

Quote of the week - “Campaigning is campaigning and governing is governing” - Obama’s National security Adviser & prior to that US Ambassador to the UN, Susan Rice, on Fareed Zakaria’s CNN’s GPS program in their discussion of Trump’s seemingly softening position on some key issues from when he was on the campaign trail¹.

End of the road for France’s Sarkozy - In the 2012 presidential election he was nosed out in the first round as the standard-bearer for the right-of-centre UMP (Union Mouvement Populaire) by the Socialist Party’s François Hollande 28.6-27.2 (with the far-right candidate Marine LePen trailing with 17.9%), & again in the second round 51.6-48.4. Since then Hollande’s approval rating has sunk lower than a snake’s belly & LePen’s soared. So he sought to make a comeback (that included renaming his party, rather controversially, “Les Républicains”), with the CW being that, after Hollande would be eliminated in next April 23’s first round, he & LePen would fight it out in the May 7th run-off, with the latter having a good chance to come out on top, given the continent-wide growing support for populist right wing extremism. But the wheels fell off his cart in his party’s November 20th first round primary, when, with just 20.7% support, he came 3rd to his former Prime Minister, François Fillon, & former Prime Minister (from 1995-1997), Alain Juppé (who had led for months in the polls, until Fillon had come out of nowhere in the campaign’s closing weeks). The betting now is that Fillon will handily beat Juppé in today’s (November 27th) run-off^{2 3}

Is the Electoral College concept be outdated? - Not necessarily so, depending on whether one believes that democracy is all about enforcing the will of the majority, or whether in doing so attention should be paid to protecting the rights of the minority [a necessary consideration in a country as geographically-, socially-, & culturally diverse as the US (*or Canada*)], the latter of which had been what prompted the Founding Fathers to create the College - for on a straight Rep. By Pop.-basis, just 10 states (Cal, NY, FL, TX, Ill, Penn, OH, NC, Ga, MI, Va.) would all but have a strangle hold on the US Presidential selection in perpetuity.

Economic “green shoots”? - New orders for US-made capital goods rebounded in October, due to a rising demand for machinery & equipment, suggesting there has been a pick-up in economic growth early in the Fourth Quarter. And there was a jump in consumer confidence after the election as consumers viewed Trump’s victory positively (the University of Michigan’s Consumer Sentiment Index was up 8.2 points from its pre-election reading to 93.8, a level up 6.6 points MoM). And in Europe the IHS Markit eurozone composite purchasing managers’ index jumped to a YTD high 54.1, up from October’s 53.3, suggesting that 0.4% Fourth Quarter

¹ In 2002 Dalton McGuinty became Premier of Ontario in 2002 after an election in which he promised, among others, not to increase existing-, or introduce new-, taxes only to forthwith introduce health- care premiums (on the grounds these were user fees, not taxes). So the Canadian Taxpayers’ Foundation sued for breach of promise, a suit dismissed three years later by Ontario Superior Court Justice Paul Rouleau on the grounds that anyone who believes a campaign promise is ‘naive about the democratic system’ &, more specifically, that if everyone who had voted for a politician based on a promise only later to take the government to court for an allegedly breached contract, our system of government would be rendered dysfunctional.

² Fillon is represents a Paris constituency (although he lives in Northern France) & is more of both a social & fiscal conservative than Juppe (he voted against a Hollande same sex marriage bill and, upon becoming Prime Minister in 2007 annoyed Sarkozy by telling all & sundry that France was “bankrupt”, and deems himself a “pragmatist”). It would be interesting to see what would happen next May if there were a run-off between LePen & Fillon, i.e without a left of centre candidate.

³ Fillon did, with 66.5% voter support.

GDP growth may be in the cards (vs. an economists' consensus forecast of 0.3%). And more encouragingly was the somewhat faster growth of some of the smaller economies.

The importance of coal jobs - On Sunday November 27th Tom Steyer was on Fareed Zakaria's GPS program on CNN. His current US\$1.6BN net worth came from him founding a California-based hedge fund, Farallon Capital, that at last report was managing US\$20BN of institutional-, & high net worth individual-, money, although he had left in 2012). A proactive environmentalist Hillary supporter, who opposed the Keystone XL pipeline to carry Alberta 'dilbit' to the US Gulf Coast, he told Fareed that, while there are just 75,000 coal miners in all 50 US states, there are 550,000 people employed in alternate energy businesses in his state, California, alone (i.e. about 3% of its work force) - *while he might have let his enthusiasm overrule his better judgment since according to other US sources the coal miner number is 83,000 & the LAT carried an article in August 2015 bemoaning the lack of payback on California's alternate energy job creation programs, IRENA (International Renewable Energy Agency) in its 2016 report noted that in 2015 the number of Americans employed in the US renewable energy industry had grown by 5% to 8.1BN, i.e. 5+% of those working (not incl. the 1.3MM in the hydropower sector).*

TPP - Trump completely, but likely intentionally, misunderstood/misrepresented what it was all about. For it is a political-, masquerading as an economic-, initiative. That's the very reason that China was not part of it : it was from the outset intended as a constraint on the expansion of China's-, and a boost to the US-, political influence in the Pacific region. So it is small wonder that an expert in the field recently opined that the US walking away from TPP would be an 'early Christmas present for Beijing'. And it can be no coincidence that Chinese vessels in the past month have quit stopping Philippine fishermen from 'working' their traditional fishing grounds on the Scarborough Shoal (that China had seized control of in 2012 despite it being about 200 miles from Philippine landfall & 4x that far from the Southern China Island of Hainan).

GLEANINGS II - 686
Thursday November 24th, 2016

CLOCK TICKING TO SIGN TRUCE ON OIL OUTPUT (EJ, Gary Lamphier)

- Oil prices ended the week on a sour note as investors prepared for a critical November 30th OPEC meeting whose 14 member states are engaged in increasingly desperate talks to cut production by 1MM bbl/d. (to help prop up spot prices). For while Saudi Arabia is *sort of* willing to scale back its output, it faces bulging fiscal deficits, Venezuela is in the midst of a full-fledged economic crisis (and Libya & Nigeria so to a marginally lesser extent), Iran is bound & determined to raise its output to pre-sanctions levels & Iraq is upping output to help pay for the growing cost of its fight against ISIS. According to Commerzbank "Saudi Arabia could cut its production by approximately 500,000 bbl/d, which would mean merely reducing output to the normal winter level ... The remainder would have to come from other countries ... However, apart from Saudi Arabia's allied Gulf neighbours no other countries is currently showing any willingness to cut production." And according to Montreal-based Maison Placements Canada's Joseph Schachter "There's no way the cartel should even think non-OPEC players will cut production⁴ ... OPEC is the swing producer because it doesn't consume most of the oil *it*

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On November 24th Natig Aliyev, Azerbaijan Energy Minister confirmed that "it could be expected that OPEC members may ask non-OPEC countries to cut production volumes for the next six months starting

produces ... So any logic that says they should get non-OPEC to play ball is totally screwy. The US won't cut back and the UK, Norway, Canada, Columbia and Barzil won't cut back. Saudi Arabia has to be the one to take the pain. If they don't, there's no deal." And the signs are not promising : Saudi Arabia has cancelled November 28th talks with Russia & other non-OPEC nations since, Bloomberg says, it wants an OPEC deal in place before holding any talks with non-OPEC producing countries.

Both Saudi Arabia & Russia are producing at record levels. But their FX reserves are down 20+% since mid-2014 & their economies are struggling (Russia has had seven quarters of negative GDP growth in a row & Saudi Arabia's GDP growth rate is one-third of what it was two years ago). Saudi Arabia recently proudly announced its price action did have its hoped-for (positive) impact on its global market share. Trump's win in the US will encourage major US oil producers to capitalize on their newfound greater ability to produce shale oil profitably at lower prices. And on the demand side growth has slowed down due to the decelerating rate of global economic growth.

THE CRISIS FOR LIBERALISM (NYT, Ross Douthat)

from January, 2017 ...by 880,000 barrels" (which likely would go over like a lead balloon (if only because it would minimize the need for cuts by Saudi Arabia.

- The 2016 election campaign was a crisis for conservatism but its aftermath a crisis for liberalism. For the right that unexpectedly came to power (*with a outlier candidate who ran against both Washington's-, & the GOP's-, elite*) is now waiting to see how Trumpism will play out in practice, while the left, that was unexpectedly driven into impotence, has no choice but to start arguing about how it *possibly could have* lost the election. The latter is already revolving around the concept of "identity politics", the vision of political liberalism as a coalition (that had twice delivered results for Obama) of diverse groups, *white armchair liberals with tenure*, gays, blacks, Asians, Hispanics, females, Jews, & Muslims, all united in a common front against white Christian America. But in this election it failed the Democratic party twice : white voters embraced a form of identity politics of its own, and women & minorities feared Trump less than the liberals had expected & failed to vote monolithically for Hillary⁵. So now identity politics is taking fire from the centre-left for having been illiberal & balkanizing and driven white people of goodwill rightward & for not speaking the language of the common good, & from the left for being an expression of class privilege that cares little about economic justice. And both of these make reasonable points.

It is worth reading this 1000-word column in its entirety & hard to do justice to it in the space available here. The key phrase in it may well "So when religion atrophies, family weakens and patriotism ebbs, other forms of group identity inevitably assert themselves". - The author celebrates his 37th birthday today, November 27th (& hence is an early Millennial) & is magna cum laude Harvard graduate, whose wife writes for the Baltimore Sun & The Smithsonian.

'BUY AMERICAN' REARS ITS UGLY HEAD (CP)

- During the campaign Trump was passionate about ensuring "American steel" would go into American bridges & "American workers hired to build them". The protectionist sentiment is now running high in both parties, with Susan Schwab, Bush 43's US Trade Representative telling a panel at the Washington-based Cato Institute⁶ "The first thing that is going to happen (next year), if there's a major infrastructure bill, is exactly the first thing that happened under the Obama administration. Somebody's gonna put a Buy America rider on it. Then the decision, for the Congress and the White House, is, do you fight that rider ...?"

US lumber producers have already re-ignited a decade old trade dispute by calling on Washington to impose "punitive" tariffs on Canadian lumber since Canadians are "dumping subsidized product on the US market".

PROFESSOR WHO PREDICTED TRUMP WIN SAYS HE WILL BE IMPEACHED (CNN Politics, Leinz Vales)

- Allan Lichtman is the Distinguished Professor of American History at Washington's American University who, *based on presidential election results going back 150 years*, developed a series of 13 True-False questions that enabled him to correctly forecast the

⁵ Or failed to vote at all; for while much has been made of Hillary getting 2MM more of the popular vote than Trump, very little has been said that she got 5MM **less** votes than Obama in 2012.

⁶ Funded in 1974 by a group that included one of the Koch brothers, & still enjoying Koch family financial support, it cannot help being somewhere to the right of Attila the Hun.

outcome of the last eight presidential elections. And a week after the latest he told CNN's Erin Burnett that his instinct (*not a formula*) tells him Trump will be impeached at some point since "throughout his life he has played fast and loose with the law, ...has run an illegal charity in New York state, ...has made illegal campaign contributions through that charity, ...has used the charity to settle personal business debts ..and faces a RICO⁷ lawsuit." And when Erin Burnett retorted his allegations were not proven in court & impeachment would be difficult since the GOP controlled both houses of Congress his response was "The Republicans are nervous about Trump ... He is a loose cannon. Nobody knows what he really believes or ... where he stands. He cannot be controlled. The Republicans would vastly prefer ...Mike Pence, an absolutely predictable ... conservative Republican.

*Burnett's wondering how he could be impeached with the GOP in control of both Houses reflects the fact blindness of the main media; for the Democrats would vote Yes in a heartbeat & it would only take eight Republican Senators to get him convicted. With the Trump empire containing by various counts 111 or 500+ companies in 18 countries/worldwide, unless he puts his assets in a cast iron blind trust, there will be no end of potential cow flaps for him & his tribe to step into. Even this early candidates are already emerging. One relates to the Secret Service's plans to rent one (or two?) floor(s) in New York's Trump Tower (at US\$1.5MM each) for a 'command centre' for the agents protecting those of his family who live there. A second stems from his owning, directly & indirectly, (a modest number of) shares in Texas-based Energy Transfer Partners, a firm building the controversial 1,930 km. Dakota Access pipeline to carry Bakken oil across four states & under the Missouri River to a terminal in Illinois. Then there is the fact that foreign diplomats are beating down the doors for rooms in the 5-star Trump Hotel Washington DC (that may well have fanned the downstream accusatory flames by having appointed a Director of International Diplomatic Sales). When he recently met with three of his business partners from India, a meeting described by one of his spokesmen as a "courtesy call", this was blown out of the water when one upon his return to India told The Economic Times they had discussed expanding, **now that he was President-elect** (bolding added), their partnership with the Trump Organization. And last week President Duterte of the Philippines (those who compare him to Trump are deluded since compared to him Trump is like the Archangel Raphael) announced he had made Trump's Manila partner Ambassador to the United States. And the more he manages to dodge such bullets in the early going, the bolder he is likely to become as time goes on. It all reminds me of three things : the Peter Principle (that says that people often get appointed to positions one level beyond that of their competence), the three Greek tragedy writers (whose names I always forget) that 25 centuries ago wrote a number of tragedies featuring "hubris" (the pride that come before the fall) & the Greek mythological figure of Icarus who, with his father, wanted to flee & fly from Crete to the mainland using a set of wings created by his father from bird feathers & wax who ignored his father's advice not to fly too high lest the wax melted and fell into the sea & drowned .*

MUSLIM POLICE CHAPLAIN'S VIEWS TROUBLING (Edmonton Sun, Farzana Hassan)

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The 1970 Racketeering Influence and Corruption Organizations Act.

- Musleh Khan was hired by the Toronto Police Service (whose motto, like its Edmonton counterpart's, is "To Serve and Protect") as its Muslim chaplain to help 'bridge the gaps between law enforcement & the Muslim community, and to provide religious & moral support to Muslim officers'. But he believes Muslim women should 'obey' their husbands, that wives 'should 'make themselves available' and not "withhold this right from her husband without a valid excuse", & that a woman doing so "commits a major sin". Furthermore, that women must seek permission from their husbands whenever they want to leave the house since the man is the "main decision maker of the home." And when the police union raised concerns about this, he conceded that his words may (!!!!) have been inappropriate &, when "taken out of context", can create a misleading impression.

This is almost as bad as the constitution of the MSA (Muslim Students' Association at Toronto's York University that among others stipulates under "The Status of Women" that "Islam has assigned man as the head of the household ... Islam has given him the authority and means to discipline family members who go astray and endanger the peace of the house. Among these means, as a last resort, some types of physical punishment." (incl. "Honour Killing"?)

CONSUMER CONFIDENCE INDEX IN ALBERT SURGES, REBOUNDED FROM A BLEAK OCTOBER (CP)

- It jumped to 60.2 in November, up from October's 38.5, whereas that for Canada as whole was up just six points to 102.7.

With the Calgary-, & Edmonton commercial vacancy rates closing in on 25% & 15% respectively, and the residential ones having gone from 1.4% to 8.5% & from 1.7% to 7+% respectively in the past two years, this likely was driven by easing of rents (in Calgary they are down as much as one-third); for there is little happening in the real economy to justify much optimism with both taxi drivers⁸ & bar owners (whose incomes rely on high 'discretionary spending') suffering.

ERDOGAN WARNS HE COULD UNLEASH MIGRANT SURGE (WP)

- Last March Turkey agreed with the EU to stem the flow of migrants traveling by sea to Greece in exchange for speeded-up membership talks, billions of Euros in aid for Syrian refugees & visa-free travel for its citizens. But European politicians are growing uneasy about his *post-putch* treatment of all 'opposition', incl. journalists; so on November 24th the European Parliament voted to freeze the membership dialogue with Turkey. In response President Erdogan, the day after that vote, warned any steps to mothball Turkish membership or sideline any EU-Turkey exchanges would prompt another immigrant wave.

Erdogan may be overplaying his hand. For during his 13-year reign as Prime Minister & President he has increasingly turned Turkey from a Western democratic-, into an Islamic dictatorial-, model. So for the EU it will basically be matter of possibly getting a couple more

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Mornings & noon I take taxis to & from physio. The other morning I had one at 8:00 a.m. the driver of which had started at 5:30 with my being only his second fare; given that my fare was only \$11 & his overhead is \$70 for taxi rent for 12 hours & \$15-\$20 for gas, he may well have failed to make his overhead for the day (& Uber, isn't quite as much of a factor here as in some other cities).

million Muslims underfoot now over getting 80MM more members (with a fertility rate of 2.03 vs. the EU's 1.56) tomorrow.

INTERNATIONAL CRIMINAL COURT : RUSSIA'S INVASION OF UKRAINE IS A 'CRIME', NOT A CIVIL WAR (Forbes, Paul Roderick Gregory)

- On November 14th the The Hague-based ICC issued a finding (that came at a particularly awkward time for a Kremlin that has been peddling a different version of events to the incoming Trump administration seeking to paint Russia as an 'innocent bystander') that "there exists a sensible or reasonable justification for a belief that a crime falling within the jurisdiction of the Court 'has been committed' " in the Crimean & Dondas territories of Ukraine. It minced no words, saying, among others, that armed & uniformed individuals wearing no identifying insignia had seized control of the Crimean parliament & admitted pro-Russian deputies who *then* appointed a new prime minister ("a local gangster"), that two days after a referendum conducted 'under the supervision of Russian Kalashnikovs', Crimea was admitted into the Russian Federation, & that its annexation by Russia had been declared invalid by the Ukrainian provisional government & by a majority of states of the UN National Assembly. And as to events in Eastern Ukraine, it said that "East Ukraine is an international *armed* conflict between Russia and Ukraine." This intensified Russia's isolation that ensued the Joint Investigation Team's (JIT) blaming it for shooting down *Malaysian Airlines'* flight MN17 in July 2014; so Moscow promptly announced it would be withdrawing from the organization since it had "failed to meet the expectations to become a truly independent, authoritative international tribunal." This places Russia in the questionable company of Afghanistan, Burundi, Columbia (???), Gabon, Iraq & Niger as suspects in the creation of international armed conflicts.

The court was established under the 1988 Rome Statute (after more than a century of attempts to create a supranational & international criminal tribunal that had gained momentum after the post-WW II Nurnberg trials) which gave it authority (without being subject to any statute of limitations) with respect to four "core" international crimes", genocide, crimes against humanity, war crimes & wars of aggression). The US, along with Israel & Sudan, had signed the Stature but in 2002 formally withdrew its intent to sign it⁹. Gambia recently quit the Court as well, surprising many since it's Chief Prosecutor is a Gambian citizen on the grounds that "the ICC, despite being called the International Criminal Court is, in fact an International Caucasian Court for the persecution and humiliation of people of colour, especially Africans." - a very noble sentiment but for the fact that few places in the world other than Africa have been so replete with activities that fall within the Court's four 'core' areas of jurisdiction.

PUTIN TO NATO : WATCH YOURSELVES (WP, David Filipov)

- In a November 22nd interview with American film maker Oliver Stone about a documentary on the conflict in Ukraine that premiered on Russian TV after advance copies of his remarks had been circulated by the Russian media, Putin told him that his forces could target NATO targets if his country felt threatened & warned "We must take countermeasures, that is strike with our missile systems at the targets that, in our opinion ... threaten us ... What are we supposed to do? We are forced to take

⁹ The Clinton administration signed it but did not submit it to the Senate for ratification, the Bush administration gave notice it wouldn't join & the Obama one in 2009 established a sort-of working relationship with "observer" status.

countermeasures ... The situation is heating up.” That same day the Kremlin announced it had deployed mobile coastal defense missiles in its eastern European enclave of Kaliningrad (the former East Prussia, a 15,100 sq. kms. sliver of land with a population of 1MM sandwiched between Lithuania to its North & East and Poland to its South with, to its West, a 200km coastline on the Baltic Sea) after having stationed nuclear-capable cruise missiles there last October, further arming a region already bristling with weaponry.

This was purely for domestic consumption. He has long been unnerved by the fact that the breakup of the Soviet Empire & subsequent expansion of NATO & the EU robbed Russia from the 1,000+ km defense in depth' feature that had defeated both Napoleon & Hitler (as if that is still a strategic asset in an era of ICBMs, multi-mach planes & rockets, nuclear weapons & hackers). And contrary to what he claims most military bullying in post WW II Europe, incl.in Hungary in 1956, in Czechoslovakia in 1968 &, most recently in the Crimea & Ukraine has been West-, not East-, bound