

GLEANINGS II - 862
Thursday November 26th, 2020

Amazing, the economic claptrap on the Internet - Thus earlier this week, after the Dow Jones had scaled a new 30,000 all-time high, one source opined “Catalysts that were supposed to put a break on the rally haven’t materialized, including the end of enhanced federal jobless benefits, the lack of another stimulus bill and the Treasury ending the Fed’s special pandemic facilities ... This comes as overall US growth continues to surprise for the better including GDP figures, strong consumer confidence and the unemployment rate”.

This came after the Atlanta Fed’s GDPNow reading had cratered from 37% to 3% between October 28th & 30th (although it has since recovered to 11%), the November Conference Board Consumer Confidence Index was 96.1 in November (*while 98 had been expected*), down from October’s 101.4 (*with both way down from last February’s 132.6*) & the official 6.9% unemployment rate was nearly twice last March’s 3.5% (*and a seven year high*). And more generally speaking, with 20MM American workers in receipt of some form of unemployment benefits (half of whom will lose much, if not all, their benefits by year-end when a couple of federal programs expire), with the total work force being 164MM the **real** unemployment rate is more like 12%. And in the past two weeks the number of new applications for official unemployment benefits have increased for the first time in five weeks (from 711,000 to 748,000 & then to 778,000); while this is only a mere shadow of the all-time high 6.9MM in the week ending March 28th, it’s well up from 660,000 March 2009-, & 482,000 in October, 2001-, at the nadirs of the 2008/09-, & 2001-, recessions, (and triple what it had been for much of the decade since the Great Recession). And the coronavirus-prompted economic distress has increased the number of ‘food-insecure’ Americans, half of them children & seniors, from 11% two years ago to 15+% now (which contributed to the demand for food at food banks being up 50% YoY in October).

France’s controversial proposal to tax Big Tech companies - A year or so it proposed taxing them 3% on all revenue generated by them within its borders (*seemingly not an entirely unreasonable idea*). This prompted the OECD to launch talks on how these-, & all other large-, multinationals should be taxed on their out-of-country operations & President Trump to threaten retaliatory tariffs on French imports. France has now sent out notices that, *since the OECD negotiations are still ongoing*, it will start collecting the tax in December. Regardless of what Trump says, Amazon is already on record saying it “will pay all taxes levied outside the US” & Facebook that it will “ensure compliance with tax laws in all jurisdictions where it operates” - *One must wonder why the French chose this timing; for Trump undoubtedly will see this as a heaven-sent opportunity to push his ‘America First’” mantra one more time & create a problem for Biden.*

Israeli Prime Minister Netanyahu’s ‘Secret’ Mission - On Sunday November 22, the day after the ‘virtual’ G-20 Summit hosted by Saudi Arabia, US Secretary of State Mike Pompeo & Saudi Crown Prince Mohammed bin Salman (aka MBS) met in the city of Neom². Soon rumours started circulating that others had been at that meeting, more specifically Israeli Prime Minister Benjamin

² It is located on the Red Sea in Tabuk Province, Saudi Arabia’s Northwestern-most province, bordered to the West by the Red Sea, the North by Gulf of Aqaba (the 100 km-long, 25km wide Northeastern extension of the Red Sea that separates Saudi Arabia from Israel’s Sinai desert) and the East by Jordan. And it is the site of MBS’ pet US\$500BN “Neom Project” to build a futuristic city there (with an appropriate number of Royal palaces) as part of his Vision 2030 dream to diversify the Saudi economy away from its overdependence on oil (that so far has cost more money than the state can afford with little by way on a real payback).

Netanyahu & the Head of Mossad. Yossi Cohen, rumours denied by Saudi Foreign Minister, Prince Faisal bin Farhan al Saud with the words “no such meeting had occurred ... there had only been American and Saudi officials present”. But that did not last long; for Netanyahu hadn’t covered his tracks well & in short order an ‘open’ global airplane tracking system revealed that the privately-owned Gulfstream IV jet often used by Netanyahu (with him & Yossi Cohen on board) had left Tel Aviv’s Ben Gurion airport at 1950 hrs Sunday & landed in Neom at 2030 hrs, and had left again for Tel Aviv 3 hours & 20 minutes later. And that evening, Education Minister Yoan Gallant bragged in an interview on Israeli Army Radio that Netanyahu’s first ever meeting with MBS had been an “amazing achievement” while Topaz Luk, Netanyahu’s social media adviser, tweeted “Gantz is playing politics while the Prime Minister is making peace ³.” - *All this may not matter much. For Pompeo will soon be relegated to the dustbin of history with Netanyahu possibly not far behind, while MBS’ star status won’t long survive his octogenarian father’s demise since everything he has initiated or been responsible for in his 3½ years as Crown Prince has been a flop, and the government handout-dependent Saudi middle class is hurting. Moreover, out of fear of a backlash in their conservative country that is now being pummeled by economic adversity & financial stress, the Saudi government appears dug in on its long-held position that establishing normal relations with Israel is contingent upon the conclusion of an Israeli-Palestinian peace deal. And overarching all this is the fact that the Middle East is in now in turmoil since the price of oil is far below what its governments need to balance their budgets & ‘buy’ their subjects’ loyalty, the expectation that Biden will be a much less accommodative US President than Trump, and, possibly, the assassination of Iran’s top nuclear scientist (see below)*

Janet Yellen’s nomination - This is a ‘doubly whammy’; for after having been the first woman to head the Fed, she would be the first woman to be US Secretary of the Treasury. And according to Ed Mills (Raymond James’ Washington Policy Analyst ⁴) her nomination “is a sign that Biden will focus on rebuilding the economy and not on pursuing the aggressive regulatory *anti-big bank* policy advocated by Sen, Elizabeth Warren ... She will be an effective voice of more fiscal support ... not seen as a partisan.” - *Her confirmation ought to be a shoo-in since there will be several Senators who will weigh her case on its merits, & her sex, to the point of breaking party discipline.*

One serious debt problem in the global battle against COVID-19 - In 64 countries, incl. 18 of the 40 where the IRC (see below) is active, governments spend more on debt service than health.

“Release the Kraken” - This is the latest slogan for the ‘core Trumpers’. The Kraken is a gigantic sea monster that in Scandinavian folklore rises from the sea to devour its enemies. The analogy was used by Sidney Powell, once, but no longer, part of the Giuliani-led Trump legal team (*and long before that Michael Flynn’s defense lawyer when he pleaded guilty to “willfully and knowingly making false statements to the FBI”*), to describe the information she was about to release that ‘would destroy the case that Biden had won the election’, although when she did & published the

³ For Deputy Prime Minister Benny Gantz has decided to launch an official inquiry into Israel’s US\$2BN purchase of submarines from Germany that, according to some sources, has the potential of becoming the biggest ever political scandal in Israeli history (that would be something in a country where one President, one Prime Minister, two Chief Rabbis & a dozen or so Ministers have ‘done time’ for a range of criminal offenses). Earlier this month Israeli police announced it had amassed sufficient evidence to charge Gen. (ret.) Avriel Bar-Yosef, Netanyahu’s National Security Adviser & Director of the National Security Council, with bribery and breach of trust

⁴ Who, with a Political Science degree from Boston College, prior to joining Raymond James a couple of years ago, had spent his time on-, & around-, Capitol Hill.

nearly 200 pages of documents it was a ‘damp squib’, a rehash of earlier disproven conspiracy theories, incl. the one that voting machines had been part of a plot hatched by the late Venezuelan dictator Hugo Chavez (who died in 2013). But this hasn’t stopped it from becoming a rallying cry for the core Trumpers in nearly 100,000 tweets within 48 hours this week.

Stock market “hits new highs” - This week the Dow Jones was up 2.2% after briefly hitting a record high 30,000, the S&P 300 up 2.3% to 6,586, & NASDAQ up 3.0% to 12,206. And Tesla shares hit US\$597.52, giving the company a ‘market cap’ of US\$550+BN (*more than 8x GM’s*).

To put this in perspective :

- following is the YTD performance of the three US stock market indices :

	January 2	March 23	November 27
Dow Jones	28,869	18,592	29,910 (+3.6%)
S&P 300	6,654	4,500	6,586(-1.0%)
NASDAQ	9,021	6,861	12,206(+35.3%)

- As to Tesla, its January 2nd closing price had been was US\$86.05 (i.e. YTD it’s up nearly sixfold), its current P/E ratio is 1,160x & its market cap 30% greater than the aggregate of those of Toyota (US\$197BN), Nissan (US\$77BN), GM (US\$64BN), Honda (US\$49BN) & Ford (US\$35BN) while Tesla in the four years ended December 31st delivered only 800,000 cars (although 2019 deliveries were up nearly five-fold to 367,000).

SNAP (Supplemental Nutritional Assistance Program) - Once known as the Food Stamp Program it dates back to the 1930s. Administered by the USDA , its purpose is “to supplement the food budget of needy families so they can purchase healthy foods and move to self-sufficiency” ⁵. Today any American family with a family income < US\$34,060 (130% of the US\$26,200 federal poverty level & 42% of the US average household income) is eligible. Over the years the once FSP (Federal Food Stamp) benefit payment system has been replaced by an EBT (Electronic Benefit Transfer) system, a kind of bank card system that can be used at all food retailers, large & small, and even some farmers’ markets, to pay most food products, incl. pop & junk food, but not ‘hot food”, liquor & cigarettes, or personal care products.

This century the program has grown as follows :

year	number of recipients (million)*	average per capita benefit (dollars/month)	total program cost (billions of US dollars)
1999	18.2 (6.5%)	72.27	17.8
2009	33.5 (10.5%)	125.31	53.6
2019	35.7 (10.7%)	129.83	60.4

* Percentages are those of the total US population.

⁵ The top ten sources of calories for low income US families are sodas and energy & sports’ drinks (139 calories), chicken (122), grain-based deserts (117), yeast breads (107), tortillas, buritos & tacos (100), pizza (98), beef (72), pasta dishes (69), chips (62) & alcoholic beverages (59); in other words, well over half their calory intake comes from less nutritionally valuable sources.

**Largest YoY Growth Rates in US States' Households Receiving SNAP Benefits
(2020 National Average Household Income = US\$ 81,395)**

State	April 2019 No. of H'holds	April 2020 No. of H'holds	YOY growth rate	State Average Household Income (US\$)	State H'hold Income as a % of the National Average
MA	445,464	919,118	106.2%	106,772	131%
MI	628,886	1,150,697	83.0%	75,352	93%
RI	90,212	152,299	68.8%	85,207	105%
AZ	362,808	483,247	32.9%	77,221	95%
CA	1,824,382	2,404,044	31.8%	101,493	125%
NY	1,514,547	1,907,669	26.0%	97,424	120%
NV	221,242	258,935	17.0%	77,391	95%
FL	1,499,980	1,748,329	16.6%	76,652	94%
IL	864,878	985,911	14.0%	88,857	109%
MD	332,146	374,439	12.7%	107,482	132%
MO	321,512	360,397	12.1%	73,145	90%
HI	79,929	89,419	11.9%	99,765	123%
TX	1,430,437	1,598,974	11.8%	84,221	103%
KY	241,584	265,158	9.8%	67,110	82%

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THIS WAS ALWAYS THE PLAN (The Dispatch, Jonah Goldberg)

- I am very angry. The president of the United States is trying to steal an election he clearly & unequivocally lost. While the liberals say he is undermining its legitimacy, they've got it all wrong. For, while he may be doing just that, this is not the end of what he most desires but just the means to that end; his real objective is to steal the election. This would let him pretend he didn't lose so he can start some kind of "Trump TV" (*to monetize his tenure his term as president*) & prepare for another run at the presidency in 2024 even if he doesn't get away with stealing the election on this occasion. Nicholas Grossman ⁶ predicted some time ago already that his goal was always to steal the election if he did not win (to the point of telegraphing over & over that the US Supreme Court would come to his rescue). So he declared victory on Election Night even when the score board said he hadn't and now blames Fox News for its decision to declare Arizona *early for Biden - Goldberg (age*

⁶ Who teaches international relations at the University of Illinois at Urbana and whose 2018 book Drones and Terrorism :Assynetric Warfare and the Threat to Global Security discusses how drones are changing the nature of warfare and terrorism.

51) is an American conservative syndicated columnist who got his career start at the American Enterprise Institute and has been a critic of Donald Trump from the get-go. He writes a weekly column for the Los Angeles Times & a semi-weekly one that is syndicated to over 100 newspapers. He was an editor of the National Review from 1998 to 2019 & the founding editor of its online version, and for the last year or so has been editor of The Dispatch, an ad-free, subscription-based, online conservative magazine. His 2008 book Liberal Fascism was an NYT No. 1 best seller, even though criticized by academics for “poor scholarship”, and his mother, literary agent Lucianne Goldberg (nee Steinberger), was a key figure in Clinton’s Mona Lewinsky scandal.

THIS IS AMERICA’S LAST SHOT AT GLOBAL LEADERSHIP. DON’T SQUANDER IT **(Newsweek, David Miliband)**

- Foreign policy didn’t play much of a role in the US Presidential election campaign. But former Australian Prime Minister, & noted China expert, Kevin Rudd says America’s claim to global leadership is in the ‘last saloon’ stage. And German President Frank-Walter Steinmeier’s post-election message urged the new Administration to reunite the West’s liberal-democratic alliance, since, if it didn’t, we’re looking at an entirely different world order in the years to come. Fortunately President-elect Joe Biden understands that strength comes from allies & setting examples rather than economic-, and military-, might.
- And conquering COVID-19 should not just be the domestic No. 1 priority but needs to be dealt with globally. In fact doing so is an indispensable fact of life; for it needs to be beaten everywhere. The WHO must be strengthened, not weakened & the incoming Administration strengthen the global anti-pandemic effort in the short run, help promote the economic recovery in the medium term (among others by ensuring the global distribution of vaccines), and prepare for the long-term.
- And the US should :
 - **Stop arms sales to Saudi Arabia** - to force an end to the war in Yemen where, according to the UN Aid Chief Mark Lowcock “the Yemenis are not *just* going hungry, they are being starved *to death*.”; and
 - **Ease its refugee policy (as Biden has undertaken to do)** - The Syrian nightmare has been getting worse for years &, while in FY/16 (*the last full year of the Obama administration*) the US admitted 12,500 Syrian refugees, in FY/20 only 481 were allowed to make a new life for themselves in the US.

Today the average American & the US media type still dwells mentally in an era when there still was a ‘New Frontier’ in the country & isolationism was an option since thousands of miles of ocean separated them from the rest of the world, and the role of the US dollar in the international monetary system was unchallenged & generated significant (often not appreciated) benefits for the US economy. But times have changed & none of this can any longer be taken for granted. And they haven’t woken up to the fact that the ‘entitlement’ party is over, and the time has come to ‘pay the piper’ & ‘put the hand to the plow (Luke 9:62) - The writer is Tony Blair’s former UK Foreign Secretary who since 2013 has been President & CEO of the New York City-based IRC (International Rescue Committee). Founded in 1933 by Albert Einstein it seeks to “assist people whose lives have been affected by conflict and disaster” & its Board in recent years has included such US luminaries as Henry Kissinger, Madeline Albright & Colin Powell. It currently operates in 40 countries & 26 US cities (where its work is focused on helping those granted refugee status adjust to their new environment). And it has for over two decades been active in the Democratic Republic of Congo where (perennial) conflicts have cost 5.4MM people their lives.

DRUGS HYPED AS CORONAVIRUS TREATMENT LINKED TO PSYCHIATRIC DISORDERS SAYS EU AGENCY (Politico, Carlo Martuscelli)

- The EMA (European Medicines Agency), the EU's drug regulator, warned on November 27th against the use of the drugs chloroquine & hydrochloroquine (that have been promoted by President Trump, Brazilian President Jair Bolsonaro & the controversial French doctor, Didier Raoult) as treatment for COVID-19). For its Spanish counterpart AEMPS (Agencia Española de Medicamentos y Productos Sanitarios), had alerted it to six cases of mental effects in patients given higher than authorized doses of these drugs.

Some other drugs containing these compounds that are approved to treat a number of auto immune diseases already have long carried carry "rare" mental side effect warnings.

MOHSEN FAKHRIZADEH, IRAN'S TOP NUCLEAR SCIENTIST ASSASSINATED NEAR TEHRAN (BBC News)

- On Friday November 27th the Iranian Defense Ministry reported "Armed terrorists targeted a vehicle carrying Mohsen Fakhriadeh, head of the Ministry's Resource & Innovation organization ... after a clash between the terrorists and his body guards Mr. Fakhriadeh & *his bodyguards* were severely injured & taken to hospital but unfortunately ... passed away." In Iran Foreign Minister Mohammad Javid Zarif called the attack an "act of state terror" & in the US John Brennan, head of the CIA in 2013-2017, a "criminal" & "highly reckless" act that risked lethal retaliation ... *and regional conflict.*"
- Fakhriadeh has for decades been deeply involved in Iran's nuclear program to the point where in 2014 a Western diplomat told Reuters that "if ever Iran chose to weaponize uranium (*i.e. enrich it to the very high degree of purity needed in nuclear weapons*) Fakhriadeh would be known as the father of the Iranian bomb".
- In 2010 suspicions that Iran had for decades been secretly working on the development of a nuclear bomb prompted the EU, US & UN to impose crippling sanctions on Iran (*that had the desired result since in 2012 Iran's GDP growth rate declined from 2.6% in 2011 down to -7.4% & to -0.2% in 2013*). This led to the 2015 deal whereby Iran agreed with six countries (US, UK, Germany, France, China & Russia) to limit its nuclear enrichment activities for 10 years in exchange for sanctions relief. Then in 2018 President Trump walked away from the deal & so, in effect, did Iran to the point that earlier this month the IAEA reported Iran had upgraded uranium in amounts 12x those permitted under the deal.

This was an out-and-out ambush by gun men in broad daylight within miles of the national capital that has raised questions about the effectiveness of the country's counterintelligence apparatus. The best thing that can be said about it is that the Iranians are pointing the finger at Israel rather than the US (as they had every right to do last January after Trump had ordered the elimination of Gen. Qasem Soleimani of the Revolutionary Guards in Iraq). So any subsequent retaliation is likely to target an Israeli-, & not a US-, objective (although it remains to be seen how Netanyahu would react since, guilty or not, he could not take any retaliation 'laying down'). And since Biden had been talking about the US rejoining the Iran deal, those the belief is widespread, and not just among Iranians that this assassination was Netanyahu-inspired in the belief that this would make it more difficult for Biden to have America's Middle East policy 'do a 180'. And it might not be a coincidence that this event took place a few days after the MBS, Pompeo, Netanyahu Cohem meeting in Neom, since the killing seemed to have all the hallmarks of a not uncommon Mossad 'removal' of an undesirable.