

GLEANINGS II - 828
Thursday November 28th, 2019

Quote of the week 2.0 - “Centre-right and centre-left is where the country is at.” - Former (GOP) Gov. John Kasich of Ohio ¹ - *Since 2004 Gallup each year has asked people “In politics, as of today, do you consider yourself a Republican, a Democrat or an Independent? Following is a summary of the results :*

	<i>Republican</i>	<i>Democrat</i>	<i>Independent</i>
<i>May 7-9, 2004</i>	<i>32%</i>	<i>36%</i>	<i>31%</i>
<i>Nov. 9-13, 2016</i>	<i>27%</i>	<i>30%</i>	<i>40%</i>
<i>Nov. 1-14, 2019</i>	<i>30%</i>	<i>31%</i>	<i>38%</i>

But once the ‘leaners’ (i.e. those Independents who admit to “leaning” to one party or the other) are counted in, the numbers change marginally in the Democrats’ favour ;

	<i>Republican</i>	<i>Democrats</i>
<i>2004</i>	<i>43%</i>	<i>47%</i>
<i>2016</i>	<i>39%</i>	<i>48%</i>
<i>2019</i>	<i>45%</i>	<i>47%</i>

This shows that, as Netanyahu has now demonstrated twice in the past year, elections cannot be won by catering to the party diehards who, on both ends of the political spectrum, when push comes to shove have only two choices : vote for the party candidate whoever it may be or not vote at all. And Gov. Kasich’s observation is a major reason why a year from now neither Bernie Sanders’ nor Elizabeth Warren’s names will be on the ballot papers (nor that Trumps?).

Atlanta Fed’s GDPNow - Starting the month at 1.5%, it declined to 1.0% by November 6th & then crashed to 0.3% by the 15th, only to recover dramatically to 1.7% on the 26th on the grounds that “after this morning’s and yesterday’s data releases from the US Census Bureau and the Bureau of Economic Analysis, the nowcasts of fourth quarter real personal consumption expenditure and fourth quarter real gross private investment growth increased from 1.7% and 3.0% respectively to 2.0% and 1.7% respectively and the nowcast of the contribution of net exports to fourth quarter

¹ Now age 67, as a freshman poli sci student at Ohio State he wrote a letter to then President Nixon expressing his concerns about the nation & was rewarded with a 20 minute hearing. He served four years as an Ohio State Senator (elected at age 26, he is the youngest person ever elected to that body). He served in the House for 18 years to 2001 (& briefly ran in the 2000 Republican Presidential primary) after which he was a talk show host on Fox News & became a seemingly quite credible Governor of Ohio from 2011 to 2019, while along the way also running for the GOP Presidential nomination in 2016, coming second to Trump in the New Hampshire primary after having been endorsed, in a January 30th, 2016 NYT editorial, with the words “though a distinct underdog, *he* is the only plausible choice for Republicans tired of the extremism and inexperience on display in this race”, but dropping out after Trump won the Indiana primary

real GDP growth ... from -0.20% to 0.39 percentage points - so it was less a matter of good things getting better but of not-so-good things getting less bad?

Beijing to 'massage' China's GDP growth rate number? - On November 20th Beijing released the results of its latest "census of the industrial & services sectors", that the NBS (National Bureau of Statistics) says will necessitate a revision of *past* GDP levels, with Premier Li Keqiang saying "Compared to the annual statistics, the economic census has far richer data ... providing us with a detailed foundation to revise GDP according to accounting rules. Therefore we will make the adjustments." - *After the previous three censuses, in 2004, 2008 & 2013, the NBS revised the GDP by 16.8%, 4.4% & 3.4% respectively, and doing so now will be more important than then since President Xi has long pontificated the Chinese economy would double in size in the decade ending next year. But now that things are 'down to the short strokes' & Third Quarter GDP growth was a 27 year-low 6.0% annual rate, down from 6.5% YoY (& half the 2010 rate), the 6.2% 2020 GDP growth rate required to validate his claim is unlikely to be realized. On the other hand, according to Zhang Yu, Chief Macro Economic Analyst at Hua Chuang Securities, a Guizhou Province-based national securities firm, in an October 21st note, "If the fourth economic census revises up the accumulated growth rate of GDP in the 2010-2018 period by 1, 0.5 or 0.2 percent respectively, the real GDP growth rate in 2020 only needs to reach 5.5, 5.8 or 6 percent to reach the target of doubling income ... (and) If the census reduces the pressure for doubling [the size of the economy], the tolerance that decision-makers have for the economic slowdown would obviously rise as long as the employment stress remains stable..."*

Fiscal imprudence - Over the years the Edmonton Public School Board socked away a \$90MM reserve for hard times. But this week it all but exhausted it by voting unanimously to use \$80MM thereof to balance this year's budget shortfall - *Wonder what they expect to do for an encore?*

Further Alberta local government shortsightedness? - The Freemasons have been in Calgary since 1883 & its brick, 92 year-old-, 3 story-, 17,000 sf footplate main 'temple' there is a "gem in the Beltline District" ² with classic woodwork throughout. Now sandwiched between office-, & condo -, high rises, it is now for sale. While declining membership has been problematic for years, the straw that broke the camel's back were the municipal taxes that have gone from \$94,000 in 2015, via \$113,000 in 2016 & \$139,000 in 2018 to an expected \$188,000 next year (so in the past five years they have risen at over 5x the rate of growth of Alberta's struggling economy). And this is not an isolated case : in Calgary this year's municipal tax bill of one small business with 14 employees was up 25% YoY, that of another went up 427% YoY after the city raised its valuation of its building nearly three-fold (from \$800,000 to \$2.2MM) & those of a third have nearly tripled since 2016 (& this year alone were up 88% to \$39,500 YoY), all of which prompted one small business owner to tell the press "our businesses aren't credit cards!" - *Rather ludicrously the City attributes the need for such tax increases to "the growing number of vacancies' in the city"*.

Hong Kong local council elections - In the November 22nd, 2015 elections for Hongkong's 18 local councils the pro-Beijing forces captured 298 of the 431 seats at stake & control of all councils, as 1.4MM voters (47% of the 3.0MM eligible) voted. But last Sunday's November 24th elections to elect the now 452 council members was a different story as the pro-Being forces' seat count was cut to 60 & the number of councils controlled by them to just one, after 2.9MM *now much younger & more motivated* voters (71% of the 4.1MM eligible) cast their votes (often after

² Immediately South of downtown, it is one of Calgary's most densely populated neighbourhoods and an epicentre of the city's nightlife with scads of restaurants & bars.

waiting an hour or more in several block-long queues that made many of the 600+ voting stations close late) - *While clearly a slap in the face for Beijing, & something that cannot help but weaken the CEO Carrie Lam's position* ³, *the direct day-to-day impact of this should not be exaggerated since these councils mostly deal with local 'housekeeping' issues in their districts & in the aggregate account for only 10% of the votes on the 1,200 member committee that elects the city's CEO, although indirectly it should cause lights to start flashing amber all over official Beijing.*

"I was only being sarcastic" - Recently Rudy Giuliani recently told the media he "had insurance" if President Trump were to turn on him in the Ukraine affair. But according to Robert Costello, Giuliani's lawyer, "at my insistence" Rudy had called Trump "within the last day" to tell him he had only been joking, & not been serious, when he had said he had an "insurance policy if thrown under the bus", after which Trump told reporters in the Oval Office "Rudy is a great guy" - *Still, when there is smoke, there tends to be fire & among shysters, when survival is at stake being "a friend" tends not to cut the mustard, given "there is no honour among thieves"*

Netanyahu's position untenable? - As Netanyahu supporters attack Israel's justice system & thousands attended public rallies in support of him (although few, if any, senior Likud members did), a Channel 13 poll released on Friday November 22nd reported that 56% of those polled thought he should resign. On Tuesday November 26th 70+ leading Israeli business leaders sent a letter to the country's lawmakers requesting that, for the sake of the nation's financial stability, they take immediate action to prevent a third election & that "growth and economic well-being require a regime untainted by corruption that respects democratic values, including the independence of the legal system". And the very next day there was another such letter by, mostly other, prominent citizens that condemned "the unprecedented attacks on the rule of law ... Israel's Attorney-General, the state attorney, the media and the judicial system" & went on to say "we will not allow Israel and its democratic institutions to become collateral damage in the prime minister's personal fight for political survival." - *Only Netanyahu (in 'Hail Mary Pass' desperation?) wants another election, even though the polls indicate that, if anything, support for Blue & White has grown-, & that for Likud declined-, slightly from the September election.*

Outlook for global trade - Last April WTO reported "world trade will continue to face strong headwinds in 2019 and 2020 after growing more slowly than expected in 2018 due to rising trade tensions and increased uncertainty. WTO economists expect merchandise trade volume growth to fall to 2.6 percent, down from 3 percent in 2018. Trade growth could rebound to 3 percent in 2020; but this is dependent on an easing of trade tensions". But on October 1st, *with three quarters of the year 'in the bag'*, it reported "escalating trade tensions and a slowing global economy have led WTO economists to sharply downgrade their forecast for trade growth in 2019 and 2020. World trade growth volumes are now expected to rise by only 1.2% in 2019, substantially slower than the 2.6% forecast in April, and in 2020 by 2.7%, down from 3.0% previous ... downside risks remain high and the 2020 projection depends on a return to more 'normal trade relations' "

Saturday Massacre - June 17th, 1972 was the date of the infamous break-in into the Democratic National Committee offices in Washington's Watergate Hotel that 2 years & 54 days later led to

³ A Beijing choice who subsequently issued a statement that read in part "There are various analyses and interpretations in the community in relation to the results, and quite a few are of the view that the results reflect people's dissatisfaction with the current situation and the deep-seated problems in society ... (The government) will listen to the opinions of the members of the public humbly and would seriously reflect ..." - *One must wonder if she was 'freelancing' or whether this language bore the Beijing stamp of approval?*

President Nixon resigning to avoid impeachment. In the interval, on Saturday October 20th, 1973, Nixon, fed up with Special Prosecutor Archibald Cox demanding the tape recordings of his Oval Office conversations, told Attorney-General Elliott Richardson to fire Cox, which he thought was “morally wrong” & refused to do, and resigned. Next, Nixon told Deputy Attorney-General William Ruckelshaus to fire Cox & he too refused for the same reason to do so, & resigned. Finally, Nixon got the Solicitor-General, & by then Acting Attorney-General, Robert Bork to fire Cox (albeit only upon the insistence of Messrs. Richardson & Ruckelshaus to do so “for the good of the Justice Department”) Then, under pressure from Congress, Nixon himself ⁴ a few days later appointed Leon Jaworski to replace Cox, & obviously got more than he bargained for - *For while Cox had gotten on Nixon’s goat for demanding the tape recordings of his Oval Office conversations, Jaworski not only did the same but then, when Nixon kept stalling him too, went directly (i.e. without bothering to go to a lower court) to the Supreme Court that, on July 24th, 1974, ruled in his favour & ordered the President to surrender the tapes - The rest is history; but how times have changed, for when was the last time that anybody anywhere can remember an elected or appointed official resigning as a matter of principle?*

State of the US economy - The growth of the US economy is 67+% consumption-driven & while there’s lots of hype about its strength, the reality is that, according to the Commerce Department’s BEA (Bureau of Economic Analysis), that also calculates the rate of GDP growth, personal consumption expenditure (PCE) has for a decade been growing at a rate slower than the four decade average ⁵ - *And while the participation rate is now up 0.8% from its 42-year low 62.5% four years ago, it is still well below its all-time high 67.3% fifteen years ago (& if it had remained at 67.3 %, at least 10MM more Americans would now be working & the “trend” GDP growth rate would likely be well above the 1.75% Chicago Fed President Charles Evans says it now is.*

US-China trade talks - The outlook for agreement on *even a modest* Phase One agreement goes up & down like a yoyo, with this week being in the down category. For after Beijing last week had announced what it deemed significant measures to alleviate the long-held American concerns over the theft of US intellectual property rights & technology, after some waffling President Trump on Wednesday November 28th incensed Beijing by signing two bills into law that Beijing had earlier threatened would prompt “countermeasures” ⁶ (since one of the bills seeks to ‘protect human rights in Hong Kong’ by requiring a certain level of autonomy for it to qualify for ‘special trade considerations’ while the other bans the export to it of crowd control equipment, such as tear gas, pepper spray & rubber bullets). And while today, November 29th, Washington announced it “would shield” dozens of *consumer* products of Chinese origin on which it had started levying stiff tariffs over a year ago (& had them stiffened last spring), Beijing sees this in the only way possible, not as a gesture of goodwill towards China, but as an attempt to reduce US consumer backlash in the run-up a Presidential election that now is less than a year away.

4 Cox had been appointed by the Attorney-General.

5 Which should not surprise anyone. For more of proceeds of economic growth has been benefiting “the 10%” that have a lower ‘marginal propensity to consume’ than the hoi polloi.

6 In fact, the next day Beijing reiterated the threat (adding the word “firm” to counter measures), Vice-Foreign Minister Le Yucheng summoned US Ambassador Terry Branstad to demand Washington “immediately” stop interfering in China’s domestic affairs, the Ministry issued a statement that the U.S would shoulder the consequences of China’s counter measures if it continued to “act arbitrarily” in regards to Hongkong & Geng Shuang, the Ministry spokesman, told the press : “You better stay tuned, and follow up on this ... What will come, will come”.

Xi Jinping with one foot, if not both, on a banana peel? - Recently his job security suffered three blows. First, & possibly most significantly, last week a veritable treasure trove of 400+ pages of classified official Chinese government documents was leaked about Beijing's dealings with its Uighur Muslim minority at home **and** abroad. On Wednesday November 20th Trump signed the two Hong Kong human rights bills Congress had passed (due to the American public's ballooning concern about the situation in Hong Kong, with these days seldom-seen, near unanimity) while Xi, following President Trump's warning last August that it would be very hard to keep dealing with him if there were "another Tiananmen Square" (*in Hongkong*), had assumed that the President would prioritize the trade negotiations as long as he did not intervene aggressively in Hongkong. And last, but by no means least, there was the slap in his face administered by the Hong Kong voters in their council elections - *Small wonder that he found it necessary to tell those present at the November 22-23 Bloomberg Second New Economy Forum in Beijing's Great Hall of the People*⁷ that "the Chinese people will unswervingly follow my path", i.e. that he would brook no opposition to his leadership of the Communist Party.

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JANET YELLEN SAYS 'THERE IS GOOD REASON TO WORRY' ABOUT THE US ECONOMY SLIDING INTO RECESSION (CNBC, Jeff Cox)

- She told the November 21-22 meeting of the World Business Forum in New York that while the US economy is in "excellent" shape & "I would bet ... there would not be a recession in the coming year ... I would have to say that the odds of a recession are higher than normal and at a level that frankly I am not comfortable with ... and that with three rate cuts this year there is not as much scope as I would like to see for the Fed to be able to respond ... So there is reason to worry." Furthermore, that the wealth inequality that has been building for decades poses a major threat, since it is the result of "a very worrisome long-term [trend] in which you have a very substantial share of the US work force feeling like they're not getting ahead ... It's a serious economic problem and social problem (*and even more serious political problem?*) Because it means the gains of our economic system are not widely shared ... It leaves people ultimately with the feeling that the economy is not working for them, a sense of social discontent that is extremely disruptive."

Even after close to two years of no longer being a central banker, she still doesn't seem to have unlearned her 12+ years' experience with central banker 'double talk' since she uses in the same breath not 'a recession in the coming year' & "the odds of a recession ... higher than normal". And it may also be worthy of note that on June 27th, 2017, while still Fed Chair, she reassured all & sundry that there would not be another economic crisis "in our lifetime"⁸ ... because the banks are now much stronger as a result of Fed oversight", while a year-and-a-half later, on December 11, 2018, as an economist with less of a vested interest & a Democratic bent, she warned of the possibility of a financial crisis because of the "gaping holes in the system" that had developed since her retirement from the Fed on February 3rd, 2018.

⁷ That was attended, among others, by the now 96 year-old Henry Kissinger (the Nixon era US Secretary of State, who had been a key player in orchestrating the President's historic February 1972 visit to China) for whom Beijing rolled out the red carpet incl. a one-on-one visit with President Xi [in the (mistaken?) belief he can somehow improve relations with Washington?].

⁸ At the time she was 71, an age where her life expectancy was 15.82 years

U.S. GROWTH PICKS UP IN Q3 (Reuters, Lucia Mutikani)

- After it had been reported earlier that it had slowed, there are now signs that the downturn in business investment may be drawing to a close while data reported by the government on Wednesday November 27th showed the number of Americans filing for unemployment benefits had dropped last week (*albeit from two straight weeks of five month highs*), while the Fed that same day described the economy as having grown “modestly from October through mid-November”. This suggests a more upbeat picture of an American economy now in its record 11th year of expansion, despite the speed bumps from President Trump’s trade war with China & the ebbing tail winds from his tax cuts. And this seemed validated by Fed Chair Jerome Powell’s observation earlier in the week “at this point in the long expansion, I see the glass as much more than half full” (*so, after having cut interest rates three times this year, this was taken as signaling a pause in the easing cycle launched last July when it cut rates for the first time in over a decade*). And according to JPMorgan economist Michael Feroli the “Fourth-quarter growth is looking better” while the Commerce Department in its second estimate of Third Quarter growth increased it to a 2.1% annualized rate, up from its 1.9% preliminary number last month [although the (*private sector?*) economists polled by Reuters stuck with their earlier 1.9% forecast].

The revisions seem largely due to the rate of inventory accumulation having been raised to US\$79.8BN from the US\$69BN reported earlier (i.e. by roughly 4.0-, rather than 3.5-, percentage points). But higher-than-expected inventory growth can be a ‘poisoned chalice’ unless followed by at least an equal pick-up in consumption (and according to the Commerce Department’s BEA the monthly Consumer Spending growth rate in recent months has been 0.5% in July, 0.2% in each of August & September & 0.3 % in October).

DEERE’S PROJECTS SAGGING PROFITS IN UPCOMING YEAR (Reuters, Rajesh K. Singh)

- On Wednesday November 27th it warned of lower profits next year (US\$2.7-3.1BN, lower than the US\$3.25BN this-, & Refinitiv’s US\$3.5BN estimate ⁹ for next-, year). It attributed this to the global trade tensions & to poor weather in the US farm belt that had slowed new equipment purchases. So, to keep a lid on costs in the face of weak demand *at home & abroad (it generates almost half its revenues offshore)* the Company announced a US\$140MM ‘voluntary separation program’ for salaried employees that it says will save US\$150MM annually on an ongoing basis thereafter.

Not surprisingly, on this news its share price slipped from US\$176.77 to US\$168.50 (although that it is still just 5.5% off its all-time high US\$178.36 set on November 8th).

FORGET THE OVAL OFFICE. THE REAL TRUMP ACTION IS IN THE RESIDENCE (Politico, Nancy Cook)

- The Oval Office, in the West Wing of the six level, 132 room & 35 bathroom White House complex has long (*since 1909*) been the epicentre of American presidential power & during the early days of his Presidency Donald Trump was only too proud to show it off. But now it has been relegated to being largely a ceremonial “prop” for photo ops & official visitors; for it has been superseded for most practical purposes by a for President Trump more

⁹ A London-based purveyor of financial data 55% owned by Blackstone & 45% by Thomson Reuters that has 40,000 clients in 190 countries (i.e. nearly every single one of them)

exclusive & convenient venue that is off limits to the media (*and accessible 'by invitation only'*), namely the second floor official residence that is sandwiched between the East-, & West Blocks, one level above that reserved for tours & official events. For he now spends as little of his time as possible in the Oval Office & most of it in the residence where he feels more free from staff meddling & leaks. & from where he can speed dial his network of confidants, GOP law makers & campaign advisers, with only one person, the White House operator, knowing who he has talked to by phone on any given day. And this was sort of formalized on Monday November 16th when he met there with Fed Chair Jerome Powell & Treasury Secretary Mnuchin to discuss monetary policy.

Trump has become more paranoid since the Democratic impeachment inquiry, increasingly frustrated by the parade of administration officials testifying on Capitol Hill and wary of his own staffers & the White House infrastructure; 'working at home' he feels safe from prying eyes & staffers knocking on his door and from his ever present fear of leaks to the media.

OUR SPENDING HABITS ARE NEAR A BREAKING POINT? (G&M, Rob Carrick)

- The financial health of Canadian households took a big hit this year & worse may be in store for 2020. For the Seymour Consulting Annual Financial Health Survey of *Family Financial Wellness (that this Vancouver-based financial services-, & financial health-, focused consulting firm has conducted since 2017)* found a big increase in the number of people who are spending more than their income/who cannot pay all their bills on time and/or who borrow to pay for their daily expenses, and whose stress levels about money have soared in the past two years. This is noteworthy because of the alarming surge in consumer insolvencies [of both outright bankruptcies & 'consumer proposals' (by those on a track to repay *at least* some of their debt over time)] that in the Third Quarter were up 14.5%-, & in September alone 19.3%-, YoY, despite the fact that unemployment is "low" & wage increases "strong", and interest rates at 'historically low' levels.
- Among the findings of the 3,100 participant survey :

30% had in the past year spent more than their income, up from 20% in 2017;
40% had increased their borrowing to meet daily expenses, up from 34% YoY;
62% paid all their bills on time, down from 70% YoY;
53% lost sleep at night worrying about money, up from 45% YoY;
35% said they were in worse financial shape than a year earlier, up from 23% YoY;
46% sometimes, often or very often use a credit card, a line of credit or a bank overdraft to buy food or pay for *routine* expenses (with even 37% of those with household incomes of over \$100,000 doing so);
63% of those with household incomes of \$100,000 or more agreed that money worries causes them emotional stress, up from 48% YoY (the biggest such jump among the various household income brackets);
35% of participants said they were in worse financial shape than they had been a year earlier, up 23% YoY; and
The rising insolvency numbers are not the only sign of the worsening financial health of Canadian households; for at the non-profit credit counseling agency Credit Canada the flow of new clients is up 16% YoY, with CEO Laurie Campbell observing "There has been a long period of low-interest rates and people borrowing heavily. My opinion is that we're going to see a year to two years of this."

This is part of a longer term trend : in 1990 Canada's household disposable income-to-debt ratio was 85%, in 2000 107%, in 2008 149% & 175% in 2018. US households managed their financial

affairs more prudently; for the US ratio went from the same level in 1990, via 100% in 2000 & 132% in 2008, to 103% last year (& YTD has marginally declined). While an 'apples & oranges' comparison, since the rate is calculated differently in the two countries, the fact remains that since the Great Recession the Canadian rate has gone "up & up" & its US one 'down & down'.

HANG UP ON HUAWEI (Reuters)

- On Wednesday November 20th the Commerce Department announced that, despite Huawei remaining on a US trade blacklist, it would start issuing licenses allowing some sales of semiconductors & other parts to it. The next day, 15 US Senators, headed by Senate Minority Leader Chuck Schumer (D-NY) & Sen. Tom Cotton (R-AR), sent President Trump a letter asking him to suspend this until the Commerce Department had briefed Congress on its national security implications, with Cotton noting "You have said yourself that you did not want the U.S doing business with Huawei ... National security experts widely agree that Chinese companies cooperate heavily with the Chinese Communist Party and the Chinese government is thought to exercise considerable influence over Huawei in particular."

*Meanwhile Robert O'Brien, the White House National Security Adviser) is putting heat on Canada not to use Huawei's 5G technology since 'doing so would jeopardize its intelligence sharing with the US & the 'Five Eyes network' & "they are going to know every health record ... every social media post, they're going to know everything about every single Canadian". Meanwhile, Huawei has announced it will distribute US\$389MM in cash rewards among its 190,000 employees¹⁰ **and** double their November pay "for helping it weather the US blacklisting".*

POPULISM IN POLITICS HAS CHANGED CANADA (NP, Tom Blackwell)

- Speaking at a UofT Munk School of Global Affairs' day-long Western Populism : The Disruption conference, former *Conservative* MP & Deputy Conservative Leader in the House of Commons, and leadership candidate Lisa Raitt¹¹ said she had been "shocked" by the radical ideas espoused by other Conservative leadership hopefuls two years ago¹². Moreover, while they ultimately didn't hold sway within the party, they remain part of the *current* Conservative movement. And, "when these kinds of ideas make their way into the normal conversation ...Our party is not the same as it was before the last leadership race. You cannot undo what was said and done, especially to the masses."

¹⁰ I.e an average US\$1,500 per employee in a country where the average monthly household income is in the US\$850 range.

¹¹ While deemed a top contender to succeed Stephen Harper, she ended up 8th in a field of 14.

¹² That included Kevin O'Leary, a celebrity businessman (at least in his own mind) who dropped out of the contest long before things had come to a vote but had advocated economic populism, & *her former Cabinet colleague* MP Kellie Leitch a social form thereof, applauding Trump's election victory & (*seriously*) suggesting a "Canadian values" screening test for would-be immigrants.

- And at the same event, Bob Rae, the now 71 year-old former Ontario NDP Premier (from 1990 -1995) ¹³, & now an advisor to Canada's Ecofiscal Commission ¹⁴, suggested that the first stirrings of populism in Canada occurred in 1995 when his first-ever, but by then very unpopular, NDP government of Ontario had been swept from power by the Progressive Conservatives under Mike Harris who moved the party sharply to the right after which "Things had come apart in the province in ways perhaps people didn't fully understand or appreciate at the time. There was a lot of anger and frustration in the public about how things were changing around them in term of their jobs, economy, social changes as well ... we've seen a dramatic intensification of the process since 1996."

The problem likely was-, & still is-, less driven by the hoi polloi's anger & frustration about the changes in the world around them, but by their disgust about-, & rebellious reaction to-, the political class being tone deaf & far more interested in their egos than in the taxpayers' situation.

NETANYAHU INDICTED ON CORRUPTION CHARGES (AP, Josef Federman)

- After a three year investigation, Israel's Attorney-General Avichai Mandelblit, a Netanyahu appointee, on November 21st indicted his boss on fraud-, breach of trust-, & bribery-, charges, commenting "A day in which the attorney-general decides to serve an indictment against a seated prime minister for serious crimes of corrupt governance is a heavy and sad day for the Israeli public and for me personally."
- While the Blue & White leaders say that it is impossible for Netanyahu to remain Prime Minister while under indictment, the now 70 year-old Prime Minister is not legally required to resign, although he is now significantly weakened politically at a time the country may be limping along towards the third election in less than a year. And *in a Goebbels-like "Big Lie" manner* ¹⁵, he went on TV that night claiming he was the victim of a grand conspiracy by police & prosecutors who had intimidated key witnesses into testifying against him and that the indictment stemmed from "false accusations" & a "systematically tainted investigation", and alleging the country was witnessing an "attempted coup" & that "police and investigators are not above the law ... The time has come to investigate the investigators." Attorney-General Mandelblit rejected these allegations, saying he had acted solely for professional reasons after months of deliberations, & criticizing the often heated pressure campaigns by Netanyahu supporters near-, or outside-, his home, and that "This is not a matter of politics ... This is an obligation placed on us, the people of law enforcement, and upon me personally as the one at its head."

¹³ Who in 2006 returned to the fold of the Liberal Party (of which he had been a member four decades earlier) & sat for it in the House of Commons for a number of years(long enough to get a pension), incl. two years as its interim leader until Trudeau became leader on April 14th, 2013.

¹⁴ A cabal of 13, mostly academic, economists with the self-avowed mission of coming up with "practical solutions for growing prosperity" that is back-stopped by a large board of prominenti with high level hands-on business-, and federal-, provincial-, or municipal-, policy-making experience, that so far has issued many reports, most of them dealing with carbon-pricing.

¹⁵ In his 1925 Mein Kampf manifesto Hitler stated that a "colossal lie" could get credence since "no one would believe that anyone could have the impudence to distort the truth so outrageously" which Goebbels took one step further by postulating "You tell a lie big enough and keep repeating it, people will eventually begin to believe it."

Mandelblit seems to be displaying a sense of public duty rare among today's politicians & 'soi-disant' "public servants", although his decision may have been facilitated by the fact that in Israel criminal behaviour of political prominenti resulting in charges & jail time isn't an uncommon occurrence. Netanyahu's predicament now seems to be prompting an internecine struggle in the Likud Party between loyalists & pragmatists who believe that for political-, & party survival-, reasons Netanyahu must be made to "walk the plank" ¹⁶,

PROTESTS PART OF A 'DANGEROUS CONSPIRACY' (Reuters, Babak Deghanpisheh)

- On Wednesday November 27th Iran's Supreme leader Ayatollah Ali Khamenei, in an address to the paramilitary Basij force that had helped in the crack down on the protesters, described the previous two weeks' *often* violent anti-government protests in the country (*that had gone as far as demanding a change in the country's leadership*) as a "very dangerous conspiracy" & reported them quelled. Tehran has blamed "thugs" linked to its foes in exile-, and more specifically the US, Israel & Saudi Arabia-, for them &, according to INRA, the state news agency, the Intelligence Ministry has arrested eight people who "had received CIA-funded training in various countries under the cover of becoming citizen-journalists". Initially sparked by the November 15th tripling of fuel prices, the unrest had quickly morphed into the biggest anti-government protests in the Islamic Republic's 40-year history and, according to Interior Minister Abdolreza Rahmani Fazli had resulted in 731 banks, 70 gas stations & 140 government sites being torched and over 50 security forces' being attacked & to other government sources as many as 200,000 people had participated in the protests, of whom 7,000 had been arrested.

This really was a slightly longer Version 2.0 of the ten day-long & quickly repressed December 2017 social unrest, except that it was more widespread (to 70% of the country?) & more violent, with more involvement by those lower on the social scale who historically have been among the most supportive of the regime. Khamenei c.s at home face at least three different major problems. One is self-made; by its very nature the regime cannot introduce meaningful reform, control the widespread corruption or prevent growing inequality. The second, more important one, is a combo of youth unemployment (in the 28% range), inflation (triple the 10% rate two years ago) & as much as half the 80MM population living below the poverty line. And the third is ecological : desertification & water shortages (that also were major factors in triggering social unrest in Syria a decade ago) are becoming increasingly problematic as the country has for the last decade been in the throes of really bad drought to the point where the regime has been on a desalination plant building binge for fear water shortages will start affecting output by its primary 'economic resistance to sanctions' farm-, & energy sectors. And abroad political influence has begun to run into grass roots resistance in Lebanon & Syria, and even in Shia-ruled Iraq.

U.S.-SOUTH KOREA DEFENSE TALKS BREAK DOWN OVER TRUMP'S \$5BN DEMAND (Japan Times)

- They did so abruptly on Tuesday November 19th on the issue of President Trump's demand for a five-fold hike *in US\$1BN South Korea now pays for the presence of the 28,500 US military personnel on its soil*. While according to James DeHart, the Chief US negotiator, Seoul had not been "responsive to our request for fair and equitable burden

¹⁶ An naval expression dating back to the day when those who had displeased the captain were blindfolded & had hands tied, before being made to walk down a plank off the side of a ship to drown.

sharing” the South Korean Foreign Ministry issued a statement that it had expected to discuss “an acceptable range for both counter parties ... based on past cost sharing discussions ... Our position is that it should be within the mutually acceptable Special Measures Agreement (SMA) framework that has been agreed to by South Korea and the US for the past 28 years (*i.e. since the Bush 41 era*) ... (while) the US believes that our share of defense spending should be increased significantly by creating a new category”.

*Trump himself has gone on record as saying, like a mafia boss, that the US military presence in South Korea is worth \$5 billion worth of “protection” (in so doing converting the two countries’ bilateral relationship from that of allies to that of a master/client one?). Demanding a five-fold increase in South Korea’s payment seems unjustified. Its current defense budget is in the 2.6% of GDP range, well in excess of Trump’s 2% of GDP demand of America’s NATO allies & close to three-quarters the percentage of GDP that the US itself devotes to defense. Under the current ‘three category’ arrangement the US\$1BN that South Korea pays annually compensates the US for most of the the **incremental** cost to the Pentagon of having its soldiers on South Korean-, rather than American-, soil, incl. the cost of the Korean workers employed by the US military in South Korea, the operation & maintenance of the US bases on its soil & the military assistance provided by the US in goods and services, while the fourth category that Trump seeks to create would reimburse the Pentagon for **sunk** costs, such as the US military personnel’s family support costs & their routine training expenses - Japan faces similar demands for a five-fold hike in its contribution to the cost of the US military on its soil although, according to Stephen Nagy, a professor at Tokyo’s International Christian University, “Japan has more leverage to resist US demands ... because Japan is the lynch pin for the United States’ broader security (goals) and has been a pro-active partner in the Free and Open Indo-Pacific Vision.” (which, of course, assumes that Trump gives a hoot about the latter)*

CHINA TOPS U.S. IN DIPLOMATIC POSTS (NP, Bobby Hristova)

- The Lowy Institute, a Sydney NSW, Australia-based think tank, publishes a Global Diplomacy Index that tracks the embassy & consulate numbers of 61 countries (*i.e. one-third of the UN membership*). Its latest version showed that China now has a total of 276 embassies & consulates abroad, three more than the US. According to Bonnie Bley, a Lowy Institute Research Fellow, “In two years Beijing has grown its network by five diplomatic posts ... its ascent to the top has been rapid. In 2016, China was in third place behind the U.S. and France, and by 2017 it had moved to second place ahead of France ... At the same time, the United States’ diplomatic presence has been marginally eroded since 2017. With the hollowed-out State Department - only 73 percent of its key positions are filled ... American diplomacy is looking rudderless.” She also noted that embassies support political relationships while consulates focus on economic matters & that Beijing’s consulate network has effectively leveraged Beijing’s economic policy goals.

All that being as it may, the US remains by far the most popular country for other countries to have embassies & consulates in. China’s embassy growth has been at the expense of Taiwan : while it had 22 embassies abroad in 2016, today their number has shrunk to 15, as China’s ‘checkbook diplomacy’ has prompted countries like Burkina Faso, Dominican Republic, El Salvador, Kiribati, Panama, Sao Tomé and Príncipe, Solomon Islands & The Gambia to switch their diplomatic relationship from Taipei to Beijing. And Canada does not fare well in the Index : it is No. 17, sandwiched between Switzerland & the Netherlands, countries with populations less than 25% & 50% respectively-, and GDP’s less than half-, Canada’s.

DRUG MAKERS SLASH PRICES IN CHINA TO GET ON REIMBURSEMENT LIST

(Reuters, Roxanne Liu)

- China has a so-called 'national reimbursement scheme list' of drugs a significant portion of the cost of which Chinese patients can recover from the country's state medical insurance scheme. On Thursday November 28th China's Healthcare Security Administration announced on its website that, after the manufacturers had slashed their prices by an average 61%, 70 new drugs, incl. Roche's breast cancer drug Pertuzumab (trade name Perjeta), Novartis' dermatitis drug Omalizumab/Xolair & AbbVie's arthritis Adalimumab/Humira¹⁷, had been added to the list.

According to one drug industry insider "China is, and will be, the ultimate high-volume, low-price market, so international companies feel that they'll have to take a big pay cut but can make up for that in volume", while another cautions that offering deep price cuts in China will start criticism of drug makers' prices in other markets - The latter may well be proven right. In absolute terms China's population has begun to plateau & in relative terms has shrunk from 22% of the global total in 1982 to 18% & it will shrink further to 16.5% by 2030. And while its 'middle class' may be large in number (approx. 400MM), a goodly portion thereof, with gross household incomes of < US\$62,500 would have a hard time affording the 60%-discounted US\$13,000-US\$28,800 annual cost of the above three drugs, even if the government gave them a significant rebate.

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MAN LICKED BY HIS DOG DEAD WITHIN WEEKS (WP, Latishia Beachum)

- A paper in the European Journal of Case Reports in Internal Medicine described how 'Man's Best Friend' had killed an otherwise healthy 63 year-old German. He had come to a hospital with a burning sensation in his left leg & muscle pain in both, and severe flu-like symptoms. While his temperature was 39 C but his heartbeat stable, his breathing was belaboured & his kidneys were failing. While the doctors had no idea what was wrong with him, they suspected a bacterial infection, even though he had no open wounds. And it was not until his fourth day in hospital that a blood test revealed he was infected by a type of bacteria typically found in the saliva of healthy dogs & cats (that, while typically transmitted to humans by bites but in this case seemed to have done so by his dog merely licking him). He died after 16 days in hospital with, towards the end of his life, gangrene in all his extremities & severe brain swelling due to a lack of oxygen.

The organism causing this is known as Capnocytophaga Canimorsus. It is not uncommon and, while if diagnosed early its mortality rate is 30%, it can kill people within 72 hours after the onset of symptoms. Last year there were at least two known cases in the US, one in Wisconsin & another in Ohio and, while both patients survived, it was after having at least parts of their extremities amputated. According to the Atlanta GA-based CDC (Centers for Disease Control and Prevention) it typically doesn't affect people unless they have weakened immune systems¹⁸ - A decade ago already 10+MM Americans were deemed to be "immunocompromised" (i.e. to have immune systems no longer 'up to snuff') & their number cannot help to have increased, & to

¹⁷ The listed prices of a year's supply are US\$72,000, US\$32,500 & US\$38,000 respectively.

¹⁸ So much for the article's description of the victim as "otherwise healthy"?

continue to do so, because immune systems become less effective as people get older (& in the next 20 years the number of Americans aged 65+ is expected to grow by one-third to 65MM & that of those 85+ to double to 15MM, while the total population will grow by only one-sixth).