

GLEANINGS II - 777
Thursday September 13th, 2018

Quote of the week - "We are doing a great job ... My poll numbers are through the roof. Our poll numbers are great." - President Trump - *In the real world a recent Rasmussen Reports' Daily Presidential Tracking Poll showed 48% of likely voters approved of him while 52% didn't; but since 32% "Strongly Approved" & 43% "Strongly Disapproved", this got him an Overall Presidential Approval Index Rating of -11. And the average approval rating in 10 generic polls (of other than likely voters) taken from August 29th to September 7th was 42.4-52.1¹ against. The mid-terms' outcome will likely be a matter of turnout with a higher one not GOP-friendly; for it will bring out more naysayers (turnout has been 40%ish in midterm-, & 50%ish in Presidential-, elections (i.e 63.6% in 2008, 42% in 2010, 57.5% in 2012, 37% in 2014 & 61.4% in 2016).*

Quote of the week No. 2 - "The anonymous GOP credo today is : we know that Trump is a jerk, but you gotta love the good stuff - you've got to admit that his tax cuts, deregulation, destruction of Obamacare and military buildup have fueled so much growth, defense spending and record stock market highs that we're healthier and more secure as a country, even if Trump is nuts. So our consciences are clear ... This view is not without foundation. Economic growth and employment have clearly been on a tear since Trump took office ... I am glad about that. But what if Trump is actually heating up our economy by burning all the furniture in the house? It's going to be nice and toasty for us -at least for a while - but where will our children sleep?" - From Thomas L. Friedman's Anonymous is Hiding in Plain Sight column in the September 11th NYT - *some thoughtful people have been asking that very question, & not just about their children but their grandchildren as well, i.e. if Trump is promoting "short term gain for long term pain" snake oil instead of a short-term 'harder-to-sell' option to "Make America Great Again"?*

Quote of the week No. 3 - "The fund is steadily increasing its exposure to inflation-sensitive assets on expectations of rising inflation." - Ron Mock, CEO of the \$193.4BN Ontario Teachers Pension Plan (in the two years since it made the decision to do so, it has cut its exposure to publicly-traded stocks to 18% from 22% of its portfolio & hiked that to commodities & natural resources from 6% to 16% - *And, rather interestingly, given the unfunded liability position of many pension funds², as a result of the increasing life expectancies, while in 1990, when it was 77.4 years, its average member paid in for 29 years before drawing a pension for 25, today, when the average life expectancy is about five years longer, he or she contributes for 26 years before drawing a pension for 32!*

Anderson Cooper's interview with Bob Woodward about his book Fear – A remarkable moment came when Woodward noted that, when several sources suggested going 'off the record' & he told him No, all but one had responded with something like "Well, I'll tell you anyway"; for that reflects a level of trust he wouldn't hang them out to dry that added (*unneedly?*) to his credibility.

¹ And on September 5th ABC/WP & IBD/TIPP polls gave him a 36% approval rating, down half a dozen points in a couple of weeks, and a Kaiser Family Foundation a 37% one (all of them four months' lows).

² That would be alleviated, however, by higher interest rates; for with interest rates as low as they have been, the Present Value of future liabilities is much greater than it will be when interest rates return to more "normal" levels.

Atlanta Fed's GDPNow reading - On September 13th it was 4.4%, the same as a week or so earlier, but well above its 3.8% September 11th reading & still well below the 5.0% of early July [whereas the New York Fed's readings (last April it too got on the GDPNow forecasting band wagon) are 2.2% for the Third Quarter & 2.8% for the Fourth³]- *if the past is anything to go by, Hurricane Florence's impact on US GDP growth could in the near term have a 0.3% depressing effect (which may not be helpful to the GOP in the mid-terms, especially so since the Atlanta Fed's average of the Top 10-, & Bottom 10-, (private sector) forecasts for this year's growth remains firmly locked on 3.1% (i.e. in line with the implied New York Fed's number).*

Canadians not overly well-informed on their country? - In a global survey by Ipsos MORI that asked people in various countries questions such as the size of their country's population & the share thereof of Muslims, home ownership & healthcare, they were the 12th least well-informed, marginally better than India, China, Taiwan, South Africa, USA, Brazil, Thailand, Singapore, Turkey & Indonesia, with the 10 best-informed being the Netherlands, the UK, South Korea, Czech Republic, Malaysia, Australia, Germany, Italy, Norway & Sweden - *the kindest thing to be said about Canadians' performance is that they beat the US.*

Greater Bay Area - This is the title of Beijing's project to integrate Hongkong & Macau with the nearby areas (that include the cities of Shenzhen, Guangzhou & seven others) into a single new unit that will lead the nation's push for innovation & faster economic growth (& become the 21st century's Silicon Valley?). It has an area of 50,000 sq. kms⁴ & a population of 68 MM (incl. 27MM in Shenzhen⁵ & Guangzhou & 8.3MM in Hongkong & Macau), and accounts (ex Hongkong & Macau) for 12% of China's GDP & 37% of its exports. As part of this, a new 22 mile, 6-lane, US\$2+BN toll bridge system is being built between Hongkong & Macau consisting of three cable-stayed bridge elements, one undersea tunnel & three artificial islands. And this dream may well be within the realm of the possible since the region is home to a large number of booming private businesses, incl. Tencent & Huawei, generates 50+% of China's international patent applications &, according the HSBC, is least burdened by inefficient SOEs & excess capacity - *On the other hand, Hongkong's Chief Executive, Carrie Lam Cheng, recently warned an audience "Although the Greater Bay Area is within one country, there are two systems, three customs zones, three currencies and three sets of legal systems." And what is more interesting is that this move seems to run counter to President Xi's plan to have his country return to a more Communist Party-controlled-, & centrally-directed-, business model.*

Seven countries with the greatest number of recent STEM (Science, Technology, Engineering & Mathematic) graduates in 2016 -

	Number	Percentage of Population
China	4.700,000	.342

³ Which would produce only a 3.0% GDP growth rate for 2018 as a whole.

⁴ I.e. 0.5% of China's landmass, 81% of West Virginia's, America's 41st largest state, & 75% of that of the Netherlands.

⁵ Four decades ago Shenzhen was a fishing village of 30,000 people whereas today it has more than 40x that population, produces most of the world's electronics & has a GDP that doubled in the past six years (i.e. grew at a 12% CAGR, nearly twice the national average).

India	2,600,000	.196
US	568,000	.176
Russia	561,000	.390
Iran	335,000	.418
Indonesia	206,000	.078
Japan	195,000	.154

Source : World Economic Forum.

*So, going into a super hitech AI era, the world's one-time technological innovation 'hothouses' are lagging, in both absolute **and** relative terms, in raising the new generation of talent needed to compete in such an environment (& under Trump this has, if anything, gotten worse).*

RealClearPolitics' latest reading of the midterm election outcome - It gives the Democrats 202 "firms" & "likelies" in the next House vs. the Republicans 191 "firms", with there being 42 "toss-ups", and in the Senate 37 "safes", 3 "likelies" & 4 "leans" vs. the GOP's 46 "safes" ⁶& 1 "lean", with there are 9 "toss-ups" (five Democrats & 4 Republicans). But on Tuesday September 11th Republican Senate House leader Mitch McConnell (R-KY) went on record saying that the upcoming Senate races in places like Arizona, Nevada & Tennessee (*two of which are currently held by Republicans*) are "too close to call ... everyone of them is like a knife fight in an alley"). And RealClearPolitics confirms that in **Arizona** Republican Martha McSally's average lead in several polls over Democrat Kyrsten Sinema is a paper-thin +0.3 in their fight to succeed retiring one-term Sen. Jeff Flake (as to the state's other seat, that held by the late John McCain since 1986, Gov. Doug Ducey has appointed former three-term Sen. Jon Kyl to take his place - because he would be "able to hit the ground running", even though Kyl has committed himself only until next year "out of a sense of duty"; so Ducey may have to appoint someone else next year since Arizona voters won't get a chance until 2020 to elect someone to serve the remaining two years of McCain's sixth term), that in Nevada Democrat Jackie Rosen has a 1.3 average lead over the incumbent one term Republican Dean Heller & that in Tennessee the former Gov. Phil Bredesen has a +0.3 average lead over the Trump-endorsed, & self-avowed aggressive Trump fan, Rep. Marsha Blackburn (who has the disadvantage that the outgoing two-term Sen. Bob Corker went on record, after he announced his decision not to run again, saying her opponent had been a "very good mayor, a very good governor ... *and was a very good person*" who had "crossover appeal" & that he wouldn't campaign against him – *moreover since 1869 Tennessee has elected only five Republican senators for a total of 55 years, over half of which was racked up since 1994 as both its Senators were Republican - In other words, a 'blue 'wave' that would give the Democrats control of both houses is not inconceivable but the odds on them doing so are long.*

Teenage suicide - The CDC's National Vital Statistics System mortality data show "The suicide rate among males aged 15-19 went from 12.0 to 18.1 per 100,000 from 1975 to 1990, declined to 10.8 by 2007 & then increased 31% to 14.2 by 2015 ... *while the rate for females aged 15-19 was lower all along than for males aged 15-19, they followed a similar pattern during 1975-2007⁷ (increasing from 2.9 to 3.7 from 1975-1990) ...followed by a decline from 1990-2007 ...*

⁶ Largely due to the fact that, with only one-third of the Senate seats up 'for grabs' every two years, the Democrats this year must defend 26 incumbents' seats vs. the GOP's 9.

⁷ Not quite true, the chart shows that the rates for females was quite steady during the 1975 to 2007 period in a range between about 2.6 & 4.0 but has more than doubled in the past decade.

and then more than doubled from 2007 to 2015 from 2.4 to 5.1 ... and The rate for 2015 was the highest for females for the entire 1975-2015 period.” - *Child development ‘experts’ attribute this to today’s ‘helicopter parenting’ that keeps kids from learning to deal in unsupervised play with adversity*⁸ (this rang a bell : I just read the biography of my high school principal who, born in the mid-1880s in a somewhat well-off lower middle class family, had grown up, in the same seedy central neighbourhood of the old city of Haarlem in the Netherlands as the high school I attended of which he was the principal. And at some point in it he reminisced about the benefits of “playing on the street with children from other lower middle class families & small shop keepers, and ‘even the odd street kid who wore wooden shoes’, which had taught him how to get along with other people in a way that later in life had stood him in good stead”⁹).

Top nine exporting countries (2016 data) -

	Exports (US\$BN)	as a % of GDP	US\$ per capita
China	2,263	18.5	1,641
US	1,547	7.9	4,745
Germany	1,448	39.4	17,445
Japan	698	14.3	1,433
Netherlands	652	75.6	38,353
South Korea	574	37.3	11,255
Hongkong	550	161.7*	78,571
France	535	20.7	20,720
Italy	506	23.2	23,200

* Likely due to a huge volume of re-exports.

US Consumer Sentiment - In August the University of Michigan’s Index thereof was 96.2, down from 97.9 MoM, from 101.4 last March & from 96.8 YoY.

Tourist Pollution - In contrast to its traditional sense of “omotenashi” (the wholeheartedly looking after of guests), some Japanese are complaining about the loud & ill-mannered foreigners crowding the country’s public transport & tourist places. And with the Rugby World Cup next year, & the Summer Olympics in 2020, in Tokyo, there are worries tourist spots & the transportation infrastructure won’t be able to cope with the vast hordes of visitors expected - *Much of the problem originates with the Chinese (who aren’t well liked in Japan to start with) for whom a yen for traveling abroad for holidays has caused their number to grow from 10.5MM in 2000 to 145MM last year (i.e. by 1,380% in absolute terms & 16.7% compounded annually). Interestingly enough similar concerns are being heard in Alberta about the Banff & Jasper National Parks, and in Tanzania about Mount Kilimanjaro & in Nepal about Mount Everest (both of which have become known as “high altitude rubbish dumps”).*

⁸ There is also evidence that suicide problems are greater in the transgender community.

⁹ His father had grown up on a small farm but early on in life had made enough money to settle down while in his early forties with a widow with three kids who also was ‘comfortably off’, so that he & she, and her-, & their-, children could live well without him having to do much serious work. And, while he had gone to university & gotten a Ph.D. in Greek literature, he & the concierge, who had never even gone to high school, but had grown up playing with him on the streets, had remained friends in adulthood (I was not a model student & once in Grade Eight when my mother took me back to school after I had , once again, skipped classes, when we came into his office, he, short, tubby, sixtyish & bald-headed as he was, took one look at me before hitting me so hard on one side of my head that the other side bounced off the wall, before telling me to get back to my class.

WHILE THE PLANET BURNS, OUR POLITICIANS FIDDLE¹⁰ (G&M, Gary Mason)

- For some time a grey pall hung over Vancouver, & the North Shore mountains were barely visible from downtown, due to the smoke of the nearly 600 wildfires blanketing Interior British Columbia. Air-quality alerts were a near-daily occurrence, with many outdoor events cancelled while in some places house insurance has gotten so costly that some home owners risk doing without it. And this is not just a Canadian problem; for the entire planet seems to be on fire : last year was a record-breaking year for wild fires in the US & this year may even be worse, with infernos tearing across Colorado, New Mexico, *California* & other Western states, in Europe nuclear reactors have been shut down since the river water was too warm to use as coolant & electricity grids around the world have been crashing as heat waves hike the use of air conditioning.
- Since 2001 17 of the 18 hottest years on record this century have occurred (with man-made climate change being blamed by many, & some calling this “the new normal”, while others fear there is still worse to come¹¹). And while one would have hoped this would have shaken global leaders into action, industrial CO₂ emissions last year were at record levels, the 2015 Paris agreement (that Trump pulled out of) may no longer be worth the paper it’s printed on, President Trump goes around singing the praises of coal & deriding alternate energy, and in Canada conservative politicians are fighting a carbon tax. And while the warming planet causes more deaths, crop failures & home destruction, making this the biggest issue of our time, leadership is missing as politicians seek to placate voters with cheesy, ‘*instant gratification*’ promises rather than trying to alleviate the impact of the climate change now both lighting up-, & darkening-, our skies.

Long gone are the days of far-sighted politicians like Britain’s Harold MacMillan who sought to do what he thought right rather than what the polls told him voters liked (but wouldn’t pay for?)

FOREIGN INVESTORS GROWING COOL ON U.S TREASURIES (Reuters, Richard Leong)

- Due to the US government’s ballooning budget gap foreign investors are showing signs of ‘UST securities buying’ fatigue; thus in July overseas accounts bought the fewest of them at auction since 2009. Fortunately, says Ed Al-Hussaini, the senior interest rate & currency analyst at Minneapolis-based Columbia Threadneedle Investments, while “foreigners are buying fewer Treasuries ... domestic investors have stepped up *to the plate* and filled in for that group.”

This may in part be a gut reaction among foreigners to the xenophobic Trump phenomenon. And it will strengthen Beijing’s hand in Trump’s trade dispute with China if it were to decide to respond to his hard-nosed stand by announcing a major sale pf UST securities).

¹⁰ This phraseology goes back to the legend that the unpopular & ineffective Emperor Nero who in 64AD, rather than giving leadership as a disastrous fire destroyed 70% of the city, spent his time, safely in his villa outside Rome, doing nothing more constructive than making music on a stringed instrument (the violin had not yet been invented).

¹¹ One of them being Daniel Swan, a climate scientist at the UoC, Los Angeles, who told the NYT “We are living in a world that is not just warmer than it used to be ... We haven’t reached a new normal. This isn’t a plateau.”

HOW DO YOU KEEP THE MOMENTUM GOING? BUYBACKS (G&M, John Reese)

- The FANG (Facebook, Amazon, Netflix & Google/Alphabet) stocks have driven the indexes higher for the better part of the last year & are part of another *larger* distinct group, referred to as “momentum stocks”, that investors buy because they have been making the most robust price moves. And while the momentum trade showed some sign of faltering recently, there is something to keep it growing, namely buybacks; for companies have been buying back their own stock at an unprecedented pace.

Thus according to Yardeni Research 1Q/18 corporate buybacks occurred at a US\$760BN annualized rate, up from US\$530BN YoY, from a ten-year low US\$100BN in the 2Q/09 & from a 1Q/16 ten year high of US\$640BN (while according to another source the Second Quarter 2018 annualized buyback rate was North of US\$1BN, and during the period December 31st, 2015-August 10th 2018 the decline in the number of shares outstanding of some companies had shrunk by as much as 48.4%). Meanwhile equity mutual funds have been selling tens of billions dollars worth of equities. And it's in buyback, rather than new investments, that the corporate cash hoard¹² has been going (& to the extent that they were funded, as some were, by corporate borrowing at decades' low interest rates, this has increased the leverage in balance sheets of the companies involved (which is great in good times, but a poison pill in lesser ones).

TRUMP REBUKED AFTER QUESTIONING NUMBER OF DEATHS ATTRIBUTED TO HURRICANE MARIA (WP, John Wagner)

- He drew widespread rebukes after falsely tweeting on September 13th that the number of deaths in Puerto Rico last year attributable to Hurricane Maria had been inflated by Democrats to “make me look as bad as possible ... they had anywhere from 6 to 18 deaths when I visited the island two weeks after the storm ... 3,000 people did not die in the two hurricanes that hit Puerto Rico ... when I left the island AFTER the storm had hit, they had anywhere from 6 to 18 deaths. As time went on, it did not go up by much, then a long time after they started to report really large numbers, like 3,000.”

Trump was silly to launch this diatribe (but quite understandably did so, given his ego). For he compared apples & oranges, using a, typically quite unreliable, early stage number while the study, done by Washington-based George Washington University's Milliken School of Public Health, one of the top institutes of its kind in the US, with a great deal of input from all levels of Puerto society, had focused on the six months' mortality impact of the hurricane (another study by Harvard University published in the July 12th issue of the New England Journal of Medicine came up with a 50+% greater number of deaths than the GWU study for the six months following Hurricane Maria, namely 4,645 (which it said had been 62% greater than the 2,867 mortality rate during the year earlier period). But what was interesting about this was that for a change there was criticism of Trump's tweets from within the Republican Party, among others from House Speaker Paul Ryan (R-WI), Florida Gov. Rick Scott & Rep. Ileana Ros-Lehtinen (who 'sits' for Florida's 27th district), none of whom, however, being typical GOP representatives; for Ryan isn't running again and Scott & Ros-Lehtinen are likely concerned that since Maria the already significant number of Puerto Ricans in Florida has swelled by another 100,000 or so, many, if not all, of whom as American citizens with the right to vote in Florida. And Gov. Scott a

¹² Fueled in part by the growth of corporate profits as a share of GDP going from 3.8% in 2001 via 4.7% in 2008 to 10.6% at last report abetted in the past year by Trump's tax “reform”).

particular reason to be concerned since at last report he had just a 1.6 point lead in his attempt to upset the three-term Democrat incumbent Sen. Bill Nelson (who, with polls showing he has lost ground among Latino voters, this week sought to ride an anti-Trump wave with a Spanish language ad telling voters Scott & Trump are “muy buenos amigos” (‘very good friends’) & another in English to remind voters that Scott had in 1987 founded a hospital chain that, by the time he left it ten years later, had grown to 340 units & that after his departure had been made to pay a US\$1.7BN penalty for Medicare fraud (which may be a bit of a ‘Hail Mary’ pass since the same charge hadn’t stopped Scott from being elected Governor in 2010, albeit reportedly at the cost of US\$75MM of his own money).

HERE’S A LITTLE SECRET ABOUT THE TEXAS SENATE RACE
(CNNPolitics, Chris Cillizza)

- Recently GOP luminaries from Senate Majority Whip Sen. John Cornyn (R-TX) via RNC Chair Ronna Daniel to Budget Director Mick Mulvaney (a former GOP member of the House from South Carolina) expressed real concern about Texas Sen. Ted Cruz's re-election chances (*this came a few days after Trump had tweeted he will come to Texas in October to campaign for "Lyn'Ted" after Texas Lt-Gov Dan Patrick had pitched him in the White House to do so*). Obviously any Republican Senate seat in jeopardy is a big deal since the Democrats need only net gain two to regain control of the Senate (although they face an uphill fight since of the 35 Senate seats up for grabs in this election they account for 26 vs. the Republicans' 9). But the more money the GOP spends in Texas to support Cruz, the less it will have to spend elsewhere (& buying media time in Texas is far more costly than in, say, North Dakota where the GOP Rep. Kevin Cramer is trying to unseat the Democratic incumbent Sen. Heidi Heitkamp but will be hampered by the fact that the deep-pocketed Koch group has announced it will not financially support him).

Cruz's opponent, "Beto"¹³ O'Rourke, at 45 is two years younger than Cruz & was born in El Paso vs. Cruz in Calgary, Alberta. Some years after graduating from Columbia with a degree in English literature, O'Rourke founded an internet services-, & software-, company that his wife Amy still runs. After being an El Paso City Councilor for a few years, in 2012 he challenged, & defeated the 8 term Democrat incumbent in Texas' 16th District (that includes much of his home town). According to FiveThirtyEight he has voted in line with Trump's legislative positions 28.7% of the time (which makes him a middle-of-the road Democrat) and, when Ted Cruz accused him of wanting to "open borders and take our guns away", Politifacts¹⁴ declared this to be untrue, saying O'Rourke had "not called for opening borders and for government agents to take guns away from law-abiding citizens". While a Gravis poll in early July had shown Cruz to have a 9 point lead, a Quinnipiac poll three weeks later found this had shrunk to 2 points, & in an Emerson poll in late August to 1 point.¹⁵ And while in Houston Cruz is five points ahead of O'Rourke, in Dallas-Fort Worth, O'Rourke leads him 51-39, in the Rio Grande Valley 61-22 & in his home town 68-20 and, perhaps most significantly, he leads Cruz 54-31 among self-identified Hispanics likely to vote¹⁶. While Cruz is Hispanic & O'Rourke is not, the latter is fluent in Spanish, while, during Cruz's 2016 run for the GOP Presidential nomination, he was found "not ... a proficient speaker of Spanish". And after Trump tweeted on August 31st that "I will be doing a major rally for Senator Cruz in October, I'm picking the biggest stadium¹⁷ in Texas we can

¹³ A Spanish nick name short form for Roberto; his full name is Robert Francis.

¹⁴ A Pulitzer Prize-winning non-profit fact-checking website founded & owned until recently by the St. Petersburg FL-based Tampa Bay Times & now by its owner, the St. Petersburg FL-based Poynter Institute for Media Studies.

¹⁵ And the latest poll of likely voters has Cruz leading 46-42 (although, perhaps more importantly, his score among independents was 40-38 as many of them are displeased with the GOP (in the same poll Trump had a 51-46 rating because 91% of Republicans view him favourably); nevertheless one observer noted 'Cruz is not doing as well as expected, given Texas is a Republican state)

¹⁶ And the Hispanic/Latino vote accounts for almost 40% of the Texas voter universe.

¹⁷ A smarter strategic plan might have been to get a smaller one & get overflow crowds, rather than a huge one & run the risk of empty seats. And the biggest one in Texas is the 90 year-old 102,995 seat Kyle stadium on the Texas A&M campus at College Station in West Texas about (90 mile equidistant from Austin, Houston & Dallas), a city of about 115,000 that was rated a decade ago by the Money Magazine as the "most-educated city in Texas" & "the 6th most-educated in the US.

*find. As you know, Ted has my complete and total Endorsement. His opponent is a disaster for Texas - weak on Second Amendment, Crime, Borders, Military and Vets”, increasing numbers of billboards have begun to spring up to remind voters of Trump’s earlier tweets on Cruz (like this February 28th, 2016 one, when they were competing for the GOP nomination, that reads “Why would the people of Texas support **Ted Cruz** when he has accomplished nothing for them. He is another all talk, no action pol.”*

WASHINGTON TO SHUTTER PALESTINIAN U.S. MISSION (AP) Matthew Lee)

- On Monday September 10th the Trump Administration ordered the PLO’s Washington diplomatic mission closed (that, while the US doesn’t recognize Palestinian statehood, had long facilitated Palestinian officials’ interaction with the US government), after the State Department had issued several warnings it would do so unless the PLO agreed to sit down with the Israelis for “direct and meaningful” negotiations. This prompted PLO official Saeb Ereka to comment this was “yet another affirmation of the Trump administration’s policy to collectively punish the Palestinian people, including by cutting financial support for humanitarian services, including health and education” & *PLO Executive Committee Member Dr. Hanan Ashrawi to call this “blackmail ... that once again seeks to punish the Palestinian people ... who are already victims of a ruthless military occupation.”*

And, while traditionally the US has contributed about 30% of the total funding for UNWRA (the United Nations World Refugee Agency) whose work among the Palestinians many hold responsible for regional stability, last month the Trump administration cancelled US\$200+MM in financial support for UNWRA projects in Gaza & the West Bank as well as all its other planned ongoing financial support for the agency, and last weekend even cut its US\$25MM in funding for hospitals in East Jerusalem that provide critical care for Palestinians (causing, according to the Times of Israel, the “worst financial crisis in UNWRA’s history”). And given Netanyahu’s track record it is highly doubtful that anyone, never mind the Palestinians, could have “direct and meaningful” peace talks with him (if only because he depends for his political survival on extreme right support in the Knesset) unless someone, i.e. the US, were to threaten him with a truly big stick (like withholding its US\$3+BN annual military aid for the Israeli military, for which there is now bipartisan support in the Senate to keep it at last year’s US\$3.8BN level for the next decade)¹⁸. And while Trump came into office saying he was going to make the “Deal of the Century” on Middle East peace & put son-in-law Jared Kushner, an Orthodox Jew, in charge of bringing it about, nothing concrete has come of that to date; in fact, Kushner & former Chief Legal Officer of the Trump Organization & now Trump’s Special Envoy for the Middle East Peace Jason Greenblatt not long ago found that the (Netanyahu-inspired?) Trump Deal of the Century plan for the Middle East peace (that focused on economic development for Gaza & the West Bank but conceded all of Jerusalem to Israel, and provided for just limited sovereignty several steps short of independence for the Palestinians, didn’t appeal to Egypt & Saudi Arabia, and most of the Arab world, since it made them realize that a Trump-ruled US will not act in the traditional US ‘honest broker’ role, with Saad El Gammal, the head of the Egyptian Parliament’s Arab Affairs Committee, saying “Most of the Arab world - including Egypt and Saudi Arabia - have rejected the US-proposed “Deal of the Century” because it seeks to buy their support by focusing on economic matters before tackling the core political issues of Jerusalem, borders & refugees ... Trump’s claims of ongoing support for the peace process are entirely false” (things had apparently been brought to a head by a Kushner proposal that the 2MM+ Palestinians in

¹⁸ Which none of the last 12 US presidents has been inclined to do.

Jordan should lose their “refugee” status (thereby ending their “right of return” claims that the Palestinians believe cannot be done away with by US fiat).

THE CURIOUS CONTRADICTIONS OF TRUMP’S FIXATION ON COAL **(Bloomberg, Liam Denning)**

- Coal, so redolent of the age of Bismarck¹⁹ (when the No. 1 use of coal was for home heating whereas today it is for electricity generation where, since natural gas is now so cheap & alternate energy increasingly competitive, no one in his right mind would even consider investing in new coal-fired electricity generating plants)²⁰. And while his attempt to make coal competitive again - the ACE (Affordable Clean Energy) program - is not going to do much to revive coal-fired power generation in the US, it does highlight the contradictions in the White House’s approach to energy.

But in the short-run coal’s saviour, rather ironically so given Trump’s view on foreign trade, has been foreign markets; for heat waves in Europe & the resultant higher use of air conditioning, the unusually drawn-out negotiations between Japanese utilities & Australian coal miners, China’s restrictions on domestic coal mining, & various other coal mining setbacks in Australia, Columbia & Indonesia have tightened the global coal market to the point that US coal exports last year were up 61% YoY & in the First Quarter of this year another 22% YoY.

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AMERICANS LOAD UP ON SUBSTITUTE MEAT & DAIRY PRODUCTS (Bloomberg)

- According to the 2½ year-old, Washington-based Good Food Institute in August imitation meat sales were up 23% YoY to US\$684MM (*still only a tiny fraction of national retail meat sales*) & those of non-dairy cheese-, yogurt-, & ice cream sales by as much as 40%, while 10% of all milk sold now comes from plants rather than from cows.

*The Institute is a 501© (3) non-profit to “create a healthy, humane and sustainable food supply” & has close ties to the ‘effective altruism’ (EA) movement (a philosophy & social movement that “uses evidence and reasoning” to determine the most effective way to benefit others). The Institutes very existence runs counter to the notion that ‘while in the 16th, 17th, 18th, 19th & 20th century Mankind thought it could control-, to survive in the 21st, it must start living **with-**, Nature.*

¹⁹ Otto Eduardo Leopold, Prince of Bismarck & Duke of Lauenburg. aka Count Otto von Bismarck (1815-1898), was first Prime Minister of Germany & subsequently Chancellor of the German Empire from 1862 to 1890, dominated European politics from the 1860s to 1890, coined the phrase “Real politik” (politics based on practical-, rather than ideological-, considerations). So, although an arch-conservative, he created the first welfare state (as part of which he deliberately set 65 as the age for public pension eligibility at a time the average life expectancy was only 61 to ‘cap’ his public pension plan liabilities) in the belief that if German males believed they had a stake in their country, they would make better fighting soldiers & not be so vulnerable to the beguiling blandishments of socialist agitators.

²⁰ And whereas in 1985 total employment in the coal mining industry was 173,700, today, at 65,400, it is almost two-thirds lower, while their production is, if anything, somewhat higher.

HARD TIMES COMING? DROUGHT REVEALS ANCIENT 'HUNGER STONE' IN EUROPEAN RIVER (AP)

- The Elbe river rises in the Czech Republic, flows North through Germany & empties in the North Sea by Hamburg. This summer's drought in Europe has caused a dozen plus boulders to resurface in the river near the Northern Czech town of Ducin that historically have warned people of hard times to come. One of them, supposedly the oldest hydrological landmark in the Czech Republic, has a chiseled inscription on it dating back to 1616 that says, in German, "when you see me, cry".

States of emergency have been declared in Latvia & Lithuania, Sweden has had just 12% of its normal rainfall, 30+ degree temperatures have been recorded North of the Arctic Circle, in Poland, Belarus & the Czech Republic "vegetation stress²¹" has taken hold, & the European Drought Observatory (EDO) calls this drought "an extensive and severe anomaly affecting Scandinavia, Scotland, Ireland, the Baltics, the Netherlands and North Germany" while its spokeswoman says farmers must adapt to a warmer climate with "diversification or change of crop types and varieties, but also a more efficient use of water." (all of which is small consolation for farmers getting more & more financially stressed as their crops wither & animal feed becomes more expensive and are looking for (more) government help to survive.

²¹ A condition that affects, or blocks, a plant's metabolism, growth or development, and in extreme cases leads to cell-, or plant-, death.