

GLEANINGS II - 725
Thursday August 31st, 2017

Christian pastor found wanting? - The youngish-looking 54 year-old Joel Osteen is the senior pastor at Houston's 16,800 seat Lakewood Church (one of America's most prominent non-denominational 'charismatic' churches, with a weekly attendance of 52,000), whose sermons are listened to weekly by 7MM Americans & 20+MM people worldwide in 100+ countries. In the past decade he has acquired a net worth of almost US\$60MM¹, most of it from the sale of best-selling Christian 'self-help' books. And when Hurricane Harvey made landfall & ordinary mortals were springing into the breach to help their fellow men, he cancelled his Sunday August 27th services and, at a time emergency service facilities were overwhelmed by desperate shelter-seeking people, many of whom had lost everything, he tweeted "Jesus promises us peace that passes understanding. That's peace when it doesn't make sense" and that it "did not make sense" to open his church when the city was already treating thousands of flood victims at the nearby George R. Brown Convention Centre where 'there were medicines, doctors & places to sleep'. So his church building was kept closed until Tuesday August 29th when a wave of public indignation & adverse publicity forced him to tweet "We have never closed our doors ... We are prepared to shelter people once the cities (!!!) and country shelters reach capacity".

Governor vetoes minimum wage bill - The Illinois minimum hourly wage is US\$8.25 (& US\$11, going to US\$13 in 2019, in Chicago). Last week Bruce Rauner, it's Republican Governor, vetoed a bill to raise it to US\$15 by 2022 since "Mainstream economic theory and ... economic evidence strongly suggest that an increase in the minimum wage of this magnitude will only hurt the very individuals it seeks to help." - *a pretty ballsy move for a governor who is up for re-election in 2018, who in 2014 won by just a 50.3-46.4 margin with limited support in Chicago's Cook County (where 40% of the state's population lives), and of a state where in the 2016 election Hillary beat Trump 55.2-38.4 (with Trump only having 22% voter support in Cook County), the more so since his case rests on possibly not overly robust "economic evidence"*.

High risk strategy for CIBC? - It's Third Quarter earnings beat analysts' expectations. But in the past year its mortgage portfolio grew 13% & that of its "uninsured" mortgages 8%. While its Chief Risk Officer sought to reassure those leery of the fact that over half the uninsured ones had been in the Greater Toronto- & Vancouver-, Areas where house prices have seen some seriously steep increases in recent years, by pointing out that its uninsured loan portfolio has a loan-to-value ratio lower than the national average, the fact remains that in past cycles the most recent additions to lenders' mortgage portfolios were most problematic after the downturn, that a recent survey found many Canadian homeowners with mortgages don't think they could handle a 1% interest rate hike & that over the years this bank's management has presided over going from second place among Canada's 'Big Five' banks by assets to being the smallest. Finally, as to the protection provided by lower than average loan-to-value ratios, after the Toronto real estate market cratered in the early 90s, house prices declined by 40+% over 6 years.

North Korea getting an ICBM? - On August 23rd North Korea's state media ran a picture of Kim Jong-un next to a diagram of a three stage rocket. Although experts say there is no indication it is fully developed, & certainly not tested, they say it could have a potential range of 10,000-12,000 kms, i.e. put New York & Washington well within Pyongyang's reach.

¹ Which his followers, in a throwback to Calvin's 16th century "pre-destination" theory, deem a sign of God's favor.

North Korea's Nuclear Calculus/Is North Korea Winning Deterrence War with US? - This article was in Canada's National Post & the Washington Post under these headings. Written by Eric Talmadge, AP's Bureau Chief in Pyongyang & 'the only Western journalist to visit North Korea regularly', it is required reading for anyone interested in global affairs; but it won't make one sleep better, just better informed. Part, most, or perhaps all, of it appears to reflect the thinking of Viping Narang, an Associate Professor of Political Science still on the sunny side of age of 40, who, with a BS & MS in Electrical Engineering from Stanford, an M.Phil from Balliol College Oxford & a Ph.D from Harvard's School of Government, is a "nuclear specialist" A phrase that caught my eye was "if it (*i.e.* NK) has reason to believe an attack is imminent, it *believes it* has the right to launch a retaliatory, or even a pre-emptive, strike - unusual troop movements, suspicious activity or, as the North recently warned, flights near its airspace by USAF B1 bombers from Guam" *would be among the events that would qualify as such - a similar argument was used by North Korea's Ambassador to the Geneva Disarmament Conference to justify the Japan overflight by a missile (that traveled 1,700 miles, at heights of up to 350 miles, in a Northwesterly direction, twice the distance from Pyongyang to Tokyo & 80% of that from Pyongyang to Guam in a Southeasterly direction)*².

Russian economy back 'on track? - The consensus of 20 analysts polled by Reuters in late August upgraded their call of Russia's 2017 GDP growth to 1.7%, from 1.4% in July. And better still, inflation may be easing for it came in at a 4.1% annual rate in August, down from 4.2% MoM - *But this is from a base that, after 7 quarters of negative growth ended September 30th, 2016, was 15% below that at yearend 2014. And the 1.7% rate is below the Economic Ministry's 2.1% forecast & far below the 5% rate the Ministry told Putin in 2014 was needed to finance his (grandiose) plans. This might make the Russian elections next year just a bit more interesting than they otherwise might have been.*

Trouble in the Himalayas? - China a few months ago deployed troops to build a road on the 89 sq. km Doklam Plateau long claimed by both it & Bhutan. Indian troops got involved since under their 1949 "friendship treaty" India has long had troops stationed in Bhutan (of strategic importance to it since Bhutan adjoins the Siliguri Corridor, the 27 km/17 mile-wide stretch of land that is India's sole link with its eight most Northeasterly states & their 45MM inhabitants)³. The last time India tangled with China, in a month's-long 'war' in 1962, it came out second best (which still rankles), & India has in recent years lost no opportunity to remind Beijing it's no longer 'a country that can be pushed around'. Fortunately, so far the interaction between both sets of soldiers has been limited to throwing stones at each other - *India's Prime Minister announced on August 28th that, ahead of a BRICS summit in Xiamen, Fujian Province, China next weekend, his government had agreed with Beijing on an 'expeditious disengagement' of troops from the Doklam Plateau. But for India this could be a matter of 'short term gain for long term pain'*⁴ since it makes it vulnerable to being "pushed around". For according to Hua

² According to North Korea's state news agency. Kim Jong-un called the Japan overflight a "curtain raiser" and said that "The current ballistic rocket launch drill ... is the first step of the military operation in the Pacific and a meaningful prelude to containing Guam ... (*and there will be*) more ballistic rocket launching drills with the Pacific a target in the future."

³ An issue that is made more serious by the fact that, while Bhutan has historically been within India's sphere of influence, there is now a nascent sentiment there to snuggle closer to China.

⁴ For there are numerous potential friction points along the India-China border where, as is the case with the Bhutan-China border, its exact location has never been precisely delineated.

*Chunying, a China Foreign Ministry spokeswoman, Chinese troops will continue to 'patrol' the Doklam Plateau & "will continue to exercise sovereignty rights to protect territorial sovereignty in accordance with the rules of the historical boundary" & to her Defense Ministry counterpart, Wu Qian "We remind the Indian side to learn the lesson from this incident earnestly by respecting the historical boundary and the basic principles of international law, meet China halfway and jointly protect the peace and tranquillity of the border region ... The Chinese military has the ability to protect the country's sovereignty, security and development interests."*⁵.

"There Once Was a Great Nation with an Unstable Leader" - Nicholas Kristof in the August 28th NYT compares Washington with Rome 1,980 years ago after Caligula had come to power - an interesting read : *plus ça change, plus ç'est la meme chose!*

USS McCain - On August 21st it "collided" with a Liberian-flagged tanker in the narrow, heavily traveled waters around Singapore. But ten days earlier it had, during a 'routine' "freedom of navigation in international waters" patrol (the third since Trump took office) come-, & stayed for half an hour, within six miles of Mischief Reef, the site of one of China's 'artificial islands' in the contested Spratly island chain, despite a Chinese frigate telling it 10+ times "Please turn around, you are in our waters" to which it had responded "We are conducting routine operations in international waters". This had led to the Chinese Foreign Ministry issuing a statement that "the US destroyer's actions have violated Chinese and international (???) laws ... China is very displeased with this and will bring the issue up with the US side." According to the Chinese state media the news of this incident had been received in China "with great applause". So "collided" may have been a misnomer; for the shape of the hole in the McCain's hull was remarkably similar to that of the bulbous protrusion just below the waterline of tankers' bows -. *So might "rammed" might be a better description of an incident that was Beijing's way of "bringing the issue up with the US side."*?

US Net Farm Income - The USDA forecasts that after declining ever since 2013 net farm income this year will be down 8.7% YoY to US\$62.3BN & almost half from US\$120+BN in 2013.

Venezuelans' life is increasingly unbearable - Wages stagnate while prices of the necessities of life are doubling every few weeks - *And the US sanctions are all but irrelevant in this context since they target a small number of 'prominenti', rather than the country as a whole*

Weaker Second Half for Canada? - In the First Quarter the Canadian economy grew at over *twice its trend growth rate* annualized 3.7% rate & then topped that off with 4% in the Second. This prompted Avery Shenfeld, CIBC Capital Markets' Chief Economist, to opine the Bank of Canada's July interest rate hike had been a signal that it believes it has to slow that down to the 2% range in order to "avoid an inflation overshoot down the road" - *Interesting, this is the first time anyone has dared/bothered to talk about the possibility of an "inflation overshoot"*.

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RATING UNDER U.S. DEBT PLAN BECOMES TOPIC OF ROBUST DEBATE **(BB, Liz Capo McCormick)**

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And there are lots of potential friction point along the often poorly delineated 2,175 mile/3,500 km- long China-India border)

- The rating agencies expect Treasury Secretary Steven Mnuchin to start ‘prioritizing’ US debt payments⁶ if Congress doesn’t raise the debt limit in time. But Moody’s & Fitch differ on the impact thereof on the US credit rating, with the former saying its triple-A rating would still be “safe” (???) & the latter that it might jeopardize it.

S&P doesn’t need a view; for six years ago already it downgraded the US to AA+; while the Treasury’s official stance is that the debt limit must be raised by September 29th at the latest, Wall Street analysts who ‘know better’ say that the ‘drop-dead’ date is not until October.

US ECONOMIC GROWTH REVISED UP TO 3% IN Q2 (CNBC, Martin Crutsinger)

- The Commerce Department reported on August 30th a revised GDP Second Quarter growth rate of 3.0%⁷, up from its initial 2.6% & QoQ from 1.2%, and the best showing since 1Q/15. This prompted President Trump to declare “we are really on our way”, tell a crowd in Missouri (where he was campaigning for support for the administration’s tax plan) that “I happen to be one that thinks we can go much higher than 3 percent”, & to say *elsewhere* that if the economy sustained growth of 3 percent it would create 12MM new jobs & US\$10TR in new economic activity over the next decade.

During last year’s campaign he pledged to boost the GDP growth rate to 4 percent or better. But the budget he released in May forecast it would be 3% for the next decade. And many private sector economists think that 3% is unrealistic & the non-partisan CBO (Congressional Budget Office) too is forecasting an average rate of growth of just 1.9% over the next decade.

U.S. DEFIES ISRAELI PM ON REFUGEE FUNDING (WP, Colum Lynch)

- The Trump administration has, via *the fiercely pro-Israel* Nikki Haley, the US Ambassador to the UN⁸, pledged continued US\$300+MM funding support for the UNRWA (UN Relief and Works Agency) relief program for the 5MM Palestinians in Gaza, the West Bank & elsewhere in the Middle East, despite calls by Prime Minister Netanyahu & *right-wing* Israeli politicians not to. And Thomas Shannon, the Undersecretary of State for Political Affairs⁹, on August 1st wrote a letter to several wealthy donors, incl. Canada, Saudi Arabia & some Gulf States, to suggest they find another US\$100+MM to meet UNRWA’s funding shortfall this year. While this is contrary to its push to rein in spending on UN relief programs & its support for this UN refugee program *in the Middle East* contrasts sharply with its tough stand with the Palestinian Authority, this is due to White House concern that cuts to Palestinian relief programs could thwart its campaign to restart Middle East peace talks & inject still more instability into a politically already volatile part of the world,

⁶ I.e. pay holders of UST securities promptly & on time, but let others wait until there’s extra cash.

⁷ Driven by 3.3% higher consumer-, & 6.9% higher business investment spending, that moer than offset a revision of the growth in government spending of +0.7% to -0.3%, due to 1.7% lower spending by state & local governments.

⁸ Who was born in the US to Sikh parents & became governor of South Carolina before she was 40 & served as such for six years until last January.

⁹ A career diplomat in his late fifties, he was confirmed by the Senate in February 2016 & is an Obama-era hold-over; prior to his present post he was Ambassador to Brazil for four years.

This is a warning to Netanyahu c.s. that, even with Trump in the Oval Office, US support & patience is finite. And, while UNRWA is still pressing on with plans to re-open its schools for Palestinian kids next month for the next school year, its cash will run out next month, making that doubtful & placing its vaccination-, diabetes medicine-, & sanitation-, programs in jeopardy.

CREDIT-RATING AGENCY WARNS OF FURTHER DOWNGRADE
(Postmedia, James Wood)

- Toronto-based DBRS (Dominion Bond Rating Service) had previously attached a “negative outlook” to Alberta’s AA (high) rating & warned of a downgrade if its government didn’t address the province’s deficit & growing debt by revenue-, or cost-cutting-, means. So after Alberta’s Finance Minister on August 23rd in his First Quarter Fiscal Update announced the deficit would remain \$10.5BN, despite lower revenues, by dipping into its contingency fund & *unspecified* “in-year savings”, the very next day in a report on the impact of low oil prices on Alberta, Saskatchewan and Newfoundland & Labrador, DBRS, after noting the Finance Minister had confirmed his government’s commitment to “maintaining public services”, *i.e. continue to spend money that it doesn’t have*), warned that “The deterioration in the commodity price outlook increases the likelihood of negative rating action.”

It is amazing it has taken DBRS so long; S&P in May already dropped its rating for Alberta, by not just one, but two, notches to A+. And while the government brags Alberta’s GDP will grow 2.6% this year & its job creation efforts are bearing fruit, the former is from a level 8+% lower than three years ago & most new jobs have been a function of new government hiring that it cannot afford.

BEFORE HAJJ, SAUDI IMAM DECRIES INTER-MUSLIM CONFLICT (al-Jazeera)

- In his final Friday sermon before the annual Hajj pilgrimage Sheikh Saleh Mohammed al-Taleh, the imam of Mecca’s Grand Mosque, told the hundreds of thousands that filled the mosque & the streets around it, where they listened to him on loudspeakers, that “Anyone who causes conflict and discord among Muslims ignores the blessing of harmony, imitates those who live in ignorance [before Islam], harms his people and cheats his nation.” And he wasn’t referring to the political & military divisions that have killed hundreds of thousands of people & displaced millions more, but to the controversy over Saudi Arabian authorities having made it difficult for Qatari pilgrims to enter Saudi Arabia for this year’s Hajj, as they complained Qatar was politicizing the ritual for diplomatic gains & their Qatari counterparts that “The Saudi behavior is a clear violation of Islamic values and norms, as well as all international human rights agreements and conventions.”

Qatar may prove a tougher nut to crack than the young, inexperienced Crown Prince Mohammed bin Salman anticipated. To add to his troubles it was announced this week that Qatar’s ambassador to Iran, recalled in early 2016 when Saudi diplomatic posts in Iran had been attacked after Saudi Arabia’s execution of a prominent Shiite cleric, had returned to Iran & resumed his duties, thereby driving Qatar closer into Iran’s orbit (prompting the UAE Foreign Minister to accuse Qatar of “adolescent behaviour” for doing so), while on August 25th Turkey said it had arrested five computer hackers for having, last April, (cyber)attacked the Qatar state News Agency.

NETANYAHU ACCUSES IRAN OF BUILDING MISSILE PRODUCTION SITES IN SYRIA **(The Guardian, Peter Beaumont)**

- At an August 28th meeting with UNSG Antonio Guterres¹⁰ he accused Tehran of turning Syria into a “base of military entrenchment as part of its declared goal to eradicate Israel” by readying sites in Syria & Lebanon “to produce precision-guided missiles toward that end ... This is something Israel cannot accept. This is something the UN should not accept.”
- He & his government badly misjudged the trajectory of the war in Syria; instead becoming a quagmire for Assad’s key ally, Iran, & Lebanon’s Hezbollah, Russia’s intervention turned the tide in his favour, making Israel increasingly edgy over the possibility of Iranian power on its doorstep. And he told Putin during their August 23rd meeting in Sochi “Iran is already well on its way to controlling Iraq, Yemen and, to a large extent, is already in practice in control of Lebanon ... Israel opposes Iran’s continued entrenchment in Syria. We will be sure to defend ourselves with all means against this and any threat.”

He was wasting his breath with Putin; for Israel is far from Russia, while in the always restive Southern Russian Caucasus region only a couple of hundred miles of Azerbaijanian soil separate Southern Russia from Northern Iran (& Iran is a much better client for Russian exports).

NETANYAHU VOWS HE’LL NEVER EVACUATE ANOTHER SETTLEMENT **(Times of Israel, Jacob Magid)**

- On Monday August 28th he did so before a crowd of thousands at an event celebrating 50 years of Israeli settlement in Samaria (the biblical name for the Northern West Bank). He told them “We are here to stay forever. There will be no more uprooting of settlements in the land of Israel ... This is the inheritance of our ancestors ... This our land ... Samaria is a strategic asset for the State of Israel ... It is the key to our future. Because from these hills, the heights of Mount Hawser, we can see the entire country, from one side to the other ... We have uprooted settlements & gotten nothing in return ... It will not happen again.”

This kicks sand in Trump’s face; for not only had he asked Netanyahu some time ago to “back off from settlement building” but this came less than a week after Netanyahu had met first with Putin in Sochi &, the very next day, with a high-powered US delegation featuring Special Envoy Jason Greenblatt, Deputy National Security Adviser Dina Powell & son-in-law Jared Kushner that, after visiting the UAE, Jordan, Qatar & Saudi Arabia, came to Jerusalem with a Trump mandate to find a way “to kickstart” the Israeli-Palestinian peace talks. Netanyahu’s choice of words were meant to mislead his audience; for his government differentiates between (large) settlements with ‘official approval status’ & (small) ‘outposts’ without (of which his government uprooted one, Amona, last February, when after a 10-year legal battle the High Court had ruled it had been built illegally on private (Palestinian-owned) land & had ordered it removed, while another one, Ha’avot, is to be uprooted next March for the same reason. Meanwhile, Netanyahu is making no friends abroad by having the IDF demolish two EU-funded schools, ‘built without

¹⁰ Who in his first trip there as UNSG may well have been as welcome as a skunk at a garden party since he told Netanyahu during the meeting that “I dream that I will have the chance to see in the Holy Land two states able to live together in mutual recognition ... in peace and security.”

permits' (that its proponents say are impossible to get), by seizing Dutch-funded solar panels & by refusing entry into the West Bank to a UNESCO team that was to have investigated the eligibility of Hebron's (Muslim) 'Old City' for designation as a UNESCO Heritage site.

BEIJING'S PUSH FOR INFLUENCE INSIDE FOREIGN FIRMS STIRS FEARS **(Reuters, Michael Martina)**

- Chinese companies have long been required by law to have 'party units' within them with a say over their operations, incl. investments, FX transactions & dividend payments, something many foreign executives regarded as not particularly worrisome. But President's Xi's moves to strengthen the CPC's role throughout China's society include more strictly enforcing this & now extending it to foreign companies as well.

Samsung & Nokia told Reuters last week that they had already established such units in their operations in China. This looks like a sort-of 'non-tariff trade barrier'; for, having gained access to their technology, Beijing has no more need for foreign firms & would welcome a smaller 'footprint' for them in China. Meanwhile, on August 21st the Chinese Ministry of Commerce expressed "strong dissatisfaction" with the a probe in Washington into China's alleged theft of US intellectual property, calling it "irresponsible" & vowing to use all means to "defend the interest of the country & its companies' against it".

JAPAN EXPANDS ITS NORTH KOREAN SANCTIONS BLACKLIST (TASS)

- Japan has its own sanctions' black list of 72 companies & 80+ individuals in an effort to limit the import of goods & resources from North Korea into Japan & limiting the flow of foreign currency into the Communist state. This is after it was expanded last month by adding five companies, incl. two Chinese ones, & nine individuals, and again on August 25th when four more Chinese-, & two Namibian-, companies, & one more individual from each of China & North Korea, were added. The Namibian companies, *one owned by the Namibian military*, were sanctioned for employing North Korean workers, & one of the Chinese companies was the Dandong Bank (for helping North Korea's nuclear-, & missile development-, programs).

Japan has reason to be concerned since the North Korean 'test missiles' have a habit of ending up in the Sea of Japan to its West, in at least one case two-thirds of the way to Honshu, Japan's main island (on which Tokyo is located) & well within its 200 mile Exclusive Economic Zone. And in the early morning hours of August 28th, North Korea upped the ante by firing a missile that actually overflew Hokkaido, Japan's Northern-most main island¹¹ (for the first time since 2009) before splashing into the Pacific 800+ miles Northeast of Japan - Russia's TASS news agency predates WW I but has kept a low profile in the post-Soviet Union era.

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TRUMP ATTACKS REPUBLICAN LEADERS OVER DEBT CEILING (AP, Ken Thomas)

- On August 24 Trump lashed out on Twitter at Senate Majority Leader Mitch McConnell (R-KY) & House Speaker Paul Ryan (R-WI) saying that by not attaching legislation to

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A move that Han Tae-song, North Korea's ambassador, told the UN Conference on Disarmament his country "had the right to do" in reaction to the ongoing US-South Korean military exercises.

hike the debt limit to a veterans' bill he had signed, they had created a mess. Raising it is a must-do item for Congress when it returns from its summer break; for unless that's done the government may have to default on its debt, *since by early October at the latest the Treasury will run out of the financial sleight of hand it has engaged in to avoid running out of cash*, and matters are being complicated by the fact that by September 30th Congress must also pass stop gap budget legislation to avoid a government shutdown on October 1st (that same day, however, Trump threatened to force such a shut down, unless Congress approved funding for his wall along the US-Mexico border *that during last summer's election campaign he said he "would make" Mexico pay for (as he is still nattering about doing)*).

- Two days later Paul Ryan at a Boeing employee event in Seattle said Congress will "pass legislation to make sure that we pay our debts ... for me it's really important the president succeeds, because if he succeeds, then the country succeeds ... I'm not worried that's not going to get done because it's going to get done." & later, on CNBC, that he didn't view Trump's tweets as "going after me". That same day at an event in Louisville, KY, his home state, McConnell wouldn't respond to any questions about Trump's comments after having said earlier in the week, in an appearance with Treasury Secretary Steven Mnuchin, "there is zero chance, no chance, we won't raise the debt ceiling." And as to the Wall, on August 24th, White House Counselor Kellyanne Conway stressed on Fox and Friends that the President was serious about moving forward with it & that "anybody who is surprised by that has not been paying attention for two years."

Ryan's optimism may be misplaced since the healthcare debate suggested he has no more control over some members of the House than McConnell has over some of his fellow Senators. On August 9th Trump initiated a phone call to McConnell from his New Jersey golf club that, according to people 'in the know', quickly degenerated into a "profane shouting match" after he accused McConnell of having bungled the healthcare issue & grew "really animated" when he blamed him for not protecting him from the Russian connection allegations, The two haven't spoken to each other since & Trump has been flinging denigrating tweets at McConnell, while the latter, who had previously just been dismayed by Trump's Twitter attacks on Republicans & the Senate rules, now is telling friends that Trump has been entirely unwilling to learn what governing is all about & questioning his ability to "save the Presidency" .

TRUMP RENEWS THREAT TO END NAFTA, SAYS CANADA BEING 'VERY DIFFICULT' **(CP)**

- On Sunday August 27th he tweeted Canada and Mexico are being "very difficult". But Robert Holleyman, the deputy trade czar under Obama, tweeted "Mark my words. He will not pull out of NAFTA", citing farm interests & Congressional dissent as impediments

No one seems to take his threat seriously, & with some justification so; for he needs action by Congress for trade deals (which could lead to more heated Twitter attacks on lawmakers by Trump). And more & more Republicans are feeling that Twitter will be Trump's downfall.

TRUMP'S BUSINESS SOUGHT DEAL ON A TRUMP TOWER IN MOSCOW WHILE HE RAN FOR PRESIDENT (WP, Carol Leonnig)

- This project was the brain child of Russian-born Brooklyn real estate developer Felix Sater¹² ¹³ & emerged after Trump had, on June 16th, 2015, announced he was going to run for the Presidency) & would have involved a Russian developer leasing the Trump name for a new tower, but it was abandoned in late January 2016 due to “a lack of land & permits”. The various emails that constitute its ‘paper trail’ are scheduled to be soon turned over to the Congressional investigators & will verify that there were some contacts between Russia-connected individuals & Trump associates during his presidential campaign, although in July of last year, *the month of the GOP Convention*, Trump tweeted “for the record, I have ZERO investments in Russia” and, *for good measure*, repeated the next day at a press conference “I have nothing to do with Russia”¹⁴. But the fact remains that, as 2015 progressed he made numerous supportive comments about Putin, while late that year Putin started talking positively about Trump as well, telling reporters at his annual yearend press conference “He says he wants to move to another, closer level of relations. ... Can we not really welcome that? ... Of course, we welcome that.”
- Trump’s interest in Russia goes as far back as 1987 when he sought, unsuccessfully, to partner with the *then* Soviet government on a hotel project in Moscow. And in 2007 he went on record in a court deposition as saying “Russia is one of the hottest places in world for investment ... We will be in Moscow at some point.”

While for some people this will add to their “where there is smoke, there’s fire’ suspicions, for many more this will , further undermine his credibility. And it won’t get any better now that Congressional investigators have a copy of an email Michel Cohen, now the President’s lawyer & spokesperson, but then Executive Vice President of the Trump Organization, sent in mid-January 2016 to Dmitry Peskov, Putin’s official spokesman (& beneficiary of some of his self-enrichment deals?), asking for his help to revivethe “languishing” Moscow Trump Tower project.

TRUMP’S TRADE PULLOUT ROILS RURAL AMERICA (Politico)

- For much of ‘Industrial America”, the TPP ‘trade’ agreement’ between the US & 11 other 12 nations with 40% of the global GDP was a suspect deal, while for much of the agricultural sector it was a lifeline, a chance to erase punishing tariffs that were a drag on the sale of US sales of meat, grain & dairy products to major foodstuff importers like Japan & Vietnam. And our analysis shows that in the five months since Trump ditched it, the other 11 TPP participatory countries have become involved in 27 sets of trade negotiations with one another, China & the EU, some of which have been concluded, including one between the EU & Japan that will give European pork producers (who already sell as much pork to Japan as does the US) a US\$2/pound competitive advantage over their US counterparts, & another that will lift Japan’s 15% import levy on European wines but maintain it on wines produced in the US.

¹² Now age 51, he is a somewhat ‘louche’ character who served time in jail in his late 20’s for attacking someone with a broken margarita glass and in pleaded guilty in 1998 to having been involved in an organized crime-linked stock fraud (but got of scot-free by turning on his former associates).

¹³ With whom Trump is known to have done business before, although he not long ago claimed that he wouldn’t recognize him if he saw him.

¹⁴ Note his use of the present sense of the verb.

And more importantly in geopolitical terms, to the extent that they are cutting deals with China, this defeats the key political purpose of the TPP arrangement, to limit the scope for them to develop more trade ties with China.

ARPAIO WIGGLES OUT OF LEGAL TROUBLE (AP, Jacques Billeaud)

- *Until defeated last November by Paul Penzone, a Democrat & former sergeant on the Phoenix police force, the now 85 year-old Joe Arpaio had for 24 years been Sheriff of Arizona's Maricopa County (of which Phoenix is the county seat) that, with 3.8MM inhabitants¹⁵, is the country's fourth most populous county, with more inhabitants than 23 states, styling himself as "America's toughest sheriff." He locked up journalists, made criminal cases against his adversaries, investigated judges & Obama's birth certificate (that he claims to this day 'is a fake'), allegedly misspent US\$100MM in jail funds, let investigations of child rape cases languish because the police officers involved were needed for his anti-immigration campaign, was found guilty of having violated the civil rights of Latinos in a racial profiling case that is expected to cost tax payers US\$92MM next summer and, generally speaking, behaved in such controversial ways that in 2013 a federal judge found it necessary to appoint a federal court monitor to oversee the goings-on in his office. But when his critics¹⁶ felt they had finally won a measure of accountability against him after he was found guilty on July 17th of a criminal misdemeanor, contempt of court charge, President Trump let him 'off the hook'¹⁷ by pardoning him late Friday August 25th (thereby vindicating Arpaio's long-held claim that he was being unfairly persecuted for enforcing the law by arresting illegal immigrants). After his pardon he went out to celebrate, declaring that he intended to stay active politically & issuing a fund-raising appeal to further his political ambitions by becoming a State senator.*

What finally brought him down was evidence that, for 17 months after he had been ordered by a judge to stop doing his racial profiling, his officers had kept on doing so. And what had long been controversial, was not that he was enforcing the law but the crude way in which he had gone about doing so, & then bragging about it. An anti-Trump group has already started legal action to have Trump's pardon overturned, arguing that his pardon of Joe Arpaio exceeds constitutional limits and, more specifically that he cannot use "the power of pardon to immunize lawless officials from consequences for trashing people's constitutional rights."

¹⁵ Arizona is the state with the fourth-highest percentage (29.6%) of Latinos & Hispanics, almost twice the 16.3% national average & exceeded only by New Mexico (46.3%) and California & Texas (37.6% each), although Phoenix's 40.6% is 50th in the country & cannot hold a candle to Laredo TX (95.6%), Hialeah FL (94.7%) and Brownsville TX (93.0%).

¹⁶ Some-, if not many-, of whom objected less to what-, than about how-, he was doing his job.

¹⁷ A move that drew widespread condemnation from Latinos, Democrats & even some Republicans although more hardline conservatives maintained he had been tarnished for doing his job