

**GLEANINGS II - 744**  
**Thursday January 18<sup>th</sup>, 2018**

**Quote of the week** - "There's honor in compromise and civility, to pull together as a people and get things done ..." - Sen. Doug Jones (D-Ala) *in a commercial in last November's campaign, in which he beat Roy Moore. In it he spoke of the Battle of Gettysburg & the role played by Alabama's Col. William Oates, telling Alabamians "Those times have passed long ago and our country is better off for it, but now we fight too often over other matters ... I want to go to Washington and meet the representatives of Maine (whose Col. Joshua Chamberlain was Col. Oates' opponent at Gettysburg) and those from every other state, not on the battlefield but to find common ground."*

**American right, incl. Fox News, doesn't like Prime Minister Trudeau** - Most recently because his \$220MM Summer Student Employment Program now requires applicant entities & those to be pro-choice (because that is 'in line with Canada's societal values'). And before that for eulogizing Fidel Castro & for giving Omar Khadr \$10MM in for his hardship time at Guantanamo Bay.

**Angela Merkel on the ropes?** - As shown below, in last September's elections German voters in droves abandoned both Angela Merkel's right-of-centre Christian Democrat-, & Martin Schultz's left-of-centre Social Democrat-, partner parties in the 'Grand Coalition' :

Party	Share of Popular vote	Gain/Loss	Bundestag Seats	Gain/Loss*
Christian Democrats	32.9%	-8.6%	246	-65
Socialists	20.5%	-5.2%	153	-40
AfD (far right)	12.6%	+7.9%	94	+94
Free Democrats (right)	10.7%	+5.9%	80	+80
Linke (far left)	9.2%	+0.6%	69	+ 5
Green	8.9%	+0.5%	67	+ 4

\* Since the last election the number of Bundestag seats has increased from 631 to 709.

Social Democrats have learnt the hard way that being the junior partner in two Grand Coalitions<sup>1</sup> entailed risk. So Merkel first sought to cobble together a coalition with the Free Democrats & the Greens (that would have given her a comfortable 393 seat majority in the Bundestag). But this foundered on November 17<sup>th</sup> on irreconcilable immigration-, climate-, & financial issues. So she had to try & entice the Social Democrats into Grand Coalition 3.0 (that would give her a slightly larger majority). And, after an all night session, on Friday January 12<sup>th</sup> she seemed to have succeeded when the SDP's leadership signed on to a preliminary coalition agreement (a development French President Macron called "encouraging for Europe"). But a mutiny led by 28 year-old Kevin Kuehnert, the leader of the party's youth wing & some state prime ministers, erupted immediately in the Social Democrat ranks & is expected to bring the issue to a vote on January 21<sup>st</sup> at an extraordinary party conference - *The only thing five of the six parties can agree on is that the sixth, hard-right AfD party must be kept out of government & the only thing that may bring this coalition building matter to a successful conclusion is their common fear that failure could prompt another election from which the AfD might emerge with still more seats in the Bundestag. But even if the constitution-building succeeds, the stability of Germany's*

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<sup>1</sup> Their share of the popular vote was the smallest in 68 years.

*domestic political scene, and the stature of both Angela Merkel & SPD leader Martin Schultz therein, will have been seriously eroded.*

**Bank of Canada** - As expected, the Bank of Canada, after raising its future GDP growth expectation for this year & next from 2.1% & 1.5% to 2.2% & 1.6% respectively, on January 17<sup>th</sup> hiked its lending rate by 0.25% to 1.25% with the Big Five Canadian banks losing no time jacking up their prime lending rates by 0.25% to 3.45% - *Interestingly enough, the results of the latest quarterly MNP/Ipsos Consumer Debt Index Survey, based on online interviews with 2,001 Canadians between December 8<sup>th</sup> & 13<sup>th</sup> that had been made public the day before, had found that 70% of respondents said they'll be more careful with how they spend their money as rates move up, 50% believe they'll have to take on more debt over the next year to cover expenses (at a time the debt-to-disposable household income ratio is already at a record high 173%, up from 147 in 2008 & 90 in 1990), that the percentage of Canadian households that cannot cover their monthly fixed overhead was up eight points-, & that those who can have an average \$631 left after doing so (down from \$713 QoQ), and that 40% of respondents feared financial trouble if interest rates rise much & 30% that rising interest rates might move them toward bankruptcy.*

**Canary in the GOP coal mine?** - On January 16<sup>th</sup> Democrat Patty Schachter, the local Chief Medical Examiner, beat State Rep. Adam Jarchow 55-44 in the Special Election for the State Senate seat held for 17 years by a Republican who now is Gov. Scott Walker's Agriculture Secretary in a district John McCain almost won in 2008 & Mitt Romney did win in 2102, and in which Trump beat Hilary 47.8-47 in 2016 - *the State Legislature has been controlled by the GOP since 2011, in the State Senate by 18-14 & in the Assembly by 64-35 in its favour.*

**Corporate use of tax cut savings** - According to CNBC only 10 of the S&P 100 it had contacted planned to use some to boost worker pay or invest in new facilities. And the Apple announcement that it will give its employees a US\$2,500 bonus is mere tokenism, window dressing for Trump's ego. For bonuses are one-off events & "worker pay" hikes" recurrent ones, & its total payout will be in the US\$300+MM range while its corporate tax savings may be as much as US\$45+BN. And US\$2,500 is meaningless for its employees, such as those resident in Santa Clara & Sunnyvale, California who according to Business Insider had salaries averaging US\$125,000.

**Global aggregate debt-to-GDP ratio** - Reuters recently reported that the global economy's total debt load had reached US\$233TR, up from US\$142TR in 2007 & US\$87TR in 2000. And according to the IMF global GDP was US\$33TR in 2000, US\$58 in 2007 & US\$76TR in 2016, *suggesting that the global debt-to-GDP ratio had gone from 263% in 2000 to 299% in 2017.*

**Mitt Romney to run for the Senate?** - On January 15<sup>th</sup> the NYT reported he had texted a friend he will run for the Utah Senate seat being vacated, after 40 years, by 83 year-old Orrin Hatch, & raised the question if he would a Trump friend or foe - *it should be a 'slam dunk' for him to get the nomination & the seat since 60+% of Utahans share his Mormon faith (GOP voter support in Utah has historically been in the 65-75% range & only slipped to 45.5% in 2016 because Evan McMullin, a 40 year-old Mormon Congressional staffer, ran as an Independent on a "Never Trump" platform & got 21% voter support, thus syphoning off almost one-third of the Mormon vote). And as a good Mormon Romney would likely be neither a Trump friend or foe but 'vote his conscience', although he could become the worst kind of foe for Trump, one who would, if Trump were still in the Oval Office, run against him in the 2020 Republican primary & make history by beating a sitting President & replacing him in the Oval Office (& strengthen the GOP's hold on Congress?)*

**NAFTA** - Canada's decision, made public on January 10<sup>th</sup>, to take the US to the World Trade Organization (WTO) for abusing globally agreed *trade* rules is generally taking as a sign the negotiations have gone nowhere & Trump is preparing to give the six months' withdrawal notice - *but doing so may just be a (meaningless?) attempt to get more negotiating leverage since a) doing so does not legally bind Trump to follow through once the six months have come to an end and b) he needs Congressional approval for an exit. Personally, I would not shed any crocodile tears if NAFTA were to become a page in the book of history; for I thought from Day One that its precursor, the FTA (Free Trade Agreement), had been a low-hanging fruit-picking exercise by Brian Mulroney & his namby-pamby Finance Minister, Michael Wilson (whom I worked with in the 1960s when both of us were on the staff of the Department of Finance in Ottawa).*

**Outlook for the US economy** - Goldman's Abby Joseph Cohen, after stints at the Fed, Baltimore asset manager T. Rowe Price & Wall Street investment bank Drexel Burnham Lambert, joined Goldman Sachs in 1990 as its Chief Investment Strategist. She soon became a major Wall Street presence for she foresaw the 1990's equities' bull market (although, but as a 'perma bull', she didn't see the 2008 bear market coming. Now 65 & slowing down professionally, in a recent Barron's interview, her response to its question "will the good times keep rolling in 2008?", was "Yes and No", saying '2017 had been a good year for the markets because the economy accelerated globally & that she saw signs of sustainable 2018 growth everywhere. We expect US GDP to grow by 2.7% (*well short of Trump's unrealistic 4% target*), about half a point higher than it would have been without the tax changes ... .But I worry this tax cut is happening at a time when the US economy doesn't need fiscal stimulus ... And longer term what will the tax cuts do to the deficit? ... It was going to be rising as a percentage of GDP anyway, partly because of the aging of the Baby Boomers. A US\$1.5TR tax cut will add a further US\$300-400BN interest rate burden in the next few years'. Meanwhile, according to the WSJ, Dallas Fed's "centrist"<sup>2</sup> President Robert Kaplan said in an interview on January 16<sup>th</sup> that he expects more than the anticipated three rate increases to be needed in 2018 to "keep the economy from overheating"<sup>3</sup> & Martin Feldstein<sup>4</sup> wrote on January 10<sup>th</sup> in the same paper that "Year after Year, the stock market roared ahead, driven by the Federal Reserve's excessively easy monetary policy. The result is a fragile financial situation - and potentially a steep drop somewhere up ahead" - *Slower than expected growth in the economy and/or equity prices would create a 'boat anchor' for the GOP's mid-term election prospects ( & on January 16<sup>th</sup> the Dow Jones took a 1% nosedive & Bitcoin a 20% one to below US\$11,000.*

**Price of growing affluence?** - According to the WHO, China (*with one-sixth of the world's population*) is now home to one-third of the world's diabetes sufferers - *small wonder that Chinese interests want to buy Johnson & Johnson's US\$4BN diabetes care business.*

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<sup>2</sup> I.e. a 'Middle of the roader that's neither hawk nor dove.

<sup>3</sup> A telling comment about the GDP 'trend growth rate' when a central banker can talk, with a straight face, about the economy "overheating" when forecast GDP growth is in the 2.5-2.7% range.

<sup>4</sup> Now, at age 78, Harvard's George F. Baker Professor of Economics, President Emeritus of the NBER (National Bureau of Economic Research and a member of the Group of 30 (that aims at "deepening understanding of international economic & financial issues" and that includes many present of past central bank heads & US Treasury officials, and from 1982 to 1984 was Reagan's Chairman of the Council of Economic Advisers

**Recent bitcoin price action** - On December 16<sup>th</sup> it hit an all-time high US\$19,343.04. One month later, on January 6<sup>th</sup> it was down to US\$17,135.84 and then it 'tanked' to US\$13,585.90, US\$11,438.02 & US\$11,141.25 on January 15<sup>th</sup>, 16<sup>th</sup> & 17<sup>th</sup> respectively - *Such rapid price declines can put a damper on speculator-driven markets by reminding the 'quick buck' artists that only in Jack and the Bean Stalk do things grow to the sky & that things that go up fast often come down even faster.*

**White House Chief of Staff John Kelly on dangerous ground ?** - On Wednesday January 16<sup>th</sup> he told a closed meeting of the 27 (Democrat<sup>5</sup>) member Congressional Hispanic Caucus (& later said on Fox News) that many of Trump's campaign promises had been "uninformed" but that his views on immigration & a border wall had "very definitely changed and evolved" *after he had been briefed on them*<sup>6</sup>, only to be contradicted in the early hours of Thursday morning by a Presidential Tweet that "The Wall is the Wall, it has never changed or evolved from the very day I conceived it ... If there is no Wall, there is no Deal."

**White House reaction to Trump's January 11<sup>th</sup> alleged "shithole country" reference** - Initially, before the public reaction went berserk & forced it into a more defensive mode, it was that "it played well with his base" (*although it appears limited to the 30% of US voters, i.e. not enough to win elections*). And the deafening silence that emanated afterwards from the GOP establishment will not help its cause in the mid-terms (& neither may the convoluted, lame excuses trotted out by his Congressional soul mates) - *The man's ignorance is utterly astounding; Thus, contrary to what he implied, for 500 years immigrants into the US have been ambitious & hard working, glad to be here & hoping their children will be able to live the 'American dream' & build a better future for themselves than would have been possible 'back home'. Statistics show that the average immigrant is better educated than the average American (in fact, America has been the beneficiary of a flow of immigrants educated at public expense in much poorer countries). And he was outright wrong when he claimed that foreigners come here to be educated & then go back home; for Census Bureau data show that 2/3 of foreign-born doctoral graduates from US universities stay in the US for at least five years (& many permanently)<sup>7</sup>. And Silicon Valley might not have become what it is today but for foreign-born entrepreneurs & scientists<sup>8 9</sup> who have been instrumental in at one-quarter of its hitech startups..*

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<sup>5</sup> Fifteen of them from California

<sup>6</sup> And, while Trump's vision appears to have been of a coast-to-coast bricks & mortar/concrete fixture, as a result of his military career & six-months' stint as Homeland Security Secretary. Kelly likely has forgotten more about America's Southern border incl. the fact that along almost one-third of its nearly 2,000 miles an assortment of barriers have been built in the past 2+ decades.

<sup>7</sup> An acquaintance of mine teaches math at a major US university, where an overwhelming majority of those teaching math are foreign-born (albeit in many cases with Ph.Ds of US universities).

<sup>8</sup> Thus the Silicon Valley Competitiveness and Innovation Report found, using US Census Bureau data, that among Silicon Valley workers with Bachelor's degrees, or better, 57% were foreign-born, 18% in the state & 25% elsewhere in the US, with the comparable numbers for other major US 'innovative centres being New York City - 43%, 29% & 28%, Southern California - 42%, 31% & 27%, and Seattle - 36%, 19% & 45%.

<sup>9</sup> Thus Google's co-founder, Sergei Brin came to the US as a child. Both his (Russian Jewish) parents were graduates of Moscow State University; his father became a math professor at the University of Maryland & his mother a researcher at NASA's Goddard Space Flight Center. And Ebay's founder,

## **THE DOLLAR DECLINE COULD BE HERE TO STAY (CNBC, Rebecca Ungarino)**

- The US dollar is trading near a three-year low &, although it recovered some of its losses on January 16<sup>th</sup> & 17<sup>th</sup>, it is still trading near its lowest level in three years. According to Kathy Lien, Managing Director of BK Asset Management (*an arm of New York-based BK Forex Advisors LLC*) the pressure on the greenback is likely to continue since :
  - US equities will come under pressure after a remarkable rally;
  - the major global central banks' simultaneously tightening monetary policy;
  - the BoJ adjusting its bond purchases;
  - the Fed reiterating its plans to hike interest rates this year; *and*
  - the possibility that Beijing may curtail its UST security purchases.

*The big winners have been the Euro, the Mexican peso & the currencies of some developing countries and, to some extent the Canadian dollar (that at last report was equal to US\$0.80532, up from US\$0.73227 on April 29 2016, albeit down from US\$0.82106 last September 12<sup>th</sup>. But the White House may well be quite happy about this since, all other things being equal, it will make US exports cheaper abroad & US imports more expensive thereby helping the Fed's inflationary ambitions. And it may well help the global economy since most, if not all, commodities are priced in US dollars.*

## **NOT YOUR NORMAL ECONOMIC FORECAST (FP, Barry Chritchley)**

- In his first ever presentation to Canadian clients Eric Winograd, the Senior Economist at New York-based Alliance Bernstein<sup>10</sup> (*with AUM of US\$535BN, 3,468 employees & 85,000 clients, and 195 analysts & 145 portfolio managers in 48 locations in 22 countries*), devoted considerable time to three *disconcerting* secular trends : rising debt levels, demographics & rising income inequality, any one of which, he said, could derail economic progress. Debt levels, he said, are a real risk, noting that interest rate changes can be driven by third party actions such as a lessened willingness by China to purchase UST securities (*of which there have recently been rumours*). As to demographics the population is aging & the % of workers in the population "crashing everywhere" (except in India & Africa), both associated with slower growth & lower inflation ("the Japan problem"). But income inequality "matters most & to make his case he presented a chart showing the growth in corporate profits relative to wages : from 1970 to 1992 they had moved in parallel but since then, & even more so since 2002, profits have surged, a pattern that "raises risks ...for the ideas of social harmony & that everybody benefits" *from economic growth*". And there are puzzles, specifically the low US inflation rate despite its strong economy & near full employment. And his base forecast calls for

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Pierre Omidyar was born in Paris to Iranian parents & also came to the US as a child; his father was urologist & surgeon at Johns Hopkins University & mother a linguist whose CV includes stints at the Washington-based Institute of Comparative Social & Cultural Studies, the US Department of Education & at the University of California at Berkeley as a Visiting Scholar.

<sup>10</sup> He has a BA in Asian studies (cum laude) from Dartmouth & an MA in International Relations from the Washington-based Paul Nitze School of International Relations (a division of Johns Hopkins with campuses in Bologna, Italy & Nanjing, and one of the world's top graduate schools in international relations, & early in his career 'made his bones' at the New York Fed & World Bank.

global economic growth of 3.2%<sup>11</sup> - about the same as in 2017 - *possibly a tad optimistic*- & for a “gradual increase” in inflation over the year-, with the Fed raising rates four times, rather than the three times it has indicated.

*This doesn't seem like a particularly GOP-friendly forecast for a mid-term election year.*

### **BETTING AGAINST TRUMP HAS BEEN A MARKET-BEATER (BB, Barry Ritholtz)**

- While once President Trump could, with a single tweet, cause companies' stock prices to slide, it wasn't long before investors realized his sabre-rattling could be ignored. So I assembled two indices, an Oligarch Index of companies he liked & whose senior executives he recruited to join his administration, incl. ExxonMobil, Facebook, Ford, Goldman Sachs, JPMorgan Chase, PayPal, Sprint, SoftBank & United Technologies & a Drain the Swamp Index, incl. Amazon, Boeing, GM, Kellogg, Lockheed Martin, Macy's, New York Times, PepsiCo, Tesla, Time Warner & Toyota that he had trashed. And while the former gained 19.5%-, & the S&P 500 21%-, the Drain the Swamp one was up 42.5%!

*Another bit of Trump 'fake news' blown out of the water!*

### **INSIDE THE TENSE, PROFANE WHITE HOUSE MEETING ON IMMIGRATION (WP, Josh Dawsey et. al.)**

- According to White House aides, when President Trump spoke by phone to Sen. Richard J. Durbin (D-Ill) at about 10:15 a.m. on Thursday January 11<sup>th</sup> he expressed pleasure with his outline of a bipartisan immigration proposal, praised his efforts & asked if Sen. Lindsay Graham (R-SC), his one-time foe turned ally, was on board and, when Sen. Durbin confirmed that, invited both lawmakers to visit him at noon. But when they arrived at the Oval Office *at the appointed time*, they were surprised to find him far from ready to finalize their proposal, “fired up” & surrounded by hardline conservatives like Sen. Tom Cotton (R-Ark), who seemed confident the president was aligned with him, and the President himself telling them he wasn't interested in their proposal & calling African countries names. The meeting ended up being short, tense and dominated by loud talk & swearing. Trump's shift from deal-making to feuding & from elation to fury has come to define the contentious immigrations talks between the White House & Congress as it *seeks to* navigate Trump's willingness to change his position (*that depends on who he had last talked to*).
- The meeting revealed his priorities : the fact ‘there wasn't enough money in the deal for his wall, that the proposal sought to adjust, rather than eliminate, the visa lottery & that the federal policy for immigrants with temporary protected status would drive more people into the US from countries he deemed undesirable<sup>12</sup>.

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<sup>11</sup> Compared to the IMF's estimated 3.6% in 2017 and actual 3.2%, 3.4% & 3.6% in 2016, 2015 & 2014 respectively, but well off the pre-Great Recession 5.6% in 2007 & 5.5% in 2016

<sup>12</sup> Which raises an interesting question as to why he feels that way. There seem to be only two options : he doesn't like the colour of their skin (which would be outright racist, no matter what he says), or he doesn't like their government (which means that keeping them out would be contrary to the “huddled masses” sentiment of Emma Lazarus' sonnet mounted inside the pedestal on which the New York Statue of Liberty sits) & hence be decidedly un-American & do little to “make America Great again”.

*Apparently when the conservative hardliners in immigration got wind of the President's scheduled noon meeting with Sens. Durbin & Graham, they worked him over & sent for reinforcements.*

### **REVIEW : DAVID FRUM'S 'TRUMPOCRACY' IS A MASTERFUL DIATRIBE AGAINST THE TRUMP PRESIDENCY (BB, Andrew Harrer)**

- A likely bookend to Michael Wolff's Fire and Fury, in its fourth paragraph he asserts "The crisis is upon Americans, here and now" & then devotes 235 pages to laying out his case against Trump, his world view, his associates, his supporters and his handlers, funders & publicists in a breathtaking compilation of the mendacity & mistakes of Trump's first year in office. The "thing to learn from the Trump presidency", says Frum is not "the bold overthrow of the Constitution but the stealthy paralysis of governance, not the open defiance of the law but the accumulating subversion of norms, not the deployment of state power to intimidate dissidents but the incitement of private violence to radicalize his supporters. He portrays Trump as an amateur, charlatan, con artist, manipulator, poseur, serial fibber, if not outright liar, vulgarian<sup>13</sup>, swindler, skimmer & trimmer<sup>14</sup>, and a man-child without character, intelligence, integrity, judgment, clarity of thought, coherent philosophy, world view and management-, & organizational-, & management-, skills whose White House entourage is a toxic mix of "bad" & "weak" people, and a "mess of careless slob". And on foreign policy Frum is relentlessly critical, arguing that Trump has made a dangerous departure from the post WW II consensus, the architects whereof had a world view "intended to do exactly the things that Donald Trump now complains about". And he sees an isolationist President himself "locked in a tiny circle by his distrust of outsiders".
- The principal flaw of Frum's book is that he ignores his own role in conservative politics during the 2016 election season. But throughout this 'dark read', & a dark read it is, he does harbour the hope that " a new spirit of citizen responsibility ... is walking in the land."

It is remarkable that no one, Republican, Democrat or 'objective third party', has drawn attention to the immense damage Trump has been managing to inflict in a single year on America's global "brand".

### **VANCOUVER SUMMIT TO EXPLORE NAVAL PRESENCE OFF NORTH KOREA (G&M, Robert Fife)**

- On January 16<sup>th</sup> Canada's Foreign Minister Chrystia Freeland & US Secretary of State Rex Tillerson will co-chair a Special Summit of countries that fought in the 1950-53 Korean War, incl. South Korea, Japan, India, Britain, France<sup>15</sup> to discuss tougher

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<sup>13</sup> Oxford Dictionary definitions : vulgar = "lacking sophistication or good taste, making explicit and offensive reference to sex or bodily functions; vulgarian = one whose vulgarity is the more conspicuous because of wealth, prominence or pretenses to good breeding (???)".

<sup>14</sup> A person who adapts his/her views to the prevailing political trends for personal advancement.

<sup>15</sup> All in all, 16 nations provided troops to this 'police action', incl. in addition to these five, Australia, Belgium, Columbia, Ethiopia, Greece, Luxemburg, New Zealand, Netherlands, Philippines, South Africa, Thailand & Turkey (and while India is not listed among them, it nevertheless qualifies since the British contingent included some Gurkha units.

measures, incl. naval interdiction, to further increase the pressure on North Korea to curb its nuclear & missile programs (despite the fact that Brian Hook, the State Department Policy Director, had told a briefing in Washington on January 4<sup>th</sup> that “There is growing evidence that our maximum pressure campaign is being felt in North Korea . They are feeling the strain.”

*For obvious reasons, both China & Russia won't be in attendance. What might be the next stage after a “maximum pressure campaign”? Outright war? Kim is unlikely to give up his nuclear weapons capability; for he says he's learnt from Ghadafi that doing so gets one killed.*

### **TURKEY LASHES OUT AT KURDISH FORCE (AP, Susan Fraser)**

- On January 15<sup>th</sup> Turkey's President Recep Tayyip Erdogan denounced US plans to form (and presumably equip & support financially & materiel-wise, a 30,000-strong Kurdish border security force in Syria, vowing to “drown that army of terror before it is born.” The US-led coalition didn't comment other than to say “Turkey is a valued member of a 74-member Coalition and a NATO partner, sharing our mission to ensure the lasting defeat of (IS) in Iraq and Syria ...it would be inappropriate ... to comment on Mr. Erdogan's remarks.”

*The statement is bogus; for Turkey has fought IS quite independently from-, & differently than-, the Coalition, for it worries that a meaningful Kurdish military presence on its border will give ideas to the nearly 20% of its population in its Southeast regions that is Kurdish & dreams of an independent Kurdistan state, whereas the US (whose presence on the ground in Syria may legally well be more than a bit “iffy”?), owes a lot one to the Kurds forces that have the same dream & that have done much of the fighting needed to end the IS ‘caliphate’ in Iraq & Syria (& now expect a ‘payback’).*

### **ARAMCO SHORTLISTS NEW YORK, LONDON, H.K. BOURSES FOR IPO (Reuters, Rania el Gamal)**

- The Aramco IPO is still on schedule for late 2018 & according to sources with knowledge of the matter Saudi Arabia has decided, subject to a final decision by Crown Prince Mohammed bin Salman that in addition of being listed on the Tadawul Saudi stock exchange, it will be listed as well on one, or any combination, of the above stock exchanges (thereby leaving Singapore, Tokyo & Toronto to ‘fish behind the net’).

*Crown Prince Mohammed is still expecting to sell 5% for US\$100BN to justify his (unrealistic?) US\$2TR valuation, but is not helping his cause by creating uncertainty in the Middle East with his war in Yemen, the Qatar blockade & his messing in Lebanese politics [and, most recently, by instigating claims by the UAE that Qatari jets had “intercepted” (whatever that may mean) two of its commercial airliners enroute to Bahrain in international airspace?].*

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### **MEET THE 24-YEAR-OLD TRUMP CAMPAIGN WORKER APPOINTED TO HELP LEAD THE GOVERNMENT'S DRUG POLICY OFFICE (WP, Robert O'Harrow)**

- In early 2016 Taylor Weyeneth was an undergraduate at the New York City-based St. John's University, a legal studies' student & fraternity member who organized a golf tournament & other events to raise money for veterans & their families. After graduating

in May, he worked in a number of jobs on the Trump campaign, incl. on “special projects” for Rick Dearborn, the *Executive* Director of Trump’s Transition Team<sup>16</sup>. On January 23, 2017 he joined the Trump administration as an assistant at the Treasury Department at the “General Schedule 11” level (that has a salary range of US\$66,510 to US\$86,459)<sup>17</sup>. At last report he was, at age 23, a rising star at ONDCP (Office of Drug Control Policy), becoming Deputy Chief of Staff after seven of the Administration’s political appointees had left, with a January 3<sup>rd</sup> memo to staff from Acting Director Richard Baum, a (*career?*) civil servant telling them “we have lost a few talented staff members and ... the organization would benefit of an infusion of new staff ... The function of the Chief of Staff (*who for the time being would not be replaced*) will be picked up by me and the Deputy Chief of Staff” (*i.e. Weyeneth*). *To thicken the plot even more*, while still in high school Weyeneth had been “Director of Production” of a Skaneateles, NY-based family firm that in 2011 had been caught secretly processing steroids from China, resulting in a felony charge to which his father pleaded guilty in 2016, being fined & getting two years probation.

*A lengthy article full of other ‘juicy bits’. Trump’s people aren’t carefully vetting his appointee choices; thus last October his nominee to head the ONDCP, Rep. Tom Marino (R-Pa), withdrew from consideration after a joint investigation by the Washington Post & 60 Minutes revealed he had sponsored legislation favorable to opioid manufacturers that would also have curbed the ability of the DEA (Drug Enforcement Administration) to investigate abuses. Small wonder that Trump hates the Washington Post for doing its best to ‘keep him on the straight & narrow’*

#### **ANOTHER SCANDAL FOR NETAYAHU (AP, Aron Heller)**

- Yair Netanyahu (age 26), the eldest of the two sons of Israel’s Prime Minister Netanyahu & his third wife Sarah, is a ‘stay-at-home’ (*i.e. non job-holding*) type with a state-funded driver & body guard who spends his time in Tel Aviv strip clubs with wealthy friends. But on January 8<sup>th</sup> Channel 2, Israel’s top-rated news outlet, ran a 2015 tape in which he & his friends recounted their night out on the town & made disparaging comments about strippers, waitresses & other women, incl. one of his former girl friends. But, *more importantly*, it made public that when Nir Maimon, the son of Israeli tycoon Kobi Maimon, hassled him about the money he had lent him at a strip club, he shrieked in a drunken rage “My dad arranged \$20BN for your dad, and you’re whining with me about 400 shekels (*US\$115-120*)”<sup>18</sup>. While he has long been criticized for living the Life of Riley at taxpayers’ expense, hobnobbing with ultra-rich donors and making crude media posts & never holding down a job, in this instance he issued a quick apology, saying his remarks did not represent the values he was raised on & were made under the influence of alcohol. And his father called the recording the height of a media-orchestrated witch hunt aimed at ousting him, and said the press had stooped to unprecedented “persecution, bloodletting and shaming” & that his son had nothing to do with policy-making or security arrangements, accusing a disgruntled driver in his office of making the illicit recording to make some money.

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<sup>16</sup> And subsequently Deputy White House Chief of Staff for Legislative, Intergovernmental Affairs and Implementation who on December 23<sup>rd</sup> announced he would be leaving in the New Year.

<sup>17</sup> Near the top of the ‘mid-level position’ range, it would notionally take 18 years to reach.

<sup>18</sup> Thereby proving the wisdom of a Talmudic saying that “When wine goes in, secrets come out”.

According to an August 8<sup>th</sup>, 2017 article entitled *The corruption scandals plaguing Benjamin and Sarah Netanyahu explained by Ben Sales of the Jewish Telegraphic Agency (JTA)*<sup>19</sup>, Netanyahu is the subject of two active -, & the police is investigating two more-, corruption allegations, and his third wife (59 year-old Sarah, an educational psychologist whom he married in 1980<sup>20</sup> will probably soon be indicted in a separate case (one month later Attorney-General Avichai Manderbilt announced he would accept a police recommendation she should stand trial on various charges, incl. having misused funds earmarked for the PM's official residence to buy furniture for-, & pay for improvements to-, their private residence, hiring against official advice a Likud Party central committee member as an electrician, paying for her elderly father's care with public funds, inflating dinner party numbers to pay for hiring private chefs, pocketing 23,000 shekels (US\$8,000, more or less) in recycling funds, & fraudulently receiving the equivalent of US\$100,000 for ordering meals at the State's expense without authorization<sup>21</sup>. Netanyahu himself has been accused of receiving lavish & "inappropriate" gifts from wealthy foreign supporters, giving commercial favours to the owner of the Yedioth Ahronoth newspaper in return for favourable coverage & failing to disclose his ties to those involved in a merger deal for the (partially government-owned?) communications firm *Bezeq*. And to make matters worse for him, his long-time friend & supporter, and former Chief of Staff, Ari Harow, has agreed to turn State's evidence against him. He has also been asked to testify against his personal lawyer in connection with a deal to purchase submarines for the Israeli Navy from Germany's Thyssen-Krupp. According to *Al-Monitor*<sup>22</sup> "Netanyahu Jr. may have" lifted the lid of a Pandora's box of corruption ... that can be bigger than all current suspicions against Netanyahu and his associates put together" . According to Israeli journalist Avi-Bar-Eli in *The Marker* (a Hebrew-language daily business paper published by the Haaretz Group) his government's natural gas plan had "given the owners of the Tamar natural gas field <sup>23</sup>(incl. Kobi Maimon) one of the biggest gifts ever approved to any business entity" that, according to Israel's State Comptroller, will damage the Israeli economy to the tune of US\$2.2-2.5BN (which some say is a conservative estimate) & double the utility bills of Israeli consumers. All this could conceivably confirm Netanyahu's worst fears (of being kicked out of office & possibly having to serve 'hard time', like his predecessor, Ehud Olmert, who was paroled last July after serving 16 of a 27 months' sentence for fraud & bribery).

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<sup>19</sup> Founded in 1917, it is a not-for-profit international news agency with an independent Board of Directors with no specific political view or allegiance to allegiance to any branch of Judaism that aspires to "provide readers and clients with balanced and dependable reporting"

<sup>20</sup> And whom the *Times of Israel* last year reported had gotten a billionaire Israeli film producer to buy her expensive jewelry in 2004 & then complained he hadn't bought her the complete set she had set her mind on.

<sup>21</sup> And over the years she has occasionally sued media outlets for libelling her and has been sued by employees for withholding wages and/or creating hostile employment conditions (and in one case, in February 2016, was actually ordered by a judge in the Jerusalem Labour Court to pay 170,000 shekels/US\$50,000 to a disgruntled former employee for doing so).

<sup>22</sup> A Washington-based media company reporting on events in the Middle East that is owned by Jamal Daniel Chaiman & President of the Houston, TX-based Crest Investment Company.

<sup>23</sup> Discovered in 2009 & in production since 2016, it is located 80kms/50 miles West of Haifa in water 1,700 metres/5,600 feet deep & has proven reserves of 200+BN cubic metres/7.1 TR cubic feet.

## **BIRDS OF PREY ... AND FLAMES (NP, Richard Warnica)**

- According to a research paper recently published in the Journal of Ethnobiology, Dick Eussen, a veteran firefighter in Australia's Northern Territory, thought he had a fire along a highway in the outback under control when he saw a whistling kite<sup>24</sup> flying above his head with a burning twig in its talons & then drop it about 20 metres ahead of him to start another fire; and after that he had to deal with seven more fires, all of them caused by burning sticks carried by birds. The article claims that raptors do this intentionally to flush out prey. Reports of this behaviour go as far back as 1964 to a book by Phillip Roberts, an aboriginal man from the Roper River area of the Northwest Territory, and was a well-known phenomenon among local aboriginals long before then.

*Nothing about the Animal Kingdom will ever surprise me; too bad that today's urbanized younger generation's perception thereof seems often seems based on the Walt Disney version, especially so since I believe that 'while Man has thought for centuries he could **control** Nature, it seems to be becoming increasingly apparent that, if we want to survive in the 21<sup>st</sup> century, we'd better learn to **live with** Nature.*

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<sup>24</sup>

A predator bird with a wing span of 123-146 cms (4-5 feet) found in Australia, New Caledonia (in the South Pacific, 2,044 miles/3,290 kms. East of Australia) & New Guinea (North of Australia).