

GLEANINGS II - 720
Thursday July 27th, 2017

Alarm in the White House? - According to the Washington Post, President Trump's July 25th observation that Attorney-General Jeffrey Sessions¹ was "beleaguered" (*without providing any detail*) has giving rise to alarm in the West Wing that loyalty to him might (???) not be reciprocated - *which has only been aggravated by his ongoing trashing of Sessions on Twitter. Word has it that both senior White House aides & ranking Republicans have been urging him to stop his war on Sessions, who has a lot of third party support; but he appears bound & determined to get rid of him (with Sessions appears equally determined not to be 'pushed out'?).*

Cash buildup in US corporate coffers - As of December 31st, 2016 cash holdings of US non-financial companies were US\$1.84BN (9.9% of GDP) - and *they likely have increased since; for at last report yields on US corporate BB-rated junk bonds are at a their tightest spread in at least three years (222 bps from USTs, down 45 bps since last January).*

Clever move by the Government of Singapore - It subsidizes young, first time home buyers who buy a house in the same neighbourhood as their parents; this leaves the parents less isolated & better able to stay longer in their own home, & 'downloads' some of the cost of their care in retirement onto those who once had benefitted from their care & attention.

Erectile dysfunction (ED) in the US Armed Forces? - The Washington Post has found a report in the Military Times (a Marine Corps publication deemed "the oldest and most trusted source of news and information about the US Marines & military, and DoD") that in 2014 they spent US\$84MM for 1.16MM prescriptions on Viagra, Cialis & Levitra, all of them ED drugs (although in all fairness it should be noted that they have also found to be effective in the treatment of pulmonary arterial hypertension (high blood pressure in the lungs) that is caused, among others, by HIV, use of cocaine & meta amphetamines & cirrhosis of the liver).

Global plastics production - According to researchers from the University of Georgia, the University of California at Santa Barbara & the Sea Education Association : In 1950, the first year plastic was produced, output was 2 MM tonnes) while in 2015 it was 322 MM tonnes (i.e it had grown at a 8.13% compound annual rate);

- Half the plastics ever produced were produced in the last 13 years;
- Of the 8.3BN² tonnes produced since 1950, 6.3BN tonnes has already gone to waste (9% of it recycled & 12% incinerated, with the rest now in landfills & oceans³, *or just litter*);
- In the US 50MM plastic water bottles (that have taken 17MM bbls of oil to produce) are thrown away each day (*bottled water is one of the world's greatest scams ever; for over 25% of them just hold tap water, much of it untreated*);

¹ Who as Sen. Jeff Sessions of Alabama, was Trump's very first major GOP backer with, at the time, potentially significant risk to his then political career.

² To put that in perspective, that is roughly 16x the weight all human beings in the world today.

³ There are five 'ocean garbage patches', the biggest of them being the Great Pacific Garbage Patch between Hawaii & California, that between them are estimated to hold 5TR pieces of flotsam & jetsam, i.e. 666 items for everyone alive the world today.

- Europe is more plastic-restrained than the rest of the world; for, while worldwide plastics production went from 200MM tonnes in 2002 to 322MM tonnes in 2015, in Europe it went from 56.1MM tonnes to just 58.0MM tonnes; and
- On present trends, the aggregate amount of plastics produced will go from 8.3BN tonnes today to 34BN tonnes in 2050 (a 4.11% compound annual growth rate).

Italy's drought - With many rivers & streams bone dry, farmers are using more groundwater for irrigation, the Pope has ordered the 17th century fountains in St. Peter's Square shut off, & Rome is introducing water rationing for its 1.5MM citizens (it being shut off to neighbourhoods in rotation for eight hours a day). And greater water withdrawals from the aquifers will worsen their sea water 'salination' problem (it has been found in them as far as 20 kms. inland) that was already aggravated by the lack of snow in the Apennines (*the 1,200 mile "spine" of the Italian peninsula*), the runoff of which is a major source of aquifers replenishment.

Jared Kushner's July 24th meeting with Senate investigators - After reading his ten page written testimony, the Washington Post's Jennifer Rubing opined "his best defense is pretty weak - namely that he is a naif in over his head." *And when he told reporters afterwards that "I have never relied on Russian funds to finance activities in the private sector" he made himself look like an inept businessman, since at a 2008 real estate conference in Manhattan Donald Trump had bragged that "we see a lot of money pouring in from Russia."*

Latest White House leak? - After the New Yorker's Ryan Lizza reported on a dinner attended by the President & some Fox News types, Anthony Scaramucci, the new White House Director of Communications, phoned him demanding to know his source (which he didn't) & during the call threatened to fire Chief of Staff Reince Priebus & Chief Strategist Stephen Bannon

Outlook for Canada's oil production - CAPP (Canadian Association of Petroleum Producers) forecasts 4.39MM bbls by 2020, up from 3.85MM bbls in 2015 - *the resultant 2.66% five year annual compound growth rate will be a mere shadow of the 9.86% in the five years ended in 2015 (with major implications for the Alberta government's revenue outlook as it continues spending money like a drunken sailor & likely will start spending more, not less, since it now in its term's second half life - While boasting the Province's GDP will wax by 2.2% this year, up from -2.7% in 2016, this ignores that that will be from a base 8+% lower than in 2014. Even if this year's 5% retail sales growth were to materialize, they would still be only 3.7% higher in 2017 than they had been in 2014, and it's still worse for new housing starts; for even if the 7+% YoY growth projected for this year to 26,400 units were to materialize, the number of new housing units built this year will still be one-third below their 2014 level.*

Rig Count & Gas In Storage - In the week to July 21st the US rig count was down 2 WoW to 950 (up from 488 YoY) & Canada's up 15 WoW to 206 (vs. 104 YoY)⁴. And in the week to July

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Most of the new oil drilling activity in Canada seems to be in Saskatchewan rather than Alberta because a) of an industry focus shift to light oil, b) a tightening of the Alberta rules with regards to the abandoned well problem & c) Alberta's introduction of a carbon tax. Thus Red Deer, Alberta-based Predator Drilling, is currently deploying rigs in Saskatchewan & Ontario and planning to do so in Manitoba & BC, but none in Alberta. And while the forecast is for 2.2% GDP growth in Alberta this year (vs. a negative 2.7% in 2016 & an cumulative 8+% negative growth since 2013), a disproportionate share thereof is expected to be accounted for by the Grande Prairie region (that with 2% of Alberta's population is accounting for 5% of its new hirings) due to the high level of industry interest in the natural gas/ gas liquids-, rich Montney formation straddling the Northwestern Alberta/ Northeastern BC border (although that may slow down after Petrobas announced it was abandoning its \$36BN LNG terminal project on the BC coast).

14th US gas in storage was up 28 BCF to 2,973 BCF⁵, down 299 BCF YoY but 440 BCF over the 5-year average.

Senator McCain (who will turn 81 on August 29th) was diagnosed, on July 14th with an aggressive brain cancer - While doctors reported almost immediately they had “completely removed the tumour” (he previously was diagnosed with-, & treated for-, Stage 0 Melanomas in 1993, 2000 & 2003) & that he was recovering “remarkably well”, he has ‘gone home to Arizona to recover & consider follow-up treatment’ - *Unless he returns soon (which he did to vote in favor of one procedural healthcare bill, which then passed 51-50 with VP Pence casting the winning vote & then against the resultant material one, to kill it), this will complicate life for Senate Majority Leader Mitch McConnell (R.-KY); for his absence reduces the number of GOP Senators ‘on deck’ to 51 (not all of whom are prepared to ‘dance to his tune).*

‘Tweet is not an order’ - Following a Presidential Tweet banning all transgendered people from the US military, top Pentagon leaders declared on July 27th that they would allow them to continue to serve until the Secretary of Defense received an “authoritative order”

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IMF CUTS ITS US GROWTH RATE FORECAST, CITING TRUMP’S UNFULFILLED PROMISES (WP, Ana Swanson)

- The July update of its April Economic Outlook document cut its forecast of the US GDP growth rate from 2.3% & 2.5% in 2017 & 2018 to 2.1% in both years, saying that, “While over the next two years, US growth should remain above its longer-term potential growth rate (of 1.6%) but we have reduced our forecasts for both 2017 and 2018 to 2.1% because near-term fiscal policy looks less expansionary than we believed in April.” Meanwhile, it kept its growth rate forecast for the global economy steady at 3.5% in 2017 & 3.6% in 2018, revised that for the UK downward, and made bullish noises about Iran & India, France, Germany, Italy, Spain, Japan, Canada, & China (the latter on the grounds of continued strong bank lending, although also warning the resultant buildup of debt in its economy “could raise the risk to China’s economy in the medium term”⁶

While the White House still maintains candidate Trump’s 3+% GDP growth target will be met, the Fund is basing its call on the facts that little, if any, progress has been made to date with Trump’s tax reform-, & infrastructure building-, promises & that if & when a fiscally conservative budget is passed, it too is likely to create a ‘drag’ on the economic growth rate.

US HOUSE DECISIVELY (419-3) VOTES TO APPROVE NEW SANCTIONS AGAINST RUSSIA (The Guardian, Ben Jacobs)

- With the Senate having approved it 98-2, it is now on Trump’s desk for signature, as the White House waffles on whether or not he will veto it (but even if he did, support in both houses was so lopsided that it is virtually ‘veto-proof’); one aspect of the bill the White

⁵ I.e. 10.8% of annual consumption.

⁶ The July 22nd Economist contains an interesting little chart showing that, while in 2007, both “state-controlled” and not-state-controlled companies in China had an average debt-equity ration of 140%, by the end of 2015, the former had risen to 161% & the latter declined to 120%.

House has been attacking for weeks is the one that specifies that the President would need Congressional approval before he could lift any sanctions on Russia (since, it says, this will 'reduce the President's power' .

Moscow' response was predictable : Russia's Deputy Foreign Minister huffed & puffed, as did Dmitry Peskov, Putin's PR flack who said "The attitude to this law will be formed on the basis of thorough analysis, and the decision (on how to respond) will certainly be taken by ... President Putin... Right now we can say that this is rather sad news from the point of Russia-US ties and their further development ... This is no less disheartening from the point of view of international law and international trade relations." While on several occasions in the recent past Russia has 'talked big' when US actions didn't suit it but didn't follow through (because they have little real leverage over the US?), they now have, seizing two US government-owned properties & requiring a 35 head reduction in the US Embassy staff to 455 (which is all but meaningless since this is merely a tit-for-tat move for Obama late last year having done the same to it in the US (but raises an interesting question as to why in the name of Hdes the US needed 490 Embassy staff in Moscow?). And what was far more disconcerting was the EU's reaction. For within in a day it warned it could retaliate against the US "within a matter of days" for the US unilaterally strengthening sanctions against Russia in a way that would, as EC President Jean-Claude Juncker put it, "impact on Europe's 'energy security' interests" (as they will since the new sanctions would, among others, prohibit US companies from participating in projects in which Russian companies were involved (& hence negatively affect projects to move oil & gas from East of the Urals to the Mediterranean in ways that bypass Russian territory.

IF TRUMP HAS A STEEL PROBLEM, HE SHOULDN'T BE POINTING AT CHINA **(Reuters, Clyde Russell)**

- China may be the world's largest producer of steel, but Commerce Department statistics show that in May it accounted for just 73,594 tonnes (just 2.4%) of the 3.12MM tonnes of US steel imported-, & just 1.05% of the 6.98MM tonnes steel produced there that month.

His ignorance of the real-, rather than the Trump-centric-, world appears to know no bounds.

WHITE HOUSE ADVISER CLASHES WITH MNUCHIN OVER TAX PLAN **(Politico, Nancy Cook)**

- Shahira Knight (age 46) works for Gary Cohn, the Chairman of the White House's National Economic Council, *with the title of Special Assistant to the President for Tax and Retirement Policy*; Justin Muzinich, a counselor to Treasury Secretary Mnuchin calls her a "very talented colleague and critical part of our team ... We work together daily and she brings a deep knowledge of tax reform that benefits our current efforts". She knows the history of past tax reforms back to 1986 like few people do, has had a long history in the tax field starting when she was a Senior Adviser to the House Ways and Means Committee (where she worked for the then Chairman Bill Thomas with whom she shares a reputation for being a 'sharp-elbowed' demanding boss & a "stone-cold killer") and when she worked on the 2001 & 2003 Bush tax cuts (which were a huge political victory for the GOP) & on the 2004 Americans Job Creation Act (that gave business a "potpourri of new tax breaks", before turning to lobbying for the Securities and Financial Markets Association & Fidelity Investments (where she became an expert on taxes related to savings, investments & pensions) to the point the financial services industry now view her as one of their own (as is the case with a huge swath of the Hill & downtown lobbyists, both Democrats & Republicans, who see her as a known quantity in an administration

replete with New York bankers & other outsiders with few DC connections). Recently she has spent much of her time working with Mnuchin on hammering out a potential tax reform blue print & sitting in on “Big Six”⁷ tax reform meetings. Her main point of disagreement with Mnuchin is on how best to pay for tax cuts : he doesn’t like the idea of scrapping the ability of business to deduct interest expenses, a subject dear to the heart of the real estate-, & finance-, industries whose deal-making depends heavily thereon, while she views this as an *efficient* way to offset tax cuts without adding to the deficit.

As the healthcare issue comes to a standstill, tax reform will soon its place as ‘the Issue of the Day’ (although it may well founder too on the internecine, not-so-civil warfare within the GOP between, among others, the ‘conservatives’ & the ‘moderates’ – by the way she was one of those in the White House who needed one of its waivers to be allowed to work there in the same field in which she had been a lobbyist..

WHITE HOUSE PRESS AIDE RESIGNS IN SHAKEUP (The Hill, Jordan Fabian)

- Michael Short resigned after the new White House Communications Director told Politico he planned to fire him over his alleged leakings. In a weird statement on the West Wing driveway Scaramucci decried the news of Short’s firing as ‘another leak’, despite the fact he had revealed the news himself. He seems intent on putting his own stamp on the White House press operation by purging it of staffers with a link to Chief of Staff Reince Priebus & former Press Secretary Sean Spicer, with both of whom Short had worked at the RNC (Republican National Congress) & both of whom had vehemently opposed Scaramucci’s hiring (who has fast, *in less than a week*, become one of the most powerful people in the West Wing). According to a GOP operative close to the White House “It sure looks like by getting rid of Short ... he is starting to pick off Reince’s guys”, while a person close to Short disputed the idea he had leaked anything “since he was loyal to the president”⁸, Priebus & the entire *White House* staff, and noted that Short had worked with the Trump campaign in New York in 2016 at a time many Republican aides were reluctant to do so, & had remained on the White House staff even after others had left.

*Scaramucci’s appointment is beginning to look more & more like a major step in Trump building a moat, & pulling up the drawbridge, to separate & disassociate himself from the ‘swamp’ inhabited by the **real** power in Washington among those who must face the voters’ wrath on a regular basis. As to Scaramucci’s new job in the White House, for mercurial, attention span-challenged, blinkered people like Trump one is only ‘as good as one’s last deal’*

SALES DOWN BUT PRICES NOT FALLING AS FAST (NP, Mitchell Thompson)

- In June Toronto existing home sales were down 15.1% MoM & 42% from their March peak, and in Vancouver down 4% MoM & 29% off their February 2016 high. But, *with a lack of ‘product’*, prices have declined less drastically⁹ & may not decline much until more

⁷ I.e. Mnuchin, Cohn, Senate Majority Leader McConnell (R-KY), House Speaker Ryan (R-WI), Senate Finance Committee Orrin Hatch (R-UT) & Ways and Means Committee Chairman Keith Brady R - TX).

⁸ Although after a career as the sole owner of a business, he may not be well-equipped to differentiate between ass-kissing by toadies who tell him what they know he wants to hear, and genuine professional loyalty if he were to trip over it.

⁹ Thus in Toronto house prices are still 6.3% above their 2016 average

houses come on the market; even then, the 'experts say, it may not change things much given the flow of new arrivals to these cities. Nationwide, June sales were down 14% from April.

Higher mortgage rates & the foreign buyers' tax will reduce speculation & may prompt home owners, particularly among the older ones who have been thinking about 'downsizing', to sell while the selling is still good. And often change comes slower-, but once it gains momentum comes faster-, than expected. According to one major US bank there is now a 10% chance in the US-, and a 20% one in Canada-, of a housing price correction (while in the US house prices have now surpassed-, in Canada they're now 95% above-, their 2006 level.

IN CHINA HERD OF "GRAY RHINOS" THREATENS ECONOMY (NYT, Keith Bradsher)

- While the West may worry about 'black swans' (unexpected events that roil capital markets), in China it's all about "gray rhinos", large & visible problems in the economy that are ignored until they blow up in everyone's faces. Last December four big Chinese regulators, in a rare joint statement, warned of "irrational investments overseas in real estate, entertainment and sports, areas ...'rife with risks and hidden dangers' ". Gray rhinos refer to companies that since 2012 (when, as the local real estate market was 'in the tank', the government loosened restrictions on foreign investments) have grown from smallish local companies into huge global conglomerates on the ambition & political connections of their Chairmen, & a flood of cheap loans from state banks. Prominent among them are Anbang Insurance [that in October 2014 bought New York's Waldorf Astoria for US\$1.95BB (US\$1.38MM/room) but last May lost a major domestic funding source when regulators ended its sale of some savings products & whose chairman is now in detention], Fuson International (whose chairman in 2015 briefly 'disappeared'/was taken into custody & recently did so again), HNA (the buyer of Anthony Scaramucci's stake in Skybridge) that has come under greater scrutiny of regulators at home & abroad), & Dalian Wanda that after challenging Disney last year is now selling its theme parks & hotels. And now Beijing is trying to 'bring them to heel'. President Xi has warned financial stability is crucial to national security & the Daily News, the Communist Party's official newspaper, has pointed out the danger the gray rhinos pose; and both are correct in doing so : for in the five years ended December 31st, 2016, lending to Chinese non-financial companies rose 39% to 165% of GDP (during the same period it went up 10% in the US & 1% in Germany-, and down 6% in Japan & 11% in Britain, all of them to levels less than 100% of GDP (& in Germany's case just above 50%)¹⁰.

The last thing President Xi needs is a black swan event prior to the September Congress of the Communist Party of China (that meets every five years to pick its leadership for the next five years). For he hopes to use it to 'stack' the leadership ranks with acolytes (in the hope of breaking precedent during the 20th Party Congress in 2022 by being re-elected President for a third five-year term to 2027 (when he will be 74) whereas in recent decades the retirement age for senior leaders has been 68) & to set a precedent for himself in September by orchestrating the re-election to the all-powerful, seven member Politburo Central Committee of the now 69 year-old Wang Qishan, a longtime ally & since 2012 his top graft buster.

¹⁰ There was an interesting chart in the July 22nd Economist showing that, while in 2007 the debt/equity ratio of both state-controlled-, & non-state-controlled-, Chinese companies had been in the 1.4X range, eight years later the latter's had **declined** to < 1.2x, the former's had **risen** to 1.6x.

ABE'S SUPPORT SLIDES AGAIN BEFORE PARLIAMENTARY APPEARANCE (Reuters, Linda Sieg)

- In a poll made public on July 23rd, the day before he, his aide Hirito Izumi & Kihei Maekawa (who resigned in May as the Education Ministry's top bureaucrat, accusing the government of distorting its institutional approval process), will be grilled by an ad hoc parliamentary committee, his public approval rating was down 10 points to 26%, the lowest since he became Prime Minister in 2012. Two things are at issue : whether he helped a friend getting a permit to establish a veterinary school in an economic zone (*the reason why Maekawa resigned*) & whether the Defense Minister, an Abe protégé, had been involved in a Defense Ministry doctoring of documents about a peacekeeping mission in South Sudan that had painted a better picture of the situation there than warranted (a mission that ended two months ago for reasons other than security concerns). Things like this are feeding a perception among voters he is taking them for granted, which may queer his hopes of being elected on September 18th for a third term as leader of the Liberal Democratic Party.

The outcome of the July 1st Tokyo gubernatorial election didn't help him either. For it was won, hands down, by a female LPD renegade (with prime ministerial ambitions); for, with a much higher than usual voter turnout (59%, up from 46%), her new party ended wit 50 seats on the 127 seat city council (that with those of allied parties give her an absolute majority) while the LPD's seat count was cut by more than half (from 57 to 27, a level well below its previous 38 seat low).

ZOMBIE FIRMS LITTERING EUROPE MAY TIE ECB'S HANDS FOR YEARS (Bloomberg, Sid Verma)

- According to BAML the plethora of companies propped up by the ECB will limit its ability to withdraw the monetary stimulus that has been helping the continent's bond markets since the financial crisis (a *zombie firm is one whose earnings are not sufficient to cover the interest on their debt, that therefore would find it very difficult, if not near impossible, to cope with an increase in interest rates*). More specifically, their strategists are of the view that "Monetary support in Europe over the last five years has allowed companies with weak profitability to refinance their debt and stave off difficulties ... This supports the point that our economists have been making ... the ECB will likely be very slow and patient in removing their extraordinary stimulus over the next year and a half."
- Last month the BIS calculated that, while before the Financial Crisis the earnings of 6% of businesses 10+ year old didn't cover their interest expenses, at last report 10½% of publicly- listed companies in 13 advanced economies now fell in that category.

Worse still, the OECD has warned zombie firms are driving down productivity; for keeping them alive results in capital & resources' misallocation. Rather interestingly the % of zombie firms is lowest among the smallest (1-9 employees) & youngest (2-5 years), both in the 4-5% range, companies & highest among the largest (250 + employees) & oldest (41+ years) ones, 11.5% in both cases.

GREEK BOND SALE POINTS TO END OF BAILOUT ERA (Reuters, John Geddie et. al.)

- On July 25th it successfully placed its first bond issue in three years with private investors, one month after Euro zone finance ministers signed off on a new loan that is to last it until the current bailout period ends thirteen months hence.

While demand was not as strong as expected for its 3BN Euros of five year bonds, their yield to maturity of 4.625% was 277 bps over similar maturity USTs & 480 bps over that on 5-year Bunds, and its 4.375% coupon well below the 4.75% coupon on the five year bond it had sold in 2014 (that will be paid off by the proceeds of this loan in order to lower its debt service payments in the years following its bailout exit).

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Anthony Scaramucci (“Mooch’ to his friends) - (age 53), President Trump’s new Communications Director has a BA in Economics from Tufts & a JD from Harvard. After law school he worked for six years at Goldman Sachs until in 1996 he left to found Ocean Capital Management that he later sold to a firm that in turn was sold to Lehman Brothers where he became a Managing Director in its investment management operation. And he left there in 2005 to found Skybridge Capital, a global ‘alternative investments’¹¹, firm that in 2014 obtained the rights to the late Louis Ruckeyser’s Wall Street Week program on Fox News, with Scaramucci becoming its co-host. Along the way he was a major fund raiser for Obama in 2008, Romney in 2012 & Trump in 2016.

A “ friend” of Trump, with net worth estimates ranging as high as US\$1.5BN & supposedly hankering for a job in the White House, he joined the Trump Team in May 2016 & became a member of its executive. He thought he had made it when in January the President-elect announced he would appoint him Director of the White House Office of Public Liaison and Inter-Governmental Affairs, but in the end the job went to George Sifakis, a government relations professional who had served in Bush 43’s White House (& on the transition team). Last January he sold his 45% stake in Skybridge (that has AUM of US\$12BN) for a reported US\$200MM to RON Atlantic EG (an upstart with mystery owners, *although one is now known to be Danilo Diazgrandos Manglano, a 52 year-old Venezuelan banker who had close ties to the late Hugo Chavez regime & already owned a small piece of Skybridge*) & HNA Holdings¹² (a subsidiary of the HNA Group, a Chinese global conglomerate based in Haikou on the South China island of Hainan that, founded in 2000, now has assets of US\$90BN & loads of debt, and close ties to the CPC (Communist Party of China), a transaction that currently is hung up in the Committee on Foreign Investment in the United States (CFIUS), chaired by Treasury Secretary Stephen Mnuchin.

¹¹ Which means that, rather than investing in run-of-the -mill investment vehicles like bonds, stocks and/or cash, it focused on more esoteric ones like private equity, hedge funds, futures, commodities & derivatives

¹² That major banks, incl. Citigroup, JPM & Bank of America, have so far steered clear of advising, & raising funds for, due to reservations on the part of their “know your customer” committees (while the ECB is currently reviewing the status of its stake in Deutsche Bank & the Chinese regulators are also said to have boosted their scrutiny of the company due to ‘national security’ concerns.

Sean Spicer's replacement is noteworthy; for while he was a long-time RNC-, & Capitol Hill-, 'groupie' & White House Chief of Staff Reince Priebus' pick¹³, Scaramucci is Trump's friend & a life-long New Yorker, who got the job despite Steve Bannon declaring "he will get that job over my dead body" (*thus confirming rumours his star status in the Trump White House is on the wane*). It also signals that Trump is surrounding himself with people with little, if any, public sector policy-making experience whose prime quality is, as Scaramucci put it in his first TV appearance, a willingness to "let him be himself" (i.e. are "loyal" to him personally & won't question him) - *so much for the alleged restraining influence of the "Adult Axis" (Messrs Mattis, McMaster & Tillerson*¹⁴).

GDP CAMPAIGNS RECALL A SELF-DEALING LEAKER IN SCARAMUCCI (The Daily Beast, Lachlan Markay)

- On July 23rd he declared on CNN's State of the Union "We're going to stop leaks. If we don't stop the leaks, I'm going to stop you." But aides to the 2016 presidential candidates whom Scaramucci endorsed, & raised funds for, before coming around to Trump (Wisconsin Governor Scott Walker, former Florida Governor Jeb Bush and, *briefly*, Sen. Marc Rubio), agree he had been suspected of leaks *himself* and *hence* was left out of some internal discussions for fear he would pass details thereof to reporters, and portrayed him as someone who, according to a Rubio aide, gave the impression of being a hanger-on trying to "pick a winner"¹⁵, and according to all as someone seeking to get in the good graces of whichever candidate he thought was most likely to prevail (& only joined the Trump team after he had all but secured the nomination).
- After the Walker campaign was disbanded, rumours started emanating from it that he had leaked information to the press, caused headaches for the campaign & was suspected of airing its dirty laundry. His reputation as a leaker originates from 2012 when Politico reported he had tipped a Bloomberg reporter off to the time & place of a fundraising event for the Republican Super PAC Crossroads GPS at which then Crossroads chief Karl Rove had made remarks that when they came out were embarrassing to Rove to the point where Scaramucci apologized to him.

Their detractors say Trump & Scaramucci are two of a kind, "carny barkers" - Founded in 2008 by Tina Brown, a former editor of Vanity Fair & the New Yorker, the Daily Beast has since 2010 been co-owned with Newsweek. While said to be "liberal", its Editor-in-Chief says it is "non-partisan, but not neutral, we're going to hit both sides, when appropriate". YTD it has won three New York Press Club Journalism Awards in the Entertainment News, and Crime-, & Travel, reporting categories.

¹³ Who is expected to be the next senior White House staffer to 'walk the plank', in part because of Spicer's ditching but, more importantly, because Trump wants him gone, with some speculation now focused on Tillerson possibly being the next to chose to follow him out of Trump's entourage.

¹⁴ Whose influence, if it ever had any, is being undermined by the fact NSA (National Security Adviser) H.R. McMaster has become estranged from Messr. Mattis & Tillerson, possibly because he is increasingly seen as an unusually weak NSA because his poor relationship with Trump (McMaster has a long reputation for not 'suffering fools gladly).

¹⁵ According to the same individual, despite the intense competition among the various candidates for the support of key fund raisers, the Rubio campaign declined his support on the grounds of being seen as "too self-serving & untrustworthy".