

GLEANINGS II - 716
Thursday June 29th, 2017

The Obamacare termination saga - There are several elephants in the room that nobody dares, or cares, to go near. One, the share of US GDP accounted for by healthcare (17.1% in 2014) is the highest by far of any country in the world (according to the World Bank the global average is 9.9% & the next highest such ratios are those of Sweden (11.9%), Switzerland (11.7%), France (11.5%), Germany (11.3%), Austria (11.2%), Netherlands (10.9%), Denmark (10.8%), Belgium (10.6%), Canada (10.4%), Japan (10.2%), Norway & Finland (both 9.7%), Portugal (9.5%), Italy (9.2%), UK- (9.1%), Spain (9.0%), Greece (8.1%), Ireland & Israel (both 7.8%), South Korea (7.4%) and Australia (7.3%), while Singapore seems able to somehow 'make do' with 4.9%¹. Two, by two commonly-used benchmarks the US, despite its high level of spending, is a laggard in healthcare delivery results; in average life expectancy terms it ranks 31st in the world (with 79.3 years, vs Japan's 83.7 & Switzerland's 83.4), just one step ahead of No. 32, Cuba, with 79.1 years, and with regards to its child mortality rate (the probability of a child dying before his/her fifth birth) its 7/1000 rate is much higher than those of Luxemburg & Iceland (2/1,000), Finland, Japan, Norway, Singapore & Sweden (3), Australia, Belgium, Czech Republic, Denmark, France, Germany, Ireland, Israel, Italy, Netherlands, South Korea, Switzerland (4) (although its record is better than Saudi Arabia's 9²). And, finally, the high cost of its healthcare delivery looks like a bit of a self-inflicted wound, for according to Statistica 2017, the number of health insurance companies' "home office employees" in the 50 years ended in 2015 grew from 0.07%-, to 0.33%-, of the labour force (or, to put it more dramatically, while the population grew by 65.5% over those 50 years, the number of those health insurance company employees did so by 1,047%!

US gas in storage in the Lower 48 - As of June 16th, 2017 it amounted, according to the EIA, to 2,770 BCF, up 61 BCF on the week & down 10.5% YoY one year earlier, and up 8.1% from the 2,563BCF five year average mid-June level .

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DOLLAR TUMBLES AGAINST EURO AFTER DRAGHI REMARKS (Reuters)

- On June 27th he told a conference in Portugal that the ECB may have to "adjust" its policy tools of sub-zero interest rates & massive bond purchases as economic prospects are improving in the Eurozone, but that any change in its *monetary* stance should be gradual.

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On the other hand, & in all fairness, the US seems to have done a somewhat better job in controlling the growth in its health care's share of GDP since in the two decades ended in 2014, it was up 'only' 30.5% (from 13.1% to 17.1%) whereas the comparable number for South Korea was 100%, Japan 54.6%, Sweden 48.8%, the Netherlands 47.3% & the UK 35.8% (although Israel 'made do' with 6.8% growth in those 20 years, France with 13.9%, Canada 16.9%, Germany 20.2%, Spain 21.2%, Finland 24.3%, and Australia & Switzerland, both 25.8%)

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And what is even more noteworthy is that between 1980 & 2013, the US rate declined by only 54% to 7, whereas the corresponding numbers for Saudi Arabia are 96% & 9, Singapore 80% & 3, Greece 79% & 5, Israel 78% & 4, Italy 75% & 4, Germany 73% & 4, Spain 72% & 5, Ireland & South Korea each 71% & 4, Norway 70% & 3, the Netherlands 64% & 4, Australia & Canada each 62% & 5, and Switzerland 60% & 4,

This came two weeks after the Fed bumped up its benchmark rate by 0.25% & Yellen expressed confidence in the US economic outlook to the point she still seemed stuck on more rate hikes this year & next, and the ruminations since by the hitherto dovish Governor of the Bank of England, Mark Carney, and his successor at the Bank of Canada, Stephen Poloz, that the time for raising interest rates may be approaching, despite inflation anywhere except the UK remaining stubbornly below their 2% target rate.

BILLIONAIRE DONORS PRESSURE GOP FOR ACTION (AP)

- There was a sense of frustration & urgency at the Koch brothers' *three day* donor retreat in Colorado Springs *Broadmoor resort attended by several dozen billionaires & hundreds of senior conservatives that started on Saturday June 24th* due to the rapidly closing window to get their agenda through Congress & to Trump for signature. And one influential donor, Texas-based Doug Deason (*a second generation billionaire*) told the Congressional Republicans in attendance that the "Dallas piggy bank" was closed until he sees major action on healthcare & taxes (he has already refused to host fund raisers for two lawmakers & informed Republican House Majority Leader Kevin McCarthy that the cheque book is closed for him as well), saying "Get Obamacare repealed and replaced, get tax reform passed ... You control the Senate. You control the House. You have the presidency. There's no reason you can't get this done. Get it done and we'll open it back up."

Easier said than done; like Trump, he likely is used to getting his way in a 'my way or the highway' environment. And they must be getting worried about the mid-term elections 16 months hence; for the stated objective of the gathering was to develop a strategy for it with a US\$300-400MM 'war chest', whereas last year, in a presidential election year, it had only been US\$250MM.

THOSE ON MEDICAID WHO LOSE HEALTH INSURANCE CAN ALWAYS GET JOBS (CNBC, Ester Bloom)

- White House Counsellor Kelly Conway told ABC's "This Week" on Sunday June 25th that "Obamacare took Medicaid, which was designed to help the poor, the needy, the sick, disabled, also children and pregnant women ... (*and*) went way above the poverty line³ to many able-bodied Americans ... (*who*) should probably find other - at least see if there are other option open to them ... If they are able-bodied and they want to work, then they have employer-sponsored benefits like you and I do." But according to the Menlo Park CA-based Kaiser Family Foundation (KFF)⁴ "among Medicaid adults, incl. parents and childless adults - the group targeted by the Medicaid expansion - nearly 8 in 10 live in (*low income*) working families, and the majority are working themselves".

This shows how out of touch with the lives of the hoi polloi people like Conway are; for most, if not all, jobs open to the people she was talking about are low-paying & of a menial nature in

³ Which for this year is US\$30,750 for a family of four & US\$41,120 for one of six in Alaska, US\$28,290 & US\$ 37,910 in Hawaii & US\$24,600 & US\$32,960 in the other 48 states.

⁴ A non-profit founded in 1948 by Henry J. Kaiser (a US industrialist who during WWII established the first healthcare plan for the workers in his shipyards, later expanded to include their families), to focus on national healthcare issues but that by many is deemed "left-leaning" since all contributions come from individuals, virtually all of them Democrats.

small businesses. And, according to the KFF the nationwide average rate of US employers with employee healthcare plans is just 57%, split between 97% for those with >100 employees, 89% with 50-99 employees & 54% for the rest (i.e. those with < 50 employees).

THE IMPOSSIBILITY OF SWAN SPICER'S JOB IN ONE WORD : MEAN (WP, C. Borchers)

- This paper reported on June 13th that President Donald Trump had, during a luncheon with Republican Senators whom he told he expected them to improve on the House bill (but who didn't and, if anything, made it 'meaner'), called the House Republicans' healthcare plan "mean". During four media briefings since, Spicer & his deputy, Sarah Huckabee Sanders, went through great lengths to deflect any question about this every time it was raised, only to have themselves cut off at the knees when Trump himself on Sunday June 25th on Fox News after host Pete Hegseth asked him for his reaction to Obama saying the GOP bill was "not a health-care bill ... (*but*) a massive transfer of wealth" that was going to harm Americans & was "mean", responded by saying "well he actually used my term "mean".

Small wonder hundreds of senior political appointments are going abegging. And it makes one wonder how long it will be before there will be some sort of blow-up involving people like Rex Tillerson and Gens. Maddis & McMaster, none of whom are known to 'suffer fools gladly'.

POPULISM BREWING IN THE NORTH (Canadian Press)

- There appears to be a trend in the US & Europe towards opposition to trade & globalization, more restrictive immigration policies & distrust of 'the elite'. In a Canadian Press/EKOS survey June 1st to 19th 5,568 Canadians were asked "Many people talk about the rise of these factors in the US and Europe. What do you think about it? And is it happening here (*i.e. in Canada?*)". Seventy-one percent said they believe it is beneficial to a moderate or high degree, and of the total sample only 33% thought populism was a bad thing, 20% saw it in a positive light & 42% had no opinion (*or not one they cared to express?*).

It also found Canadians' outlook is generally gloomy : for only 29% think their life will improve over the next five years, while 33% expect it to get worse & 35% that it will stay the same.

QATAR GIVEN 10 DAYS TO MEET 13 SWEEPING DEMANDS BY SAUDI ARABIA (The Guardian, Patrick Wintour)

- *After weeks of US pressure, Saudi Arabia & its allies late last week sent Qatar, via Kuwait, a 13-point ultimatum as the price for lifting their two-week trade & diplomatic embargo (marking an escalation of the Gulf's worst internal spat in decades) :*
 1. Curb all diplomatic ties with Iran, close its diplomatic mission there & limit all future trade & commerce relations with Iran to those consistent with all international sanctions;
 2. Severe all ties with terrorist groups (Muslim Brotherhood, IS, al-Qaeda & Hezbollah);
 3. Shut down al-Jazeera⁵ & affiliated stations;

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The most widely-watched Arab broadcaster that, however, is charged by its detractors with being a 'propaganda tool for Islamists', a charge that al-Jazeera counters by calling demands for its demise

4. Shut down all other news outlets that it is funding, incl. Arabi21⁶, RASSD⁷, Al-Araby⁸, Al-Jadeed⁹ & Middle East Eye¹⁰;
 5. Immediately terminate the Turkish military presence in Qatar immediately¹¹ and end all military cooperation with terrorists¹²;
 6. Stop all means of funding for individuals, groups & organizations designated as terrorists by the coalition, the US & others;
 7. Hand over terrorists from the Coalition countries, the US & others;
 8. End interference in other countries' affairs & stop granting citizenship to wanted nationals of the Coalition countries, the US & others;
 9. Stop all contacts with the political opposition in the Coalition countries & hand over all details about them;
 10. Pay reparation and compensation for loss of life & financial losses caused by Qatar's policies in recent years;
 11. Consent to monthly audits monthly in Year One & quarterly in Year Two, and annually for ten years thereafter;
 12. Align with other Gulf & Arab countries militarily, politically, socially & economically (in line with the agreement reached with Saudi Arabia in 2014; and
 13. Agree to all demands within 10 days.
- Qatar believes its huge wealth will enable it to survive the embargo for an indefinite period of time (justifiably so since its wealth has attracted more support from Turkey & Iran?). Its Foreign Minister, Sheikh Mohammed bin Abdulrahman al-Thani, says his country has always abided by international laws & played a key role in the fight against ISIS, and its UN Ambassador Sheikha Alya Ahmed bin Saif al-Thani that "the blockade is illegal ... the main objectives are more about silencing the media ... and openness ... we are small but have integrity." The UAE's Foreign Secretary, Anwar Gargash, insists that the anti-Qatar alliance is not seeking to impose regime change while criticizing the

"nothing but an attempt to end freedom of expression in the region and to suppress the right to information."

6. Whose recent output included dangerous articles such as those headed "Does Twitter suppress freedom of expression?" & "Has Islamophobia in Britain turned into a social phenomenon?"
7. An 'alternate media outlet' based in Cairo, Egypt.
8. Based in London but owned by Qatari interests.
9. Based in Beirut, it's one of the most-watched TV outlets in Lebanon & the Arab world.
10. Founded in 2014, it is London-based & UK-owned (although its sole director is a former director of planning & human resources), with a former Chief Leader writer of The Guardian as editor & it currently features headlines like "Egypt cuts fuel subsidies and doubles cooking gas prices", "SDF warns of 'fierce conflicts' with Turkey in North Syria", "Dubia ruler steps in to buy village chapel in Cornwall" & "Moroccan national suspected of role in protests arrested in Netherlands".
11. When they sent a note to Ankara demanding that Turkey withdraw its forces from Qatar, the response they got was properly diplomatically-phrased "Stuff it!"
12. There is a deplorable tendency these days, especially so among the more absolute rulers, to tag everyone whom they don't approve of as a "terrorist".

Qatari government for its “childish” leaking of the 13 demands. Turkey outright rejected item 5 above as “interference with its relations with Qatar”. The State Department hasn’t taken a position (*despite the fact that President Trump, after the blockade was announced, tweeted his support for it & took part credit for it*), continues counseling that the dispute ought to be settled “by dialogue” & opined the demands were not “reasonable and actionable”. And the UK says that Gulf unity can only be restored when all countries involved are willing to discuss terms that are “measured & realistic” (*thereby implying the 13 are not*).

Most of these demands are of a nature that no self-respecting government, Arab or otherwise, could in good conscience assent to; so Qatar has retained a Swiss law firm with a view to suing the blockading countries. In part this dispute appears to be a function of a common hatred of al-Jazeera for being ‘too liberal’ & in part of an intra-family dispute engineered by an ‘drunk with power’ 31 year-old Saudi Prince now promoted well beyond his ‘Peter Principle level of competence’ & a distant relative who is only six years older but sitting on a pot of gold that is almost as big as the Prince’s (& that, unless oil prices recover miraculously, likely to soon will be bigger). And it is worthy of note that on May 27th Robert Gates a long time CIA staffer, one-time Director of Central Intelligence (1991-1993) & former Secretary of Defense (2006-2011)¹³ went on record as saying that “I don’t know of instances in which Qatar aggressively went after (i.e. terror funded) networks of Hamas¹⁴, Taliban or al-Quada” supporters.

SOUTH KOREAN PRESIDENT MOON JAE-IN VOWS TO STAND WITH TRUMP **(New Post¹⁵)**

- On Thursday evening June 29th he will have dinner with President Trump & the next day have a formal meeting with him. A human rights lawyer, he has been in office for only one month (after his predecessor was impeached for bribery). He was born in 1953 to parents who had escaped from North Korea during the North Korea’s Chosin Reservoir battle in late 1950 after the Chinese had crossed the Yalu River¹⁶.
- On June 28th he told the Washington Post that, while North Korea’s Kim Jong-un is “unreasonable” & “very dangerous”, sanctions alone won’t solve the problem & a dialogue is needed (albeit only “under the right conditions”). As such he is closer to China’s position than to Trump’s (who is said to be gung-ho & frustrated with Beijing’s level of economic pressure on Pyongyang). And he surprised US officials earlier this month when he delayed, due to local opposition & China’s objections, the full

¹³ I.e. Obama “inherited him from Bush 43 & kept him in the job for his first three years in office.

¹⁴ For a number of years Qatar has shared its new-found wealth through the Qatar Charity (that funds social development & economic projects), the Qatar Red Crescent (medical aid), the Al-Fakhouri Dynamic Futures Program (educational empowerment & scholarships) and since 2012 has spent US\$407MM in Gaza through the Qatari Gaza Reconstruction Committee to help repair/rebuild that Israel had destroyed (*in its next to last Gaza War*).

¹⁵ An Indian news organization owned by Mumbai-based Reliance Industries, a conglomerate that is the second-largest listed company in India, with US\$110BN in assets & US\$51BN in revenues.

¹⁶ So his first official task on US soil was to visit, & lay a wreath at, the Chosin Reservoir Memorial Monument at the National Museum of the Marine Corps in Quantico, VA, for the Marines who during Christmas 1950 had made it possible for his parents to be among the 14,000 North Koreans to escape the country on board the SS Meredith Victory, a ship built for 12 passengers.

deployment of a US missile system that had been given the OK by his predecessor that was to protect the country's capital, Seoul, & the 30,000 US troops in the country against 'incomings' (*more so the latter than the former since the 25MM inhabitants of the Greater Seoul Region, i.e. about half the country's population, are within range of the hundreds, if not thousands, of heavy artillery pieces & rocket launchers massed North of the demilitarized zone*).

- Under Trump the rhetoric has shifted to the need for a 'more robust' North Korea stance & the anti-North Korean sentiment in Washington has waxed since the return in a coma to the US (after 17 months in a North Korean jail) of the 22 year-old student & US citizen Otto Warmbier & his death a week later. And on June 28th NSA (National Security Adviser) H.R. McMaster said the Pentagon was preparing an "all options" (*one of which presumably is a 'nuclear' one*) briefing paper on North Korea for the president, that same day six former senior US officials, incl. a former Secretary of Defense William Perry (*in 1994-1997 under Clinton*) & a former Secretary of State, George Schultz (*in 1982-1989 under Reagan*), both now nonagenarians, despatched a letter to Trump urging him to establish communications with North Korea to "avoid a nuclear catastrophe".
- Trade may will be another contentious issue. For earlier this week Moon told a Chamber of Commerce audience of his desire for greater trade & economic ties between their two countries while during the election campaign candidate Trump had criticized the 2012 US-South Korea trade agreement as not good for the US, and had called for greater US car sales to South Korea & urged an end to South Korea acting as a conduit for the movement of Chinese steel products into the US market (*the annual two-way trade between the two countries is in the US\$150BN range, with South Korea having a surplus on trade & the US one on services, resulting in a net US deficit of US\$17BN*).

And while Trump on May 1st told Bloomberg in an interview he would be "honoured" (???) to meet with Kim, any meeting with any North Korean risks being like 'the clapping of one hand' until China's President Xi (who right now is in Hongkong singing the praises of the "one country, two systems" arrangement while every move his government makes seems designed to undermine it) gets 'his finger out' & takes Kim to the woodshed; for Kim, in his own weird & wonderful way, sees himself as 'being on a roll'.

COMMERCE CHIEF SILENCED AS GERMAN PATIENCE RUNS OUT (Bloomberg)

- On April 27th, at Angela Merkel's Christian Democratic Union's (CDU's) Business Conference in Berlin, US Secretary of Commerce Wilbur Ross was scheduled to make a 10-minute speech. But when he was still talking after 20 minutes, as the audience laughed, *cheered* & clapped their hands, management made his voice "fade out" on the PA system. *Then, after Werner Bahlsen, the Head of the CDU Economic Council, told those present "That was the US Secretary, he had promised us a 10-minute statement. As you saw, he spoke a bit slowly, so it took a bit longer. Now we look forward to the Chancellor's speech,* Chancellor Merkel ended the meeting with a few closing remarks.

This doesn't bode well for next week's G-20 meeting in Hamburg that both Trump & Putin are expected to attend. While Trump has been saying he is "eagerly" looking forward to having a talk with Putin (that he & his acolytes want to turn into a full-fledged bilateral meeting), an idea his senior officials are aghast at since they believe this is a time the US must avoid all but most carefully choreographed & scripted meetings with specific agendas with any Russian, especially Putin (a concept totally alien to the way Trump has always operated).

GERMANY'S TOLLING PLANS (De Krant ¹⁷)

- It intends, starting in 2019, to charge foreign motorists using its road network for doing so. While initially this gave the European Commission problems, that apparently now is no more. But a majority of the Netherlands' Lower House' lawmakers do & they want the Dutch government to take their case to the Luxembourg-based European Court of Justice (ECJ); while the Minister responsible, who shares their concerns, wants to confer with other countries before, if necessary, 'taking the necessary legal steps'.

This is not an entirely new idea; for in 2003 the then 'hard-left' Mayor of London introduced a "congestion charge" on cars in on city streets that belonged to people who didn't live in the city proper (which was intended more as a traffic snarl reduction-, than a revenue-generating-, move, although he once showed his hand when he noted "I hate cars ... I'd ban the lot").

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I LEAVE POLITICS TO OTHERS (Postmedia News)

- She has stepped away from roles at the Trump organization, & from running her own lifestyle brand, to take an unpaid position as a Senior White House Adviser. In an interview with Fox & Friends aired June 26th she said she tries to "leave politics to other people and really lean into issues that I deeply care about" & praised her father for his "phenomenal" political instincts. She is focusing on several policy issues close to her heart, incl. paid family leave, & last week visited lawmakers on Capitol Hill for talks on those issues.

Such otherworldliness suggests she is not as smart as she is purported to be, lacks 'street smarts' she never had an opportunity to develop, or is utterly delusionary.

FRACKING NOT MAJOR EARTHQUAKE FACTOR, RESEARCHER SAYS (Edmonton Sun, Dustin Cook)

- Mirko van der Baan, after getting a B.Sc & M.Sc in Geophysics from the University of Utrecht in the Netherlands & a Ph.D. in Geophysics from l'Université Joseph Fourier in Grenoble, France & doing post-doctoral work & teaching at the University of Leeds in the UK, came to the University of Alberta in 2008 (where he now is a full professor of Exploration Seismology in the Department of Physics). He has just had a study published in the Geochemistry, Geophysics, Geosystems scientific journal entitled Human-Induced Seismicity and Large-Scale Hydrocarbon Production in the USA and Canada that notes that the 170,000 - 180,000 hydraulic fracturing treatments in Alberta since the 1950s have had a limited impact on the number of earthquakes in Alberta. And his analysis of 30-50 years of earthquake data from six of the top hydrocarbon-producing states in the US (North Dakota, Ohio, Oklahoma, Pennsylvania, Texas & West Virginia) & the three top-producing Canadian provinces (Alberta, BC & Saskatchewan) found that, while there was some correlation between changes in hydrocarbon production & the seismic activity rate, only in Oklahoma had there been a strong correlation in the last five years between the two, as a result of saltwater disposal, & an increase in earthquakes.

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An Oakville, ON- based Dutch language monthly magazine.

This contradicts the 'Common Wisdom' & does not quite jive with the Geological Survey of Canada's Honn Kao & his 13 co-authors' peer-reviewed study in the May-June 2016 issue of the Seismological Research Letters journal of the Seismological Society of America that concluded "hydraulic fracturing can induce earthquakes" (although it did concede that things like local geology & hydrology and the local distribution of tectonic plates & faultlines could also be factors).