

GLEANINGS II - 858
Thursday October 29th, 2020

RECENT INCREASES IN US COVID-19 CASES AND DEATHS

State	Electoral votes	Pollsters' Rating	% Increase in Covid-19 Cases since Sept. 15	% Increase in Covid-19 Deaths since Sept. 15
TX	38	Lean Rep.	36	23
FL	29	Toss-up	35	29
PN	20	Lean Dem.	119	10
OH	18	Toss-up	122	16
GA	16	Toss-up	- 9	22
MI	16	Lean Dem.	156	9
NC	15	Toss-up	62	34
VI	13	Lean Dem.	3	7
AZ	11	Lean Dem.	123	10
MN	10	Toss-up	192	22
WI	10	Lean Dem.	208	47
CO	9	Lean Rep.	350	12
IA	6	Toss-up	94	34
NV	6	Lean Dem.	176	18
ME	4	Lean Dem.	42	7
NH	4	Lean Dem.	154	9

SOURCE : Cook's Political Report.

35 Senate seats are up for grabs (incl. the 16 noted above). 23 of them have Republican incumbents & 12 Democrat ones (the reverse of 2018). And if the polls are anything to go by, the two parties have vastly different risks of losing seats. For while 10 of the 12 Democrats running for re-election are in seats rated "Solid Democrat", Gary Peters' seat in Michigan is "Leaning Democrat" & only Doug Jones' in Alabama is "Leaning Republican", it is a different story on the other side of the aisle since of the 23 presently Republican seats up for grabs only 10 are rated "Solid Republican", 6 "Leaning Republican" & 6 more "Toss-ups", and 1 "Leaning Democrat" (Martha McSally's in Arizona).

The most positive part of this table may well be the relatively low rate of growth in deaths. The US healthcare system must be getting better at dealing with the virus (or might it be that a greater incidence of the virus among younger people means fewer with pre-existing conditions?)

Hurricane Zeta - It was the 27th of the season & the fifth to hit Louisiana. And while it shut down 85% of the Gulf Of Mexico's offshore oil-, & 58% of its natural gas-, production, oil prices nevertheless declined as the new coronavirus lockdowns in Europe & the surging infection rates everywhere bode ill for the global oil demand outlook.

Key dates in this US election cycle –

- December 8 - SAFE HARBOR DAY, the day when the 50 states must settle all election disputes, incl. those for the appointment of Electors;
- December 14 - Electors cast their ballots;
- December 23 - Deadline for Congress to receive the result of the Electoral College vote;
- January 3, 2021 - Congress reconvenes;
- January 6, 2021 - Congress counts the Electoral College ballots & declares the winner;
- January 20, 2021 - INAUGURATION DAY.

State of the US economy - While the President is promoting the Third Quarter's 33.1% annualized/7.4% real GDP growth rate, in absolute terms GDP is still down 3.5% YoY, there are 10+MM people out of work, many small and/or service businesses & individuals are still struggling, weekly new applications for unemployment benefits, at 751,000, may well be a fraction of their 7+MM peak last April, but are still double or triple what they were a year ago, and the lack of a new stimulus plan & resurgence of the coronavirus are leading to expectations economic growth rate will slow down significantly in the Fourth Quarter. According to Ian Sheperdson, Chief Economist at Newcastle upon Tyne-based Pantheon Macroeconomics "The federal government borrowed a ton of money ... sent it out to businesses and individuals and it worked. Now we don't have these things and the expectation is that growth will be much weakened in the fourth quarter and the virus picture is ... much worse. We are in danger of falling into a deep hole again."

US Stimulus outlook - House Speaker Nancy Pelosi in a letter to Treasury Secretary Steven Mnuchin detailed six areas that needed to be dealt with in any stimulus talks : state-, & local-, government funding, school safety, child care, tax credits for working families, unemployment insurance and worker liability. While she left the door open to striking a COVID relief deal in the *two months'* "lame duck" Congress (*until the new one is sworn in on January 3rd*), Mnuchin's reaction was "Your *all or nothing* approach is hurting hard-working Americans who need help NOW", *thereby conveniently ignoring the fact that the real stumbling block to progress in this matter has been Senate Majority Leader Mitch McConnell & his fellow Senate Republicans.*

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JUSTICE DEPARTMENT BLOCKED IN BID TO SHIELD TRUMP FROM RAPE DEFAMATION SUIT (NYT)

- On June 21st last year journalist & writer E. Jean Carroll wrote in New York Magazine that in late 1995/early 1996 Trump had sexually assaulted (*not raped*) her in a New York Bergdorf Goodman store. A few days later this story was confirmed by two other media types, Lisa Birnbach & Carol Martin, who told the NYT that they remember her telling them about it in a mid-1990s phone conversation. This prompted Trump to issue a statement that "she's not my type" & he had never met her (despite the fact the article had a 1987 photo of the two of them meeting).
- Carroll then launched a law suit in state court claiming Trump had harmed her reputation when he denied the attack & branded her a liar. This caused the Justice Department last month to intervene on Trump's behalf, citing the 1946 Federal Tort Claims Act, a law

designed to protect federal employees against litigation stemming from the performance of their duties, to have the suit moved to federal court & the US substituted as the defendant for Trump, a move that likely would have the case dismissed.

- On October 27th Judge A. Kaplan of the Federal District Court in Manhattan, a 1994 Clinton appointee, ruled Trump had not acted in an official capacity at the time of Carroll's allegations & it thus "had no relationship to the official business of the United States".

This may be just a harbinger of things to come for Trump if not re-elected as "The 'hounds of justice' are baying all over the country!"

TRUMP CAMPAIGN SHIFTS FLORIDA AD SPENDING TO RNC (BB, Gregory Corte)

- On October 27th the Trump campaign slashed its ad budget in Florida, letting the Republican National Committee (RNC) pick up the slack, so as to shift the focus of its re-election efforts to the Northern industrial states that had made the difference for him in 2016 (*albeit often with paper-thin margins*). And since Labor Day it has cut its national advertising budget by US\$24MM while the Biden campaign increased theirs by US\$197MM. According to the ad-tracking firm Advertising Analytics in eight weeks the Biden campaign outspent Trump's three-to-one nationally.

This may say more about the likely outcome of the election than all polls combined.

DON'T BELIEVE THE POLLS - 'TRUMP IS WINNING' (The Hill, Jonathan Jakubowski et. al.)

- We predict he will win ... and win big! For polls suffer from three weaknesses. One, the tone of their questions; for according to behavioral psychologists the framing of questions causes people to give non-confrontational, 'socially desirable answers. Two, the pool of respondents is not necessarily akin to that of likely voters and, while RealClearPolitics seeks to control that by "averaging out" poll results, that doesn't work well if there's more error on one side than the other. And three, the context of the current news cycle; thus the recent revelations about Hunter Biden's emails on his laptop, & his father's involvement, *the source of which remains questionable*, came at a fortuitous time for Trump.

Jakubowski is the author of a book entitled Bellwether Blues : A Conservative Awakening of the Millennial Soul, a director of a sustainable packaging start-up & Executive Chairman of the Wood County OH Republican Party - I have some money riding on Trump not serving a second turn & feel pretty comfortable I will collect, despite Biden being a less than stellar candidate.

TRUMP IS TOAST (The Bulwark, Jonathan V. Last)

I wrote earlier that if one takes a 360-degree of all the polling data gathered over the last four years, the current view - that Trump is losing by roughly 9 points - makes sense. But since then two developments have occurred that suggest he may well do so by a historic margin. One is the latest Gallup poll that asked people the very *simply-worded, but* fundamental question "Does Donald Trump deserve to be re-elected?". 56 percent answered "NO", 43 percent "YES" & only 1 percent had no opinion. The second is the prediction by FiveThirtyEight of a turnout of between 144MM & 165MM (*up 5% & 20% respectively from 2016's 137MM, while the US population since grew by just 2.4%*).

At last report 58% of the 2016 turnout had already voted. High turnouts tend to not favour incumbents - The Bulwark is a digital news service created in 2018 to provide "political analysis

and reporting ... No partisan loyalties and no tribal prejudices.” Its founders were Charlie Sykes, now age 65, for 23 years the host of a conservative talk show on WTMJ, an ABC News radio station in Milwaukee WI, & the now 67 year-old Bill Kristol (who has been called the “father of neo-conservatism” & among others served as Chief of Staff to Dan Quayle, Reagan’s first term Vice President & William Bennett, Bush 41’s Secretary of Education.

A TALE OF THREE POSSIBLE OUTCOMES (The Bulwark, William Krystol)

- In 1992 Bush 41 lost by 5.6% to Bill Clinton, a defeat but not a rout & Republicans actually gained three House seats. Voters were tired of 12 years of Republican rule but not to the point of repudiating the GOP or the conservative movement as a whole. In 1980 Carter lost to Reagan by 9.7 points & the Republicans picked up 12 Senate seats (thus gaining control of the Senate for the first time in a quarter century), along with 34 House seats, a clear rejection of Carter & the Democrats. And in 1932 Hoover lost to FDR by 17.7 points & the Republicans lost 12 Senate-, & 97 House-, seats. This was a watershed election that resulted in the New Deal. But Hoover had made three Supreme Court appointments in his one term, which resulted in some road blocks for the New Deal that, however, collapsed after FDR’s re-election & threats of court-packing ¹, so that by 1940 our government & public policies were vastly different from those in Hoover’s America.
- A Trump defeat by 5-6 points in the popular vote with the Republicans remaining in control of the Senate would look a bit like 1992. One by 8-9 points, with the loss of Senate control, would be more reminiscent of 1980. And a double-digit tsunami, with the loss of Republican strongholds like Texas & Georgia, and still more Senate seats flipping, might be like 1932.
- Envisage three possible November 3rd headlines :
 - **Trump loses as Midwest flips; GDP holds Senate** - merely a defeat for Trump;
 - **Trump defeated by big margin; election called early on Election Night as Florida and North Carolina go for Biden; Democrats win Senate** – a rejection of Trumpism;
 - **Biden wins by double digits in popular vote; rout extended to victory in Texas; Democrats control Senate easily** – a chance for remaking the GOP.

So next week what seems likely it will be who wins, but who wins how big!

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WHAT HAPPENS ON NOVEMBER 4TH? (NYT, Kathleen Kingsbury)

- An October 30th Op-Ed by Pulitzer Prize winner & investigative journalist Ron Suskind, who for 3+ decades has covered the White House ‘beat’, took us on a visit with two dozen current or former aides to President Trump “worried that the president could use the power of government ... to keep himself in office or create favorable terms for his exit.”

Nothing should surprise anyone about Trump; for his megalomania knows no bounds

WHAT U.S. ELECTION MEANS TO INDIA (WP, Joanna Slater & Ruby Mellen)

- President Trump did what no other US leader had ever done before, sharing the stage with India’s President Modi before tens of thousands of cheering people. And he did so

¹ That Vice President (from 1933-1941) John Nance Garner opposed & actually helped to derail.

not just once but twice, in Houston where the two, hand in hand, made a victory lap around the stadium, & once in Ahmedabad, where they nearly filled India's largest cricket stadium (both of them doing so to score domestic political points for their right-leaning policies).

- In so doing, Trump basically followed in his predecessors' footsteps, viewing India as a bigger counterweight to China than traditional allies like Japan & Australia. And like Modi he rode to power on fervent nationalism and a promise to restore his country's lost greatness & sweep the elites aside. And, despite Trump's 'mini' trade war against India, Modi has found much to like in Trump's dislike of Islamism & his tough stand on Pakistan, and has appreciated his silence on his crackdown in Kashmir & his changes to India's citizenship law that critics say discriminate against minorities. Meanwhile Trump must have been disappointed that this hasn't led to more support for him among Indian American voters (that constitute a significant minority in some states), three quarters of whom support Biden for his stand on healthcare, the economy & racial discrimination.
- Biden has long been an enthusiastic proponent of US-India ties to the point that in 2006 then Sen. Biden told an interviewer "My dream is that in 2020 the two closest countries in the world will be India and the United States ... If that occurs, the world will be safer." Under Biden the focus *in that relationship* will remain on defense (*against China?*). But other issues neglected by Trump, like climate change, will get more attention. And while Kamala Harris' part-Indian ancestry is seen *by New Delhi* as a bonus, under Biden India can expect more criticism of Modi's Hindu nationalism & any policies inconsistent with India's *post-WW II* tradition of secularism ... and multi-ethnic & multi-religious democracy.

In the olden days the Soviet Union was India's all but sole arms supplier and in the past two decades that very much remained to be the case; for, while India imported about US\$51BN-worth of weaponry, US\$35BN came from Russia & only US\$3.9BN from the US. But Trump has since put his finger on the scale; for the 2017 Countering America's Adversaries Through Sanctions Act (CAATSA) provides for punishment for those who engage in 'significant' (i.e. US\$15+MM) transactions with Russia's "state-owned defense industry".

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Grand Ethiopian Renaissance Dam (GERD) - The site was initially identified by the US Bureau of Reclamation during the Emperor Haile Selassie era in its 1956-1964 Blue Nile survey. It is a 1,780 meter/5,840 foot-long, 155 meter/509 foot-high gravity dam on the Blue Nile, just inside Ethiopia's *Western* border with Sudan. When completed it will be the largest hydro-electric generating facility on the African continent & the seventh largest in the world.

Its purpose is two-fold. To solve an energy shortage in a country where only one-third of the people have access to electricity & most households still depend on traditional fuels for cooking. Once fully operational, the dam will hike Ethiopia's hydro power capacity by 150% from 4.5 GW to 11.0 GW. And the second is to generate foreign exchange earnings from electricity exports (with several neighbouring countries already having signed power purchase contracts).

Hydro may over the longer term be the goose that lays the golden egg for Ethiopia. For its key geological features are the Western-, & Eastern-, Highlands (with peaks as high as 15,000 feet/4,500 meters) separated from the Southwest to the Northeast by the Rift Valley) whence 'spring' eight major rivers that by some accounts give the country a 260 GW hydro power generating potential (i.e. 2½x that currently installed in the US & 3x that in Canada).

But Egypt is anything but enamoured with the GERD. In part that's envy. For in 2018 Ethiopia was population-wise second only to Nigeria on the African continent (by 109MM to 196MM, with

Egypt in third place with 98MM) while just 15 years earlier Egypt had been in second place. Moreover, once fully operational the GERD will be triple the size, electricity-generating capacity wise, of Egypt's now 50 year-old, Russian-built Aswan High Dam.

But there is a far more fundamental reason. Egypt has since time immemorial depended on the Nile River as its primary source of water for irrigation-, & public use-, purposes & already faces water scarcity problems that the GERD may compound. For the Blue Nile, that the GERD will dam, accounts for 80+% of the Nile's total flow (with the better-known White Nile, fed by the Kenya Uganda Tanzania-bound Lake Victoria, accounting for less than 20%).

Under the terms of a 1929 colonial era agreement with Britain (*that in the 21st Century may have limited stature in international law*) Egypt lays claim to **all** the water in the Nile, leaving none for the other ten riparian countries (although a 1959 bilateral deal with Sudan 'endowed' it with an 18% share thereof). Moreover, modeling has suggested that at full capacity the GERD will negatively affect the power generating capacity of the Aswan Dam (that has already been affected by the 'silting' of the reservoir behind the dam) by possibly as much as one-third.

Meanwhile Ethiopia argues that by building the Aswan High Dam Egypt harmed itself since the evaporation rate from its reservoir is far greater than it will ever be from the Gerd reservoir that will a) be much smaller & b) located where daytime high temperatures are much lower. Moreover that Egypt should improve the water use efficiency of its economy, & especially in agriculture, rather than seek to address that problem at Ethiopia's expense. And Egypt has already lost the support of at least one ally : while Sudan was once in its corner, a change in government in Khartoum, Sudan's loss of international heft from the loss of South Sudan, & the prospect of electricity imports from Ethiopia has made it change sides

Last July GERD was 75% complete & Ethiopia started filling its reservoir. This unnerved Cairo; for any water now stored in the GERD reservoir will have an immediate impact on the flow of water downstream in the Nile. Moreover, while the Ethiopian government's targeted time frame for filling is 5-10 years, Egypt has been demanding 15-20 years.

On Friday October 23rd, at the photo op occasion of the normalization of relations between Sudan & Israel, President Trump observed "They (*Egypt*) will end up blowing up the dam ... And I said it and say it loud and clear ... they will blow up that dam ... They will have to do something." This prompted Ethiopia's Foreign Minister to summon the US Ambassador to Ethiopia to clarify this comment, telling him "the incitement of war between Ethiopia and Egypt from a sitting U.S. President fails to reflect the long-standing partnership and strategic alliance between Ethiopia and the US, nor is it acceptable in international law governing interstate relations", while former Prime Minister Hailemariam Dessalegn was more blunt when he tweeted "The man doesn't have a clue what he's talking about."

Water will be the oil of the 21st century in interstate relations. Past profligate use has drastically lowered the level of many of the world's main aquifers that have been a major source of supply in many countries (*thus in China the number of wells supposedly increased from 1,800 in 1960 to 15MM in 2011*); so supply will be more limited as population-, agricultural-, & industrial-, growth will lead to worldwide demand pressures.

And the current spat between Egypt & Ethiopia will be only child's play compared to that in the making between the world's largest population countries, China & India. For in the past decade Beijing has been implementing Mao's long dreamt-of South-to-North-Water-Diversion project. To

date both the “Eastern” & “Central” components thereof, that divert water from the China-sourced Yangtze-, & Yellow-, rivers to the country’s water-bereft Northeast have been completed. But now there is growing talk of launching its “Western” component that would divert water from the Yarlung Tsang Po-, Nu-, & Lancang rivers (*all of which ‘spring’ in Tibet*) that since time immemorial have been fed the South-, & Southeast-, Asia’s Brahmaputra-, Salween-, & Mekong rivers.. And while Beijing’s building of dams on these rivers has not been unduly controversial, any syphoning-off of their flow Northwards would be a matter of life & death for the downstream riparian countries.