

Government debt-to-GDP ratios for various EU member countries* are as follows¹ :

- 125% and over : Greece (172%), Italy (133%), Portugal (129%) & Ireland (125%);
- 100%-124% : Cyprus (110%) & Belgium (104%);
- 75%- 99% : Spain (93%), France (93%), UK (89%), Hungary (80%); Germany (78%), Austria (77%) & Malta (77%);
- 50%-74% : Netherlands (74%) Croatia (62%), Slovenia (63%), Poland 58% & Finland (55%);
- 25%-49% : Czech Republic (46%), Denmark (46%), Sweden (41%), Lithuania (40%), Romania (39%) & Latvia (38%), Luxembourg (28%); and
- less than 25% : Bulgaria (17%) and Estonia (10%).

* While those of Greece, Ireland & Portugal supposedly have peaked, those of France, Italy, Spain & the UK are expected to continue rising for another two years.

To put the above in perspective, the comparable numbers for Japan, the US, Canada & Ukraine are 238%, 107%, 85%² & 37% respectively.

According to the OECD in 2012 there was a great disparity in the average number of hours people worked annually in its member countries, including :

- 1,710, 1,728 & 1,790 in Canada, Australia & the US;
- 1,381, 1,397 & 1,479 in the Netherlands, Germany & France;
- 1,752 & 2,034 in Italy & Greece, and
- 1,982 & 2,226 in Russia & Mexico.

The White House 2013 Economic Report of the President noted “the average age of US farmers had been increasing over time”. That wasn’t news. But what was news was its follow-up observation that one-third of beginning farmers - those who have been in the business < 10 years - “are over age 55, indicating that many farmers move into agriculture only after retiring from a different career.” - *reasons for this include a desire to supplement retirement incomes, to have a real change after spending decades indoors, to do something useful while still physically able and/or to fulfill a long-held wish. Most of these ‘second career framers’ seem to gravitate to business models closer to traditional ‘family’ farms than to ‘industrial farming’, the same phenomenon that has consumers increasingly buying organic food³ & frequenting farmers’ markets (and given the background of these ‘second career’ farmers’ it may be a straw into the wind as to the growing importance of this type of farming in the North American food chain).*

According to BankAmerica/Merrill Lynch in each of the past three years sales of adult diapers have exceeded those of baby diapers in Japan, 97% of all babies born today do so in

¹ While the groundbreaking Rinehart-Rogoff study *Growth in a Time of Debt* named 90% as the ‘tipping point’ beyond which potential GDP growth declines.

² Which includes the debt of the provinces, while the US number does not include that of the states (which, however, is relatively small).

³ While US grocery stores’ total food sales have for years been growing at a modest 2%-4% rate, i.e. barely keeping up with population growth plus inflation, organic food sales prior to 2007 grew at a 15% annual rate (albeit, of course, from a much smaller base) slipped to a 5% rate during the recession but have since recovered to a 7-10% rate.

developing countries, 1.6BN people (22%) in the world are obese & 900MM(12%) under-nourished, and every 10 seconds the US national debt increases by US\$322,000.

It has gone all but gone unnoticed that last May Vermont Gov. Peter Shumlin, a Democrat, signed a bill into law that, if it survives legal challenges from among others the Grocery Manufacturers Association, will require, as of 2016, the labeling of all food stuffs sold in the state with one of either “produced with genetic engineering”, or “partially produced with genetic engineering”, or “may be produced with genetic engineering” (the latter for any product where is any uncertainty)⁴. Maine & Connecticut already have similar laws in place, albeit with provisos : Maine’s won’t come into force until “a critical mass of neighbouring states” (*of which Vermont presumably is one*) pass similar laws & Connecticut’s is contingent on at least four other states with a combined population of at least 20MM⁵ doing so (Vermont has only 627,000) - *proponents of GM foods gloss over the fact that Monsanto, the driving force behind the GM drive, also gave the world DDT, Agent Orange & PCBs, & that the argument GM foods are needed to feed a growing world population is totally bogus : far more food is being produced today than is needed, but 40% of it is wasted, in the developed world mostly at the household level & in emerging markets due to a lack of storage-, & transportation-, infrastructure.*

Last February Marie Grice, a career FDA employee, learnt the US Treasury had confiscated her entire US\$4,500 in state-, & federal-, tax refunds. While upset she hadn’t received prior notice of its intent to do so & that the amount seized was 50% greater than she supposedly owed), what really had gotten her worked her up was its reason for doing so, namely that the Social Security Administration had overpaid death benefits to her family when her father had died in 1960, when she was five years old. Treasury can now do so because of an obscure change in the 2008 US farm bill that authorized it to collect debts owed by Americans outstanding for more than 10 years - *while the SSA is proud of having found US\$714MM owed by 400,000 Americans, it ought to be ashamed about what this says about the (in)efficiency of its financial administration.*

An interesting, & possibly momentous, and now described as “Iowa’s ugliest ever”, Senate race is underway in Iowa. At age 74, Tom Harkin, its junior (Democrat) Senator since 1985, has called it quits. So in November Iowa voters have a choice between fourth term Democrat Rep. Bruce Braley (age 56) who gained the nomination without having to fight a primary, & Republican State Sen. Jodi Ernst (age 43), who overwhelmingly beat four others in her party’s primary, despite the runner-up 4x outspending her. While the state went for Obama in 2012 & voted Democrat in three of the last four Presidential elections, its senior Senator since 1981 has been a Republican, octogenarian Chuck Grassley (who despite his age is said to be one of the most ‘tech-savvy’ members of the Senate) & the seat is believed ‘up for grabs’. In a farm state like Iowa, Rep. Braley, a lawyer by training, may carry a millstone around his neck; for earlier this year he made the mistake of telling a group of lawyers in far away Texas that Sen. Grassley was a farmer who, without ever having gone to law school, may end up chairing the Senate Judiciary Committee if his party gains a majority in the Senate, while State Sen. Ernst is a farmer & a Harley Davidson-riding, long-time member of, & Lt. Col. in, the Iowa National Guard, who served in Kuwait during the Second Iraq War, and who in one of her primary ads, headlined “SQUEAL”, proudly proclaimed that, during her younger days on the farm, she had

⁴ With the industry saying this isn’t needed since anyone wanting to avoid GM can buy USDA-certified GM-free organic food stuffs.

⁵ Of which Vermont can account for 627,000 & Maine for 1.273MM.

castrated pigs⁶, something she said would stand her in good stead when it came to cutting pork out of the Federal Budget when she got to Washington, & in another pointed a gun at the camera, promising to do the same to Obamacare. She has an A-rating from the NRA (of which she is a life member), is a balanced budget 'hawk' and opposed to the Clear Water Act (it's "damaging" for business) & to same sex marriage (to the point of mooted the idea of a constitutional amendment to outlaw it). The Republican Party will leave no stone unturned to get her elected & she has already been endorsed by Mitt Romney, Sarah Palin, Mark Rubio & the US Chamber of Commerce - *at last report (July 22nd) they were tied in the polls at 43% each (whereas a month earlier Braley had been ahead 44-40 & four months ago his lead had been 42-29), with women favoring him 47-36 & men Ernst 44-40 (women tend to favour Democrat-, & men Republican-, candidates, regardless of their sex).*

Despite all the hype about the fracking-driven hike about US oil output, it's worth remembering that the five largest oil fields in the world are still in the Middle East, Ghawar & Safaniya in Saudi Arabia, Rumaila & West Qurna -2 in Iraq, and Burgan in Kuwait⁷. Moreover, that after over half a century of operation, Ghawar still produces 5MM bbl/d., equivalent to almost 60% of the entire US production, while the output of a typical fracked US oil well peters out in three years.

Brian Chesky (age 32) is a graduate of the Rhode Island School of Design. In 2008, along with a couple of friends, he founded Airbnb, a hospitality exchange service (that acts as a middleman between private individuals interested in renting a room in their home for a night, or two, or three, to total strangers wanting to stay 'on the economy', rather in expensive hotels or cheap, but youth-oriented, hostels. While his company took four years to get its first million 'guests', on the 5th of this month alone it 'hosted' 330,000 of them in 160 countries around the world (incl. nearly 20,000 in Paris alone); small wonder that, when last month it raised US\$450MM in new funding it did so on a basis that implied a US\$10BN valuation. In an interview with Thomas Friedman last year he provided an insight into the mindset of the Millennial generation when he observed "There used to be a romanticism about *home* ownership, because it meant you were free, you were empowered ... I think now, for the younger generation, ownership is viewed as a burden. Young people only want to own what they want responsibility for. And a lot of people my age don't want responsibility for a car and a house, and to have a lot of stuff everywhere. What I want to own is *my reputation (italics are his) ... (for it is)* like having a giant key that will allow you to open more & more doors. [Young people] today don't want to own those doors ... they want the key that unlocks them." - *economics likely also enters this equation somewhere; for entry level salaries for new university graduates today are 10 percent lower in real terms than a decade ago.*

In the Globe & Mail's latest issue of its monthly Report on Business, in The End of Cash, Ivor Tossell predicts "Pretty soon, you'll be able to ditch your wallet altogether." - *If so, we will have*

⁶ Although, according to the NYT, she got caught with her pants down when the video in which she bragged about doing so featured a stock photo of a Danish, not a US, pig.

⁷ While the total "proven reserves" of the Bakken & the Eagle Ford, two of the biggest US oil reservoirs, are in the 4-5BN bbl. range, i.e. < a year's current US oil consumption (& according to the EIA the nation's total reserves are 31 BN bbls), Iraq's Rumaila's alone are 3x as large as the Bakken's & Eagle Ford's combined & those of West Qurna - 2 almost 3x as large again, and Kuwait's Burgan field's almost as large as the two combined. Now, while proven reserves increase as technology improves & oil prices rise, this may be less so for the aged fields in the Middle East).

made a big step towards the world prophesied by George Orwell in 1984 & Animal Farm, and by Aldous Huxley in Brave New World. For then the powers that be, whoever they may be (that have only one thing in common, namely that nobody really trusts them), will have a powerful tool to track individuals' spending behaviour with 100% accuracy on an ongoing basis; for they will know at what time & where you stopped off in the morning on your way to work for coffee or to buy a newspaper, and whether your choice was Starbucks' or Tim Horton's, and the Globe & Mail or the National Post, and will be able to monitor your movements & spending activities 24/7/365 - Thank God I won't be alive then but I fear for my grandchildren & can only hope they, & their generation mates, will rebel!

After at least four Canadian citizens have been blocked from entering the United States for mental health reasons, because of the access provided by Canada to the US authorities to "highly sensitive personal information about a past suicide attempt". So Ontario's Privacy Commissioner issued a report on April 14th demanding the police stop sharing such information with US officials, & Camile Quenneville, CEO of the Ontario unit of the Canadian Mental Health Association, noted that "mental health police records are not criminal records and should not be treated as such" - *looking at their reaction objectively it seems unduly 'mealy-mouthed'*.

The Alberta Minister of Education recently riled the ATA, the Alberta teachers' union, by overruling, supposedly for the first time in 82 years, what he called four "alarming" disciplinary decisions by the ATA's 'professional conduct committee' in the case of teachers it had found guilty of fraud or, violence against, and/or sexual relations with, students. In each case he replaced 'their slap on the wrist with a wet noodle' punishment with a lifetime class room ban - *common sense would seem to dictate that at the very least teachers found guilty of abusing, or sexually engaging with, students should be banned from classrooms, period, full stop, and the union did itself, and every Alberta teacher & parent, a disservice by ruling otherwise (and by objecting to the Minister's action) - it would be interesting to know the committee members' views on the issue of child sex abuse by clergy, or by staff members of the Indian residential schools of yesteryear*.

Zack Taylor of the University of Calgary's School of Public Policy in a paper entitled Alberta's Cities at the Crossroads noted Calgary & Edmonton are now following different paths in their cities' development. Historically both annexed land in outlying areas, serviced it & encouraged developers to build single family homes on it. But Calgary has recently, & somewhat hesitantly & to the fury of developers, begun moving in a direction that emphasizes infill development, higher density & mass transit. His view is that, while the old way of doing things was once OK, it becomes a less effective once a city grows past a certain size, and runs into growing congestion problems & skyrocketing infrastructure (& *service provision?*) costs⁸ - *across North America cities are finding that, as a rule of thumb, for every \$100 in incremental annual tax revenue generated by a new house in 'the boonies', \$135, more or less, is added to their the city's overhead (which means that at the micro level home owners in older neighbourhoods*

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It's also interesting in this context that in his book Happy City : Transforming Our Lives Through Urban Design Vancouver-based Charles Montgomery refers to a Swedish study that found people who commute 45 minutes or more are 40% more likely to separate from their partners & a German one that a person with a one hour commute has to earn 40% more to be as satisfied with life as someone who doesn't commute (although the quality of the commute may make a difference; thus in the 60's & 70's I commuted 30-35 miles morning & night, but with a difference : most of it was via a relatively stress- free highway drive through farm land that started from-, or ended at-, my own farm).

subsidize those who choose to dwell 'beyond the pale' & at the macro level public money is converted into private wealth for the developers). And it's interesting that some younger, less tradition-bound developers are catching on; thus in Edmonton one has been building high-rise condos downtown & is now including 3BR units in his latest development in response to a growing demand from families with children who are opting for a downtown-, rather than a suburban-, lifestyle. Two years ago also, a Vancouver developer told attendees at a conference on urban development in Edmonton that he was providing less onsite parking in his latest projects since many of his buyers have a lifestyle in which car ownership doesn't figure. As mentioned here a few weeks ago, Toronto is relaxing parking requirements for high density living complexes. And, finally, while in the first decade of this century the population of Chicago declined by 7% to 2.7MM, its downtown population grew by 36%, and Motorola Mobility & United Airlines have moved their offices from the suburbs to the city centre.

Last fall a Manitoba mother was upset. She had sent her children to daycare with what she thought a healthy lunch : homemade stew with beef, potatoes & carrots, an orange & milk. But she was charged \$5 for each by the daycare for the Ritz crackers it had to provide them because their lunch didn't constitute a nutritious meal as per Canada Food Guide Rules, a requirement under Manitoba law for daycares, since "it didn't contain a grain" - *one must wonder how many of their class mates brought sugar-, & salt-, laden 'Frankenfoods' in their lunches without any one even saying "Uh?"*.

Ex-UK Prime Minister Tony Blair is unhappy he is now said to be "rich"; on July 21st he protested he's not worth £100MM, as has been alleged, saying "it's not half of that, a third of that, a quarter of that, a fifth of that, and I could go on" - *but he didn't; so it's fair to assume that he is worth more less than £20MM* -, and went on to say "I spend two-thirds of my time on unpaid work". So doing the math, he has been out of office for seven years (& a few days), say 1,700 days &, assuming he takes four weeks' holidays a year, one third of that is 570 days; so after taxes & living expenses he 'saved' £35,000/day, all of it on some taxpayer's dime - *surprising how quickly, given the opportunity, lifelong socialists become just as greedy as the foulest of capitalists.*

Louisa Larkin works for a Sydney, Australia- based climate change consultancy firm & on the side is a budding writer of thriller novels with one book, Genesis Flaw, under her belt & the rights to a condensed version form of her second book, Thirst, that has as its background the (*potential?*) catastrophe facing Antarctica as a result of global warming, sold to Reader's Digest. Then came a hitch. The edition destined for the Australian, New Zealand, Singaporean, Malaysian & Indian markets was being printed in China & there were references in the book to the Falun Gong that the "company doing the printing" demanded removed. So Reader's Digest gave her the choice of editing her text accordingly or lose the deal. To her credit, she refused to do the former & Reader's Digest cut her story rather than spending the estimated \$30,000 it would have cost to yank the contract from the Chinese printing company & have it printed elsewhere.

A TV ad promotes the ability of Nicoderm patches to help control one's craving for a cigarette - *this is symptomatic of our modern economy : industry spent untold millions to create a demand & then others must spend even more to offset its negative consequences thereof. But the way we do our sums, both are GDP-accretive. Speaking of TV ads, I shudder every time I hear one on TV promoting a new drug to deal with often not-all-that-serious-, health risks, or even cosmetic blemishes, warnings those planning to take it of all the, often serious, health risks they may/will be exposed to if they were to take the drug being promoted* ,

GLEANINGS II - 570SP
Monday July 14th, 2014

THE COMING CLIMATE CRASH (NYT, Henry M. Paulson Jr.)

- There is a time for weighing & for acting; in my experience it's always best to act before problems get out of hand. When we didn't rein in the excesses building in financial markets, we got a devastating bursting of the credit bubble in 2008, the consequences of which are still felt today. We are now making the same mistake with climate change. The warning signs are clear & growing more urgent as the risks go unchecked. It's like watching us fly, in slow motion, toward a giant mountain & not change course. While the critics rightly worry about the *short-term* economic implications of *any significant corrective action*⁹, they ignore the *longer-term* risks of doing nothing. And there is a solidly conservative, market-driven option, price CO₂ emissions¹⁰ to create incentives to develop clean energy technologies.
- In both cases we allowed excesses to build up. In both cases government policies were/are flawed (then to focus on home ownership, now to encourage the *continued* overuse of carbon fuels). In both cases experts sought/seek to understand what was going on & to model possible future scenarios. And in both cases the risks had/have the potential for doing enormous damage. But the *one big* difference is that, while then we were able to avoid an economic catastrophe at the last minute, climate change is more intractable; for the CO₂ sent into the atmosphere today will remain there for a long time, *if not forever*. So our decision to stay on a carbon-dependent track will lock us, *or rather our grandchildren whom we have already burdened with the cost of a lifestyle for us we wouldn't pay for from our taxes*, into long-term, enormously costly consequences.
- Just a decade ago the experts forecast the melting of the Arctic ice cap would result in an ice-free Arctic summer by the end of the century whereas now their consensus is that this, & the accompanying warming of the oceans & rise in sea levels, could come as soon as 2035. Moreover, we are now learning that the Antarctic ice has started to melt as well (*see immediately below*). So I have joined with former New York Mayor Michael Bloomberg & Tom Steyer¹¹ in the Risky Business project to analyse the cost of *climate change* inaction, the first study of which will be released this week (it was, on June 24th¹²).

⁹ As did the Luddites in England two centuries ago.

¹⁰ In BC, the one province in Canada that has experimented with a revenue-neutral carbon tax, it seems to have worked; for a July 2013 report reviewing the first four years' experience with it concluded "per capital consumption of the fuels subject to the tax had declined 19% compared to the rest of Canada ... (*while*) at the same its economy had kept pace with the rest of Canada."

¹¹ An ardent California-based, billionaire, environmentalist & ardent Keystone opponent ex-hedge fund operator & long-time Democrat-, & major Obama-, fund raiser (who has pledged to raise US\$100MM to help the party retain control of the Senate next November).

¹² It concluded, not surprisingly so, that, if the US continues on its present path, many regions of the US face the prospect of serious economic effects from climate change but that aggressive action now, to adapt to the changing climate & to mitigate its future impact by reducing carbons emissions, can significantly reduce our exposure to its greatest economic risks and in the process allow us to demonstrate global leadership (the problem is, of course, that any such "aggressive action" has short-term cost implications).

*Paulson, a Christian Scientist, was a 'lifer' at, & later head of, Goldman Sachs until named Treasury Secretary by Bush 43¹³, in which capacity he was in charge of the initial fire fighting during the 2008 financial bust-up. In 2011 he founded & funded, and now is Chairman of, the Paulson Institute at the University of Chicago (although Dartmouth College was his alma mater & his MBA is from Harvard) to promote sustainable economic growth & a cleaner environment around the world, with an initial focus on the US & China (the world's two top polluters), for the latter of which he is well-positioned since during his 70+ career visits to China, he became on a first name basis with many of China's past-, present-, & future leaders. But this op-ed piece was not the outcome of a Paul the Apostle-like conversion on the road to Damascus (Acts 9); for he has long been a nature lover & a believer that human activities **do** impact on global warming, and as Treasury Secretary often openly disagreed with Bush 43's climate change negativism.*

HUGE ANTARCTIC SHEET BEGINS TO COLLAPSE (AP)

- Two new studies, one by NASA based on 40 years of ground-, airplane-, & satellite data, show the Antarctic melt is happening faster than scientists had predicted (because the ocean water is warming faster than expected & eating away at the glaciers' 'feet'). Now the consensus is this will lead to ocean levels worldwide rising 100-120 centimeters (i.e. up to four feet). Prof. Robert Nicholls of Britain's Southampton University last year published a paper on the 20 cities in the world most vulnerable to rising sea levels : the top five were Guangzhou, China (population 16.8MM), Mumbai, India (12.0MM), Kolkata, India (4.5MM), Guayaquil, Ecuador (2.3MM) & Shenzhen (15.0MM) - *Miami was No. 6, New York/Newark No. 8, New Orleans No. 10, Tampa/St. Peterburg No. 16 & Boston No. 17.*

Interestingly no Dutch or Bangladeshi cities were among his Top 20 (nor any Canadian ones).

JIM O'NEILL : SHIFTING TRADE, A THREAT TO GLOBAL INSTITUTIONS **(FT, Sarah Gordon)**

- When Goldman's Chief Economist he coined the BRIC moniker. Now an adviser to the IFC (a World Bank subsidiary promoting private sector development in *emerging markets*) & a research fellow at Bruegel, a Brussels-based think tank, he has come up with a new one, MINT (for Mexico, Indonesia, Nigeria & Turkey). He believes that Western policy makers & economists underestimate the extent to which China & other emerging countries have transformed the global economy, & the implications thereof for Europe : he expects Europe's share of world trade to shrink from one-third today to less than one-quarter by 2020, the BRIC countries by then to account for over 30% (& China for more than the US), & Europe to become more dependent on trade with third countries rather than with one another, thereby diminishing the rationale for a currency union.

If correct, the window for achieving a 'United States Of Europe' has already slammed shut.

MADE BY CHINA IN AMERICA (Rhodium Group, Thilo Haneman)

¹³ At which time he had to divest himself of his US\$600MM stake in the firm.

- China's Shandong Tranlin Paper Company's announcement last spring of a US\$2BN investment in a new paper & fertilizer complex in Virginia that by 2020 will create 2,000 new jobs was just the latest of many such announcements in recent years. While for decades American firms made large direct investments in China to outsource their manufacturing to its low wage environment, in the past few years Chinese new investment in the US has grown to the point where it now exceeds America's in China. And while earlier on Chinese investment focused on the extractive industries (mainly unconventional oil), utilities & real estate, more recently it has increasingly taken the form of acquiring existing-, or building greenfield-, manufacturing operations (driven by "tariff jumping"-, & higher-wage-costs-at-home-, considerations). So, whereas Chinese M&A activity in US manufacturing in 2006 was just US\$100MM, last year it was US\$ 7½BN (with its greenfield component having gone from zero to US\$2+BN & the number of American workers in Chinese-owned manufacturing concerns in the US having jumped from <10,000 to 80,000).

Beijing encourages companies to "go global" to gain access to Western technology (so as then to be able to 'retro-engineer' it back home), to give substance to China's growing global profile &, most importantly, to convert US dollars into something of greater real value (New York-based Rhodium Group's 'claim to fame' is that it "combines policy experience, quantitative economic tools & on-the-ground research to analyze disruptive global trends").

U.S. PENSIONS 'CASH NEGATIVE' BY 2016 (CNBC/FT)

- In 2012 America's US\$3.5TR 401(k) pension system attracted fresh new capital of US\$300BN, while losing US\$276BN to withdrawals by pensioners or rollovers into individuals' IRA retirement accounts for a net inflow of US\$24BN. But according to the Boston-based financial research firm Cerulli Associates by 2016 that become a US\$2BN net outflow (the difference between US\$364BN coming in & US\$366BN going out).

Funds flowing into IRAs create competition for the money management firms, that dominate the 401(k) system, from insurance-based products, ETFs & individuals' securities' accounts. And there may be a stock market effect since 401(k)s typically hold 45%-60% equities & IRAs only 20%.

IF AN INDIVIDUAL PULLED THE TAX GIMMICKS OF APPLE AND OTHER BIG COMPANIES, THEY'D GO TO JAIL (Forbes, Robert W. Wood)

- A study by the U.S. Education Fund & Citizens for Tax Justice, entitled Offshore Shell Game, says 70+% of Fortune 500 companies use offshore tax havens, that 62% of the US\$2TR held there is accounted for by just 30 companies, & that the tax revenues foregone reported by 55 companies equal the budgets of California, Virginia & Indiana.

*Individuals pay tax on their worldwide income at a 39.6% marginal rate (albeit net of that paid elsewhere) but companies don't. While they don't go wholly scot-free (Nike pays 2.2% & Citigroup 8.3% on money held overseas), it's minor compared to the 35% they should have paid on **their** worldwide income).*

RECRUITS' INELIGIBILITY TESTS THE MILITARY (WSJ, Miriam Jordan)

- Two-thirds of America's young people cannot join the military due to physical, behavioural or educational shortcomings, incl. obesity, lack of a highschool diploma¹⁴, felony convictions, drug use or ADHD. 'Appearance', such as that of large, visible tattoos & 'ear gauges' (large holes in the ear lobes) are also an issue. And the military says only 1% is both "eligible & inclined to have a conversation with us" about joining up & that "the quality of young people willing to serve has been declining rapidly."

This implies that in a typical age cohort reaching enlistment-eligible age only 40,000 would be eligible & willing to enlist, far less than needed by the 1.3MM in the regular force-, & the 850,000 in National Guard-, & Reserve-, units, suggesting a need to encourage those already in to stay in longer (training recruits is costly & labour intensive), & to avoid bad publicity on veterans' treatment.

GUN SILENCER SALES ARE BOOMING (CNN Money, Aaron Smith)

- According to the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) sales to civilians grew by 37% in 2013 to almost half a million, up from 360,000 in 2012 & 285,000 in 2011; so now there is a nine months' waiting list to get ATF approval. And it's not just silencers that are selling like hotcakes, but also other kinds of "gun accessories" like gun-mounted flash lights, laser scopes & pistol grips, and accessorizing guns for women, for instance by having them painted pink, with or without speckles, is also booming.

The official explanation for buying a silencer is that it "gives a hunter an opportunity to get off several shots without frightening the game" (which says much about any individual buying a silencer for this reason). The idea of silencers selling like hot cakes when more & more states allow concealed weapons to be brought in public places, incl. bars in which sound systems are turned up full blast, is disconcerting. The saving grace pro tem may be that silencers make guns more bulky & less easy to conceal, although no doubt technology will soon overcome that drawback.

MOM CONVICTED OF BREAST MILK HOMICIDE (AP)

- In November 2010 nurse & morphine addict Stephanie Greene had a healthy baby that 46 days later was found dead in her parents' bed. While an autopsy found no needle marks on her, it did find enough morphine in her system to kill an adult. So on April 4th, despite her lawyer arguing she had suffered enough, a Spartanburg, S.C. court sentenced her to 20 years in jail for having overdosed her baby via her breast milk.

And there was a case recently in Alberta, in which a mother, who found her two week-old, seventh child dead in a car seat (her other six children had earlier been taken away from her & placed in care) was found to have been prescribed almost 5,000 pills by no fewer than 11 doctors during her pregnancy (with most prescriptions filled at the same pharmacy) despite the Province supposedly having a 'fool proof' system to avoid 'prescription shopping'.

SUPERBUG FOUND IN FOOD (Postmedia News, Jeremy Warren)

¹⁴ Even among those with a high school diploma only 75% can pass the Armed Forces Qualification Test (which measures their reading & mathematical skill level).

- Joe Rubin teaches at the Saskatoon-based Western College of Veterinary Medicine. A paper in the Centre for Disease Control's Emerging Infectious Diseases journal he co-authored reported frozen squid from Asia bought in a local grocery store had tested positive for pseudomonas, a bacteria producing an enzyme, carbapenamase, that makes bacteria "resistant to the most commonly used and last-line-of-defence drugs for treating infections."
- Warnings about "superbugs" are on the increase (the CDC says they kill 23,000 Americans each year) as international travel facilitates their spread, & there have been several superbug outbreaks in hospitals. In this case it could not be determined if the squid picked it up from its environment, from cross contamination during processing and/or shipping, or at the retail level, nor is it known how widespread such organisms are in the food chain.

Growing consumer concern about food quality has contributed to the growing popularity of organic foods, & a rate of growth in their sales in North America triple that of ordinary food stuffs, and the explosive growth of "farmers' markets" continent-wide, although there is evidence that consumers may, in some cases, be misled. For the "organic" designation of food on supermarkets shelves has in some cases proven to have been a misnomer, while as many as half the vendors in farmers' markets don't grow their wares themselves but get their merchandise from wholesalers, while even those who do grow stuff themselves often do not have an official organic designation.

ITALIAN WOMAN TO KEEP 'WRONG TWINS' (DT, Tom Kingston)

- Last December 4th a woman had IVF (In-Vitro Fertilization) treatment at a Rome hospital clinic & is now pregnant with twins. There is only one problem : that same day three other women were there for the same reason, one of whom had a surname similar to hers. And someone must have screwed up; for DNA tests have shown her foetuses don't carry her DNA, nor that of her husband. Nevertheless, she intends to keep them ,and the babies' real mother, who had a miscarriage, is SOL since under Italian law the woman who gives birth to a child, or in this case children, is the legal mother.

Three thousand years ago, in the days of the Old Testament's King Solomon, & as Sulayman a major prophet for Muslims, this might have been solved by each woman raising one.

POLLUTED FARM LAND LEADS TO FOOD SECURITY FEARS (Chinadialogue, Wang Yue)

•Wang Shi Yuan, the Vice Minister of Land and Resources, said at a press briefing last December 30th, that, *due to the overuse of fertilizer & the indiscriminate dumping of industrial waste*¹⁵, 3.33MM hectares/8.3MM acres of farm land in China, an area the size of Belgium, is now too polluted to grow crops. Imports of rice, corn & wheat have more than doubled in the past three years & the rate of grain self-sufficiency now is < 90%, well below Beijing's 95% target. According to the Rome-based FAO & the Paris-based OECD China will become more dependent on grain imports *in the years to come* (potentially a politically destabilizing situation if it were to result in higher food prices). According to Jiang Gaoming, a researcher at the University of Chinese Academy of Sciences, while the long term-solution lies in sustainable agriculture, a good first step would be to cut the use of fertilizer by 50%, & that of pesticides by 90%.

¹⁵ Especially in lakes, rivers & streams that provide water for irrigation.

Already in China per capita farm land is only 0.1 hectare/0.25 acres/11,000 square feet, less than half the global average (with more falling victim to urbanization & industrialization almost daily). Jiangsu Province's 800 sq. mi. Lake Tai in the Yangtze River delta is China's third-largest freshwater lake; once known for its abundant fish population, today, after 3,000 factories were built on its shores in the past 20 years, it is covered with a green scum. And farmers in the nearby village of Fenshui, where cancer rates have skyrocketed to the point it is now one of the 'unofficial' 400+ "cancer villages" in China, won't eat the produce they grow (& good luck to those who do). And Jiang may be unduly optimistic talking about a long-term solution; for once pollutants are in the soil it is expensive to the point of being impractical to remove them.

CHINA, SINGAPORE MULL GOLD PRICING ALTERNATIVES TO LONDON IN ASIA **(Reuters)**

- *For the best part of a century the global benchmark price for gold has been the twice daily (at 1030 & 1500 hrs) London "fix" (which recently has come under official scrutiny due to allegations it was a "fix" in more ways than one). But with China & India now accounting for well over half the annual global physical gold 'disappearance', China & Singapore are vying to replace London. Thus Singapore announced on June 25th at an industry conference plans to launch a physical gold contract on its stock exchange so as to create a transparent form of pricing, & Beijing, at the same conference, that it intends to launch three different gold contracts at its international exchange in Shanghai's Free Trade Zone.*

The Singaporean proposal may well prove to have more "legs" than Shanghai's, in part since it already has a surfeit of vault capacity & in part because any gold stored there might be like money in a Swiss bank used to be, safe from the prying eyes & clutches of the authorities everywhere.

CHINA ON COURSE TO BECOME THE WORLD'S MOST CHRISTIAN NATION **(DT, Tom Phillips)**

- *On Easter Sunday thousands of worshipers were expected to attend services in the £8MM, one year-old, 5,000 capacity church in Liushi, Zhejiang Province that boasts a 260 feet-tall crucifix visible for miles. While officially China is an atheist country, more & more Chinese are seeking spiritual comfort, & *meaning to life*, that neither communism or capitalism appears capable of supplying. According to Fenggang Yang, a sociology professor at Purdue University in Lafayette, Ind. & the author of Religion in China : Survival and Revival under Communist Rule, China will become the largest Christian country in the world "very soon ... less than a generation. Not many people are prepared for this dramatic change." From a 1MM start in 1949, by 2010 there were an estimated 58MM Protestants in China, & Prof. Yang believes this could grow to 160MM in a decade & that by 2030 there will be 250MM Christians (incl. Roman Catholics) in China. The spread of Christianity has Communist Party officials scratching their heads; for as the 27 year-old (female) preacher at the Liushi church put it, "The child suddenly grew up and the parents don't know how to deal with the adult."*

This prediction didn't go over well in Beijing. Still, presumably due to it not being quite sure how best to deal with the Christian 'issue', it took about ten days for it to come up with a response. For it took until April 25th that Ye Xuaiwen, the Secretary of the CPC Committee at the Central

Institute of Socialism, told the state media that such claims were “unscientific” & “obviously inflated”¹⁶.

OLD TECHNOLOGY IN THE NSA AGE (RTNews)

- A growing number of businesses are opting out of the virtually connected world & reverting back to old technologies to avoid being spied on. This has led to a surge in typewriter sales in Germany, with one manufacturer promoting them with the slogan “Bug Proof, NSA Proof”. Last year already German defense contractor Diehl switched to typewriters for any work deemed sensitive.

And rumour has it that the Kremlin recently placed an order for manual typewriters (RTNews is a Moscow-based, English language news service)..

BRAZIL DROUGHT : EL NIÑO IMPACTS & POLITICAL UNREST **(Accuweather.com, Eric Leister)**

- A drought has prevailed across parts of Brazil, incl. the Sao Paulo region [while its average rainfall for June is 53 mm (2.09 inches), this year it is expected to fall well short of that], a situation that may be aggravated *later this year* by an El Niño effect [that would divert rainfall after the end of the dry season in September away from Sao Paulo (& the drought-stricken North of the country) to areas in Southern Brazil that may end up getting more than they need, *or want*]. According to Stratfor (*the still well-regarded Austin, Texas-based purveyor of global economic-, business-, security- & political intelligence*¹⁷ *despite having been hacked in 2011, which resulted in a lot of confidential client information ending up on Wikileaks*), this may soon involve water rationing and/or even water cuts, & longer term exacerbate *the existing* country-wide political unrest (*already raised by the corruption that hallmarked the lavish spending on new facilities for the FIFA World Cup & the 2016 Summer Olympics at the expense of more popular, much-needed-, & longer-term more useful-, infrastructure projects*).
- In Sao Paulo rainfall in the past year has been 17 inches, 30+% *below normal*, the dry season won't end until September & residents of poor communities in the region have been complaining for three months about water cuts, despite claims by the Basic Sanitation Company of Sao Paulo that “There is no rationing and restriction of water consumption in any of the 356 communities served by our company”. And so much water has been pumped from the city's main reservoir that its water level is now at a historic & dangerous low.
- *Meanwhile India has been affected by the delayed arrival of the annual monsoon. Normally it arrives in Myanmar during the second half of May & reaches Southern India*

¹⁶ *Ye's entire career has involved religion, mostly seemingly with, by Chinese standards, a bias towards tolerance. Until 2009 he was the Party's top official for dealing with religious matters & in that year in an interview insisted China had abandoned its 25-year struggle to “sink religion” although in his next breath saying “religion continues to concern us” due to fears that it could be used to try & overthrow the Party.*

¹⁷ Whose VP for Middle Eastern & South Asian Affairs went on record June 20th as saying that “crude prices may spike further” & that the main saving grace right now is that the bulk of Iraq's oil infrastructure is “not within striking distance of the rebels.”

in early June before moving North into Central India, one of the most densely populated areas on earth, by mid-July. But this year it stalled over the Bay of Bengal & only reached Sri Lanka in early June (where it released such heavy rains as to cause land slides, and kill 22 people & force thousands more from their homes) & South India a week behind schedule. With the delay in its arrival expected to cause daytime highs in New Delhi to soar above their usual 42 C (108 F) highs & El Niño later this year to reduce rainfall in Central & Northern India, the expectation now is that “both crop yields and quality of the rice & cotton crops ... are likely to be impacted by drought late in the summer in Northwest India and Pakistan” & that the often heavy cyclone-prompted rains, that normally are cause for concern due to the flooding they can cause, may this year well be deemed a “positive factor”.

*Neither is good news for food prices. Brazil is a leading global producer & exporter of a number of food crops, & India at the best of times a significant net importer thereof. Among others Brazil accounts for 20% of global sugar output, 90% of it produced in its South-central region that includes Sao Paulo where Brazil’s biggest sugar producer & exporter now expects this year’s sugar output to fall at least 6% short of last year’s 602MM tonnes, with its CEO observing last week that “the sugar market doesn’t fully appreciate the scale of the drought in Brazil.” Metro Sao Paulo, with its 20MM population, is the largest city in Brazil, the Americas & the Southern Hemisphere, and the 14th largest in the world, although its population density of 7,100 per sq. km. (which translates into 142 sq. ft. per capita) is puny compared to New Delhi’s 25,000, Paris’ 21,000, Cairo’s 18,000 & Seoul’s 17,300, albeit well in excess of Nairobi’s 4,850, Metro Toronto’s 4,150 & Calgary’s 238 (yes, this is **not** a typo : with a population of only 1MM it has a ‘footprint’ similar to that of New York, which has a population 10x its size).*

EBOLA OUTBREAK UNPRECEDENTED IN WEST AFRICA (CBC News)

- It started last December in Conakry, the capital of Guinea. Since then 350 deaths have been reported, making it the deadliest Ebola outbreak since it first emerged 38 years ago. According to Dr. Bart Lanssens, Director of Operations for *Médécins sans Frontières/ Doctors without Borders*, “The epidemic is out of control ... with the appearances of new sites in Guinea, Sierra Leone and Liberia, there is a real risk of spreading it to other areas.” And according to one of his colleagues this outbreak is unprecedented in its geographical distribution with complicating factors being that patients aren’t coming to treatment centres because they don’t believe it is contagious & have more faith in traditional-, than modern-, medicine, and since the bodies are touched by those preparing it for burial & by mourners (*its spread is not airborne but by body fluids*).

At last report the death toll stood at 660 and it had spread from Guinea, Sierra Leone & Liberia to a fourth country, Nigeria where a case was recently reported, some healthcare workers had been among its victims (incl. Two Americans) and in some places people’s fear had become so pervasive that locals won’t let outside healthcare workers come into their communities, claiming ‘they’re spreading the disease’ The biggest outbreak prior to this was in Uganda in 2000 when 425 people were infected & 224 died. At last report as many as 21 new deaths are being reported each day. Whereas all previous outbreaks occurred in rural areas, this one has spread into densely populated areas where it has the potential for propagate more quickly. It has now also been identified as being of the Zaire strain, the most deadly of known Ebola strains.