

Quote of the Week : “The greatest threat to US national security is the total dysfunction in Washington” - Leon Panetta on CNN on February 15th (for it sends a bad signal to the world) - *He served in the House of Representatives in 1977-1993, as OMB Director in 1993-1994, Clinton’s Chief of Staff 1994-1997 and Obama’s CIA Director 2009-2011 & Secretary of Defense 2011 -2103*

In January, despite cheap gasoline & a buoyant labour market¹, US consumer spending rose by just 0.1% (while the market had expected 0.4%), after having declined 0.3% in December (this was ex autos, gasoline, building supplies & food services; inclusive of those four categories it was down 0.8%, only part of it due to the lower gasoline prices). And market talk now is that, among others due to inventory changes, the preliminary Fourth Quarter GDP growth number will be revised downwards from 2.6% to possibly as low as 1.8% - *if so, this would create a lower base number for 2015 GDP growth (which could be compounded if, as happened last year, inclement weather were to adversely impact GDP growth in the First Quarter. This may be why the market seems to be lowering its expectations of the Fed starting to hike rates at mid-year. Meanwhile, the new additions to the work force are said to be less productive than before which, combined with apparently growing pressures on capacity utilization (due to a lack of investment in recent years?), may lead to supply side problems; if so, this may force the Fed to have to revisit its hitherto sanguine inflation assumptions (& if so, would prove Larry Summers wrong once again; for at Davos he told The Telegraph that the Fed should not raise rates & fight inflation “until it sees the whites of its eyes. That’s a long way off.”*

JPM expects a moderation of US growth this year to be offset by faster growth in Europe (& Japan). For Fourth Quarter Eurozone GDP growth accelerated to a 1.4% annual rate, led by 2.8% growth in Germany - *but the real story may well be Spain’s; for its 1.4% growth was up from -1.2% in 2013 in the first year since 2008 that its GDP growth had been positive in all four quarters of the calendar year.* For, while fuel taxes are much higher in Europe than in North America & gasoline prices there have therefore fallen much less than in North America, European consumers seem more prepared to spend the resultant household savings than their North American counterparts.

Last weekend was a bad one for the move-oil-by-rail lobby. On February 14th 29 units in a 100 car dilbit²-carrying CN Rail train derailed in a remote area of Northern Ontario & seven of the cars caught fire, with some still aflame four days later. Then on Monday February 16th 29 cars of a 109 unit CSX train hauling Bakken crude (that is known to ignite easier than most crudes) derailed in West Virginia (on the same CSX line, albeit 320 kms West, of another such event in Lynchburg, Va. last April), with 14 of them bursting into flames (one of which fell into the Kanawha River & another one careened into a house that it set on fire), necessitating the evacuation of two nearby communities. And what was most disturbing of the latter was that the entire CSX train consisted of the new CPC 1232 model cars that are supposed to be less prone to rupturing in a derailment than the old, but still far more numerous, DOT 111 cars.

¹ The participation rate is still only 62.9%; while this may be up slightly from last September’s the decades-low of 62.7%, this is still down slightly from 63.0% YoY & a whole lot below the 66.1% pre-Recession level (if it were at that level today, employment would be 5MM higher).

² Dilbit is short for “diluted bitumen”, a mixture of 70%-75% bitumen & 25%-30% “diluent” (typically NGLs/Natural Gas Liquids); while bitumen in its natural state is a molasses-like liquid slow to ignite, this is not the case for NGL component of dilbit.

Genworth MI Canada Inc., Canada's largest private mortgage insurer expects lower oil prices³ impact on Alberta's economy & the resultant 3% lower house prices to lead to higher losses on its Alberta mortgage portfolio (that in 2014 accounted for 27% of new premium income). So it has raised its 'target loss ratio' (claims paid/premiums earned) from 15%-25% to 20%-30%.

Syriza's case for relief from its debt load is weakened by the fact that, after many quarters of negative GDP growth, the Greek economy in 2014 had three quarters of positive & *accelerating* growth back-to-back (in the Fourth Quarter at a, by EU standards quite respectable, 1.7% annual rate). Among the rest of the countries once referred to as the PIIGS, Ireland now seems to be doing quite well & Portugal has, like Spain, had three positive quarters in a row (& only one negative quarter in the past eight), while the Italian economy, in the Eurozone a far more important one than Greece's, remains stuck in negative territory. And contrary to Syriza's claims, the difference between the post-2008 experience of Greece & Italy on the one hand & the other three on the other seems to have been a function in part, or in whole of the latter's greater aggressiveness in responding to the demands for austerity by its Eurozone partners.

The German army has long been known to be short of materiel. But this acquired a whole new dimension when the German broadcaster ARD on February 17th revealed the content of a leaked confidential military report that last year, during a NATO exercise, German soldiers had resorted to painting broomstick black in an effort to make them look like the machine guns some of their armoured vehicles lacked. And, to make matters worse, the unit in question was part of joint NATO 'first response' task force that would be among the first to be deployed in case of an emergency - *it was reported elsewhere that this unit was short, among others, one-third of its machine guns & three-quarters of its night vision equipment; small wonder Putin thinks he can get away with murder & brags that the Russian army is "the best in the world". And, worse still, imagine the damage this inevitably must do to the morale of the unit's personnel!*

Russia's plans to shift the movement of its natural gas to Europe away from Ukraine was less of a surprise than its announcement it was deep-sixing its plans for the South Stream pipeline that was to have carried gas along the bottom of the Baltic Sea to a terminal in Bulgaria (which the EU had opposed on competitive grounds), replacing it with a slightly longer one⁴ South of the South Stream track to a terminus in the European part of Turkey. But this makes eminent sense from Putin's perspective; for not only will this deprive Ukraine from the ability to interfere with the flow of gas & from a significant 'transit fee' revenue flow, but it is also likely to sow the seeds of greater dissension within the EU/Eurozone, & expand Moscow's influence in Southeastern Europe, first & foremost in Greece, Hungary & Serbia.

The Church faces another altar boy abuse scandal, in Grenada, Spain. Where this one is different from all such past episodes is that one of the victims, a now 27 year-old male (& despite it all, still a practicing Catholic), wrote/phoned the Pope who phoned him back/told him⁵ to go & see his bishop, and who then personally contacted that bishop & ordered him to launch

³ According to TD Securities, the average steam-driven oilsands plant in January netted \$4.33 a barrel, down from \$50 last August & an eight-year average of about \$35.

⁴ The first instalment of which it expects to start moving gas in two years.

⁵ There are two versions, in one he wrote -, & in the other he called-, him.

a transparent investigation - much of the deeply entrenched Church hierarchy is not pleased with this Pope.

It seems ironic Egypt's President Sissi ordered bombing runs on IS facilities in Libya 'because' it had videoed the beheading of 21 Coptic Christian Egyptian 'guest workers', when in Egypt itself persecution of citizens for being (Coptic) Christians has long been a popular pastime.

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Thursday February 19th, 2015

LEON PANETTA : YOU HAVE TO DEAL WITH RUSSIANS "FROM STRENGTH"
(SpiegelOnline, Interview with Markus Feldenkirchen)

- Whether we are close to a real war in Europe depends on Putin recognizing the dangers of the course he has embarked on in Ukraine;
- The latest cease fire will only be temporary unless the West comes up with new economic & military sanctions - *as has proven to be the case*;
- Once Putin could be negotiated with, but he has now turned aggressive & is planting the seeds for a new Cold War;
- The one thing I remember from my dealings with Russians is that all they understand is strength & that they capitalize on any perceived weakness;
- Putin believes he can manipulate the West at will to get what he wants (*right out of the Soviet handbook which held that negotiation was just another way to get what they wanted*). And since it has so far worked for him, he will continue to play the same game;
- 'Soft power' hasn't worked; the only thing Putin understands is 'hard power'; our weakness is that we respond to crises rather than take steps to avoid them;
- Putin senses that its domestic problems are pre-occupying the EU & that in the US Obama & Congress are unable with deal with theirs; so he believes Ukraine is not a priority for either of them. But if we don't deal with Ukraine *effectively* & just let Putin have his way there, we encourage more adventures (*shades of Munich in 1938?*); and
- The 9/11 terrorism has now metastasized all over the Middle East & Africa.

The interview is too lengthy to do it justice here, but is worth googling.

A NEW POLICY FOR UKRAINE (NYT, George Soros)

- The sanctions, the only alternative to a shooting war, have worked better faster than anyone could have foreseen. While, compared to 1998, Russia has far more reserves, it has much foreign debt coming due in the near future &, while most of it is private sector debt, *since the debtors cannot roll it over*, this could still lead a Russian default. So we should reorient Europe's policies vis a vis Ukraine, with economic assistance on a much larger scale, thereby helping to stabilize an economy Putin seeks to de-stabilize & to stimulate the EU economies by encouraging exports to-, & investment in-, Ukraine.
- In 2012, after five years of preparation, the EU signed an Association Agreement with the Yanukovich government, stipulating the reforms needed to qualify for assistance. That roadmap should now be adapted *to the changed circumstances since*, something the EC's bureaucratic processes cannot readily handle. Europe's perspective must be altered to recognize that Russia has turned from a strategic partner into a strategic rival, & that Putin has changed the Russian people's dogma from communism to one based on ethnicity, social conservatism & religious faith, and a brotherhood of the Slavic race & a Holy Russia that's besieged on all sides by the Anglo-Saxon world.

- A new Ukraine seeks to become the opposite of the old corrupt & ineffective Ukraine. This is the objective of young people, many of them educated in the West & living outside the Eastern Ukraine, who deemed Yanukovich so repugnant & corrupt, that they wouldn't work for his government & instead found outlets for their energies in the non-government sector, & who were willing to stand up for their beliefs in Maidan Square. But the Old Ukraine is by no means dead; it remains deeply entrenched in the bureaucracy & the judiciary, and among the private sector oligarchs (*of whom President Poroshenko is one?*). But in the absence of a major EU assistance-, & a domestic reform-, program, that New Ukraine will likely fail. That would be an irreparable loss.

He is in effect proposing a visionary, 'shock & awe'-type program, not unlike the Marshall Plan that was so crucial to Europe's own-, and first & foremost Germany's-, post WW II recovery, while the, so typically European, EU policies vis a vis Ukraine have been short-sighted, hesitant, 'on the cheap' & niggardly, and beset with pedestrian bureaucratic thinking (Soros⁷, age 84, is of Hungarian Jewish descent & a Holocaust survivor (although he 'went underground' before he could be deported). At last report he was worth US\$24BN. With several degrees from LSE, he 'made his bones' in merchant banking, set up the first-ever ("Quantum") hedge fund, netted US\$1.5+BN in 1992 betting against the Bank of England that Britain would devalue the pound, & last year made a huge bet that the US stock market would peak by buying a truck load of put options. For twenty-five years already, from two years before its independence, he has been active in Ukraine & has spent a purported US\$100+MM there supporting NGO's that promoted closer ties to the EU, to the point where his detractors claim he was the driving force behind the Maidan Square demonstrations a year ago that ultimately led to the ouster of President Yanukovych - the one thing that has continues to puzzle me is why the EU has not mounted a major effort helping the Ukrainian authorities to recover some of the US\$70BN Yanukovych supposedly had syphoned off, since clawing that back could make a significant contribution to Ukraine's recovery (& it is hard to escape the suspicion that this hasn't been the case because a goodly portion of Yanukovych's ill-begotten gains are in EU banks)

UK HEADING FOR DEFLATION SAYS BANK OF ENGLAND GOVERNOR MARK CARNEY (The Telegraph, Szu Ping Chan)

- The Bank's quarterly health check of the economy said it was "more likely than not" that, for the first time since 1989, CPI will be negative at some point during the First Half, largely due to a fall in oil prices that Carney hailed as "unambiguously good for economic growth". And in the letter to the Chancellor of the Exchequer the Governor must write when the inflation rate deviates by more than 1% from the Bank's 2% target⁸, Carney said this would not signal a protracted period of deflation since the lower oil prices are a one-time event that *in the short run, however*, will help sustain the recovery & keep real wages growing. He also said two-thirds of the shortfall between actual CPI & the Bank's 2% target was due to "good" deflation (i.e. the sharp fall in food-, & energy-, prices), not "bad" deflation (i.e. that which leads consumers & business to expect lower prices tomorrow than today, prompting them to defer spending & throttle economic growth).

⁷ The family name had been "Schwartz" (Black) until his father changed it in 1936 to Soros (which in Hungarian meant "successor" & in Esperanto "will soar") - Schwartz/Soros Sr. wrote in this artificial language constructed by a German doctor in the 1880's in the hope it would become a global language that would unite people, but that long since been relegated to the dustbin of history.

⁸ Past Governors typically had to explain why it had over-, not under-, shot the target

Not long ago “core” inflation that didn’t include food & energy was deemed better than the more comprehensive one that included them! What has changed?

LACK OF SNOWFALL THE “CONSISTENT” ISSUE FOR DROUGHT-STRICKEN CALIFORNIA (NBC 4 Southern California, Jonathan Lloyd)

- Despite December’s drenching storms, little snowfall during the typically wettest months of the year in California continues to dampen hopes for drought recovery. Statewide the snow pack⁹ is just 25% of normal, a level state water officials call “dismally meager”.

Last month was among the driest Januaries on record with “very little meaningful precipitation throughout the state”. On January 29th 78% of the state was in a state of “extreme drought”, over half of it in “exceptional drought”, the most extreme of the four drought ratings. And its biggest ten reservoirs were filled to an average 34% of capacity¹⁰ (vs. a long-term average for this time of the year of 53%)¹¹. And the situation is no better in the other major populated area in the Western Hemisphere with a serious drought problem, Brazil’s Sao Paulo region. It is having its worst drought in 80 years, causing the Minister responsible to call the situation “delicate and worrying”. Its seriousness can be gauged from the fact it was deemed worth reporting that heavy rains early in the week of February 9th had raised the water level in the Cantateira reservoir system, on which 6½MM people depend, overnight from 6.7% to 7.0% of its capacity.

KEYSTONE XL HITS NEW ROADBLOCK (CP, Alexander Panetta)

- Nebraska’s highest court last month failed to decide on the constitutionality of the state law approving its route across the state that would have let TransCanada use eminent domain¹² proceedings against holdout land owners to acquire the land it needs for a right of way. So now it all will have to, once again, wind its way through the Nebraska court system (which the owners’ lawyer thinks will take 18 months). And while Congress has passed a pro-Keystone bill, a Presidential veto thereof still appears inevitable (& *the Republicans don’t have the horses to override it*) - *but sooner or later, the Republicans will start to attach bills that Obama wants to veto to other ones that he wants to pass, or needs to have passed (at which point his fortitude is going to be tested)*

⁹ Spring runoffs flow into the Sacramento-San Joaquin Delta (that feeds the major reservoirs).

¹⁰ With the level in individual reservoirs ranging from a low of 6% to a high of 53% of capacity.

¹¹ According to Richard Howitt, Professor Emeritus of Agricultural & Resource Economics at the University of California Davis groundwater withdrawals that for years have averaged an (*unsustainable?*) 1.5MM acre feet, doubled in 2014 - *and as shallow wells go dry, deeper & deeper wells are being drilled into aquifers that will take longer & longer to be replenished.*

¹² This legal concept, that goes by different names in different countries (in Canada ‘expropriation’), supposedly goes back four millennia to an Assyrian king called Erišum. It involves the power of a government, or a third party authorized by a government, to take private property away from an unwilling owner, with adequate compensation, for public use, & in the case of the US is embedded in the Fifth Amendment. Although US Supreme Court decisions over the years have been favourable to governments, the owners’ argument in this case nevertheless is that a compulsory transfer of ownership to a shareholder-owned company does not meet the public use criterion.

As Sir Walter Scott once put it, "Oh, what a tangled web we weave when first we practise to deceive" - the pipeline would likely have been built at a much lower cost-, & be operating-, by now had the Company not had the hubris & lack of sensitivity to a change in public sentiment, to try & save money by taking a more direct route than its existing border crossing right-of-way. Now it may well never be built, given its ever-increasing cost & the lower crude oil prices [especially since the all-American leg of the Keystone is getting increasingly committed to moving crude from the Bakken & fields on the US side of the border & if one or more major pipeline(s) were to be built from the oil sands region to Canada's West-, and/or East-, coast].

WHAT ISIS REALLY WANTS (The Atlantic, Graeme Wood)

- "Al-Qaeda is ineradicable because it can survive, cockroach-like, by going underground. The Islamic State cannot ... Caliphates cannot exist as underground movements, because territorial authority is a requirement : take away its territory, and all oaths of allegiance to it are no longer binding". But a full-fledged ground invasion would be a strategic mistake & a victory for ISIS' propagandist machine that would promote it as an anti-Muslim Crusade; so the present strategy of trying to bleed it slowly to death by aerial attacks combined with local Muslim ground forces is likely the optimum one. Another difference between al-Qaeda & ISIS is that the former focuses on fighting the "Far Enemy", i.e. the developed world, while that of ISIS is on the "Near" one, i.e. the local governments defined by borders that the caliphate does not recognize.

The above are only two of many enlightening insights in a very long, seemingly well-researched, but not easy-to-read, article that should be required reading for anyone interested in trying to understand what Islamism, broadly defined, is all about.

EUROPEAN CAR SALES RETURN TO GROWTH (BBC News)

- In 2014 EU car sales grew for the first time in six years¹³, by 5.7% to 12.6MM units, with the highest growth chalked up by Spain (+18%) & Britain (+9.3%). But this is expected to slow in 2015 as government incentive schemes & tax breaks (*some on low-emission vehicles*) end; thus Nissan-Renault CEO Carlos Ghosn expects a 1%-2% growth rate this year, & Peter Fuss, an E&Y automotive analyst, one of 3%, saying "we remain cautious about the ability of new car sales to return to their pre-crisis level" (*of 16MM*).

So it may be wrong to read too much in this as a leading indicator of stronger EU growth, especially since the unit sales number obscures a shift in demand to lower-priced vehicles.

GREEK PARLIAMENT ELECTS PRO-EUROPEAN AS NEW PRESIDENT (al-Jazeera)

- On February 18th 223 of its 300 members elected 64 year-old Prokopis Pavlopoulos, a law professor & long-time politician for the centre-right New Democracy party that Syriza ousted from power in last month's election, to the, largely ceremonial, post of President.

He was Prime Minister's Tsipras' choice & seemingly elected by the Syriza & New Democracy members without help from Tsipras' Independent Greeks Party coalition partner [New Democracy (ND), with 72 seats vs. Syriza's 149¹⁴, is now the main opposition party] - since the

¹³ Coming off a very weak 2013; thus in May of 2013 sales had been a 20-year low for that month.

¹⁴ After the 50 'bonus seats'.

only thing the extreme-left Syriza & the extreme-right Independent Greeks have in common is their opposition to austerity, may this be a harbinger of the latter walking away from the coalition at the first sign of concessions by Tsipras & of the creation of a new coalition 'national unity' government of Syriza & ND?

GREECE DEFIES CREDITORS, SEEKING CREDIT BUT NO BAILOUT

(Reuters, Renee Maltezou)

- Talks between the Greek & Eurozone Finance Ministers, headed by Holland's Jeroen Dijsselbloem on February 16th were expected to go on for much longer than the four hours (even less long than the one the previous Wednesday *when the Finance Ministers had been surprised by the Greeks' apparent lack of preparedness*). For Greece rejected *out of hand* as "unacceptable" their proposal that would have them request a six months' extension of the existing bailout package. Subsequently Dijsselbloem noted that Athens had until the end of the week to request an extension & that, if it did not, the bailout arrangement would expire at the end of the month. This would create problems for the Greek government & banks, with the former having heavy loan repayments due in March & the latter bleeding deposits at a US\$2.3BN weekly rate (which are being met with funding from the ECB, the continuance whereof was an issue on the agenda for an ECB Board meeting on Wednesday February 18th). After the meeting Greece's Finance Minister, Janis Varoufakis, went on record as saying "I have no doubt that, within the next 48 hours, Europe is going to come together ... (*with*) phrasing that is necessary ... (& *that*) we can submit to it, and move into doing the real work that is necessary." But then he muddied the waters by claiming he had been shown a "splendid" proposal by the EC (European Commission) that he liked much better than the one the Ministers had presented to him (that he called "problematic"), something categorically denied by the EC Commissioner he said had shown him the EC proposal.

According to Reuters Greece on February 19th had submitted an "extension request" that had moved "substantially towards the Eurogroup position." It may, or may not, work; for while the Tsipras government now seems willing to ask for an extension, it appears to remain dug in on ending austerity, i.e. on the conditionalities that are part & parcel of the bailout package.

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PIPELINE PLAN OBTAINS 'LICENSE' (CH, Claudia Cattaneo)

- *The development of the Alberta oilsands, which are key to the future growth of the province's economy, & important to that of Canada as a whole, depends on its ability to get the rapidly-growing oilsands output to market. And while for a number of years significant money has been spent¹⁵, & continues to be spent, on four pipeline projects, all have run, to varying degrees into political-, environmental-, First Nations-, and/or NIMBY opposition.*
- Last year a fifth pipeline proposal was put forward by Vancouver-based Eagle Spirit Energy Holdings Ltd., a joint venture of First Nations' interests & the Vancouver-based Aquilini Group, a large Vancouver-based construction-, *cum real estate development*-, company with a variety of interests across North America that includes ownership of the

¹⁵ Which TransCanada claims to in the \$3BN range for its Keystone pipeline to the Gulf Coast.

Vancouver Canucks hockey team¹⁶. On February 11th Calvin Helin, a lawyer by trade, a member of the Tsimshian First Nation in Northwestern B.C. & Chairman & CEO of Eagle Spirit Holdings, told a Calgary audience that his group had solid support from B.C.'s First Nations¹⁷ for its 1MM bbl/d, \$14-\$16BN pipeline proposal (possibly including a refinery) to link the oilsands with the Pacific, invited the oil patch & the Alberta government to get on board, noted "We are very cognizant of how important this is to Canada, and Alberta in particular, & said "we have a solution". Furthermore that "The chiefs came out today to say they are prepared to be partners." And to show they mean it, the chiefs, all of them from B.C., signed a declaration of support, laying down a set of principles by which they were prepared to do business, incl. recognition they are the owners & stewards of the land, environmental principles consistent with their traditional laws & a fair share of ownership.

- Eagle Spirit is considering several route options & expects to select one in the next two months. All of them would run to the North of the route of Enbridge's proposed Gateway pipeline, ending either in Prince Rupert or further North, thereby having to cross fewer bodies of water, impact fewer First Nations & terminating in more suitable port than Kitimat, the Gateway's destination. According to David Negrin, President of Aquilini Development & Construction Inc., the aboriginal backing will result in smoother regulatory reviews & may permit oil to start flowing by 2020. He also said the project has made great strides in the past three months, that there will be no shortage of capital in Asia to fund the project nor the expertise *in North America* to build it, and that the group had already had some talks with the Houston-based pipeline company Spectra Energy Corp., a smaller *but supposedly better managed* Enbridge competitor. And David Tuccaro (age 56), an Eagle Spirit director & Treaty Indian from Fort Chipewyan (in the heart of the Alberta oilsands region)¹⁸ said "What we are doing here with the B.C. chiefs is making them realize that the profit that comes out of the pipeline is going to help their communities with education and with poverty that has been here for many years."

It is hard to believe this project won't quickly 'develop legs', if only since, with the First Nations 'onside', the biggest hurdle to resource development in Canada in the early Twenty-first Century is removed. If it were to go ahead, the Eagle Spirit pipeline, together with the Kinder Morgan pipeline expansion, that will go ahead, albeit with its terminal point in Blaine, Wash., rather than Burnaby, B.C. (with crossing the border being less of an issue than for the Keystone, if one at all, since it already has a border-crossing right-of-way), will meet Alberta's need for access to global oil markets for the next decade (with rail transport relegated to its optimum role of helping the industry opportunistically meet shifts in demand in the US' regional oil markets). If so, it may prove the death knell for TransCanada's Energy East Pipeline idea [which never made much economic sense, would require the cooperation of no fewer than 180 First Nations & was not the way for Alberta to maximize the benefits for its citizens from their ownership of the resource (& for BC to get a piece of the action), and conceivably even of its Keystone pipeline as well. And the writer's cautionary observation that it's easy to be skeptical of the Eagle Spirit project

¹⁶ It bought the team, the Rogers arena that is its home base, and the land it sits on, as well as a small amount of adjoining land, for \$207MM a decade ago, land nearby all of which a year ago was estimated to have a market value of \$700MM.

¹⁷ According to Mr. Helin as many as 80% of the 20-22 First Nations that would be directly impacted support the plan, with many others from all around B.C. clamouring to get onboard.

¹⁸ Who in 2012 sold Tuccaro Inc., the oilsands support services company he had built over the previous three decades, for \$102MM.

ever coming to fruition, given its “lack of firm commercial backing so far, and First Nations’ skinny track record at leading big projects across the finish line”, may be driven more by her often acting as a shill for Big Oil than by a realistic assessment of the facts. And it is beginning to look as if Valdez, Alaska could become key to the movement of Alberta oil to world markets. It ‘s “North of Prince Rupert”. It figured in an idea recently mooted by Alberta Premier Jim Prentice (one I have been voicing for at least a year), that of a pipeline North from the oilsands to the Northwest Territories & then West across the NWT & the Yukon to Valdez (where there is a surplus 1MM bbl. oil storage & handling capacity due to output on Alaska’s North Slope having declined by two-thirds to 500,000 bbl) which infrastructure could become a “stranded asset” if President Obama’s purported plans to put obstacles in the way of oil production on the North Slope were to come to fruition; for the Alaska climate being what it is, once the throughput of the Trans-Alaska pipeline declines to 300,000 bbl, it can no longer operate because the oil in the pipeline would congeal.