, one-on-one basis on a severely tilted playing field, with Vietnam being the softest target since it is nearest & not formally allied with the US. While in all likelihood a combination of the three, for the moment the second one is likely the main driver; for the tactic of creating an external enemy at a time of domestic stress is as old as the hills. And the timing of this move is intriguing, coming, as it does, **after** President Obama's recent visit to the region (during which he visited Japan, South Korea, Malaysia & Philippines to reassure the US was committed to its 'pivot strategy' but bypassed China), **before** the May 10<sup>th</sup> ASEAN Foreign Ministers' meeting in Myanmar (its Vietnam move is clearly against the spirit, if not the letter, of the Declaration on the Conduct of Parties in the South China Sea that the ASEAN governments, incl. China & Vietnam, signed in 2002), & **while** Obama has more on his plate than he can handle in Ukraine. And Vietnam, that says China has moved 80 ships into the region, reported that on May 3<sup>rd</sup> its patrol boats, that had asked for the removal of the Chinese presence in the islands, had been rammed & attacked with water cannon (providing photographic evidence thereof<sup>8 9</sup>). This led to verbal duel between the State Department & the Chinese Foreign Ministry; for on May 6<sup>th</sup> the spokeswoman for the former, Jen Psaki, declared "Given the recent history of tensions in the South China Sea, China's decision to operate its oil rig in disputed waters is provocative and unhelpful to the maintenance of peace and stability in the region" , while her Chinese Foreign Ministry counterpart, Hua Chunying, the next day at her regular press conference declared "the operation of the drill ship is legal", urged Vietnam "to stop disturbing China's exploration activities in its territorial waters" & said its harassment of Chinese companies conducting normal activities "runs counter to international law and basic norms of international relations as well as China's sovereignty and administrative rights". This could turn out to be either a "one bridge too far" move for Beijing or, in the absence of strong US support for Vietnam, even though it is not formally a US ally, proof to the nations in the region, incl. China, that Obama's 'pivot strategy' is a 'Paper Tiger'. Meanwhile, there were also reports that China is building infrastructure on the Johnson South Reef in the Spratly Islands (where its territorial claims are being disputed by Taiwan, Vietnam, the Philippines, Malaysia & Brunei), and the top USAF general in the region went on record as saying he expects China to soon announce the creation of more (of its controversial) ADIZ (Air Defense Identification Zones) - all this is making the South China Sea region even more of a powder magazine waiting for someone to throw away a cigarette butt, at which point the US will face the unenviable choice of having to "fish or cut bait", i.e. to start pro-actively making good its pivot strategy undertaking by backing up the 'pygmy' nations in the region (incl. Japan), and face serious short-term risks & consequences, or abandon them, with*

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<sup>8</sup> which, however, in an age of PhotoShop doesn't quite bear the same weight as it once might have had

<sup>9</sup> It is worthy of note that Beijing is not using PLA Navy-, but coast guard- & fisheries control-like-, vessels to do the heavy lifting, presumably since the Vietnamese navy has nothing bigger than frigates & to give the US less of an excuse to become involved.

far greater, long-term consequences for its status in the region &, for that matter, the world. And while it may not be impossible to make Beijing back off, it will may take more balls than Obama can muster, and there are at least four reasons why China will not easily be made to back off : it would involve a serious loss of “face” for it (that, however, would be less than the loss of face for the Washington if it doesn’t stare Beijing down), its need to divert its people’s attention from its growing domestic problems, its hunger for the fisheries resources of the South China Sea, and, most importantly, the fact that the supposed oil & gas reserves underlying the South China Sea could greatly enhance its energy security & strengthen its hand when Putin comes to Beijing to beg it to buy his oil & gas.

### **CRASH PROPHETS ON THE RISE (Yahoo Finance, Jeff Macke)**

- On April 30<sup>th</sup> the Dow closed at an all-time high & two days later the BLS (Bureau of Labour Statistics) reported that in April 288,000 new jobs had been created; so people like Jeremy Grantham & Marc Faber now says their earlier bearish calls weren’t wrong, just early. But as Zachary Karabell (*formerly Chief Economist at New York-based Fred Alger Investment Management*) recently noted in [Slate.com](#) it is not just individuals, still I feeling the lingering after-effects of the 2008 meltdown, have been loath to take risk & stayed on the sidelines, but also corporations. Corporate America’s reluctance to put its money to work *in their own firms* has created a self-fulfilling drag on growth; and while it is now spending some of their cash hoard, that isn’t going into capex but into paying bigger dividends & buying back their own shares; thus, while this year corporations’ aggregate capex will be US\$855BN, up 2% YoY, last year dividends cost corporations US\$1.32TR (up 14% YoY) & its share buybacks US\$477BN (up 23% YoY). And while investors like both since they put cash into their jeans, they nevertheless wonder why economic growth is so anaemic (*choosing to overlook the fact that asset renewal & new investment are a sine qua non of longer-term corporate wellbeing*).
- And to the extent that these funds are held offshore & are invested in UST securities, the US Treasury takes a double hit, first when deprived from the tax revenues these funds would have generated if they hadn’t been ‘sheltered’ offshore, and then again when it pays interest on money that rightfully, part at least, belongs to US taxpayers.

According to *al-Jazeera* last year US corporations held US\$7.9BN in liquid assets worldwide<sup>10</sup>, 2.3x the US 2013 federal budget, 4.2x their own 2013 after-tax profits & four months of their total sales<sup>11</sup> (the source of this was David C. Johnson, a Pulitzer Prize-winning journalist at the NYT who now teaches ancient business-, tax-, and property law at Syracuse University, and whose latest book is entitled *Divided : The Perils of Surging Inequality*). But there is evidence to support the “Crash Prophets’ ” case, incl. the fact that BankAmerica/Merill Lynch recently reported that its institutional clients had been net **sellers** of equities in the recent past while its retail clients had been net **buyers** (& historically the latter have, more often than not, been a counter-indicator) as well as the fact that, while margin debt levels on the NYSE in February hit an all-time high US\$466BN, since then margin debt & the S&P Index have interacted in a way that since 2007-2008 have heralded market corrections, the last one of which, in September 2008, caused the Index to slump by 40% from 1200.

<sup>10</sup> While this is a multiple of the US\$2BN or so number generated by the Fed, the reason for this is that it only counts those held in the United States.

<sup>11</sup> While these comparisons are interesting & illuminating, they should be treated with care; for the US\$7.9TR number is a “stock”, while the others are “flows”.

## **INEQUALITY HAS BEEN GOING ON FOREVER ... BUT THAT DOESN'T MEAN IT IS INEVITABLE (NYT, David Leonhardt)**

- It is no longer news that the affluent did better during the boom years of the latter 20<sup>th</sup>-, & in the mediocre growth period of the early 21<sup>st</sup>-, century, and survived the Great Recession better than others. And Thomas Piketty argues in his *best seller* book Capital in the Twenty-First Century that rising inequality is the historical norm, & not just a feature of our times (albeit with notable exceptions during times of war & depression, and their aftermath), and will continue to remain so for decades to come, to the point where eventually the rich may become like the nobility *of two, three centuries ago*.
- But this isn't as inevitable as he makes it out to be. For while inequality has risen worldwide, in many places it has done so far more slowly than in the US (because governments have been more proactive in redistributing wealth<sup>12</sup>). And lesser inequality doesn't necessarily mean a less dynamic society; thus many countries that have experienced slower growth in inequality have had GDP growth rates not all that dissimilar to those of the US. So inequality may be less a matter of historic inevitability than of contemporary choice (*and, if so, can be changed provided that in a democratic system grass roots pressures become strong enough to peacefully force the emergence of the political will to do so*).
- And even Perketty concedes education can disrupt the inevitability of what I call his "First Law of Inequality" (*the idea the rich must inevitably get richer since they can amass more savings that will beget still more savings*) because the less wealthy have access to a form of human capital that can bring enormous returns, namely education. Thus the great income gains of the American middle class & poor in the 20<sup>th</sup> century was a function of highschool education having been made universal or, as *Harvard's* Claudia Goldin & Lawrence Katz put it in The Race between Education & Technology "The 20<sup>th</sup> century was America's century because it was the human capital century."

*Only in Jack & the Bean Stalk do trees grow to the sky. What goes up, must come down. The pendulum always swings both ways. And there is much empirical evidence supporting the age-old adage "One generation makes it, one generation keeps it and one generation spends it." <sup>13</sup> And 'straightlining' predictions like Piketty's often see the light of day when the forces of change have already begun to gather (which in this case may well take the form of growing inter-generational strife between a communications-savvy younger generation that faces lower GDP trend growth & the re-emergence of 'either-or' economics, and an entitlement-obsessed older generation that has become accustomed, & expects to continue, to live a premium lifestyle, after having run up debts & polluted the environment at the expense of their grandchildren.*

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<sup>12</sup> This on Zareed Zakaria's GPS program on CNN on Sunday May 4<sup>th</sup> he used statistics showing that while the US middle class had become 0.3% better off in real terms since the year 2000, the corresponding numbers in Canada & the UK had been closer to 20%.

<sup>13</sup> Thus where are the Rockefeller's today or, for that matter, the J.P. Morgan descendants? On the other hand, the fact that people have smaller families these days means that in the future the wealth accumulated by one generation will have to be shared among fewer third generation family members.

## **TERRORISM IN CHINA (The Guardian, Philip Potter)**

- Last week a railway station in Urumqi, the capital of the Xinjiang Uyghur Autonomous Region was the site of a terrorist attack, attributed by the authorities to Uyghur nationalists, in which three were killed & dozens injured. It was apparently planned to coincide with a visit by President Xi Jinping to promote a “get tough” policy on terrorism. It was the third such event in the past year, after a similar one in Kunming, the capital of Yunnan Province in Southwestern China two months ago, & a high profile one almost a year ago in that most visible symbol of China’s political authority, Tiananmen Square.
- While these attacks have received limited coverage in Western media, they have set China on edge (the very thing those behind them sought to achieve), particularly so since they appear to be getting better organized & took place in cities in different parts of the country. The growing concern now is that the Uyghur activists that are known to have gone to Afghanistan to help fight the US will, once the Americans are gone, turn their full attention to China, operating from safe haven bases in Afghanistan & Pakistan.

*At the time of writing there were reports of another such an event, on May 6<sup>th</sup>, in the rail station of Guangzhou, the capital of Guangdong Province, in Southern China’s industrial heartland.*

## **RUSSIA MIGHT ACHIEVE GOALS IN EASTERN UKRAINE WITHOUT INVASION (Reuters)**

- Until about a week ago USAF Gen. Philip Breedlove, NATO’s top military commander in Europe, had thought the most likely scenario in Ukraine was for Russia to send troops into the Southern part of the country to secure a land bridge with Crimea (& possibly push West as far as Moldova<sup>14</sup>). On May 5<sup>th</sup> he was in Ottawa where he met with Canadian Prime Minister Stephen Harper to discuss the situation in Ukraine, shortly after the latter had told reporters the violence in that country was “a slow-motion invasion on the part of the Putin regime.” But a little later Gen. Breedlove told a military & diplomatic audience that he no longer thinks regular Russian troops will be deployed in Ukraine & *now* believes Putin would seek to achieve his goals by having unconventional forces stirring up trouble there. He said that the Russian narrative it was only Ukrainians rebelling in the East was wholly bogus & that the same Russian Special Forces that had earlier been active in Crimea were now operating in Eastern Ukraine, & more specifically : “Remember<sup>15</sup> ... Putin denied their presence and now has admitted their presence in Crimea. The same thing will come out of Ukraine as time rolls out ... Exactly what we saw in Crimea is being mirrored in Eastern Ukraine ... He will continue doing what he’s doing - discrediting the government, creating unrest, *and* trying to set the stage for a separatist movement.”

*Presidential elections in Ukraine are scheduled for May 25<sup>th</sup>. If they can proceed as scheduled & the interim government can pull them off more or less successfully, it couldn’t help but be a serious setback for Putin. So it is small wonder that on May 6<sup>th</sup>, after Kiev’s security forces had launched their biggest effort yet to regain control of those parts of the country controlled by pro-*

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<sup>14</sup> The latter of which would seem to have made little sense since it would cut a ‘rump’ Ukraine off from the Black Sea & **really** drive it into the EU’s arms.

<sup>15</sup> As witnessed by events in Afghanistan & Pakistan, and now Ukraine, Nigeria & Central Africa generally, traditional security forces, incl. the military, seem to be becoming increasingly irrelevant, if not useless, in dealing with controlling situations.



*Russian 'irregulars', Russian Foreign Minister Sergei Lavrov, in a likely prelude to an ex post facto denial of their legitimacy, told reporters in Vienna, where he was attending a Council of Europe meeting, that it would be "unusual" to hold an election when security forces are being deployed against the population (unlike, apparently, Crimea). This came after William Hague, his British counterpart, had noted that "Russia seems ... intent on a course of preventing and disrupting these elections ... (but) I think there will be a very strong message from the great majority of countries here today that the Ukrainian elections must be allowed to go ahead." - This is a much different situation than Crimea, & not just because it had something Putin wanted, namely offshore gas fields, while Eastern Ukraine has something he definitely doesn't want, heavily-subsidized heavy industry. For while the Crimean election, with half the population being ethnic Russian, was a slam-dunk for Putin, Ukraine's presidential election has the potential of being a 'widow maker' for him; for in only the two Easternmost of Ukraine's 24 'oblasts' (administrative regions), Luhansk & Donetsk (with a total population of 6½MM, < 15% of that of Ukraine), have populations that are over 40% ethnic Russian<sup>16</sup>. Rather interestingly, Ukraine's richest oligarch, Rinat Akhmetov, a long-time ally of former President Yanukovich, whose fortune is based on companies in Eastern Ukraine, very quickly after the latter had decamped, threw his support behind the interim regime. And as a warning to those who, very simplistically, see events in Ukraine as merely a pro-Russian East vs. pro-Western West mix-up, Alexander Motyl, a Ukrainian expert at Rutgers University, says doing so is akin to saying that "because California & Maine are totally different, the entire region East of the Mississippi is like Maine, and the entire region West of the Mississippi ... Californian"*

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Emotions always run high on the death penalty issue, even as law & order legislation provides for long sentences for some people guilty of relatively minor infractions of the law while others go scot-free, get their wrists slapped or, at worst, spend time in 'country club jails', for far more serious misdeeds. While the law in 1952, when I came here, when a first degree murder conviction carried a mandatory death sentence, was inappropriate, I believe it should be on the books for when the evidence is so foolproof &, most importantly the crime so heinous, as to justify the ultimate penalty. In this I am driven by two considerations, one strictly personal & the other generic :

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And worse for him, and regardless of his claims of seeking to protect ethnic Russians, unlike in Crimea, being "Russian" in Ukraine does not make people thereby ipso facto Putin supporters; thus last February, before Yanukovich decamped, when 80 protesters were killed in a single day on Maidan Square, at least a dozen were Russian.

- in the aftermath of WWII my father was a military member of a tribunal dealing with those who during WW II had to various degrees, & in various capacities, collaborated with the Germans. As such he had, in one case, to render judgment on someone who deserved to be , & eventually was, condemned to death (although it was later commuted to life). And I will never forget how, despite-, or perhaps because-, he was a professional soldier, for weeks, if not longer, he struggled with, suffered from, & had 'black moods' due to, the knowledge he might be aiding & abetting in the taking of a human life<sup>17</sup>; and
- in the late 1960's the US was shocked by the gruesome murder by Charles Manson's 'family' of 8½ months' pregnant Sharon Tate. And a decade later in Canada the late Clifford Olson got life for confessing to killing, by strangulation or stabbing, & in some cases after raping, eleven teenage boys & girls, having led the authorities to their grave sites upon payment of \$10,000 each into a trust for his family. Olson then spent 30+ years in jail, at considerable cost to the Canadian tax payer, amusing himself from time to time by torturing, from his jail cell, the families of the other teens he was known to have killed but whose grave sites hadn't been part of his \$10,000 location fee deal (& a few years ago created another wave of public indignation when it became public knowledge that, upon reaching age 65, he had started receiving Old Age benefits while in jail (forcing the government of the day to terminate the practice of paying such benefits to 'lifers').

This is a long wind-up to commenting on the wholly justifiable uproar in the United States about the botched Oklahoma execution of Clayton Lockett who suffered for almost three quarters of an hour from a new type of drug cocktail before *finally* succumbing to a heart attack. While the crime he had committed, shooting a 19 year-old girl with a shotgun & then having her watch her grave being dug before burying her alive, certainly meets the heinous qualification, torturing him to death (*rightly*) revolted many Americans from the President down - *and it raised serious questions about the competence of the authorities involved. For anyone, who has ever comforted a pet when it was being "put to sleep", as I have done on more occasions than I care to remember, knows the seemingly instantaneous, & peaceful, outcome : the vet pushes the plunger & the animal goes limp - so what is it that a veterinarian knows that the US authorities have difficulty grasping & practicing?*

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<sup>17</sup>

No doubt worsened by the fact his youngest, & favourite, brother, if he had survived, would have been brought before such a court & undoubtedly been given a death sentence for having been the second-highest profile collaborator in the country, who shortly after the war was arrested in a prisoner of war enclosure in an SS uniform.