

Quote of the week 1 : “The bureaucracy and entrenched crony capitalists are the prison guards of the past.” **Quote of the week 2** : “Dollar-focused GDP is going to become an increasingly unreliable way to measure the well-being and growth of the economy.” - from a column by John Mauldin entitled *Need at the Fed ; an Inverse Volcker; while the section on inflation/deflation issue may not be everyone’s cup of tea, that entitled Fast and Easy Healthcare Delivery should be, seeing how it suggests a way for the system to cope with the rising demands for health care (in part, but not entirely, associated with an aging population).*

A more effective exercise regime? A study published in the *American Journal of Preventive Medicine* found active transportation to work (*walking, cycling, or taking public transportation if it involves a walk on both ends, or even one end*) is more effective than regular gym workouts; for they can be skipped, while there is no skipping work (*at least if you want to keep your job*)

Bull fights in Spain on the decline. Largely due to the state of the economy the number of bullfights in Spain declined by one-third between 2010 & 2014. And while there has been a small increase in their number since, future growth may be limited by the fact that parties sympathetic to animal rights’ groups have been doing well in the country’s elections since 2010.

Canada’s military procurement system screws up once again. In 2010 France took a US\$1.2BN order from the Kremlin for two 22,000 tonne Mistral-class helicopter carriers. But last year, under pressure from the US after Russia’s annexation of the Crimea, it refused to effect delivery. So they came up for grabs & Ottawa became interested at the political level (since the Canadian Navy is, to put it mildly, ‘run down at the heels’ & a discredit to a country with 15% of the world’s coast line) to the point there was a Canada-France Ministerial face-to-face on the subject during last June’s NATO Defense Ministers’ meeting. And after the two original parties in August agreed to a US\$1.01BN refund agreement, these vessels really came up for grabs. While Canada’s failure to follow through was blamed on the election, the real reason was that the Department of National Defense procurement operation had once again dropped the ball, having done ‘little formal study on the long-term ownership costs and hurdles of operating such sophisticated ships’ - *they have since been sold, less all Russian-made control & communications systems equipment, for close to the original price to supposedly cash-stricken Egypt which, while it has a navy of 250 ships, has only seven with even close to 20% of the tonnage of the Mistrals - it’s a sad day for Canada, & a sign of its waning global stature when Egypt will go boldly where Ottawa fears to tread!*

Chinese ownership a security risk? New York’s landmark Waldorf-Astoria Hotel has since 1947 been home to the US Ambassador to the United Nations, and for decades has hosted US presidents & senior US officials during their stay in the city. But last year the Hilton chain sold it to the Beijing-based Anbang Insurance Group¹; since then, when in New York, the President has been staying elsewhere² & rumour has it that the others will be made to follow suit.

¹ For US\$1.95BN (i.e. US\$1.4BN per room), the most ever for a hotel (taking advantage of the Chinese hankering for owning ‘iconic’ properties?), albeit not quite on a per room basis, with Hilton getting an unusually long, 100 year, management contract. First opened in 1931, Conrad Hilton bought it or US\$3MM in 1949 (giving Hilton a 36.6% rate of return, compounded annually).

² Thus during his recent visit to New York to on the occasion of the 70th session of the UN General Assembly (during which his meeting with Putin took place) he stayed at the Palace Hotel.

Chinese tourist growth. In 1H/15 outbound Chinese tourists numbered 61.9MM, up 12.1% YoY, a growth rate well down from previous years [2014 - 117.0MM (+19.5%), 2013 - 98.2MM (+18.0%), 2012 - 83.2MM (+18.4%), 2011 - 70.3MM (+22.4%, and 2010 - 57.4MM (+22.0%)] - *this e deceleration of growth is due to a confluence of the inevitable slowing down of any growth rate as the base expands & the lower proclivity priority to travel abroad as the economy slowed.*

Comedian heads Guatemalan poll. In the past year first Guatemala's Vice President & then its President were forced from office (& the latter arrested) on allegations of corruption. So it isn't surprising an outsider, TV comedian Jimmy Morales (age 46), an evangelical Christian with degrees in business & theology, running on the slogan "neither corrupt, nor a thief", got most votes (24%) in the September 6th first round of its Presidential election. Second, with 19.7%, was the centre-left former First Lady (from 2008-2011) Sandra Torres (age 59) who had been disqualified from running in 2011 by the Constitutional Court. And in third place, with 19.6%, was the early front runner, 46 year-old, centre-right businessman Manuel Baldizon (the runner up in the 2011 election), whose support had dwindled amidst corruption allegations - *the run-off will be on October 23rd.*

'Fat-free' foods a hoax? A study by a UofT team, written up in the magazine Appetite, based on the food label nutritional information for 10,487 products, i.e. 75% of the grocery retail market, found that many of them that claim to contain little or no fat actually have virtually the same calory count as full-fat versions - *many nutritionists now feel that the move to demonize fat was misplaced since people can get just as obese eating low-fat foods with the same calory count.*

Germans tenants given eviction notices to make room for refugees. Municipally-owned public housing has been a feature of German society for almost a century³. It made the news recently when municipal councils in two towns were reported to have given long-term tenants notice to vacate the flats they had lived in for years since their buildings would be needed to house refugees⁴ (with one council declaring this to be "a free solution to the influx of refugees " & the mayor bragging "this costs me nothing") - *While the currently used refugee housing facilities apparently leave much to be desired, this may not be a good solution. First of all, it may be outright illegal : in Germany tenant rights are deeply & solidly entrenched in law & they can be evicted only if they break the terms of their tenancy contract. Secondly, such action cannot help but give rise to a popular backlash of resentment of refugees⁵. And finally, as the French*

³ The right to a healthy dwelling was written into Germany's 1919 Weimar Constitution but never acted on during its post-war reparations crisis that culminated in a period of 'hyper inflation' during which the cost of living rose 15x during the second half of 1922 & the mark's exchange rate went from 320 to 4.25TR to the US dollar in 18 months. But then there was a decade-long surge in the construction of such housing that ended when the Nazis came to power. Then after WW II, a second such surge occurred, driven by the massive destruction of the existing housing stock as a result of the Allies' wartime bombing raids.

⁴ One, a 56 year-old lady had lived in her flat in Eschbach (pop. 2,400) in the very Southwest of the country on the French border for 15 years & was given notice effective December 31st (& when she went public on Facebook elicited 200,000+ 'hits') & the other, a 56 year-old lady in Nieheim (pop. 6,800) in West Central Germany had lived in hers for 23 years & was given until May 2016.

⁵ It may be relevant in this context that a poll released on October 2nd showed that Chancellor Merkel's approval rating had dropped to a four-year low 54%.

have learnt the hard way, the creation of Muslim districts ('banlieus') is problematic in terms of social stability & immigrants' integration into the local society.

Predatory drug pricing. On August 10th New York City-based Turing Pharmaceuticals L.L.C., the creation of one-time hedge fund manager Martin Skreli to wring new profits from old drugs, bought, for US\$55MM, the US rights (??) to the generic drug Daraprim (used to fight infections in patients with compromised immune systems) & promptly raised the price from US\$13.50 to US\$750 on the grounds it was "underpriced relative to its peers ... (& at that price) still a bargain" (although another generic version of the same drug sells in India for the equivalent of US\$0.10); this prompted a letter to Mr. Skreli by the Infectious Diseases Society of America & the HIV Medicine Association that called this price hike "unjustifiable for the medically vulnerable patient population ... (and) unsustainable for the healthcare system"⁶. Daraprim was developed in the 1950's by a predecessor company of GlaxoSmithKline which had sold the 'rights' to it five years ago when it was retailing at US\$1.00. Similarly, Rodelis Therapeutics (with a like business model as Turing, but no address, only a 1-888 phone number) last month bought the drug cycloserine (*used on the 90 or so patients that each year get a type of tuberculosis resistant to multiple drugs normally used to fight it*) from Purdue University's non-profit Purdue Research Foundation & promptly raised the price from US\$500 to US\$10,800 per 30 capsules. And while, due to the ensuing uproar, it agreed to return the drug to Purdue, the latter then raised its price from its original US\$500 to US\$1,050 - *These are not isolated cases. Thus, when after Valeant Pharmaceuticals⁷ recently acquired the heart drugs Isuprel & Nitropress from Marathon Pharmaceuticals, it raised their prices the very same day by 525% & 212% respectively and, elsewhere, the price of the antibiotic doxycycline went from US\$20 to US\$1,849 between October 2013 & April 2014 & that of Digoxen, a drug first prescribed in 1785, from pennies a pill to US\$1,000 (small wonder US spending on medicinal drugs last year was up 13% YoY) - And at least some of the media hype focused on the Volkswagen cheating problem might have been put to greater communal/taxpayer advantage if it had focused on the blatantly unethical greedy behaviour by American drug companies (after all only 500,000 of the polluting Volkswagen diesels were sold in North America while the price of drugs affects tens of millions of Americans as well as the budgets of both the federal-, & state-, governments); but Volkswagen likely spends less on advertising & lobbyists. Meanwhile in Canada Alexion Pharmaceuticals has filed a law suit in Federal Court against the Patented Medicine Prices*

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As if this would matter a whit to someone with a background in the piranha-type hedge fund industry in which quickly becoming a billionaire seems to be individuals' sole objective.

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As a California-based company Valeant's share price rose in 2003 from \$45 at the beginning-, to \$68 at the end-, of the year but by early June 2010 was < \$15.00. But when it announced its takeover of Ottawa-based Biovail in June 2010 its price jumped to North of \$20. Then, after moving its head office to Montreal (to benefit from Canada's more favourable tax regime?), it entered into a meteoric earnings' growth period that made it a Canadian stock market darling as its price skyrocketing to almost \$335 last July. But investors had overlooked that its earnings growth was had not organically-, but acquisition-, driven, as it did little R&D itself but rather bought a host of (mostly small) companies with proprietary rights to a few drugs, the price of which it immediately hiked steeply, while slashing their R&D budgets. But doing so last August with the Isoprel & Nitropress drugs first drew the market's attention to this, & then that of US lawmakers', as a result of which its share price is now 30% off its peak. In their business practices Valeant & Biovail seem to have been equally unsavory since both Biovail, & its controlling share holder, Eugene Melnyk [the owner of the Ottawa Senators (ice) hockey team] a few years ago were fined by the SEC for udging th books & lying to analysts & shareholders., and Melnyk is under a five year OSC (Ontario Securities Commission) ban on serving as a senior official in Canadian public companies

Review Board for deciding that its \$500,000 - \$700,000 annual price of its Soliris drug, used in treating two rare, life-threatening blood & genetic disorder, was “excessive”⁸

Prime Minister Modi’s dream. To see his country’s economy grow ten-fold (to the equivalent of US\$ 20TR; *an ambitious target that took China 22 years to achieve*). As part of this he hopes to connect 600,000 villages using fibre-optic cable & to bring high-speed wireless Internet access to 400 (of the country’s 8,000 or so) railway stations (to 100 of them, used by 10MM people each day, by the end of 2016. During his recent stay in the US, as he visited the headquarters of a number of top Fortune 500 companies, he said at Facebook’s in Menlo Park, Cal. “There are many countries who don’t know where to invest their money, so I’m giving them the address - here’s the place” (*i.e. India*) while at Google’s in nearby Mountain View, before a crowd of its staffers & independent software developers, he praised the “hackaton culture” for providing new solutions to civic problems, saying “We should ... be encouraging this in our big cities.”

Refugee culture clash. Last February a refugee family, husband, wife & nine children, came to Winnipeg, fleeing persecution in their native Iraq. In June the city police responded to a “911 hang-up call” from their home, where the wife informed the officers upon their arrival, with gestures since she speaks no English, that her husband had punched her in the eye. While the police was still on the premises she did something that displeased her husband, causing him, according to the police report, ‘to grab her by the throat and violently shove her’, prompting his arrest. In his post-arrest interview with a Arabic-speaking police officer he told him among others that he “doesn’t agree with Canadian laws ... his wife is his property and he can do with her what he wants”, & made comments that gave cause for concern for her safety. So, when released on bail it was upon the condition he was not to have contact with her. In subsequently fighting this, the judge was told by him that he had been “away from my home and my family ... This is a problem according to my faith to be away from my family” & by his lawyer “The family is very strong in the Islamic religion and they have very strong cultural beliefs.” - *This is not a new issue⁹ & makes one wonder how many classes of Canadian citizens the political correctness of the past half century, the past two decades’ growing economic equality, & now the Prime Minister’s terrorist phobia¹⁰, will cause to be created.*

Spanish election outlook. By law Spain is required to have an election no later than December 20th. In last week’s Catalan regional election Prime Minister Mariano Rajoy’s conservative People’s Party fared badly, losing eight of its 19 seats in the 350-seat regional Parliament, and

⁸ While the companies’ argument that developing new drugs is expensive is not without validity, two University of Montreal researchers found a few years ago, after going through a decade of ten major drug companies’ published financials, that, on average, they spent 3x as much on administration & marketing than on R&D. And in a similar vein about the same time one of you sent me a research report that concluded that the markup over the cost of production of a dozen drugs in common usage, incl. Prozac, was in the 30,000% range.

⁹ I first encountered this almost 25 years ago when a paper, again from Winnipeg, reported on the case of a Muslim father who appeared in Family Court to seek permission for his 14 year-old daughter to marry a 27 year-old man of his choice (at the time Family Court approval was required for a girl under the age of 16 to marry) with his sole argument being that this was allowed under sharia law and that therefore Canadian law did not apply.

¹⁰ Lifting someone’s Canadian citizenship may be, & likely can be, justified in the case of those who were not born in this country, but is much less so, if at all, for those born to immigrant parents-, & raised-, on Canadian soil; for like it or not, they are more of a product of our-, rather than their parents’-. society, and we, like any responsible adult, should have the fortitude to live with our mistakes.

the latest national polls show a similar trend, with voter support for the People's Party at 29%, down from 45% in the 2011 election. But his party is not alone in this since the other largest three parties in the current Parliament are also down significantly in their counts, with the big winners being the anti-austerity parties from the more extreme left & right - *the problem is that, while GDP growth has now been accelerating steadily for eight quarters (to a 4+% annual real rate in the Second Quarter) there has been insufficient 'trickling down'; for the overall unemployment rate still is 22% (off from a peak of 26%) & youth unemployment still 48% (vs. a peak of 56%).*

Turning water into wine. A study by the Colorado Department of Education found that it can take as much as 335 litres of *irrigation* water to produce a single glass of wine (*although a small group of California wine producers is experimenting with lower water use*).

Use of force by Edmonton police. In the first six months of this year violent crime was up 12.5% & there was a 6.8% YoY increase in the total number of calls to the police for "service" (as it is euphemistically referred to by the EPS) & a 16% YoY increase (to 1,158 cases) in the use of force in dealing with these calls (although 68% of the total calls were rated "minor", i.e. not requiring the deployment of weapons, Tasers or dogs), and officers drawing their firearms 127 times during the period, up 51% YoY. Another set of statistics showed disciplinary action was far more commonplace in the EPS than in its Calgary counterpart which led the former head of the Edmonton police union to whine that his fellow union members were hard done by & others to wonder what there might be wrong with the Edmonton force to account for such a vast discrepancy.

GLEANINGS II - 634SP
Monday September 28th. 2015

WHEAT GLUT TIPPED TO HIT ALL-TIME HIGH (Bloomberg, Megan Durisin)

- Inventories before the start of next year's harvest (the current crop year ends next June 30th) *in the Northern hemisphere* are expected to be at an all-time high as farmers reap bigger crops in the US, Russia & Ukraine. Wheat futures have tumbled 21% since June 30th, the worst quarterly loss in almost three decades. American farmers will have a particularly tough time since they not only will have bigger inventories but also have their global competitive position undermined by the strong dollar. French, American, Russian & Ukrainian farmers all jockeying to sell their wheat will put pressure on prices. USDA expects world wheat inventories at the end of this crop year (i.e. June 30th, 2016) to hit 226.56MM tonnes, up 7.2% YoY (the third annual increase in a row) & US inventories to be up 16% YoY to a six-year high while export commitments are down 13% YoY. French exporters are having so much trouble attracting buyers that some storage facilities are full to overflowing.
- On the other hand, while the seeding of winter wheat in Kansas, the largest producer thereof, is on schedule, a lack of moisture (that could cut the yield for next summer's harvest) is building in part of the state; ditto in the Ukraine, another major producer of winter wheat, where the now emerging crop is being stressed by *unseasonally* hot, dry weather, while the Brazilian crop has suffered losses from a frost. And this year's *expected "monster" El Niño*¹¹ could bake parts of Asia & affect rainfall in South America,

¹¹ With, according to the Australian Bureau of Meteorology, there being a possibility that the warming of the Pacific Ocean waters will exceed the record set two decades ago.

causing Helen Pound, a senior commodity specialist at Minneapolis-based Wedbush Securities to observe “I don’t know what’s going to happen when El Niño gears up later this year”.

To put all of the above in perspective, total annual global wheat production is only slightly above-, & global wheat consumption only slightly below-, the 700MM tonne range. This means a) with the inventory level equivalent to just three months’ consumption, wheat-wise the world lives hand-to-mouth & b) it wouldn’t take much of a shortfall in production to sharply reduce inventories.

BIBLVS. THE GENERALS (NP, Jeffrey Collins)

•Netanyahu has time & again wrapped himself in the national security flag to ensure his electoral success. But this may now be unraveling as he is being outmanoeuvred on the security file by retired members of the military elite, headed by none other than Ehud Barak, his former Defense Minister, *one-time leader of the Labor Party & Israel’s most decorated soldier*, and Gabi Ashkenazi, the country’s top soldier from 2007-2011. The key issue is his opposition to the Iran deal. While nowhere near perfect, the others feel delaying Iran’s nuclear ambitions is worthwhile & think his intransigence is undermining the US-Israel relationship; thus before he addressed the US Congress last March, half a dozen prominent former military commanders held a press conference in Tel Aviv in which they blasted him for doing “irreparable harm to the country’s relations with the U.S.” Just as damaging has been their view that his posturing about attacking Iran’s nuclear infrastructure is at best misguided & at worst dangerous; thus Meir Dagan, Mossad Director from 2002 to 2011 (under three Prime Ministers, Sharon, Olmert & Netanyahu), told a Hebrew University audience the plan to attack Iran was the “stupidest thing I have ever heard”. And Ehud Barak has been undermining his strongman public image by leaking audio recordings from ministerial discussions of the issue that make him sound weak & indecisive. Thirdly, there is a feeling his focus on Iran has come at the cost of not dealing with more immediate issues closer to home [the need to restart the peace talks & end the occupation (*of the West Bank*), and contain the threat posed by the Hezbollah rocket arsenal pointed at Israel (a top concern of *none other than current Mossad Director, Tamir Pardo*)]. Finally, the 33-page document released last August 13th outlining the IDF’s official strategy, written by IDF Chief Gadi Eisenkot, *appointed by Netanyahu himself to the post effective last February 15th*¹², never even mentioned Iran’s nuclear program & the Shiite theocracy only once, as it focused on the terror threat along Israel’s borders, which Netanyahu has largely ignored in his time in office. And overarching all this is the fact that financial constraints have left the IDF operationally as weak as it was at the onset of the Second Lebanon War, in 2006, *during which a few hundred Hezbollah ‘raghead’ irregulars withstood the best the IDF could throw at them, thereby denting its aura of invincibility*¹³.

¹² Who is variously described by friends as “modest”, “level-headed”, “willing to strike, & strike hard, but only if he must” and “not afraid to speak his mind, no matter what the cost”.

¹³ And sounded delusionary on Fareed Zakaria’s GPS on CNN on Sunday October 4th when he boasted about the US-Israeli relationship when even George Bush 43 nearly a decade ago wouldn’t entrust him with ‘bunker-busting’ & it has been downhill ever since.

The latest polls show that less than half of all Palestinians now back a two-state solution, vs. two-thirds just three months ago (i.e. more than half now, by implication, support the idea of a unitary state, albeit one quite different from the currently existing de facto one¹⁴).

FIREFIGHTERS TACKLE A HIGH RISE IN UAE (BBCNews)

- On October 1st there was a fire on a 24-storey residential highrise housing some 200 families in the city of Sharjah; starting on one of the lower floors, it spread rapidly up the outside of the building with little direct damage to the inside the building.

In the last year there have been several such fires in UAE high rises. Seventy percent of them are clad in attractive but low cost, aluminum sandwich siding, the core of which is highly flammable (which its Asian manufacturers supposedly knew-, but didn't tell customers-, about); so the UAE recently banned its use on any new buildings & is now struggling with the question of how best, & least expensively, to address the fire hazard they pose in existing ones, one suggestion being to cut the risk of fire spreading rapidly by replacing it on every third floor [Sharjah is the capital of the 255 sq. km., 800.000+ inhabitant Sharjah Emirate (that accounts for 7.4% of the UAE GDP) but that, since it is only 15 kms. East of Dubai, is an intrinsic part of the Dubai Metropolitan Region].

THE SHAPE OF THINGS TO COME (Vue Magazine, Gwyn Dyer)

- In July the stream of refugees headed for Europe switched from its trans-Mediterranean route from Libya to Italy to the Aegean Sea route from Turkey to the Greek Islands, where the sea crossing is one-tenth as long & the risk of drowning lower. But they had no intention to stay in Greece which, while part of the border control-less Schengen area, shares no border with any other Schengen area country. So, with the closest such countries being Hungary & Slovenia, they had to go there to be able to travel to where they really wanted to go, Germany, France, or Sweden; hence they headed for Macedonia (**not** a Schengen country) whose government, realizing it was just a way station for them, expedited their passage to Hungary which responded by building a 3 metre-high razor wire fence to keep them out (*while in turn seeking to expedite the passage of those already there to the next Schengen country, Austria*). At that point Angela Merkel jumped into the breach by announcing Germany would accept as many as wanted to come, only to be panicked, just 48 hours later, by the magnitude of the flood of new arrivals¹⁵ into “temporarily” closing Germany’s border with Austria, which led to it closing its border with Hungary, & Hungary to close its border with Serbia. So the refugees stuck at the Serbia-Hungary border had no just but to West to Croatia (not a

¹⁴ Thus there was fascinating article in the NYT of March 18th, 2014, entitled [A Divide Among Palestinians on a Two State Solution](#). It noted President Mahmoud Abbas' No.2 son, Tareq, the successful part-owner of an advertising agency (with his older, millionaire brother Nasser, who has a civil engineering degree from Washington State & Canadian citizenship) had told his father his talks about a two state solution he was were futile, that he supported a unitary state solution (“If you don’t want to give me independence, at least give me civil rights (*incl. presumably the vote*) ... That’s an easier way, peaceful way. I don’t want to throw anything. I don’t want to hate anybody, I don’t want to shoot anybody, I want to be under the law” (an inter-generational split that has become more common place among Palestinians - *But Tareq may be almost as much out of touch with reality as his father; for with 55% of Palestinians under the age of 24, support for more ‘direct’, more violent action’ is widespread.*

¹⁵ Over 20,000 in one day in Munich alone.

Schengen member) with its Prime Minister, Zoran Milanovic, knowing they really wanted to go to Slovenia, announcing that his government was “ready to receive or direct people where they want to go, which is obviously Germany or Scandinavian countries”, only to be panicked in turn, within 24 hours, by the resultant influx into closing his country’s borders as well, with his Interior Minister advising migrants Croatia was “absolutely full” & telling them “Don’t come here any more. Stay in refugee camps in Serbia and Macedonia and Greece. This is not the road to Europe”, prompting Hungary to declare it was extending its razor wire fence to its border with Croatia, & Slovenia to start searching all trains from Croatia for refugees.

- But this is only a *dress rehearsal* for the main event, one or two decades hence, when global warming will have devastated agriculture in the Middle East & North Africa, thereby increasing the number of people desperate to relocate to Europe five-, if not ten-, fold (*likely* even if the world’s leaders were to make the right moves at December’s Climate Summit in Paris). But there isn’t the slightest indication EU policy makers are thinking along the latter lines and, if they were to be taken by surprise again, it could mean the collapse of the EU & the end of several Southern European states as we now know them.

Oddly enough there have over the years been two warnings of such an apocalyptic scenario. In 1973 Jean Raspail, a professional writer of travelogues, came out with a book, entitled Le Camps des Saints (The Camp of Saints)¹⁶, that became a best seller four decades later, the story line of which was that an Indian wise man’s prediction prompted millions of that country’s poor people to set sail in thousands of dilapidated vessels for Southern France in order to achieve a standard of living there out of their reach in their own country and who, once there & having no interest in assimilating in the European culture, destroy it (with critics’ reaction thereto ranging from “a haunting book of irresistible force and logic” to “racist, xenophobic, and paranoid”). And the 1990 the film The March, narrated by none other than double Academy Award winner Denzil Washington, told the story of thousands of Africans crossing the Strait of Gibraltar into Europe driven by a sense that “we are poor because you are rich”.

CATALAN SEPARATISTS WIN NARROW MAJORITY IN REGIONAL ELECTIONS

(NYT, Raphael Minder)

- Catalan separatist parties won a majority of seats in the regional parliament, but not majority voter support, in the September 27th regional elections they had billed as a plebiscite on secession. The extent of voter polarization was evidenced by the comments by a middle class Catalan in his mid-thirties & his wife : he said that, while he wouldn’t have dreamt of voting for independence three years ago, “I’ve come to see that its better to go that way than to be stuck with a Madrid government that hasn’t offered us any decent alternative” & his wife that “We need to build a stronger Europe rather than add new countries ... I don’t think it makes sense to fight for independence in the 21st century.”

*The ‘Together for Yes’ (JpS) party got 39.7% of the votes & 62 seats & the Popular Unity Candidacy (PUC) party 8.2% & 10 seats, giving them 72 of the 135 seats. While the leader o the JpS (a coalition of centre right-, & left-, voters) had said prior to the election he would move towards ahead independence if it & the PUC got a majority of seats **and** voter support, now says he plans to move to independence over 18 months wich is, however, nowhere near fast*

¹⁶

The title is taken from Revelations 20 : 9.

enough for the extreme left PUC. partner. The big issue for many Catalans (as it is or many Albertans) is that the region receives less back from the central government in investments & transfers than it contributes in taxes, as Madrid makes them unduly subsidize the poorer parts of the country (in purely political terms they have a point; for Catalonia elects has 47 seats (13.4%) in the 350 seat national parliament while it has 16.7% of the population & accounts for 16.0% of Spain's GDP

BRAZILIAN PRESIDENT REJECTS SETTLER LEADER AS ISRAELI ENVOY (Times of Israel)

- On August 6th, the appointment of a prominent settler leader, Dani Dayan, as Israel's new ambassador to Brazil was confirmed. But under pressure from dozens of Brazilian entities, President Dina Roussef 'back channeled' a warning to Netanyahu not to act on this (since *accepting this appointment might be seen as endorsing his settler stance*). Rejecting such appointments is rare & if he sent him to Brasilia anyway & she rejected him, it could create a diplomatic crisis involving a country that Israel has sought to develop closer ties with (as a result of which Brazil, at a recent IAEA General Conference, abstained from a vote to impose monitoring on Israel nuclear sites¹⁷?).

In 1970 Dayan (age 60) came with his family from Argentina to Israel. A decade ago he sold the successful software company he had founded to devote himself full-time to political activism, promoting Jewish settlement in the West Bank & fighting all talk of a two-state solution. And following a report in Haaretz on September 20th that a number of former Israeli ambassadors had appealed to the Brazilian government not to approve Dayan's appointment since doing so would be tantamount to legitimizing Israel's violation of international law (by its continued 'occupation' of the West Bank), Israel's Defense Minister phoned his Brazilian counterpart to put pressure on the Brazilian government not to accede to their suggestion, as did a number of other prominent, incl. the Speaker of the Knesset and the leaders of the major opposition Zionist Union-, & Yesh Atid parties, by putting pressure on Brazil's Ambassador to Israel.

BRICs ON THE BRINK REFLECT CHANGING FORTUNES (Calgary Herald, Stephen Ewart)

- The theme of the 2015 Global Economic Forum¹⁸ was "Shifting Economic and Social Relationships". Participants were told Brazil, Russia, India & China are on the brink of something; it's just not clear if it's good or bad. For the rising geopolitical tensions between China & its Asian neighbours, the dictatorial rule of Russian President Vladimir Putin, and even the long-simmering border disputes between India & Pakistan have the potential of exploding *on short notice*, just like the refugee crisis in the Middle East.
- Thiago De Aragao, Director of Brasilia-based, Latin America-focused political consultancy Arko Advice, opined "it is impossible to make any forecast in Brazil¹⁹".

¹⁷ Another abstainer was India, a country Netanyahu has been assiduously courting since last year's election of the Israel-friendly Prime Minister Narendra Modi.

¹⁸ That each year in September brings together in Banff, Alberta & on an invitation-only basis, 200 senior corporate executives, academics, researchers & thought leaders for two days of discussions of matters of global importance.

¹⁹ Which currently is immersed in a corruption scandal emanating from Petrobras, the national oil company, that has engulfed much of Brazil's business-, & political-, elite & is knocking on the President's door, whose economy is flat on its ass & whose the President's approval rating is lower than a snake's belly (in single digits), and where the voices for her impeachment gained further

Andrei Illarionov, a former chief economic adviser to Putin now at the Washington-based Cato Institute, observed “We thought ... economic advances would make him more democratic, but he became more autocratic ... *and* There’s only one way to deal with this problem and it’s regime change”, & noted that Putin uses propaganda far more effectively than communist regimes. In Asia- Pacific area, China faces a waning economic boom & has a large, restive public and so is pursuing military activity in the South China Sea that plays to nationalism at home but unsettles its neighbours (which resulted on September 18th in Japan ending seven decades of pacifism by allowing its military to engage in overseas combat²⁰ & in Richard Ellings, President of the Seattle-based National Bureau of Asian Research, observing “Japan has to respond ... China has to be balanced ... *but* nationalism isn’t just rising in China, it’s across the region and it’s a negative leading indicator ... the temperature is rising”). *The only upbeat one was* Vasuda Sundararaman, CEO of the Mumbai-based State Bank of India who, despite the fact that the reform of the domestic political institutions needed to pave the way for a modern economy in what soon will be the world’s most populous country continues at a frustratingly slow pace, opined that “India is on the right track ... It’s not the fragile economy people were talking about a few years ago²¹.”

Nevertheless, all of the above speakers were optimistic about the long-term outlook for their countries, provided the endemic political interference in their economies would end. And a common view of those at the conference was that the military adventurism by some countries in an increasingly a multi-polar world is creating geopolitical tensions that were beyond their expertise.

momentum with the filing, with opposition backing, of a petition calling for her impeachment with the Speaker of the Lower House (which prompted *the Eurasia Group recently to hike the odds on her impeachment in 2016 from 30% to 40%*), after which the odds decline as the 2018 election, in which she cannot run in nayway, approaches) by 93 year-old Helio Bicudo, a founding member of her own PT party (but who left it in 2005 in disgust over a scandal involving Lula da Silva, her predecessor) who had played a leading role in 1992 in the country’s only-ever successful impeachment of a President for corruption of the then President Fernando Collor.

²⁰ A move that is not universally popular & passage of which in the Lower House led to fisticuffs.

²¹ This is at odds with anecdotal evidence that when the government of Uttar Pradesh, India’s most populous state) recently advertised 368 office jobs paying 16,000 rupees/US\$180 per month to run errands & make tea, it was overwhelmed by 2.3MM applications, incl. 255 from people with Ph. Ds & over 200,000 with graduate degrees.