

According to Cr dit Agricole SA, France's second-, & the world's fourth-, largest bank, the National Debt to GDP ratio of the 34 OECD countries will rise this year from 70.9% to 72.6% (a level almost double that in 2007). Bank of America Merrill Lynch expects the US Treasury's average borrowing cost on December 31st, 2014 to be 1.84%, up from 1.43% YoY. And Bloomberg forecasts the world's largest economies' spending in 2014 will outstrip their revenues by 3.3% of GDP, twice the average during the decade ended December 31st, 2007 (& *that's assuming the rosy economic forecasts-driven tax revenue forecasts come to pass*).

In November the US trade deficit was down 12.9% YoY to US\$34.3BN (vs. US\$40BN expected & October's revision from US\$40.6BN to US\$39.3BN) as exports were up 0.9% to a record US\$194.9BN & imports down 1.4% to US\$229.1BN (primarily due to the post-May 2009 record low 'petroleum deficit'). On the other hand, the December ISM Non-Manufacturing Index came in at 53.0, down from 53.9 in November & well short of the 54.7 expected.

In the US trust in government & in each other has declined in the past half century, the former from 73% to 19% & the latter from 60% to 33%.

Rep. Jeb Hensarling (R-TX), Chairman of the House Financial Services Committee is expected to table a bill to allow banks to continue to create & own types of securities that the application of the Volcker Rule, as *finally* proposed by the regulators a month ago, would bar them from holding & trading for their own account (while letting them continue to make markets in them for customers). His excuse is the announcement last month by the US\$55BN Salt Lake City-based Zion Bank that the application of regulators' proposal to a type of CDO called TruPS would force it to take a US\$387MM asset write-down. So Hensarling's bill would exempt any TruPS, created before December 31st, 2013 from the Volcker Rule & then, to put icing on the cake for the banks, extend that exemption to any new financially-engineered product that includes even a single TruPS - *this would create a loophole the banks could drive a dump truck through; for any financial engineering wizard worth his salt could structure such an instrument in a matter of nanoseconds. So his goal is to neuter the Volcker Rule & for the banks a case of "if at first you don't succeed, try & try again."*

During a Q&A session before the Vancouver Board of Trade on January 6th, Prime Minister Harper interrupted the facilitator when the latter said Obama had rejected the *cross border section of the* Keystone XL pipeline, to tell the audience "No, he's punted (*anything but a complimentary term*) ... He said 'maybe' ", & then went on to say "It is my hope that the administration will in due course see its way to take the appropriate decision ..." - *words & sentiments that, if the shoe were on the other foot, would likely have been taken as unwarranted interference with domestic affairs.*

2013 was a great year for Canadian pension funds. A booming stock market & higher long-term interest-, & hence discount-, rates resulted in 40% of those tracked by Mercer, a human resources consultant, being fully funded (vs. 6% at the start of the year) &, more importantly, in just 6% now being < 80% funded, a remarkable improvement in 12 months from 60%.

At 7:00 p.m. on January 7th seventeen cars of a 122 car CN train derailed near Plaster Rock, NB, incl. five carrying crude oil & four propane destined for the Irving refinery in Saint John, NB (although fortunately several other cars carrying butane weren't affected). This resulted in two fires, which were still burning 36 hours later, the flames of which could be seen as far away as five kms. The next morning CN's VP for Safety & Sustainability said, in a euphemistic understatement "there were flames coming off a few derailed cars" & "they are fairly stable, the

cars, in terms of how they are burning”, and CN Rail’s CEO that steps will be taken to minimize the risk of such incidents in the future (*presumably provided it doesn’t cost too much*).

Earlier that same day Bank of Canada Governor Stephen Poloz departed from the CW in telling a CBC interviewer “In the context of a firming global economy, especially the US, we’d expect to see some upward pressure on market interest rates, long-term rates in particular where quantitative easing has its primary effect”, calling it ‘a positive development; so he followed the lead of Finance Minister Jim Flaherty who said in a weekend CTV interview “I think the pressure (to raise rates) will be there ... The OECD and the IMF have both said to Canada we ought to let our interest rates go up a bit.” (*which most had taken as a projection, not a policy prescription*).

Prior to his week-long, first-ever trip, along with 170+ people retinue, to Israel, Jordan & the West Bank later this month Prime Minister Harper appointed Toronto insurance lawyer & former CBC director Vivian Bercovici to be Canada’s Ambassador to Israel. Among her utterings in the op-ed pages of the Toronto Star in the past year was one that called the belief *in some quarters* that Israel was the main obstacle to peace a “misguided fantasy” & another that referred to Prime Minister Netanyahu as a “respected leader” who had “enhanced national security immeasurably”. Being Jewish herself these are understandable sentiments, but what cast doubt on her common sense was her comparing Foreign Minister John Baird to Churchill when in September 2012, while on a visit to Russia, he announced, to the dismay of many Iranians living in Canada & the surprise of Iran experts, and without giving any particularly good reason, he announced Ottawa was breaking diplomatic relations with Iran & kicking the Iranian diplomats in Ottawa out. And one must wonder whether he might be delusional when, in announcing her appointment he said “we have a good relationship with the Palestinian Authority (PA)... (*and*) the state of our relationship with the Arab world is strong and getting stronger every day.”¹

After eight years in a coma, the final chapter is now being written in the life of another ‘larger than life’ world figure of recent decades, Israeli war hero (& occasional goat) and Prime Minister, Ariel Sharon. While a vastly less appealing character, he shared two traits with Mandela. The least important one was that both were sometimes referred to as “Lions”, Mandela of Africa & Sharon of God. But their second, far more important, commonality was that late in life both used their immense personal stature to the common good & were able to launch themselves onto paths vastly different from the one they had been on most of their lives. While long tagged as a terrorist & spending 27 years incarcerated on Roggen Island, Mandela led his nation into a constructive post-apartheid era. And not entirely dissimilarly, Sharon, long an advocate of settlers’ rights², who in 2000, before becoming Prime Minister, along with 1,000 policemen, had visited the Temple Mount to declare it would stay under Israeli control “forever”, thereby contributing to the outbreak of the Second Intifada), in 2003 endorsed George Bush’s ‘road map to peace’ & two years later pushed through the withdrawal from Gaza (*albeit while keeping control of its coast line & airspace*).

¹ This despite the fact that before the UN General Assembly on November 29th, 2012 voted 138 - 9 (with 41 abstentions) to accord the PA “non-member observer” status, he had threatened to close its delegation in Ottawa & review its aid program for the PA, and afterwards issued a statement that Canada would “review the full range of its bilateral relationship with it” & to that purpose was recalling its ambassadors at the UN & in the Middle East, while a senior Palestinian official was quoted as saying that Canada by its vote “had disqualified itself from any future role in the peace process.”

² in 1998, while Foreign Minister in the first Netanyahu government, he told the *small secular right wing* Tzomet Party “Everybody has to move, run and grab as many hilltops as they can (*in the Westbank*) to enlarge the settlements because everything we take now will stay ours ... Everything we don’t grab will stay theirs”

Born in 1928, at age 14 Sharon joined a paramilitary youth battalion from which he graduated to the Haganah, a paramilitary group that after WW II engaged in anti-British operations & after the birth of Israel became the nucleus for the IDF. Starting out as a platoon commander in the 1948 War, he subsequently participated in the 1956, 1967 & 1973 wars as a progressively more senior serving soldier³, and in the 1982 Lebanon War as Minister of Defense, often controversially so since in the former he tended to opportunistically interpret, or totally ignore, direct orders (*which caused him to be finally 'relieved of his duties' in the IDF in 1974*) & as the latter was held responsible for the 1982 Sabra & Shatila refugee camp massacres by Christian militias. An early member of Likud, he left it following the withdrawal from the Gaza Strip, after narrowly overcoming a leadership challenge by Netanyahu (whom he had served as Foreign Minister in the latter's first tour as Prime Minister in the late 90's) to found the *now all but moribund* Kadima Party. On January 4th he suffered a stroke shortly after police revealed it had evidence of a US\$3MM bribe having been paid to his two sons (*although some believe to this day it was the outcome of a curse put on him, after the Gaza evacuation, by a group of conservative rabbis calling on the Angel of Death to come & get him*). When he passes, President Shimon Peres will be the sole surviving high-profile one-time member of the Haganah (although never a serving member of the IDF, he was involved in the same wars as Sharon but behind the scenes). One can only speculate what the Middle East might have looked like today if he hadn't been struck down & been succeeded by the rather ineffective Ehud Olmert &, in due course, his more ideology-driven rival, Binyamin Netanyahu.

In 2004 Yasser Arafat suddenly took sick & later died in a French military hospital. From the outset there were rumours he had been poisoned (which were confirmed in late 2012 when his body was exhumed & traces of the radioactive polonium 210 were found in it). Last year, in a NYT interview that was published much later, in November, Israel's nonagenarian President Shimon Peres implied the Israelis had been responsible for Arafat's death (*so as to clear the way for his succession by the supposedly 'more pliable' Mahmoud Abbas*)⁴ when he said he had always opposed the policy of terminating him & had, in fact, protected him "from several plots against his life".

The Muslim Brotherhood, ejected from power by the military last summer, now has brought action against it in the The Hague-based ICC (International Criminal Court), alleging crimes against humanity, & is planning lawsuits against individual army officers in the hope this will gain it international stature as a defender of democracy. The charge is being led by the now Turkey-based Abdul Mawgoud Dardey, an academic & senior Brotherhood member who was an MP during Mohammed Morsi's short-lived Presidency & is backed by a high profile London-based legal team supposedly funded by 'victims of last summer's military coup'.

The yearend edition of The Economist included some interesting tidbits :

³ In the process gaining a reputation for being the greatest field commander in Israel's history & one of its greatest military strategists.

⁴ Russian scientists last month sought to debunk this theory. But they may have had an ulterior motive; for Russia was blamed for the November 2006 Polonium 210 poisoning in London of Russian dissident Alexander Litvinenko, shortly after accusing Putin of orchestrating the murder, a few days before, of a critic of his Chechnya policies.

- the way the US population is growing & ageing (& *its prosperity declining?*) by 2022 the combined enrolments of Medicare (*for the elderly*) & Medicaid (*for the poor*) will have grown 30% to encompass one-third-, & since government also pays for its employees' healthcare by then will be footing the healthcare bill for almost half-, of all Americans;
- the growth of online shopping has been hyped. For the sales numbers don't take into account the merchandise (up to 80%) returned to the vendor at the latter's expense (often not in mint condition); thus in Germany there is a phenomenon called "Zalando Parties" (Zalando is a big online retailer there) when a group orders loads of stuff for a big weekend, only to return it afterwards, 'slightly used'⁵;
- Thompson Reuters recently calculated that all but nine of 112 S&P 500 companies had issued negative profit guidance for 2014, the worst ratio on record (while stocks are trading at a cyclically adjusted P/E ratio of 25x, well above their historical average); and
- charts that show loans to small business (*the prime drivers of employment growth*) in the past three years have declined from 4% to 3½% of GDP in the US, from 3% to 2½% in Britain & from 2.8% to 2.2% in the Euro area, that, while since January 2007 GDP in the US, Japan & the Euro area has barely grown, it's up almost 70% in China, & that in the past four years US banks have paid US\$100BN in settlements & fines related to their mortgage activities, half of it in 2013 (*a goodly portion thereof by JPMorgan*).

Three small nuggets of information from Fareed Zakaria's January 5th GPS show on CNN. While Putin had a fantastic year *globally* in 2013 (which meant little to Russia's *hoi polloi*), he will soon have to face the reality that balancing his government's budget requires US\$117 oil while, with Brent Crude at US\$95, there may be more downside risk than upside potential in current oil prices. Secondly, that over the years Norway, with 1½% of its population, has garnered 20% more medals than the US at the Winter Olympics. And, finally, that according to the US Department of Transportation traffic circles (known as 'rounabouts' in Britain) reduce the number of car crashes at intersections by 30%, of injuries by 76% & of fatalities by 90%⁶.

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Thursday January 9th, 2014

GOLD RISES TO TWO-WEEK HIGH ON PHYSICAL DEMAND (BB, Glenys Smith)

- In 2013 the price of gold tumbled 28%⁷, the most in any year since 1981 & the first YoY drop since 2000. Some saw this as an opportunity to accumulate *physical* gold. Thus the World Gold Council reported China's consumption of gold jewelry, bars & coins in the year to September 30th had been 996.3 tonnes, up 30%, & India's 977.6 tonnes, up 24%

⁵ This is not a new phenomenon. Half a century ago, while still in university a friend of mine went to work in the furniture department of the Hudson's Bay Company which then had a "no questions asked" return policy. And he was astounded how often customers would order furniture before having a big party or a wedding, only to return it the following week, complete with liquor stains and/or cigarettes burns.

⁶ In England, that spawned this traffic phenomenon a century ago, there is even a Rounabout Appreciation Society according to which they speed up the flow of traffic in a safe manner, provided, of course, that drivers know how to use them effectively **and** are willing to act on that knowledge. Their number worldwide has more than doubled in the past 15 years to 60,000+ (half of which are in France & another 3,000 in the US).

⁷ With three-quarters of that decline coming in five days, two in April & three in June.

YoY⁸ (despite four tax increases on gold purchases). And Turkey's gold imports were up 64% YoY in December (but those likely were "in & out" transactions since it has been helping Iran circumvent the sanctions by buying its oil & gas & paying for it in gold).

At yearend the spot gold price was US\$1,210 & the futures price US\$30 lower. But on January 6th the former hit US\$1,248 after a US\$12 jump in the first hour of trading in New York, only to be knocked off its perch but to quickly recover most of the ground lost. In December gold holdings of gold ETF's declined 79 tonnes to bring their yearend holdings to 1,756 tonnes, down one-third YoY. Elsewhere Bloomberg referenced the case of Yang Cuiyan, a 41 year-old housekeeper from Anhui Province who, while in Beijing to shop & visit relatives, bought a gold necklace for 10,000 yuan/US\$1,640, i.e. five months' wages, so that "when I go back home ... (I can) show everyone that I am doing well" (using her to showcase the legion of middle-aged women in China, aka "aunties", who help sustain its demand for gold jewelry). Other factors sustaining the demand for gold in China & India, especially in rural areas⁹, is the lack of alternative investments, and in India its use by lower caste women as an informal, personal social security-type 'fallback' against hard times. It's also worthy of note that on January 2nd the gold premium in China (the spread between the 'local'-, & the 'official'-, price) was US\$21.07, up from the US\$16.21 December average & over twice November's average. Meanwhile many central banks have quit buying gold (but are unlikely to sell it at these levels) due to the grievous losses they will soon have to report for 2013 on their gold holdings (the Swiss National Bank has already announced that, since the losses on its gold were triple its gains from FX trading & its investment in a distressed asset fund, it won't be paying dividends to its shareholders for the first time since its 1907 founding, nor, for the first time since 1991, make payments to the federal & the 26 cantonal governments).

IMF WARNS OF 'SAVINGS TAX' AND MASS WRITE-OFFS AS THE WEST'S DEBT HITS A 200-YEAR HIGH (The Telegraph, Ambrose Evans-Pritchard)

- An IMF working paper posits that much of the Western world will require defaults, a savings tax (i.e. a one-time levy on wealth) & higher inflation to recover from its record high aggregate public & private debt levels, saying "The size of the problem suggests restructuring will be needed, for example in the periphery of Europe, far beyond anything discussed in public", while the West's power elites still cling to the illusion they can "chip away at their debts with a blend of austerity cuts¹⁰, growth and tinkering." Furthermore that, while a pooling of debt in the Eurozone could reduce the need for restructuring, this would cost northern taxpayers dearly & risk dragging their economies into recession, thereby aggravating their own debt & ageing problems. So they would be better off biting the bullet, & take big write-offs now, instead of buying time with "creeping mutualization."

It's the old story of short term pain & long-term gain, and vice versa all over again. The article's most telling part is a chart showing that, while the external debt as a ratio of their GDP of 22 advanced-, & 25 emerging market-, countries had grown at similar rates, & had roughly doubled, between 1970 & 1985 to the 60% range, since then the latters' had been halved but

⁸ In other words, between them they accounted for over 75% of newly-mined gold output.

⁹ Which is particularly relevant in China's case where, as of last September 30th, rural incomes were up 12½%, vs. 9½% in urban areas.

¹⁰ The appetite for which has been rapidly waning almost everywhere.

the formers' quadrupled¹¹. The paper's co-authors are Kenneth Rogoff & Carmen Reinhart, both Harvard professors & one-time senior officials in the IMF Research Department. Three years ago they made the headlines with a paper that, based on their analysis of several centuries of financial crises, postulated that once a nation's National Debt to GDP ratio hits 90%¹², its GDP growth potential becomes impaired. But other academics subsequently claimed their use of historical data had been flawed (which may mean that the IMF likely scrutinized this paper, & its use of data, with more than the usual rigour before allowing it to see the light of day).

JPMORGAN SETTLES WITH FEDERAL AUTHORITIES IN MADOFF CASE **(NYT, Ben Protess)**

- On January 7th, five years after Madoff was arrested for running the largest ever Ponzi scheme (for which he was 'sent upriver' for 150 years), JP Morgan management got off with another slap on the wrist *with a wet noodle (the umpteenth one in succession)* at its shareholders' expense when federal prosecutors in Manhattan imposed a US\$1.7BN penalty on it for having violated the 1970 Bank Secrecy Act (that requires banks to alert the authorities to any 'suspicious activities' in their customers' accounts). Prosecutors claim that in 2007 & 2008 the bank's own computer systems had raised red flags about Madoff which had not just been ignored, but actually been "closed down" (*but what may have really rotted their socks was that in 2008 the bank had alerted the UK authorities to Madoff's investment returns being "so consistently and significantly ahead of its peers" as to be "too good to be true", but had failed to so inform their US counterparts*).

This money will go to Madoff's victims (presumably after the lawyers & accountants sorting out the mess have taken their cut) & JP Morgan won't be able to use the payment as a tax-deductible item. While the Comptroller of the Currency fined the bank US\$350MM for the same offenses, the market took this in its stride, sharing the bank's view that the main thing to do now is to bury its role in the evolution of the 2008 financial crisis as expeditiously & deeply as possible, regardless of cost, so that it can give its undivided attention once again to making money which, despite all of this, it is still doing by the bucketful, fines & penalties notwithstanding (although in some people's opinion in ways that suggest it has learnt little from the past, other than not get caught next time), a wish that may, however, not be fulfilled given the other investigations still ongoing.

BOEING UNION ACCEPTS CONCESSIONS TO KEEP 777X IN SEATTLE **(BB, Julie Johnson)**

- The Company gained (*or expects to gain*) a decade of labour peace after its largest union, District Lodge 751 of the International Machinists, voted 51% in favour of an agreement that will give its members a US\$15,000 bonus & maintain a seniority system that lets members reach the top of their pay scale in six years, in exchange for replacing its current defined benefit pension plan with a 401(k)-type defined contribution plan. This came after the union last November rejected by a 67% vote (& a higher turnout) the initial Company proposal (prompting it to 'enrich' it with the bonus & payscale features).

¹¹ A word of caution may be in order; for countries with same ratio but a big international banking sector, like Britain, are potentially less at risk than those without one.

¹² A level Europe's basket case economies & Japan had long surpassed, but that more robust economies, incl. Belgium, France, the UK & the US, were then closing in on.

But the big thing for workers was that Boeing undertook to produce its new 777X jet (whose initial delivery is targeted for 2020), & continue producing the 737 Max, the KC-46 military aerial tanker & the P-8 submarine hunter, in the Pacific Northwest for the life of the contract (*which may not be as altruistic as it sounds since US manufacturing is becoming more competitive & the global outsourcing of components for final assembly in the Seattle was caused the three year delay in the initial delivery of its 787 Dreamliners*).

- District Lodge 751 leaders had urged rejection of the proposal, with one saying “We’ve got 78 years of striking and fighting and walking picket lines to get where we are today ... That’s really hard to give up”. But they were overruled by the union’s President who ordered it be put to a vote since “it provided \$1BN more than the November package.”

The length to which workers will go to protect their (well-paying) jobs is a sign of the times. But Five will get you Ten that this contract won’t buy ten years of labour peace.

KERRY SEEKS TO ALLAY FEARS ON MIDEAST DEAL (AF-P, Jo Biddle)

- On January 3rd US Secretary of State John Kerry was in the Middle East for talks with Israeli & Palestinian leaders to try & overcome their deep-seated fears about a peace deal. Washington believes their direct talks, resumed last July after a three year hiatus, have reached a new phase as a late April deadline looms. Sen. John McCain (R.- Ariz.), in Jerusalem with a Congressional delegation, *during which he met with Netanyahu*, said the latter “has serious, serious concerns about the plan ... presented to him, whether it be on the ability of Israel to defend its borders or the reliability of the leaders of a Palestinian state and their intentions.” After three hours of talks with Netanyahu on January 3rd & eight hours, incl. dinner, the day before, Kerry went to the West Bank to meet with Mahmoud Abbas despite a top Palestinian official saying he was unenthusiastic about his proposed framework since it “limits Palestinian sovereignty” on the West Bank & despite Netanyahu that same day attacking Abbas, saying “given the actions and words of the Palestinian leaders there’s grave doubt in Israel they are committed to peace.”

John McCain, who supports a ‘legitimate peace’, doubts the current process is viable, & with good reason. For the Palestinians want the 1967 borders and Israel to keep the settlements (& East Jerusalem) & maintain a military presence in the Jordan Valley between the West Bank & Jordan (i.e. perpetuate its current control thereof)¹³. But a continued Israeli military presence anywhere on the West Bank is a sine qua non for the Palestinians (although they may be open to the idea of an international military presence there to guarantee Israel’s security).

MORE ISRAELI SETTLERS GET OK AS KERRY ENDS MEDIATION BID (AP, Karin Laub)

- Just as Kerry was wrapping up his mediation mission, Israeli officials confirmed on January 6th final approval had been given for 272 more apartments in two isolated West Bank settlements, Ofra & Karnei Shomron (that, according to the Israeli anti-settlement group Peace Now, “have no chance to remain under Israeli sovereignty”), with 53 of the 250 approved for Ofra already having been built illegally without building permits (& thus

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To make sure Kerry got the message they have no intention of ever leaving it, a senior Cabinet Minister & a dozen or so MKs, most of them Likud Party members, on January 2nd participated in a photo-op concrete pouring event at a Jordan Valley construction site.

being approved retroactively). That same day Netanyahu came under fire from his predecessor, Ehud Olmert who said only a “nitwit” prime minister wouldn’t make peace.

The Palestinians have reservations about that part of Kerry’s ‘framework’ that refers to their “aspirations” for a capital in Jerusalem; to them this means that he has conceded Netanyahu’s hard line that the city will not be divided & all of it will remain part of Israel..

THE SECRET OF MODERN BRITAIN IS THERE IS NO POWER ANYWHERE
(The Guardian, Decca Aitkenhead)

- Rory Stewart, age 40, is a first term Conservative MP¹⁴ *who answered David Cameron’s call for people with hands-on outside experience to run for Parliament.* He was born in Hongkong¹⁵, raised in Malaysia, attended Eton, got a PPE degree from Oxford, one summer tutored Prince William & Prince Harry, & upon graduation joined the Foreign Office. His first posting was to Indonesia (where he dealt with East Timor independence) & his second to Montenegro (where he dealt with Kosovo). He then spent two years walking 6,000 miles through Afghanistan, Pakistan & Iran, and served as Deputy Governor of two Iraqi provinces following the Second Iraq War (*as a result of which he now speaks nine languages*). Subsequently he became a Professor of Human Rights at Harvard, wrote two best-selling books about his 6,000 mile walk & Iraq experience, founded, at the behest of President Karzai & with support from Prince Charles, *who is a friend*, a charity in Afghanistan, *the Turquoise Mountain Foundation*, and was picked by *Esquire magazine* as “one of the most influential people of the century).
- He *is now a frustrated backbench MP* who told Ms. Aitkenhead “Anybody running a small pizza business has more power than me” & that “British democracy is struggling to work.” And that Westminster works better for career politicians than newcomers with hands-on experience in the world they legislate on; for “It’s such a weird profession, with such specialized rules ... that people who’ve been in it for a long time have a huge advantage.” So he advocates radically downsizing the Commons & moving towards a form of new localism, saying “We have to create a thousand little city states, and give the power ... to all the bright, energetic people ... who *now* just feel superfluous.”

*He, & Canadian MP Michael Chong, may well be the tip of an iceberg, & riding a wave, if not a tsunami, that could engulf the self-perpetuating professional politicians’ class that thinks there is no end to voters’ & taxpayers’ tolerance of their self-serving ways, fiscal mismanagement, & dereliction of their fiduciary responsibilities¹⁶. It all began years ago when people simply quit showing up at the polls because their vote ‘didn’t count anyway’. Next those who still voted were often confronted with the reality they could no longer in good conscience vote **for** any leader & were reduced to voting for those they disliked least. Most recently it has led to phenomena like the Occupy movement, the rise of political protest parties and/or extremism in, & the polarization of, politics in many countries, and the ruckus over the growing income inequality. It is interesting*

¹⁴ For the constituency of Penrith in Cumbria in England’s very Northwest, bordered to the West by the Lake District & to the North by Scotland.

¹⁵ Other sources say Scotland.

¹⁶ In all fairness to politicians (not that they deserve it), they are not alone in that respect, for material progress seems to have come at the expense of traditional values such as responsibility **for** ones’ actions & **to** society, and concern for one’s fellow man.

to note in this context that in a Gallup poll last month that asked Americans to rate “the honesty & ethical standards” of people in 22 fields, Congressional law makers came next to dead last, at 8% (down from 36% in a not dissimilar poll two years earlier), better only than lobbyists 6% and well behind local-, & state-, office holders’ anything but stellar 23% & 14% respectively, and auto mechanics’ & bankers’ 27% & 29%) and that in another recent US poll almost two-thirds of registered voters said that they’d like to see someone else represent them in Washington after the 2014 mid-term elections. The plot of the 1976 movie Network (“I’m mad as hell and I’m not going to take this anymore”) may well have been just 40 years ahead of its time.

THE WASTE AND CORRUPTION OF VLADIMIR PUTIN’S 2014 WINTER OLYMPICS **(BB, Joshua Jaffa)**

- Back in 2007, when Russia bid for the 2014 Winter Olympics, Putin pledged to the IOC he would spend US\$12BN to turn Sochi into a “world class resort” for a “new Russia” & the rest of the world. Its official cost now is US\$51BN (with other, still higher, estimates given credence by Russian officials’ growing reluctance to discuss its cost & the claim by the official responsible for the project that only US\$6BN is directly Olympics-related & the rest just infrastructure-, & regional development-, spending). One big black hole is the 31 mile road & railroad link to the Alpine village of Krasnaya Polyana, where all ski-, & snowboard-, events will be held, that will cost US\$280MM per mile.

*To put these numbers into perspective, the **entire** cost of the 2010 Vancouver Winter Olympics was US\$7BN & of the 2008 Beijing Summer Olympics, a much bigger event with 11,000, rather than 2,500, athletes & 40, rather than 15, venues, US\$40BN.*