

GLEANINGS II - 784
Thursday November 8th, 2018

Quote of the week - "It's not whether you win or lose, but how you place the blame" - Source unknown, but this may be the White House parlour game following the mid-term elections.

Arizona race to succeed Sen. Jeff Flake - 75% of Arizona voters go the mail-in vote route. This makes vote counting a drawn-out process. So, as of Wednesday evening November 7th some 600,000 votes (*about 25% of the votes cast*) were yet to be counted & by Thursday evening their number had been reduced by one-third, at which point the State Secretary of State's office announced Dem. Kyrsten Sinema had *slightly, by some 2000 votes*¹, pulled ahead of the GOP's Martha McSally (48.90% - 48.80%) on strong support in Mariposa county (that includes Phoenix & adjoining Scottsdale² and is home to half of the state's 7MM population). Prior to that, the Secretary of State's office had announced the day before the election that more Arizonans had gone the advanced polling route than had voted in the entire 2014 mid-terms (1,586,783 vs. 1,537,671). Another interesting thing about Arizona is that among its 3.7MM registered voters the GOP has a 136,587 edge over the Democrats although 1.2MM registered voters are not affiliated with either party (*which implies that in this allegedly deep-red state the registered voter base is split close to one-third, one-third, one-third*) - *If the trend of Sinema edging McSally (as of Saturday evening her lead had widened to 28,688, (and by Sunday evening it had widened to 32,640, giving here a 49.60-46.10 lead)) were to continue until all votes are counted, this would be the first time in three decades that Arizona has sent a Democrat to Washington; small wonder the GOP has already started launching law suits!*

Canary in the coal mine? - On Friday November 2nd the Realtors Association of Edmonton released its latest home sales & prices data. Total residential unit sales were down 13.61% YoY (single family homes sales 14.86%-, duplex/row house sales 30.77%-, & condo sales 4.92%-, YoY). As to prices, single family homes were down 1.30% to \$425,864-, duplex/row houses 2.21% to \$333,215-, & condos 8.80% to \$221,293-, YoY. And units have been longer on the market before selling, single family homes seven days to 62, duplex/row houses five days to 65, & condos five days to 72. - *This will create financial challenges for a City Council that has become used for two decades to its tax revenues growing at rates over twice that of inflation & population growth **combined on top of** a rapidly growing tax base since both the housing stock-, & its unit valuation-, grew each year. And this week the City Economist John Rose (who often wears rose-coloured glasses) warned Council that rising interest rates, higher inflation & relatively high consumer debt loads (at mid-year in the province as a whole the average per capita consumer debt load, not incl. mortgage debt, was \$28,155, more than \$6,000 over the national average, and in Edmonton \$27,108) are starting to make residents "feel the pinch" (especially since, while unemployment may be easing, the new jobs created are of a low-paying nature, while those with jobs haven't been seeing much by way of income growth).*

Donald Trump Jr. to be indicted soon by Mueller (for perjury)? - On November 7th Politico reported that Donald Trump Jr. "Has told friends in recent weeks that he believes he could be indicted soon") - *this likely explains why Trump's first priority after the elections was to replace Attorney-General Jeff Sessions with someone more willing, if not anxious, to do his bidding.*

¹ An edge that another 24 hours later had increased nearly ten-fold.

² The population of both of which grew at double digit rates between 2010 & 2016.

Gov. Scott of Florida keeps whining about voter fraud – The irony is that, having been governor since 2011, & with the 200 election ‘hanging chads’ episode still fresh in people’s minds he has for eight years been in a position to make sure the system was fool proof.

Midterm election results - Trump seeks to portray the outcome of the mid-terms as a great victory. And up to a point that is correct; for the GOP kept control of the Senate (which ensures an all but automatic Senate approval for his judges’ & senior officials’ nominations, & the “blue wave” didn’t quite reach the tsunami proportions some had hoped/expected (although it was more than the mere “ripple” he would have you believe). But it looks less so than he pretends, if not outright Phyrricl :

- he GOP decisively lost control of the House, which will make his life much more difficult & frustrating in terms of getting the things done he wants to get done³;
- on a generic vote basis, the GOP lost ground; for while the 2016 Presidential vote had been 48-46 against him, in the mid terms that went to 55-42⁴;
- at the state level there were 36 gubernatorial posts up for grabs with the GOP holding 26 & the Democrats just 10 while at last report the split was 19-17 (*& this matters since the governors control the federal district gerrymandering process*);
- the seven defeated GOP governors (incl. three white males beaten by Democrat females) included party heavyweights Wisconsin’s Scott Walker & Illinois’ Bruce Bauner;
- despite he himself having been 3x in ‘deep-red’ Montana to help State Auditor Matt Rosendale beat Democrat Sen. Jon Tester, the latter was re-elected 50.1-47.1 to a third term (with the Libertarian candidate, Rick Breckenridge, getting the rest of the votes *that, even had they all gone to Rosendale, would still not have been enough to lift him ‘over the top*). And this was a personal defeat for Trump; for he had declared war on Tester for having led the charge last spring against his nomination of Rear-Adm. Ronny Jackson, the White House physician, to head of the Veterans Affairs Department;
- among the freshmen Senators to be seated in the 116th Congress next January 3rd, will be Utah’s Mitt Romney, someone with a business-, & political-, track record & network Trump can only dream of, who, as a lifelong, now septuagenarian, Mormon has a moral compass & reverence for the traditions of ‘the party of Abe Lincoln’, that will make him the natural “anti-Trump” the party faithful may coalesce around in the next two years;
- ‘bluish’ Nevada has two Senators & four members of the House. Before the mid-terms, both parties had a Senator each while the GOP held all seats in the House, while in January both Senators will be Democrats, as will be three of its members of the House;
- perhaps most telling, FiveThirtyEight’s last pre-election tally had been :

	Solid	Likely/Lean	Toss-up
Republicans	140	55	45
Democrats	182	10	3

But at last report the tally was Democrats 222 & Republicans 196⁵; in other words, the latter had been singularly unsuccessful in ‘closing the deal’ in their ‘Toss-Up’ districts.

³ And even that may not be that much of a permanent arrangement; for two years hence, in the 2020 elections, the GOP will Senate-wise be in a similar boat as the one the Democrats were in this year, with 21 of its Senate seats ‘on the bloc’, vs. the Democrats’ 12.

⁴ And while the Democrats increased their vote share significantly in 239 federal voting districts, the GOP did so in only 67.

Sign of the times - On November 13th the City of Calgary will have a plebiscite on whether it should stick its financial neck out & make a bid to host the 2026 Olympics (with the Mayor not in favour unless a firm, strong senior government financial backup is in place). In preparation thereto the City commissioned a survey as to whether Calgarians really wanted this, & of the 7,770 citizen responses 49% said NO & 46% YES but ... the entity conducting the survey reported that it had been forced to disqualify 6,000 'responses' that had originated with "bots" (automated survey responders rather than real life Calgarians), mostly on the YES side.

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SLUMP IN OIL PRICES AND WEAK CHINESE ECONOMIC DATA WEIGH ON GLOBAL STOCKS (Reuters)

- On November 9th stocks around the world suffered their biggest drop in weeks on weak Chinese economic data, Brent crude hitting a six months' low & WTI going below US\$60 for the first time in eight months. More specifically, in October in China factory gate inflation slowed for the fourth consecutive month amid cooling domestic demand & manufacturing activity, with bad debts at Chinese brokers & banks also causing concern. And in the US producer prices rose more than expected in October & at the fastest pace in six years, while according to Chris Zaccarelli, CIO at the Charlotte, NC-based Independent Advisors Alliance "Oil is spooking the market. If oil prices are going ... lower, that's another sig the global economy is going to slow its growth". And while the FOMC didn't hike rates at its November 7th-8th meeting, it disappointed some by not turning more dovish (it *seems pre-occupied with price stability*).

The oil picture is very simple, the spigots are wide open everywhere, incl. Saudi Arabia and Russia, & nowhere more so than in the US, where in the week to November 2nd oil output averaged 11.6MM bbl/d (up 21% YoY), outstripping Saudi & Russian output, at a time global daily oil consumption is growing at a 1.5% annual rate..

CAN THE REPUBLIC STRIKE BACK (New York Magazine Intelligencer, Andrew Sullivan)

- Tuesday will be a relief; for then we will finally find out where we are in the surreal dystopia of the last two years ... we will see, in a tangible way, what America now is. For these *past two* years have been dominated to the point of saturation by a single figure with no political experience who got almost 3MM fewer votes than his opponent, who has consistently had lower approval ratings than-, & who speaks & acts like none of-, his recent predecessors but who has cast a spell over many & earned the intense loathing of much of the rest. Is this the new normal or just a detour with some hypnotism with the population as a whole still unaware of something called reality?
- It is hard to think of another President who endorsed violence against political foes & called the press the "enemy of the people", who brags about his sexual exploits, falls in love with the world's foulest dictator, refuses to divest of personal property while in office, or *disclose his tax records*, lambasts allies, endorses poisoning the environment, destabilizes NATO, baits minorities, lies incessantly & endorses a resurgent white

⁵ With the Democrats leading in most of the remaining 17 federal districts, where the results had not yet been finalized, typically since the mail-in votes hadn't all been counted.

nationalist right. While any of these *in & by themselves* would have been political suicide for most presidents, are we now living in an era in which we reward such foibles?

- But if everyone whom this president has dismissed, insulted, or demonized shows up to vote, it will pierce the Trump bubble & his majority of two years ago (*that was in actual fact only 46.10% of the total 136,838,342 votes cast, vs Hillary's 48.20%*), then this nightmare of governance could turn into an even bigger majority *for the other side*. But a defeat of Trumpism isn't going to make it disappear. The external wage pressures aren't going to disappear. The despair of so much of left-leaning America cannot be blotted with fentanyl. And the fact that the fear of change is being driven by change itself, and that it shows no signs of decelerating, means it won't go away *either any time soon*.

There is a lot more to this longish article, but it's too depressing to pass on.

HOW WHITAKER TRANSFORMED FROM CONSERVATIVE PUNDIT TO ACTING ATTORNEY-GENERAL (BBN Bloomberg, Andrew Martin et. al.)

- In June 2017 he was waiting off a set at CNN when he & another *waiting* guest, St. John's University law professor John Q. Barrett, struck up a conversation. Both former Department of Justice officials, they talked about work & family. Then, Barrett recalls that, after he asked Whitaker what had prompted him to go on TV to discuss Special Counsel Robert Mueller's investigation of Russian election meddling, Whitaker told him "I hope this will help me get noticed ... and that during one CNN appearance he had suggested that cutting funding to the investigation would hobble Mueller". And Barrett in remarks on Twitter recalled Whitaker saying he hoped his appearances would prompt Trump to make him a federal judge in his home state of Iowa.

In appointing Whitaker as Acting Attorney-General, President Trump picked someone with a CV⁶ so skimpy he was unlikely to ever have passed muster in a Senate confirmation hearing. In this 1,000+ word article there is a great deal more detail about Whitaker's career, much of it not positive in terms of him possessing the qualities needed by the country's top legal officer. And since then, late November 8th, CNN reported Whitaker had been on the board of-, actively promoted-, & acted in a legal capacity for-, a company, World Patent Marketing, that earlier this year was shut down by the FTC & had a US\$26MM court judgment issued against it, with the judge's ruling calling it "a scam that has bilked thousands of customers out of millions of dollars" & noting "many customers ended up in debt or lost their savings with nothing to show for it." And since then the plot thickened further on the news the Miami Office of the FBI (that reports to the Attorney-General) had launched a criminal investigation of the World Patent Marketing affair (in which its now boss had been involved in a very 'hands-on' manner).

FEDERAL JUDGE BLOCKS KEYSTONE XL PIPELINE, SAYING TRUMP ADMINISTRATION REVIEW IGNORED "INCONVENIENT CLIMATE CHANGE FACTS" (Fred Barbash et. al.)

- Late on November 8th, US District Court of Montana Judge Brian Morris blocked its construction on the grounds the Trump Administration had failed to justify its granting a permit to let construction go ahead and, *in doing so*, had run afoul of the Administrative

⁶ *One year as the AG's Chief of Staff, a few years as a US Attorney in a relatively small, "overwhelmingly" (i.e. 91%) whie, largely agricultural state, a couple of unsuccessful political runs & the rest of his career in regional law firms*

Procedure Act (which requires “reasoned explanations for government decisions, particularly when they represent reversals of well-studied actions.”

While Trump has indicated his administration will appeal Morris’ ruling, there is one practical problem with this, namely that it would have to do so in the San Francisco-based Court of Appeals for the 9th Circuit, which has often ruled against his Administration (something Trump is well aware of but is hoping to overcome by “slowly putting new judges in the 9th Circuit.”) - As far as I am concerned the Keystone XL is a counter-productive distraction; for to the extent that Prime Minister Trudeau c.s. waste their time fussing over it, it will give them an excuse to ignore the Trans Mountain pipeline extension project to the West Coast (that his government now owns outright); & from a macro- economic perspective, gaining access for Alberta oil to Pacific Basin’s world markets at world market prices will, in both the short-, & long-, run, be far more beneficial to the Canadian & Alberta economies than boosting our access, as a captive supplier, to US Gulf Coast refineries that need a new source of cut price heavy oil feedstock now that the Venezuelan & Mexican supply thereof is drying up.

TAPE OF KHASHOGGI’S KILLING HAS BEEN GIVEN TO THE US, SAUDI, EUROPEANS, ERDOGAN SAYS (NYT, Loveday Morris et. al.)

- On Saturday November 10th, at the Ankara airport, before leaving for Paris for the WW I commemorations, President Erdogan announced it had been shared with Saudi Arabia, the UK, France & Germany, as well as the US (*although it is not clear whether this had involved actual physical copies changing hands*). This was the very first time that he himself has publicly acknowledged the existence of a tape the Turkish officials have long claimed backs their contention that he had been murdered upon entering the Saudi Consulate in Istanbul on October 2nd. One German official confirmed that the Head of that country’s Federal Intelligence Service had received a briefing on-, & listened to-, the audio recording, during a visit to Ankara & had called it “very convincing”. And FBI Director Gina Haspel also has had a chance to listen to it while in Turkey last month

According to Turkish officials his killing was a drawn-out affair as he was choked to death over seven minutes. But Turkey has been very quiet about how it got this recording in the first place; for wiretapping foreign missions breaches the January 27th, 1980 Vienna Convention while stories it was made by Khasoggi’s Apple watch have been met with skepticism by experts.

ITALIANS INQUIRE ABOUT MOVING MONEY ABROAD (Reuters, Gianluca, Semeraro)

- Since a new *populist*, Euroskeptic government took office in Rome last June Italian government bonds & the Milan stock market have slumped on concerns the Eurozone’s third-largest (& *weakest?* economy could leave the single currency, with the government having failed to fully reassure investors of its commitment to keep the country in the Euro. And more recently markets have sold off further on fears the government’s proposed 2019 budget could (*or rather will?*) add to the country’s mountain of debt, and the spread between Germany’s & Italy’s 10-year bond yields last month rose to a 5 ½ year high as a clash evolved between Brussels & Rome over Italy’s 2019 draft budget, with the EC having asked Rome, that is targeting a budget deficit of 2.4% of GDP, to modify this draft by early this week to meet the Eurozone’s rules (*which the Italian government has made pretty clear it has no intention of doing a) because it is needed to pay for its campaign promises & b) since it maintains it is on its way to get the deficit under control (albeit on the basis of GDP growth assumptions the EC questions).*

- On November 7th Massimo Doris, the 51 year-old long-time CEO of Banca Mediolanum, one of Italy's biggest money managers, told Reuters that "the country is sound for sure⁷, I don't think the debt will not be repaid ... but all this uncertainty is creating tensions and fear in investors ... There are clients who ask us if they can trust government bonds, a question they did not put to us last year. Of course we reassure them ... And Some clients are asking us about ways to move some of their money abroad in a transparent and legal way. And this too is the kind of question they did not put to us last year."

Massimo is 'talking his book' & in doing so may be trying to 'put lipstick on a pig'>Moreover, long experience has suggests that the more vehemently a rumour is denied, & the more senior the level of the individual doing the denying, the greater the likelihood that the event being denied is about to become reality.

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A BRAZILIAN IN CANADA (Economist)

- The law surrounding 'gender self-identity' has progressed furthest in Canada to the point that last year it was added to the *human* characteristics protected by federal human-rights laws. But that has now led to a conflict with women's rights. For in March JY, whose name cannot be published but who uses a man's name (& whose profile picture looks male), contacted Shelah Poyer, a beautician offering body waxing services from her home, asking her if she did Brazilian waxes (a procedure that entails the removal of pubic hair), to which she responded "Not for men, sorry" & JY's in turn "I'm a woman. I transitioned last year". So JY complained to British Columbia's human-rights tribunal, alleging discrimination & seeking damages of C\$2,500. This got the non-profit, libertarian, *Calgary-based Justice Centre for Constitutional Freedoms* into the act, first offering to represent Ms. Poyer and then arguing that waxing male genitalia requires different training & equipment, which she doesn't possess & that, as a woman, she too has protected rights to privacy & safety, seeking to "out" JY by having his transgender anonymity order overturned, saying that JY had mentioned using a women's gym-, & had talked about being a transwoman online- in posts asking for advice on how to approach a naked ten year-old girl to ask for a tampon, with JY denying having written such posts & saying his computer had been hacked. And while JY subsequently dropped the Poyer case, over a dozen other cases brought by JY against other women who offer Brazilian waxing services remain active.

This seems like political correctness driven to its (il)logical extreme, not worth wasting politicians' time & taxpayers' dollars, on. And according to the accompanying article in the October 27th Economist entitled The Body of Law, "within the past 20 years a dominant theory about gender identities has emerged that humans come equipped with an innate, gendered sense of who they are that may not coincide with what Nature has given them" (although no one seems to be quite sure where this originated¹⁰) & that therefore to feel complete, trans people need to live according to their gender (i.e. how they feel, not their biological sex), that transition therefore need not necessarily involve hormones & surgery, and that at most one-third of the transgender people have surgery, while the rest just depending on how they dress.

⁷ With a national debt-to-GDP ratio of 133%, more than half as high again as the EU's average 82%, & exceeded in the world only by Japan (252%), Greece (180%) & Lebanon (147%)?

¹⁰ So that it obviously was never "peer-reviewed".

DUTCHMAN, 69, BRINGS LAW SUIT TO LOWER HIS AGE 20 YEARS (BBC News)

- Emile Ratelband, a motivational guru & 'positivity trainer', and a recent convert to Buddhism, wants to shift his birthdate from 11 March 1949 to 11 March 1969, comparing such a change to allowing people to identify as transgendered, saying "We live in a time when you can change your name, and change your gender ... Why can't I decide my own age?", arguing he feels discriminated against because of his age & that this affects his employment chances & his success on the dating app. TINDER ("when I'm 69, I am limited. If I am 49, then I can buy a new house, drive a different car (???), I can take up more work ... and when I'm on Tinder and it says 69, I don't get an answer, when I'm 49, with the face I have, I will be in a luxurious position." A local court in the Eastern city of Arnhem (of WW II "Bridge Too Far" fame/infamy) is expected to rule on the case within four weeks

To quote Alice (in Wonderland), "Curioser and curioser". In all fairness to the man he says he's willing to forego his pension (although that may change down the road if he were to suffer, say, a stroke?). And as to his employment outlook, he may be barking up the wrong tree; for the Dutch Constitution specifically forbids discrimination in the work place on the basis of age.