

**A Big One in the making?** - This is what concerns some Californians. For in 5 days there have been 10 small-to medium sized earthquakes in their region (*listed hereafter by date-time-area-magnitude*) : Dec 24<sup>th</sup>-0715 hrs-Hawthorne, NV<sup>1</sup>-3.1, 27<sup>th</sup>-0358-Malibu-3.3, 28<sup>th</sup>-0122-Hawthorne-5.7, 0126-4.0, Hawthorne -126-4.0, -0157-Hawthorne-3.9, - 0213-Hawthorne-5.5, -0515-Hawthorne-4.1, -0928-Hawthorne- 3.7, -1056-San Diego-3.9 and -1500-Hawthorne-3.7.

**“Karoshi” is the Japanese word for ‘Death by overwork’** - The advertising giant Dentsu has 47,000 employees in 140 counties . In Japan management level employees are still expected to a) work brutally long hours & b) take part in the traditional, long, after-hours drinking & carousing sessions with fellow employees & clients. At Christmas 2015 a junior Dentsu management employee, 24 year-old Matsuri Takahashi, committed suicide & last October Tokyo’s Labor Standard Inspection Office ruled that, since she had worked 105 hours of overtime in the month prior to her death, the cause of her death had been overwork & it referred her case to prosecutors. As a result, on December 29<sup>th</sup> Tadashi Ishii, Dentsu’s 65 year-old CEO, announced he will step down, effective next month’s Board meeting - *the media coverage of the case over the past year has been a boon to Prime Minister Abe’s attempts to reform Japan’s labour laws.*

**GLEANINGS II - 691**  
**Thursday December 29<sup>th</sup>, 2016**

**US DECLINES TO VETO ANTI-ISRAEL RESOLUTION AT UN (AP, Edith M. Lederer)**

- On December 23<sup>rd</sup> the UN Security Council was faced with an Egypt-sponsored resolution condemning Israel’s West Bank & East Jerusalem settlement policy as a “flagrant violation” of international law, saying that settlements in lands the Palestinians want to include in their future state (*with its boundaries following the 1949 ‘Green Line’?*) have no “legal validity”, & demanding a halt to more settlement building for the sake of “salvaging the two-state solution”<sup>2</sup>. After Israel learnt the Obama administration might break precedent & not veto it *or abstain from voting*, Netanyahu turned to President-elect Trump for help who then tweeted Obama to block Egypt’s effort and, after the resolution was nevertheless resurrected & passed 14-0, tweeted again, this time saying “As to the UN, things will be different after January 20<sup>th</sup> ... The United Nations has such great potential but right now it is just a club for people to get together, talk and have good time. So sad!”

*While the US liberal J Street lobby welcomed the resolution as ‘re-affirming the need for a two-state solution’, the conservative AIPAC, that lobbies Congress for more pro-Israel policies, said it was “deeply disturbed” by it. And Netanyahu was beyond just piqued, claiming first that Obama had been behind it all & now that he has “hard evidence” (from Arab sources) this had been the case (a nice payback for the Obama administration last September signing a record US\$38BN, 10-year military aid deal with his government). On December 26<sup>th</sup> he announced he had recalled 10 ambassadors to, & was “suspending ‘working ties’ (whatever that means) with-*

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<sup>1</sup> On the California/Nevada border straight East of San Francisco.

<sup>2</sup> The “window” for which may well have been slammed shut; for only a few older Palestinians still see it as a realistic option while most younger ones, who now constitute an overwhelming majority of Palestinians, realistically or not, can only envisage a “one state” solution (in a case of the ‘leopard lying with the lamb’ - Isaiah 11: 6?).

12 of the nations (incl. China, France, Japan, Russia, Spain & the UK) that had voted for, or not vetoed, the UNSC resolution. And according to the San Francisco-based liberal website *Salon* if there is one thing Trump & mainline Republicans can agree on is that the UN should be 'punished' for its anti-Israel vote. Among the numerous historical 'facts' undermining the Netanyahu case are the following. Paragraph 6 of Article 49 of the Fourth Geneva Convention of 1949 states "The Occupying Power shall not deport or transfer part of its own civilian population into the territories it occupies."<sup>3</sup>, Shortly after the 1967 War Theodor Meron, the then 31 year-old inhouse counsel of the Israeli Foreign Ministry (who has since become a jurist of international renown & since 1994 has been held the Charles L. Denson Chair at the New York University School of Law) opined that the international prohibition on building settlements in occupied territories was "categorical" (advice that the then Israeli Prime Minister Levi Eshkol, whose six year term as such was sandwiched between those of the much better-known David Ben-Gurion & Golda Meir, ignored in launching his settlement program). In 2004, in response to a UNGA request, the International Court of Justice (ICJ)<sup>4</sup> by a vote of 14-1 issued an advisory that the wall on the Palestinian side of the 1949 "Green Line" (that by then had 80% of all Israeli settlers in the West Bank living on the Israeli side thereof) was "illegal" & "a breach of international law", and "violated the principles inherent in the UN Charter". And in the world of everyday 'RealPolitik, it is worth noting that Israel's global standing can be gauged by the fact that less than three months into last year's UN General Assembly it had passed 20 resolutions singling out Israel for criticism (two-thirds of them with yes votes in the 150+ range) as against only three for its other 192 member countries (one each for Iran, North Korea & Syria). And on December 29<sup>th</sup> the OCHA (the UN Office for the Coordination of Humanitarian Affairs) reported that this year the Israeli authorities had destroyed a post-2009 record 1,089 Palestinian-owned structures in the West Bank & East Jerusalem, thereby depriving 1,593 Palestinians of their homes & 7,101 of their livelihoods (although it also noted that there had been fewer incident-prompted deaths this year, 109 Palestinians & 13 Jews, down YoY from 169 & 25).

### **NETANYAHU PROBE EXPECTED TO BEGIN WITHIN DAYS (AP)**

- Israel's Channel 2 reported on December 29<sup>th</sup> that he is suspected of having received valuable "favours" from (two?) businessmen in Israel & abroad, that there had been a breakthrough in the case three weeks ago & that a criminal probe is expected to get underway next week. Both the Justice Ministry & police declined to comment.

*Small wonder he has been so extraordinarily aggressive, even for him, in his response to the US failure to veto the latest UNSC resolution on the Palestinian issue; for the best defense is a good offense. But it also may explain why he could get neither China nor Russia to veto it (for they may have smelled blood in the water). And it would not be surprising if, in any such an inquiry, the name of Sheldon Adelson were to surface. With a Net Worth of US\$31.8BN he is Forbes 14<sup>th</sup> richest American. He is the founder, Chairman & CEO of the Las Vegas Sands Corporation (America's largest casino company) that last April paid a US\$9MM penalty to the SEC to settle charges it had violated the Foreign Corruption Practices Act. An early supporter of Trump, he is said to have made a sufficiently large contribution to Trump's campaign to have*

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<sup>3</sup> The answer of Netanyahu et. al. Is that Israel in not "occupying" the West Bank & East Jerusalem (although they are not clear what they are doing there if not occupying it)

<sup>4</sup> Of which Israel has long been a member, although like many of its other 192 members, incl. China, France & the US it never submitted a declaration recognizing its findings as compulsory.

*him change his tune from saying he would remain “neutral” on the Israeli-Palestinian issue to being “on Israel’s side”. Adelson & Netanyahu have long been as thick as thieves to the point where it has been alleged he was “bankrolling” him.*

### **TRUMPS’ PLAN TO CANCEL HIS CHARITY HITS SNAG (AP, Vivian Salama)**

- Trump on December 26<sup>th</sup> announced he would dissolve the Donald J. Trump Foundation as part of what his transition team says is an effort to erase any potential conflicts of interest before he takes office on January 20<sup>th</sup>, tweeting “The DJT Foundation, unlike most foundations, never paid fees, salaries or any expenses ...100 percent of the money goes to wonderful charities..” But Amy Spitalnick, a spokeswoman for NY State Attorney-General Eric Schneiderman, said the next day that “The Trump Foundation is still under investigation by this office (*as to whether he personally had benefitted from its spending*) and cannot legally dissolve until that investigation is complete.”
- Mr. Schneiderman, a Democrat, was driven to launch an investigation by Washington Post reports three months ago on some of the DJF’s spending<sup>5</sup>. And his move gained momentum after an email from the Foundation’s law firm, Philadelphia-based Morgan, Lewis & Bockius, was leaked on November 18<sup>th</sup>, in which it acknowledged it had used money or assets in violation of the regulations, not just in 2015 but in prior years as well and that Trump had used it to settle law suits, make a US\$25,000 political donation, & purchase items, such as a painting of himself for display in one his properties).

*Trump founded the Foundation in 1987 & over the next three years funded it with US\$3MM, and over the next decade with another million or so. In 2002 it started taking in third party money<sup>6</sup> & over the next seven years got another US\$1.2MM from Trump & US\$5MM from others. And*

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<sup>5</sup> In 2010 Trump was awarded by the Palm Tree Award by the Palm Beach Police Association in a gala at his Mar-A-Lago estate in that city for raising US\$150,000 for it through his foundation (for the use of which he then charged it US\$276,463 ). And in 2016 he paid a penalty to the IRS from making a US\$25,000 political donation (*which is a NO-NO for charitable foundations*) to Florida’s Attorney-General (at a time her office was investigating the Trump University). And there are reputedly five cases of the Foundation having reported to the IRS that it had made a donation to a charity, whose leaders had told the IRS they had never received it (I haven’t got a clue what happened here, nor how to fix it)

<sup>6</sup> Supposedly over the years from 200+ individuals or groups.

*from 2008 to 2014 it got zilch from Trump but another US\$4MM or so from others. In a best case scenario, this could be proof that the Trump camp has realized that the conflict of interest issue is real & not going away, and in the worst (& more likely?) case that this is an attempt to try & clear out some nasty stuff while there still is time.*

### **PUTIN PLAYS DOWN US THREAT TO RUSSIA (Reuters, A. Osborn & V. Soldatkin)**

- At a Defense Board meeting on December 22<sup>nd</sup> he said its military was “stronger than any potential aggressor”, prompting a Trump tweet that the US “must greatly strengthen and expand its nuclear capacity until such time ... the world comes to its senses regarding nukes” (when asked the next day by MSNBC for clarification, he told it “Let it be an arms race. We will outmatch them at every pass and outlast them all.”) Then, also on December 23<sup>rd</sup>, at Putin’s annual, four hour yearend news conference that touched on everything from Syria to the economy<sup>7</sup>, he praised Trump for being in touch with US public opinion & called the Democrats “sore losers trying to blame all their failures on external factors ... a party that has clearly forgotten the original meaning of their own name”, said he was unfazed by Trump’s plans to boost the US’s nuclear arsenal (since “In the course of his election campaign he spoke about the necessity of strengthening the US nuclear arsenal and strengthening the armed forces”) and commented his comments the day before about Russia’s military modernization had been misunderstood in the US; for he accepted that the US military, not Russia’s, was the most powerful in the world, didn’t regard the US as a potential aggressor, and had only been talking about countries he thought might launch an attack on Russia. Finally, “I was ... surprised by the statements from some representatives of the current US administration who for some reason started to prove that the US military was the most powerful in the world ... Nobody is arguing that.” Last but not least, he claimed that the economy was recovering since this year’s growth rate would be negative by just 0.5% to 0.6% vs. a negative 3.7% in 2015 & in 2017 should grow by 2.7%<sup>8</sup>.

*The consensus among Western observers is that 2017 growth will be more in the 1.0% range & that serious growth may still be two or three years away, in part due to the cost to the Russian treasury of his military ‘pecker stretching’ abroad that in Syria has been more focused on bashing anti-Assad rebels than on fighting ISIS (to reduce the risk down the road to domestic law & order since, as Prime Minister Dmitry Medvedev noted on TV last November “thousands of Russian citizens and individuals from other post-Soviet republics are fighting in Syria ... These ... brainwashed people (will) return home as professional murderers and terrorists”.*

### **US-BACKED SYRIAN FORCE HOPES TO GET ANTI-AIRCRAFT MISSILES (Reuters, Tom Perry)**

- A spokesman for a US-backed alliance of militias fighting ISIS said on December 27<sup>th</sup> they hope a US decision to ease some restrictions on arming *rebel* groups in Syria will

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<sup>7</sup> Which he said is on the way to recovery since it will shrink by only 0.5% or 0.6% this year, compared to 3.7% in 2015.

<sup>8</sup> Three days later his Finance Minister Anton Siluanov said that after two years of 3% negative growth the Russian economy’s growth rate may accelerate to 1.5%. But let’s not forget that two years ago Putin’s Economy Minister, Alexei Ulyukanev (whom he had arrested last month on bribery charges) warned him publicly that while *his ambitious* plans would require 5% economic growth for several years, forecasters were only anticipating 2% annually.

result in them getting anti-aircraft missiles. For even though ISIS has no planes, it wants to be able to protect itself “from possible future enemies”. Later that same day Russian Foreign Ministry spokeswoman Maria Zakharova said Russia would regard any such move as a “hostile act” & a “direct threat to the Russian air force”.

*It's a no-win situation for the US : not meeting the rebels' expectations would enhance their sense of having been 'hung out to dry' by the US while meeting their expectations risks a direct clash with Russia since any plane in the Syrian sky today is Russian-piloted, if not owned.*

### **SAUDI USE OF SOLAR COULD BOOST ITS EXPORTS (OilPrice.com, Charles Kennedy)**

- Solar usually competes with coal, natural gas & nuclear, but not with oil, as a feedstock for electric power plants. But not so in Saudi Arabia that, according to the IEA in summer, when Saudis crank up their air conditioners for relief from the sweltering heat, goes through 900,000 bbl/d in power generation, barrels it cannot export to generate foreign exchange. But it has lots of sunshine, the use of which for power generation could free up oil for export. And while it has been talking about this in recent years, Paddy Padmanathan, CEO of Riyadh-based Acwa Power International<sup>9</sup> told Bloomberg “I’m fully expecting within the first quarter to come out in tenders and then it’ll ramp up... That will be a game changer for the region” - *Saudi Arabia is set to install 700 MW of new wind & solar capacity in 2018 & another 8.8GW over the next five years.*

*Oil was already freed up for export by Saudi Arabia's 2015 cuts in fuel subsidies, & more will be so by the further subsidy cuts planned for 2017. The country's current power generating capacity (70% oil-generated) is in the 70GW range (that the government wants to hike for 120GW by 2032); so overall this increase in solar power seems like pretty 'small potatoes'!*

### **CHINESE NAVAL DRILLS HIGHLIGHT 'RISING THREAT (Reuters, J.R. Wu)**

- *The Liaoning, the PLA Navy's only aircraft carrier<sup>10</sup> is of the Russian Admiral Kuznetsov Class. Nearly as long & wide as a US carrier, it has half its tonnage and ship-, & flight-, crew & a peculiar, sharply upward-ramped flight deck over its bow. After a decade in the Russian Navy as the Riga, it was stripped, sold to China & the hull towed to the North China port of Dalian to be rebuilt, a process that took seven years, after which it was put into service in the PLA Navy in 2015 & last November was declared “combat-ready”. On December 24 it ‘conducted drills’ in the Yellow Sea (East of Korea) & then headed South through the East China Sea, the Miyako Street (between Okinawa & Taiwan), and along a route East of Taiwan to the Bashi Channel (between Taiwan & the Philippines) to the Chinese naval base on Hainan, where it arrived on December 27<sup>th</sup> (to become the ‘point of the spear’ for the PLA Navy's South Fleet that in recent decades has gone from being the least- to the most-, important-, of its three fleets). All this prompted Taiwan's Defence Minister Feng Shih-kuan to declare that “The threat of our enemies is growing day-by-day. We should always be maintaining our combat alertness.”*

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<sup>9</sup> A 12 year-old Riyadh-based power cum desalination company with 3,000 employees that now operates in ten countries other than Saudi Arabia on three continents.

<sup>10</sup> While the Defense Ministry confirmed a year ago that a second one is under construction, details of the PLA Navy's carrier construction programme are a state secret *although the US satellite-(& HUMINT?) capacity likely has provided the US Navy with all the detail about it that it needs).*

*And right he may well be right. For the roundabout route taken by the Liaoning in going from its port of departure to its destination cannot help but have been chosen to be deliberately provocative. And longer term its presence in its Third Fleet will be seen by Beijing as improving its 'bullying power' vis a vis the other South China Sea's riparian nations that (rightly?) question its unilateral sovereignty claims over 90+% thereof (that are wholly contrary to today's 'Law of the Sea'). And wouldn't it be ironic if this were to lead to President Trump putting the teeth in the Obama/Clinton "Pivot to the East" policy that the two of them talked about but never seriously acted upon, and/or if China's South China Sea power grab were to backfire on it.*

### **CHINA'S OUTWARD INVESTMENT TOPS \$161B (Reuters)**

- China's Commerce Minister Gao Hucheng said on December 27<sup>th</sup> that China's outbound non-financial direct investment (ODI) this year will hit 1.12TR yuan (US\$161.19BN) & that inbound 785BN yuan (US\$112.95BN), up 52.4% & 0.5% YoY respectively (last year both were in the 750BN yuan range), and that in the first 11 months of the year its ODI had jumped 55.3% (& in November alone 76.5%) YoY. Worries about *the large & growing* capital outflows have prompted Beijing to announce a string of measures recently to tighten controls on money moving out of the country, incl. closer scrutiny of outbound investments, as the yuan skids & its FX reserves are at a near four year low. And earlier this month Beijing published draft foreign investment guidelines to "increase *its* openness to the outside world" & the Commerce Ministry blogged that in 2017 China will sharply reduce restrictions on foreign investment access, opening up sectors where foreign companies have strong investment interest & 'risks are under control'.

*The problem for Beijing is that the 'bloom is off the Chinese rose' for foreign investors, in part due to its economy's lower 'trend growth rate'<sup>11</sup> & in part to Beijing bullying them. And no matter what it does, that growth trend is more likely to decelerate than reverse itself, especially if Xi were to start responding pro-actively to Trump trade policies he doesn't like.*

### **CHINA'S GROWTH 'REASSURING' FOR 'WEAK & VULNERABLE' GLOBAL ECONOMY : XINHUA (Reuters, Elias Glenn)**

- The state news agency announced on December 26<sup>th</sup> that, after a "troublesome start" to the year, (the sharp fall in the Yuan & worries about China's slowing markets roiling markets worldwide?), China will meet its target of 6.5% to 7% growth in 2016. It also warned that maintaining stable growth would not be easy for China "given persistently weak external demand, ongoing deleveraging & capacity-reduction pressure, and a slowing property sector." But, it said that, unlike other countries, China has the flexibility to ward off sharp economic decline as it restructures its economy towards consumption & services, & warned that trading partners would only have access to China's home market if similar access was given by them to Chinese goods (the growing protectionist sentiment around the world is worrying the world's largest exporter).

*As befits the 'party hacks' staffing the agency, these incoherent utterings were not fact-based but just bafflegab to make the locals feel good, but not too good, & to imbue them with a belief that, with the Party in control, the economy & their wellbeing are 'in good hands'.*

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<sup>11</sup> To the benefit of India whose GDP growth rate has now surpassed China's (& is likely to continue accelerating from its present (7.5%), rate.

## **CHINA ALARMED AS CHILI ‘CONSPIRACY’ HEATS UP INDONESIANS** (Reuters, Bernadette Christina Munthe)

- Four Chinese nationals were arrested for planting imported chili seeds on a leased plot of land 60 km./37 mi. South of the capital Djakarta that were contaminated with a bacterium (*that used to be called erwinia chrysanthemi but in 2005 was renamed dickeya dadanti*) that is harmless to people but can cause crops to fail<sup>12</sup>. The resultant social media hype has sparked a wave of *latent* anti-Chinese feelings that has the Chinese Embassy alarmed & may fan the flames of popular resentment of *long standing* towards the 1.2% of the population of Chinese extraction. While the Embassy issued a statement saying the charges China was using biological weapons “to destroy the economy of Indonesia were ... very worrying ... but had no basis in fact”, & expressed the hope “the bilateral relations and friendship between the peoples of China and Indonesia will not be affected by this matter”, this got far less attention than twitter user @BoengParno’s postulation “Haven’t people realized that the Chinese attacks on this country are real in many ways. From drugs, illegal workers and now chili bacteria.”

*Few people realize how ethnically diverse Indonesia’s 250+MM-strong population really is : the Javanese account for 40%<sup>13</sup> & the Sundanese for 15%, and then there are dozens of ‘single digiters’, incl. the Chinese. The Dutch brought in the Chinese because they were harder workers & the present popular attitude towards the Chinese may well go back to my father’s days (he was born there, as was my eldest brother, & served part of his naval career there); he told me the Chinese not only worked harder than the locals but also were more frugal. So, as soon as they had saved up some money they started lending it out to locals on what seemed an attractive basis : monthly payments & no interest (but the ‘snake in the grass’ was that the moment a borrower was late only once, the repaid balance clock was reset to zero (with the result that some locals literally spent years paying back the same loan over & over again).*

## **ROMANIAN PRESIDENT IRKS SOCIAL DEMOCRATS BY REJECTING THEIR PROPOSED PRIME MINISTER** (Reuters, Radu-Sorin Marinas)

- Mr. Dragnea’s PSD party won the December 11<sup>th</sup> by a wide margin (45.8% of the votes cast, up from 36%) which, together with the 5.62% of its long-time ally ALDE party gives it 250 seats in the 465 seat lower house. Since he could not be Prime Minister due to his criminal conviction in a 2012 referendum vote-rigging case, he recommended to the President that his close friend Sevil Shhaideh be named Prime Minister (*a lady who is not only a member of the country’s small Muslim community & married to a Syrian, but also a bit light on experience*). Then he said he had watched with “stupefaction” as President Klaus Iohannis<sup>14</sup> told reporters that “I have carefully weighed the pro and con arguments and ... decided not to appoint Ms. Shhaideh ... As a result, I am asking the PSD and ALDE to make a new proposal.”

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<sup>12</sup> Because it brings on diseases like necrosis, blight & soft rot in ornamental crops & food crops including but not limited to rice, sugar cane, potatoes, carrots & onions, and pineapples.

<sup>13</sup> Most of whom still live on the densely populated island of Java (with a population density of 940 per sq. km. vs. 194 for the country as a whole, Lebanon’s 572, the Netherlands 488, & Israel’s 387)

<sup>14</sup> In his late fifties, he is a long-term right-of-centre politician who in 2014 beat a PSD candidate & became the first ever Rumanian President from a minority group (in his case the Transsylvanian Germans).

*Mr. Dragnea was so stupefied he all but threatened to try & have the President removed from office (a lengthy & convoluted process with an uncertain outcome). One can only hope he will not 'plunge the country into a crisis that would be the last thing it needs at this juncture, after several years of at best inconsequential economic growth.*