

**Fed Fund rate target range raised by 0.25% to 1.00-1.25% range** - The Fed did so at its Wednesday June 14<sup>th</sup> FOMC meeting on the grounds that “Information received since the Federal Open Market Committee meeting in May indicates the labor market has continued to strengthen and economic activity has been rising modestly this year.” – But, *while the latest unemployment rate reading of 4.3% is a 16 year low, questions have been raised about the ‘quality’ of the new jobs created. And while the initial First Quarter GDP growth reading of a 0.7% annual rate was nothing the write home about, the late May revision thereof to 1.2% was still only well off the 4Q/16’s 2.1% rate (& less than half of Trump’s promised 3.0%). Moreover, the Atlanta Fed’s GDPNow Tracker in the past six weeks slipped from 4.2% to 2.9% & is now in line with the consensus private sector 2Q/17 forecast. And while in light of this some experts had expected the Fed to stand pat, it may not have had much choice but to raise the rate (& promise more to come); for sooner or later there will be a serious economic downturn & the Fed must make room to be able to cut the rate when that day arrives. Meanwhile, while candidate Trump was fiercely critical of Yellen during the campaign, he apparently told her last April in the Oval Office she was “doing a good job” & the media later that he did not rule out reappointing her when her term officially ends in January, the latest from a senior Administration official is that the White House has launched a search for her successor headed by former Goldman Sachs COO & now Trump’s Chief Economic Adviser, Gary Cohn (with the word on ‘the Street being that the top-ranked candidate may well be none other than .....Gary Cohn (which would constitute quite a departure from the recent tradition of appointing ‘pointy-headed’ Economics Ph.D’s to head an institution already full of them, while (due to his dyslexia?) Cohn’s formal education ended with him getting a bachelor’s degree.*

**Has the marijuana bubble been pricked?** - Medical Marijuana Life Sciences IPO’d on April 6<sup>th</sup> on the TSX at \$10.50 & went in the aftermarket to \$12.40, only then to decline to \$8.30 on June 6<sup>th</sup> (although it has ‘recovered’ to \$8.43 since). The June 7<sup>th</sup> IPO of MedReleaf (LEAF) was the ‘worst TSX debut in 16 years’ : having come at \$9.50, at the day’s close it was down 22.1% to \$7.40 (but did recover to \$9.29 by June 14<sup>th</sup>). And of the 42 *mostly penny* marijuana stocks I checked all but a handful are below-, often well below-, their March 31<sup>st</sup> closing price (& on average a great deal more than the TSX’s 2.6% decline).

**Sign of a ‘not-so-healthy’ oilpatch?** - Lot No. 2090 at the June 14<sup>th</sup> Ritchie Brothers’ Heavy Machinery Auction in Leduc, AB was a complete Ideal 2900MM<sup>1</sup> Cantilevered Double Drilling Rig with all the necessary bells & whistles, and in seemingly pristine condition that new would cost \$2+MM. But, while the auctioneer’s starting call was \$500,000, it finally found a new owner at \$22,500 [to put this in perspective, another lot ‘on the block’ at the same auction was a 1956 “pothole” Thunderbird (*new price in 1956 US\$3,031*) for which ‘the hammer fell’ at \$38,000].

**Trump’s pick to head the OCC (Office of the Comptroller of the Currency), the nation’s top bank regulator** - As a lawyer in private practice Keith Noreika had 14 *major* banks among his clients. So he plans to recuse himself from all OCC dealings with JPMorgan, BankAmerica, Goldman Sacks & Citigroup - *Sen. Chris Van Hollen (D.-MD) had a point when he asked “How can he possibly do his job when he can’t regulate these entities?” (especially so since the 2007 US financial meltdown was brought on in large part by the financial chicanery of these four-, & several other-, ‘too-big-to-fail-, banks that seem to have learnt nothing from the experience).*

**UK election** - On April 18<sup>th</sup>, three years before she had to, Prime Minister Theresa May called an election for Thursday June 8<sup>th</sup>. Leading Labour 47- 27 in the polls & with its leader Jeremy

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<sup>1</sup> Indicative of an ability to drill for oil & gas up to a depth of 10,000 feet.

Corbyn not very popular, even within his own party, & with a narrow majority of 330 seats in the 650 seat House of Commons vs. Labour's 232 (with the other 90 or so split among a handful of smaller parties, over half of them accounted for by the Scottish National Party), she felt it was an opportune time to boost her majority in the Commons going into the Brexit negotiations with the EU (due to start June 19<sup>th</sup>). But, as Robert Burns once put it, "The best laid schemes of mice and men ... gang aft a-gley<sup>2</sup>"; so after an apparently a lousy campaign, she got her head handed to her, **losing** 12 seats, & thereby her absolute majority, while Labour **gained** 30, to 262<sup>3</sup> [but is still a long way (68 seats) from forming a government]. And while she is hanging on to power (& Labour having next to no chance to keep her from doing so), she will now enter the Brexit negotiations from a position of greater weakness-, not power-, vis a vis the EU (which won't hesitate to take advantage thereof, helped therein by Conservative Party infighting & not all singing off the same Brexit song sheet).

But the breathless media coverage has overlooked some of the important 'fine print' in the election results. **Both** the Conservatives **and** Labour **increased** their share of the popular vote from 2015 (the former from 36.9% to 42.4% & Labour from 30.4% to 40.0%), the SNP saw their share of the popular vote dwindle from 4.7% in 2015 to 3.0% (& in Scotland from 44.7% to 36.9%) & lost over one-third of its seats in the process, while UKIP lost its last remaining seat. So with the two major parties' total share of the vote having gone to 82.4%, from 67.3% in 2015, Britain, contrary to the recent French election experience, may have moved towards returning to its traditional two-party system (especially so with the voter turnout at a 20- year high 68.7%, & this being the first time in two decades that Labour actually gained seats in a general election). Once again the pollsters read the tea leaves badly : the average of five polls taken May 26-28 was 380 seats for the Conservatives & 196 for Labour (with their estimate of the probability of the Conservative winning as high as 94%), while another poll five days later averaged 358-215 (although one, the YouGov poll, was all but spot-on, calling for a 317-253 split & a hung Parliament).

*The message all politicians in the Western world should take away from the elections in the US, Holland, France & now Britain should be that they'd better start paying more attention to their fiduciary responsibilities & less to their self-interests & to the 'game' of politics. The next critical political date in Europe will be September 24<sup>th</sup> when Angela Merkel must face her voters;. But she is a far more adroit political animal, with fewer 'flies' on her, than Hillary Clinton, the French insider clique & Theresa May and, despite her past immigration policy missteps, has a 20-year high 74% approval rating (& her coalition government one of 59%).*

**GLEANINGS II - 714**  
**Thursday June 15<sup>th</sup>, 2017**

**OIL DROP HAS PUT OPEC DELEGATES IN QUANDARY (Reuters, Alex Lawler)**

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<sup>2</sup> An 18<sup>th</sup> century Scottish word for 'awry'/'wrong'.

<sup>3</sup> The main reason for Labour's unforeseen gains appears to have been that Prime Minister May's program & performance on the hustings failed to resonate with young voters who, in the late stages of the campaign registered to vote in unprecedented numbers (thus, while two weeks before the election 195,000 young voters had registered to vote, a week later, one week before the election, their number had almost tripled to 550,000).

- On May 25<sup>th</sup> OPEC & a few others, first & foremost Russia, agreed to extend the end of their 'production cut' deal (to trim oil output by 1.8MM bbl/d.) by nine months from mid-year until next March. But since then oil prices have declined by 10+% to below US\$50, well below the Saudi US\$60 target. This has some OPEC delegates wondering if the agreement will really reduce the supply glut & lift prices, especially since the outbreak this week of a political dispute between Saudi Arabia & Qatar failed to drive prices higher & US shale oil production is continuing to surge (it's up 656,000 bbl/d YoY). All eyes are now on Nigeria & Libya; while initially exempted from production cuts, OPEC at its May meeting discussed 'capping' their output too but in the end decided not to (even though one OPEC delegate told Reuters that any deal to curb production "without freezing Libya & Nigeria is useless" : Nigeria's exports are expected to hit a 15 month high 1.75MM bbl/d. This month (& *just announced that production is an all-time high 2.7MM bbl/d., up 1MM bbl/d from December*), while Libya's production has hit a post-October 2014 high 800,000 bbl/d (*over twice its 326,000 bbl/d monthly rate one year ago*). And, while another OPEC delegate said on June 9<sup>th</sup> that it was not clear *to him* that the level of existing cuts was enough & that "It's difficult to say. We hope so ... we will need to wait another month to see how it develops. There are a lot of factors involved", two others maintained the oil price drop was temporary, with one of them saying the present supply cut pact was enough & that the price fall "is not a cause for alarm - it is normal", and opined that the market will rebalance in the second half of the year.

*Simple math suggests the latter two are 'dreaming in technicolor'; for while the OPEC deal seeks production cuts of 1.8MM bbl/d (1.2MM from OPEC & 0.6MM bbl/d from Russia & others), and compliance is said to have hitherto been encouraging, output is up 2.1+MM bbl/d YoY (Nigeria - 1MM, US shale 0.656MM & Libya 0.474MM).*

#### **STALLED TRUMP AGENDA A RISK (Bloomberg News, Mohamed El-Erian)**

- The Chief Economic Adviser of Munich, Germany-based Allianz SE<sup>4</sup> said on June 14<sup>th</sup> the political turmoil in Washington is increasing the risk that the President & Congress will be unable to co-ordinate efforts to promote economic growth, saying "The unknown is whether the technical work that's going on, in tax reform and infrastructure, will ever make it to Congress in a very constructive manner ... *and* the longer these distractions continue, the harder it is for Congress to get to economic governance ... He has people around him who have been working on this, he just needs the political runway. And for that, you've got to clear the distractions, which they haven't been able to do so far."

*With many of the distractions Trump-driven, the solution in theory would be simple but in practice likely is (near) impossible.*

#### **DONALD TRUMP : NOBODY WANTS TO WORK FOR HIM BECAUSE HE IS 'CRAZY', SENIOR REPUBLICAN SAYS (The Independent, Brent Kentish)**

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<sup>4</sup> The world's largest insurance cum financial services company (with AUM of US\$1.51TR) that owns 100% of Newport Beach-based PIMCO (which accounts for about one-quarter of Allianz's AUM and of which, El Erian was CEO until about two years ago..

•While Trump has been thinking of shaking-up of his White House staff ever since the resignation, for “personal reasons”, of his Communications Director Mike Dubke (*after just three months in the job*), according to Michael Steele, a former Chairman of the RNC (*in 2009-2011*) White House staff is ‘put off’ by a work environment in which they must “fly by the seat of their pants”. And he told The Hill<sup>5</sup> “Nobody is lining up for positions with so much uncertainty.”

*The same appears to hold true for hundreds of non-White House political appointments that need to be filled after eight years of Democratic rule - Dubke (age 47) has a successful entrepreneurial track record &, by his own admission, has been active in the (moderate, non-populist wing of the) GOP for 28 years. And while the explanation given for his hiring was to “lighten the load” of (the underwhelming?) Sean Spicer, the real reason for his hiring was to “revamp the White House’s entire media strategy”.*

### **TRUMP DIDN’T MOVE THE EMBASSY TO JERUSALEM - BUT HE STILL MIGHT** **(The Atlantic, Rosie Gray)**

- On June 1<sup>st</sup> the White House announced President Trump had signed the waiver that needs to be signed every six months to keep the embassy in Tel Aviv but warned “while President Donald J. Trump signed the waiver under the 1995 Jerusalem Embassy Act and delayed moving the U.S. Embassy in Israel from Tel Aviv to Jerusalem, no one should consider this step to be in any way a retreat from the President’s support for Israel and the United States -Israel alliance ... President Trump made this decision to maximize the chances of successfully negotiating a deal between Israel and the Palestinians ... But, as he has repeatedly stated his intention to move the Embassy, the question is not if that may happen, but only when.” And according to Hussein Ibish of *the Washington-based but Saudi Arabia-, & UAE-, funded and anti-al Jazeera, Arab Gulf States Institute*, “By signing the waiver he avoids creating a problem ... but by saying he still intends to move the embassy, he protects himself, he protects Netanyahu, and is holding out the threat to the Israelis and Palestinians that ‘look, ...cooperate with me’ ”

*There is no legal impediment to him announcing the move at any time within the next six months and, Trump being Trump, he could do so tomorrow.*

### **TRUMP TARGET OF LAW SUIT OVER RECEIVING GIFTS (AP)**

- On June 12<sup>th</sup> the Attorney-Generals of Maryland & the District of Columbia (*both Democrats*) filed a federal law suit, alleging he is violating the Constitution by retaining ties to his business empire & accepting gifts from foreigners, with the former telling journalists “The president’s conflicts of interest threaten our democracy ... We cannot treat the president’s ongoing violations of the constitution and his disregard of the rights of the American people as the new acceptable status quo.”

*Their case rests (with a stretch?), on a little-known emoluments clause in the Constitution that bars government employees from accepting foreign gifts & payments without congressional approval.*

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<sup>5</sup> A website that’s a popular ‘read’ for White House staff & lawmakers alike,

## **TRUMP EXPECTED TO TIGHTEN TRAVEL RESTRICTIONS IN ROLLBACK OF OBAMA'S CUBA POLICY (Washington Examiner, Alex Pappas)**

- In December 2014 Obama announced, in an Executive Order, plans to restore relations with Cuba, incl. reopening an embassy in Havana & relaxing travel limits for Americans, commenting that “In the most significant changes in our *Cuba* policy in more than fifty years we will end our outdated approach that, for decades, has failed to advance our interests , and instead we will begin to normalize relations between the two countries ... Through these changes, we intend to create more opportunities for the American and Cuban people, and begin a new chapter among the nations of the Americas.”
- During the election campaign candidate Trump, at a September 2016 campaign rally in Florida, promised to reverse Obama's actions on Cuba and since he became President two Florida GOP lawmakers, Sen. Marco Rubio & Rep. Marco Diaz-Balart have been working behind the scenes with the administration to prepare for changes in the US Cuba policy, with the former observing “I am confident the president will keep his commitment on Cuba policy by making changes that are targeted and strategic and ... advance the Cuban people's aspirations for economic and political liberty.”<sup>6</sup>
- And on June 13<sup>th</sup> Secretary of State Tillerson told the Senate Foreign Relations Committee the “proposal to change the Cuba policy was still undergoing an inter-agency review process with the general approach being one to allow as much of the continued commercial and engagement activity to go on as possible ... *even though* we think we have achieved very little in terms of changing the behaviour of the regime in Cuba and its treatment of people.”
- But earlier this week according to White House spokesman Michael Short “We expect an announcement in the near future” (*with the betting being that the President will announce his new policy in his speech at a political rally in Miami on Friday June 16<sup>th</sup>*).

*One can only wonder whether the Secretary will be 'sandbagged' once again.*

## **TRUMP MAY TRY TO 'TERMINATE' SPECIAL COUNSEL (CP/AP)**

- On Monday June 12<sup>th</sup> some Trump-supporting media figures started calling for Robert Mueller to be fired & a 'Trump friend' spotted visiting the White House confirmed he was thinking about doing so as Newt Gingrich, who is close to Trump, tweeted “Republicans are delusional if they think the special counsel is going to be fair. Look at who he is hiring. Check the (political donation) reports. Time to rethink”. Under the current Justice Department regulations any firing of Mueller would, since Attorney-General Jeff Sessions has recused himself from the whole Russian investigation mess, have to be done by his deputy, Rod Rosenstein (something Rosenstein has confirmed) although, at least in theory, those regulations could be set aside & Trump could do it on his own..

*According to Neal Katyal, who was acting Solicitor- General from May 2010 to June 2011, but had helped draft the relevant regulation two decades ago, there are two possible ways for the Special Counsel to be fired : Trump could direct Rosenstein to do for some form of misconduct, i.e. 'good cause' or he could just kill the regulation & fire the Special Counsel himself. But doing so for anything but 'good cause' would confirm, for Trump detractors, that he something to hide.*

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<sup>6</sup> This seems utter nonsense since Trump has made it clear, time & again”, that other people's human rights are not among his priorities.

## **ISRAEL CUTS GAZA ELECTRICITY AFTER PALESTINIAN PRESIDENT SAYS HE WILL NO LONGER PAY THE BILL FOR HAMAS (Telegraph, Raf Sanchez)**

- Israel collects taxes for the Ramallah-based PA & each month rebates the proceeds to it net of the cost of the electricity it supplies to the Gaza Strip. But PA President Mahmoud Abbas (*whose term in office officially ended five years ago*) has asked Israel to quit supplying power to Gaza (& charging him for it) to put pressure on his Hamas rivals in Gaza (and show President Trump he is the dominant figure in Palestinian politics and fit to negotiate a peace deal with Israel, & be a partner to the US. And this week the Israeli Cabinet decided to accede to his request (but has not yet acted on it), despite the humanitarian impact on the 1.8MM Gazans, Hamas warnings this could spark another armed conflict (the fourth since 2008), & some Cabinet members' view that Israel should avoid getting mixed up in an internal Palestinian Abbas vs. Hamas confrontation.

*Gaza depends for 60% of its power supply on Israel, for 30% on its own power plant (that is regularly short of fuel) & for the balance on Egypt. Its inhabitants even now only get power for 4 hours a day, and any Israeli cutbacks will have drastic implications for its hospitals, domestic & community food storage, and water supplies<sup>7</sup>. Abbas likely was emboldened to act as he did by the fact that last January, when there were other electricity supply problems in Gaza, there had been demonstrations that blamed Hamas for not looking after the hoi polloi's needs. And Israel is caught between a rock & a hard place; for while it welcomes any evidence that Hamas is more interested in fighting Israel than fulfilling its fiduciary duties to its people, it knows that much of the support for Hamas in Gaza is a function of the pressures on the Gazans from its decade-long blockade of-, & stranglehold on life in-, Gaza.*

## **CONFUSION RULES THE WAVES AFTER PERSIAN GULF STANDOFF (Bloomberg, Anthony DiPaola)**

- On June 7<sup>th</sup> the government-owned Aby Dhabi National Oil Co. imposed a ban on all vessels from, or going to, Qatar, reversing a decision earlier that day that eased limitations on non-Qatari vessels. Saudi ports are applying restrictions selectively, allowing some vessels to leave for Qatar & prohibiting others from doing so, while the King Abdullah port bans all ships sailing to-, or coming from-, Qatar (a more stringent stance than required by the Saudi Ports Authority, that only requires ports to block vessels that are Qatari-owned, or flagged).

*And on June 9<sup>th</sup> US Secretary of State Rex Tillerson called (once again) on the Saudi-led coalition, all of them US allies, to ease the blockade of Qatar since it is hindering the fight against the Islamic State & causing food shortages (in Qatar)<sup>8</sup>. Meanwhile, Moutaz Al Khayyat, the Chairman of a large Qatari firm active in "five major sectors" of the Qatari economy (Design*

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<sup>7</sup> 96% of the groundwater in the Gaza aquifer, after decades of overpumping, is too polluted and/or saline, is unfit for human consumption,

<sup>8</sup> And since Iran has wasted no time sending foodstuffs to Qatar, is driving Qatar into Iran's arms. And this Saudi policy initiative, like its earlier moves to constrain US shale oil output (which has failed miserably) & launch a war on Yemeni Shiites in Yemen (that so far has been inconclusive too) seem to be the handiwork of the 31 year-old Deputy Crown Prince Mohammed bin Salman who, as the octogenarian King Salman's favourite son, seems to have an impact on Saudi policy that is out of all proportion to his abilities

& Construction, Industry, Service, Retail & Hospitality, and Real Estate) announced plans to fly 4,000 dairy cows in from the US & Australia in what one government employee calls “a message of defiance” and a sign that “we don’t need the others.”

### **CHINESE TYCOON DROPS FROM VIEW (Bloomberg News)**

- Since 2004, as Chairman of Anbang Insurance Group Co., Wu Xiao-hui presided over an overseas acquisition binge that transformed it from a *modest* Beijing-based regional property insurance entity into a US\$294BN asset, 30,000 employee international holding company (*raising questions as to the source of the money it was so freely spending*). But lately its fortunes seem to have changed as the People’s Bank of China started looking into its suspected breaches of money laundering rules, the authorities ‘temporarily’ banned it from selling life insurance products in its home market, & several high profile bids for US hotels, insurance assets & a Manhattan office tower owned by Jared Kushner’s family fell through. And while on June 9<sup>th</sup> the *Caijing Magazine*<sup>9</sup> reported he had been ‘taken away’ by the authorities, in the middle of the night of June 14<sup>th</sup> the company issued a terse statement announcing he was no longer able to serve in his post “for personal reasons”.

*While he was long believed to be funded by a Beijing establishment ‘godfather’, this suggests Anbach may have been a conduit for well-heeled upper class Chinese to try & move their ill-begotten gains overseas (& beyond the grasp of President Xi’s anti-corruption squad?).*

### **MACRON’S PARTY SET FOR HUGE PARLIAMENTARY MAJORITY (Reuters, Ingrid Melander)**

- On Sunday June 10<sup>th</sup>, in the first round of France’s parliamentary elections, his fledgling pro-EU “En Marche” (On the Move) party trounced the country’s traditional left-, & right-, of centre parties, and the far right National Front party of Marine LePen : for it got 31.9% voter support, vs. 18.9% for the rightist Republicans, the National Front’s 13.8% & *President Hollande’s* Socialist Party’s 7.5%. So pollsters now predict it may end up with up to three-quarters of the 577 seats in the Lower House in the June 18<sup>th</sup> run-off<sup>10</sup>, with Prime Minister Edouard Philippe<sup>11</sup> telling his fellow French men & women on TV “France is back ... Next Sunday, the National Assembly will embody a new face of our republic.”
- Both the Republican & Socialist party leaders are now urging their members to be sure & vote for anyone but an En Marche candidate in the June 18<sup>th</sup> run-off, warning it would be dangerous to let too much power be concentrated in one party, with Jean-Christopher Cambadellis, the head of the Socialist Party (who lost his long-held Paris seat), warning “it is neither healthy nor desirable for a President who gathered only 24% of the vote in the first round of the presidential *a month ago* and who was elected in the second round only by the rejection of the extreme right should benefit from a monopoly of national representation” (a sentiment echoed by François Baroin, his Republican Party

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<sup>9</sup> A independent Beijing-based, Chinese language financial & business news magazine.

<sup>10</sup> I.e. second in the post-WW II period only to the 80% of de Gaulle’s conservative party in 1968.

<sup>11</sup> Age 47, he is a lawyer by profession and has since 2010 been Mayor of Le Havre, with less than 200,000 inhabitants ( one-twelfth the size of Paris) France’s 13<sup>th</sup> largest city, & since 2012 a Republican Party member of the National Assembly.a member of the n

counterpart), while the Marine LePen, whose party may get very few, if any, seats in the new Parliament, called the voter turnout<sup>12</sup> “catastrophic” & urged her supporters to vote in the second round.

*Like the US Presidential election, the election outcome was largely a function of a ‘well-to-do, more sophisticated’ large city/not so well-off-, & educated, more down-to-earth’ non-large city split. The first round result is making the pollsters’ life easier since it means Macron’s party will have candidates in most, if not all, districts while the other parties will only have candidates on the ballot here & there in a relatively few districts. And he is benefitting, only more so, from the phenomenon that propelled Trump into the White House in the US, that of an electorate fed up to the teeth with decades of a ruling class’ self-serving ways. And no matter what the other party leaders may say, their rank & file may well prefer to stay home rather than to have to choose between voting for a representative of Macron’s new party or one of a party not their own. And while Macron’s appeal in many respects is like Trump’s in that he too says he wants to overturn the establishment’s ‘applecart’, he has two big advantages over Trump : he has more political-, & real world-, street smarts than Trump who a) inherited money & b) has always run his own show, & he will have a ‘tame’ Parliament of mostly political novices leavened with a few old political hands that will be totally beholden to him, that will have little on inclination not to follow his lead. This could be a real turning point for France; for if he succeeds in implementing the main planks in his platform, reform of labour laws that make the hiring & firing of staff so difficult as to discourage new investment & overhaul its excessively ‘rich’ & actuarially unsound pension system, the most sacred of France’s ‘sacred cows’, a process not be unlike that Germany had to go through two decades ago in the wake of its ineptly handled reunification, France five years hence could be on the way to becoming the No. 2 powerhouse economy in Europe.*

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### **FIFTY YEARS AGO, AN OCCUPATION FORESEEN (G&M, Michael Lynk)**

- Theodor Meron (age 87) is a Holocaust survivor & leading scholar of international law *who since 1978 has been a professor of international law New York University School of Law & since 1994 its Charles L. Denison Chair & has served as the President of the UN International Criminal Tribunal for the former Yugoslavia (& since December 2011 a judge on-, & now is President, for an eight year term ending February 29<sup>th</sup> 2020) of-, the International Residual Mechanism for Criminal Trials*<sup>13</sup>.
- But in September 1967, three months after the June 1967 War in which Israel defeated three Arab armies & captured the Egyptian Sinai, the Syrian Golan Heights , Gaza, East Jerusalem & the West Bank, he was (at age 37) the newly-appointed legal adviser to the Israeli Ministry of Foreign Affairs. So after the international community began to express opposition to the embryonic Israeli settlements in the West Bank & to Israel’s “municipal fusion” of East Jerusalem, he was asked by the Israeli government for his written advice on the international legal implications from the June War. In his *subsequent* inconvenient legal opinion (that would lie buried in Israeli archives for the next 40 years) he explained the strict prohibitions international humanitarian law placed on Israel’s rule over these

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<sup>12</sup> 48.9%, down 30 points from the first round presidential election last month.

<sup>13</sup> Based in The Hague, Netherlands & Arusha, Tanzania, it was created in 2010 by the UNSC to “perform the remaining functions of the International Criminal Tribunal for the former Yugoslavia & the International Criminal Tribunal for Rwanda”.

territories, writing that the Fourth Geneva convention of 1949 applied (i.e. the international community viewed these conquered lands as subject to the law of occupation, which in legal terms meant the Palestinians were a protected people, that annexation of any occupied lands is illegal & that the occupying power must eventually return all of them to the rightful sovereign), and that the burgeoning Israeli settlements were expressly forbidden under the Geneva Convention, a prohibition that he said was categorical & intended to prevent the colonization of occupied territory by the occupying state).

- In late December 2016 the UNCS adopted Resolution 2334, the latest of its 50 (*annual?*) resolutions since 1967, imploring Israel to obey its international obligations regarding humanitarian human-rights law and, echoing Mr. Melon's memo, reaffirmed the application of the Fourth Geneva Convention to the Palestinian territory, etc. etc.. But Prime Minister Netanyahu immediately stated that Israel would not abide by the resolution; for in the face of wall-to-wall international opinion Israel has never accepted the application of the Fourth Geneva Convention, nor has it accepted the many directions from the UNCS that the settlements are illegal & must end.
- And two months ago, Prof. Melon published a remarkable article in the American Journal of International Law in which he pointed out that the continued growth of Jewish settlements in the West Bank is foreclosing the chances of *the creation of* a contiguous and viable Palestinian state &, referring to Israel, said "Disrespect for international law is, alas, not unusual in the affairs of states. It is rare however, that disrespect for an international convention would have such a direct impact on the elimination of any realistic prospects for reconciliation, not to mention peace" and decried Israel's self-serving interpretation of humanitarian law that seeks to justify what is plainly unlawful and, in his closing words warns that Israel must understand that the violation of Palestinian human rights and "the colonization of territory populated by other peoples can no longer be accepted in our time".

*This is not just the professional judgment of an international law expert, but the personal opinion of someone who has had first hand experience as a teenager with the kind of short-term self-serving, but long-term unsustainable, 'scoff law' evil Netanyahu & his predecessors have perpetrated on the Palestinians - the writer is the UN special rapporteur on human rights in the occupied territories & himself a professor of law (at Western University).*