

As of last August 47MM, one in eight, Americans were in receipt of food stamps (& one-third more said to be eligible but unaware of that fact - *or too proud to apply?*), up 75% in five years. In 1959 the number of Americans living in poverty, *however defined*, was 22.5%. Then it started to decline, a trend helped along by Lyndon Johnson's Great Society programs in the mid-60's, until it hit a low of 11% by 1973. After fluctuating between 11% & 15% for the next 40 years, today it is edging back up towards 16%, a level not seen in half a century (up from 11% in 2000).

Toronto's City Council voted on November 27th to send its Zoo's three aging African elephants to an animal sanctuary in California run by the Performing Animals Welfare Society. Doing this may do more to assuage the 'guilt' feelings of some do-gooders than for the beasts themselves. For in California they will have 80 acres to 'roam' in, while they have been genetically imprinted to wander over hundreds of square miles. All this may achieve is to (marginally) enlarge their playpen while depriving them of much, if not all, the human companionship they have long come to depend on.

The China Daily reports that, in view of the growing number of marriage breakdowns in that country, Chinese insurance companies have developed a new product, marriage insurance. But it comes with a twist; for it pays off more if the married couple stays together than if they split. Nevertheless, it apparently is being marketed, primarily to women, on the basis of 'if your marriage won't last, you will at least have something left to show for it.'

There was an interesting interview on CBC recently with a researcher whose field of study is salamanders (for those unfamiliar with them, they are lizard-like amphibians, of which there are hundreds of varieties in many parts of the world, most of them only a few inches long from their nose to the tip of their tail). His interest in them is that many varieties have a unique ability for regrowing lost parts of their body; for instance, if they lose a leg, they just grow a new one, without any scarring. And what's particularly intriguing, if their spine is somehow severed, they can rebuild it & restore its function back to normal. His interest in this is obviously driven by a hope he might find something that might be applicable to human beings - *when I was a kid in Holland we used to catch salamanders & put them in our aquarium. Occasionally one would escape, & would be found, months later, in some out-of-the-way place, all shriveled up & seemingly dead. But that was just some sort of hibernation-like state; for a day or so after being dumped back into the aquarium, they would be back to normal, swimming around, happy as can be*).

GLEANINGS II - 491SP
Thursday December 20th, 2012

GRAPEFRUIT FATAL WITH SOME DRUGS (CP, Sheryl Ubelacker)

- A comprehensive review by a research team from the Lawson Health Research Institute (affiliated with the University of Western Ontario in London, Ont.) reported on November 26th in the Canadian Medical Association Journal that, while grapefruit can be a great source of Vitamin C, its juice can interact with over 85 oral medications in ways that can have adverse, & even disastrous, consequences. Furthermore, that in recent years the number of drugs potentially vulnerable to this, incl. commonly prescribed cholesterol-lowering statins, some key heart drugs, and certain anti-psychotic & pain medicines, has more than doubled. The culprit is a chemical substance in grapefruit that interferes with an enzyme that controls how drugs are absorbed through the intestines. Other fruits that

also contain varying quantities of this chemical include limes, pomelos & Seville oranges (a common ingredient in marmelade). Oft-prescribed statins like Lipitor, Zocor, Mevacor & Altoprev have a high-to-very-high risk of adversely interacting with grapefruit, and the anti-clotting agent Plavix “doesn’t work at all if grapefruit is taken”.

This has apparently been known for two decades but the problem is that in recent years the number of drugs to which it applies has grown significantly. One drug, called Domperidone, commonly prescribed to boost nursing mothers’ milk supply, is said to be particularly apt to have unpleasant consequences for them if they also drink grapefruit juice.

COLA IS BAD FOR YOUR BONES (G&M, Leslie Beck)

- While mineral water contains naturally-occurring calcium that is good for your bones, cola drinks have been linked to weaker bones. A 2006 Tufts University study of 2,538 men & women in the Framingham Osteoporosis Study found that drinking three servings of cola a week resulted in significantly reduced bone density at three spots in the hip of women (albeit it not men), with a similar link in teenage girls. The suspected culprit is phosphoric acid, an additive used only in cola drinks to enhance flavour & preserve freshness, that can bind to calcium in the intestinal tract, thereby preventing it from being absorbed into the blood stream & forcing the body to maintain calcium levels in the bloodstream by drawing it from the bones. Women appear to be more vulnerable to this because of hormonal differences, smaller bones, & greater susceptibility to osteoporosis.

Since phosphoric acid is also used in many processed foods, it pays to read labels (the writer is a professional dietician).

IN THE THICK OF IT (Report on Business, David Berman)

- Guar gum is a thickening agent used, among others, in ice cream & tooth paste. Recently the oil & gas industry found a new use for it, in fracking. A typical fracked well can use as much as 4 tonnes of the stuff. The resultant increase in demand has caused its price to rise to as much as US\$28,000/tonne, up 1,200% in a year, to the point where it can account for as much as 30% of the cost of fracking. India currently accounts for 80% the world’s guar gum output. It used to be used primarily as animal feed. But no more. Its high price has vastly improved the lot of those farming the 8.6MM acres used growing the crop in India.

While drillers are experimenting with other thickening agents, guar gum is a natural-, & more environmentally-friendly, product. And while its high price has prompted farmers elsewhere to start growing it, the acreage involved is minuscule (in the US, 50,000 acres).

POLLUTION RATE RISES (G&M, Michael Kesterton)

- In its latest issue the journal Nature Climate Change reported that “Last year, all the world’s nations pumped nearly 38.2 billions tons of carbondioxide into the air from burning fossil fuels ... That’s about a billion tons more than the previous year ... more than 2.4million pounds (1.1 million kilograms) ... every second.”

To put an environmental Neanderthal-like spin on this, it’s ‘only’ 2.7% increase (about the average for the past decade). While China is the world’s largest producer in the aggregate of

CO₂ , on a per capita basis it is still behind Europe (7.2 vs. 7.5 tonnes), although rapidly gaining on it (its CO₂ output per capita in 2011 was up 9% while Europe's was down 3%), & less than half as big a producer of the stuff as the US (17.3 tonnes) & Canada (15.0 tonnes)

YOUNG LOSING CAR HABIT (EJ, Sheila Pratt)

- Bob Rennie, a Vancouver-based housing expert who also runs that city's largest condo marketing company, spoke on November 23rd in Edmonton at a conference called The Common Good : Who Decides, put on by the Trudeau Foundation. He noted that in a new condo development in his city 25% of units had no parking, & yet were snapped up by a younger generation that is less addicted, he says, to cars than the Baby Boomers, with many people in Vancouver under the age of 28 finding ownership of a car more of a hassle than it's worth and, *instead*, "live on their phones". Furthermore, that "A major cultural shift is underway ... you don't need a car to get a date. For young people, mobility is in their Android and they don't need to cruise the streets." And that, while in the past city politicians determined the common good, this is changing rapidly with Internet voting, the creation of virtual communities connected by cell phones, & the rising power of neighbourhoods.

This trend will only "have legs" if they don't change their minds in their 30's & 40's.

BANKERS STRUGGLE TO REGAIN TRUST (Bloomberg, Nicholas Comfort)

- Europe's top banking executives met in Frankfurt during the week of November 19th to discuss the industry's future. Last March an Ernst & Young study of 28,500 retail bank customers in 35 countries found 40% of them had lost their trust in banks during the preceding 12 months. So front & centre among the agenda topics was what banks can/should do to regain that trust. According to Deutsche Bank's new CEO, Anshu Jain, telling people at social events he is a banker is a conversation killer since they don't believe the industry is changing. Similar sentiments were expressed by the Commerzbank's CEO, and the German cooperative DZ Bank's CEO told the group he spends much time at social events trying to convince people he's doing his best to contribute to the recovery & "There is a significant danger of being made the scapegoat if you tell people you work in banking."

Banking requires public trust, a tender plant that wilts easily &, once it has, recovers very slowly. And overcoming the perception that bankers are more focused on adding value to their own bottom lines than to the community's will remain difficult as long as banking at a corporate-, & a personal-, level remains short-term profit-oriented, and bankers have seven figure incomes & life styles while their customers get one percent, or less, on their savings & face ever more, & higher, fees.

BIG BROTHER ON CAMPUS? (G&M, Michael Kesterton)

- The Chronicle of Higher Education reports data mining, that already has invaded many aspects of student life, is now hitting their study habits. For CourseSmart, a vendor of digital text books, announced a new tool for instructors to measure their students' use of electronic course material. While it cannot track their reading when they use hard copy text books, in the digital world it can track how much time students spend reading, how many pages they view, how many notes they make & how much highlighting they do,

from which it can then generate an 'engagement score' for each student for use by instructional staff.

Bless the Dear Lord for not having given them that tool in my university days! Mind you, I would likely would not have touched digital books with a ten-foot barge pole.

EMERGING POWERHOUSES LOSING THEIR SHIMMER (G&M, Martin Mittelstaedt)

- Brazil, India & South Africa once appeared amazingly immune to the global economic slowdown. But on November 30th Brazil reported that its Third Quarter GDP growth had been only half that expected, and India & South Africa also reported sharp decelerations in growth. While each has unique reasons for this, Dr. Martin Schwerdtfeger, a senior economist at TD Bank, says their biggest problem has been the sputtering pace of the US, Eurozone & Japanese economies, which has had a "trickle-down effect", & that this slower growth implies a sluggish demand for commodities which will have negative implications for Canadian resource companies. But, with better economic figures in China & slow growth in the US, he says the risk of a global recession is "relatively limited".

South Africa is anything but a "power house" in global economic terms. At least with a No. 42 ranking (behind Argentina and Austria), 0.6% of global GDP, & 0.7% of the world's population it is nowhere close to being in the same league as Brazil & India. For both of them have a "TopTen" GDP rankings, and GDPs that are 6x & 4½x, & populations that are 4x & 24x, larger respectively than South Africa's. And to top it all off, in the case of Brazil & India exports account for a low, single digit part of their GDP, while for South Africa's export dependency rate is close to 3x theirs.

THIS YEAR'S BIG BLOWS (Climatecentral.org)

- The 2012 Atlantic Hurricane season ended on November 30th. It featured four land-falling storms that left communities from Louisiana to New York in tatters. For the third year in a row there were 19 named storms, ten of which became hurricanes, the third-highest level of storm activity observed since 1851 (since when there have only been two hurricane seasons - 1933 & 2005 - that had more tropical storm activity than 2010, 2011 & 2012).

NEW STUDY PROVIDES CLEARER PICTURE OF RISING SEA LEVELS (CP, Bob Weber)

- A paper made public in the journal Science on November 29th showed the loss of ice from Greenland & Antarctica is making an increasing contribution to rising sea levels. It was the work of 47 scientists around the world who combined data from 10 satellite missions & other sources, incl. the findings of 29 other studies since 1998 with often widely diverse estimates, to provide the clearest picture yet of what is happening to the massive sheets of ancient ice that help determine the planet's climate. It says that since 1992 the ice sheets have lost roughly 4,250 gigatonnes (4,250,000,000,000 tonnes/4,250 cubic kilometres), enough to raise the average sea level around the globe by 11 millimetres (which, while it may not seem like much, seriously adds to the destructive potential of storm surges). Forty percent of the rise in sea levels is now accounted for by melting ice, up from 20% in the 90's (with the rest coming from the expansion of the existing ocean waters as they warm up).

Empirical evidence such as presented in the two items immediately above seem to be thinning out the ranks of climate change skeptics/deniers.

IN A SLOW ECONOMY, BABY IS A LUXURY ITEM (G&M, Chrystia Freeland)

- As birth rates dropped in Western Europe, Russia and even China, the US seemed to buck the trend ... until earlier this month it was reported the US birth rate had dropped to its lowest-ever level, 63.2 babies per 1,000 women of child-bearing age, with immigrant women who had been propping up the fecundity rate being largely responsible for this; for according to the Pew Research Centre, while the birthrate among US-born women had slipped 6% between 2007 & 2010, that for foreign-born women had dropped 14% & for Mexican immigrant women 23%! So now the US fertility rate is 1.89, well below 'replacement rate'.
- While many reasons have been given, three of them are of a 'defining' nature. Women now have unprecedented power over their own fertility. The close-knit family structure that once supported child rearing have been destroyed by industrialization & urbanization (& *people's growing mobility in search of work and/or satisfying careers?*). And women's economic circumstances have changed; they are working more to maintain a middle class lifestyle (because *real* incomes have stagnated) and investing more & more time & money into each child to ensure their success. So for many women children have become the most delightful & luxurious of consumer goods.

Still, the birth rate does tend to drop during economic hard times. It did so in America during 30's & again during the decade of the 70's when two major oil price shocks made people nervous about the economic outlook (at which times it dropped off to about 1.50), but after which it recovered again to 2.0+ during the 90's & the first decade of this century.

DECLINE IN CHILD OBESITY RATES (NYT, Sabrina Tavernise)

- In the US 17% of children under age 20, 12½MM of them, are obese, triple the rate three decades ago (although it appears to have been leveling off at, albeit high, levels). And it actually seems to have started to decline in cities large & small, from New York & Los Angeles to Anchorage & Kearney, Neb. New York reported a 5.5% decline in obese school children between 2007 & 2011, Philadelphia 5% & Los Angeles 3%. When first made public last September in a report by the Robert Wood Johnson Foundation, researchers were skeptical. But cities like Philadelphia has been targeting child obesity for some time. In 2004 sugary drinks started disappearing from its schools' vending machines. A year later it introduced new snack guidelines that set calorie & fat limits. And by 2009 deep fryers were gone from its schools' cafeterias, and whole milk had been replaced by 1% & skim milk.
- Some experts say such declines are largely concentrated among children from higher income, white families & still bypassing minority youths; thus in New York City between 2007 & 2011 the obesity rate among white children dropped 12½% but among black children less than 2%. But the contrary is true for Philadelphia which among the largest 10 US cities has the most residents living in poverty; there the obesity among its 120,000 public school children declined by 8% between 2006 & 2010 among black boys & by 7% among Hispanic girls, but by only 0.8% among white girls & 6.8% among white boys.

The Philadelphia results suggest that, all libertarian chatter notwithstanding, government can have an influence on personal life styles.

EX-COPS ENFORCE DUPONT SEED PATENTS (Bloomberg, Jack Caskey)

- Wilmington, Del.-based Dupont is the world's second-largest seed company & marketer of the best-selling GM Roundup Ready soybean seed in North America (with a 36% market share vs. Monsanto's 28%). It has been using dozens of ex-police officers to inspect Canadian fields to ensure that farmers don't use soybeans they had harvested themselves the year before in the following year's planting (& expects to start doing so in the US in 2013). This used to be done by Monsanto but it has moved on to a new Roundup Ready 2 version of the seed; so it's now up to Dupont, that is continuing to market Roundup Ready soybean seed under license from Monsanto, to do so itself (even though their basic patents expired in 2011 in Canada & will expire in the US in 2014, the companies maintain follow-up patents will perpetuate their monopoly).

Monsanto claims its beans produce on average 4½ bushels more per acre. But it arbitrages out most, if not all, the benefit thereof, thereby producing little, if any, net benefit from the use of its seeds for the farmers using it who have little choice but to use it because everyone else does and various court cases have given short thrift to farmers' arguments about possible cross-pollination from neighbouring fields.

CANADA CRITICIZED FOR ARCTIC COUNCIL AGENDA (CP, Bob Weber)

- In May 2013 Canada will start serving a two year term as Chair of the eight country Arctic Council. Indications are that Ottawa will seek to use it as an opportunity to promote Arctic development & to defend its own Arctic policies. But Arctic experts & those involved with the Council worry this is the wrong approach at a time when it must deal with crucial international issues ranging from climate change to a treaty on oil spill prevention at a time of growing concern about Arctic fishing & increased maritime traffic as ice levels decline.

Canada's representative on the Council will be Health Minister Leona Aglukkaq. As an Inuk whose constituency lies within the Arctic Circle, she is a logical choice. But as Minister of Health she already has more on her plate than she has proven herself capable of handling.

AMBASSADOR TEMPERS PIPELINE OPTIMISM (CP, Mike Blanchfield)

- The day after the US election Canada's Natural Resources Minister Joe Oliver said he was confident the newly-elected Obama Administration would see the economic benefits of the Keystone pipeline & that it "will ultimately be approved". But two days earlier David Jacobson, the US Ambassador to Canada, had said that, while he didn't want to preempt the President's decision, Canada needed to keep in perspective that "it is not a huge part ... of what is the largest energy relationship between two countries in the world."

Contrary to what the Minister says, the economic benefits for the US of not having the Keystone are greater than having it. With abundant shale oil, access to Canadian oil now is much less critical to US energy independence than before (& 100% of the economic benefits created by shale oil stay within the US). And with pressure growing for reining in the entitlement programs to help improve the US fiscal outlook, the President may well want to throw the left wing of his party a bone by not approving it (the more so since Romney had been so gung-ho to approve it).

CAR PRICES TO SOAR AS OTTAWA TAKES AIM AT EMISSIONS (G&M, Shawn McCarthy)

- The Harper government is following President Obama's lead by introducing aggressive new vehicle fuel standards to slash greenhouse gas emissions from vehicle tail pipes after 2020. Officials estimate this will add \$700 to the price of an average car in 2021, & \$1,800 by 2025 (although some industry analysts say it could go as high as \$5,200). On the other hand, officials also estimate it could save motorists as much as \$900 annually in fuel costs.

Government typically underestimates upfront costs & overestimates downstream benefits.

THE ENERGY LOBBY PIPELINE TO OTTAWA (G&M, Shawn McCarthy)

- According to the Polaris Institute, an Ottawa-based left-leaning think tank, in the year ended September 30th, 2011 senior energy industry officials met 791 times with Ministers, MPs & senior officials, incl. 52 times with Cabinet Ministers, incl. those for Finance, Foreign Affairs, Natural Resources & the Environment. The most frequent visitors were from the Canadian Association of Petroleum Producers (CAPP), the Canadian Energy Pipelines Association (CEPA), TransCanada Corp., Imperial Oil, Suncor Energy & Enbridge. During that same period only one Minister met just once with a lobbyist of the environmental community.

Transparency is better than nothing but not much good unless seriously spotlighted.

OTTAWA BLACKLISTS UNETHICAL SUPPLIERS (G&M, Daniel LeBlanc)

- In the past Ottawa operated a "leniency program" for companies caught 'rigging' bids on public works' projects under which they pleaded guilty & paid a fine, and then were free to start bidding on more work from the federal government. This now (*supposedly*) has changed & the Department of Public Works has started blacklisting suppliers that 'engage in unethical business practices' (with a degree of retroactivity). This was brought on by an investigation showing an unduly cosy relationship between the senior public servant in charge of real estate in the Department & the head of the firm that was awarded nearly 100% of all of Public Works' real estate consultancy work between 2004 & 2007.

A 'leniency program for cheats & thieves? Only in Ottawa, you say?

GRASSROOTS CAUSES GAIN SUPPORT (G&M, Adrian Morrow)

- In October the Environics Institute polled 2001 Canadians by telephone on the nation's values. Generally speaking, it found an undercurrent of restlessness about the workings of the political system, & more specifically that of the interviewees :
 - 52% "strongly approved" of last year's referendum in BC that ended that province's HST (Harmonized Sales Tax), that had combined the federal & provincial sales tax levies into one charge at the point of sale, & 34% "somewhat approved";
 - 49% strongly agreed (& another 39% "somewhat agreed" that the environment should be protected, even if this slows down economic development;
 - 24% "strongly approved" last year's student protests in Québec (& another 32% "somewhat approved");

- only 19% felt government does a good job “all the time” of balancing competing interests (& 48% that it did so “some of the time”); and
- the same percentage “strongly approved” last year’s Occupy movement (& 43% “somewhat approved”).
- Rather surprisingly, since it is always trotted out at election time, the ‘national value’ that scored lowest among the twelve for which the survey tested support was cutting taxes.

Of the above the most puzzling perhaps was the support for the Québec student protests since tuition fees in that province are a fraction of what they are in other provinces (which is made possible by Québec being by far the largest beneficiary of Canada’s ‘equalization payment’ system - the purported intent of which, however, was to ensure that the level of public services provided in each province was similar, not superior).

HOW CAN CHINA ENHANCE QUALITY GROWTH? (China Daily)

- The government says that enhancing the quality & efficiency of economic growth will be its central task. So it has pared down its economic growth target to 7.5%, after flagging exports & domestic efforts to contain runaway prices had caused growth to slip to a 7.4% annual rate in the Third Quarter (the seventh quarter in a row of decelerating growth). Expanding domestic demand is said to be the strategic basis for China’s economic growth next year, and the strategic transformation of China’s industrial structure deepened to realize high quality, efficient & sustainable growth. This means squeezing out asset bubbles.

It’s going to be interesting to see how much real reform the leadership will introduce how soon..

WHY CHINESE FIRMS’ CROSS-BORDER DEALS FALL APART (Harvard Business Review, Lawrence Capron & Will Mitchell)

- In the past decade Chinese firms have become aggressive cross-border acquirers. But according to Olga Hawn of Duke University their deals are twice as likely to fail (15%) as those of acquirers from the other BRIC countries & 5x those by Western multinationals. Among the explanations offered for this phenomenon : they are new to the game, governments in target countries are hostile, they have trouble getting financing or face political opposition at home (*the latter likely leads to the former*), they announce deals prematurely, & the market in which this takes place is too dynamic/volatile.
- But to be more successful, it more likely important that they :
 - **make sure there is a good fit** - acquiring for the sake of acquiring seldom makes sense; but strategic planning is not the long suit of Chinese companies;
 - **assess the political attitude in the target country** - it’s better to find out sooner, rather than later that you’re not welcome (*in addition deals can sometimes be “tweeked” to make them politically less belladonna-like*);
 - **make sure it’s acceptable to Beijing** - if not, the battle is lost before it’s joined; and
 - **consider ‘sequential engagement’ as an option** - i.e. get first involved on a JV basis or as a minority shareholder - *this has been the path followed by several Asian companies to gain a foothold in the oilsands without roiling the political waters.*

All of this is, or should be, First Year Business School ABC.

IN A QUIET VILLAGE, CHINESE FARMERS TAKE A FEARFUL BUT DEFIANT STAND (G&M, Mark MacKinnon)

- On Wednesday December 5th, 100 of the 1,800 residents of Panguanying village, Hebei Province, 300 kms East of Beijing stormed, & briefly occupied, the one room local Communist Party office, demanding an end to corruption & environmental degradation, and the right to choose their own leaders. The trouble in the village started three years ago when the local Communist Party boss made a bundle selling some of village land to a company to build a waste incinerator on without consulting the locals & using forged documents to 'prove' to the provincial government that their approval had been obtained. But the locals feared its operation would have adverse health consequences & last year scored a major victory when they were able to convince a court to halt construction because they had not approved the project. Then on November 29th, during local elections seen by many as a referendum on the incinerator, when it looked like the anti-incinerator candidate would win, a group of thugs, incl. the local party chief's brother, arrived at the polling station & carried off the ballot boxes.

In a totalitarian state, once the subjects lose their fear of their rulers, & of the apparatchiki, change is never far behind; this does not necessarily mean the state will implode, rather that it better develop a different way of manipulating the masses.

CANADIAN ICONOCLAST IN CHINA (G&M, Mark McKinnon)

- Montreal-born Daniel Bell has been teaching political philosophy (in Mandarin) at Tsinghua University, China's pre-eminent institute of higher learning, since 2004. He lives with his Chinese wife, a senior executive at Goldman Sachs, & their teenage son in an upper class suburb of Beijing. In recent years his writings about the government have gone from critical to defensive & just before the 18th Party Congress he co-authored an essay in the Financial Times arguing China now has a political system that is superior to one-person, one-vote democracy since it rewards performance rather than popularity. This has made him the darling of the state-controlled media but the subject of scorn among many of his peers who call him an "apologist" for a corrupt & repressive regime dominated by 'princelings' whose rise to prominence had more to do with their pedigree than their personal merits (criticism he shrugs off by saying that "any time you say something mildly positive about the Chinese government, there tends to be extreme hostility among some people").

In North America too, or the rest of the world for that matter, political dynasties are not uncommon. But, as the veil is started to be lifted on corruption, & the 18th Party Congress made it an issue, one area that's coming increasingly into the limelight is the extent to which senior local government & Party officials have been enriching themselves by selling local government-, & Party-, jobs.

LOBBYING, A WINDFALL AND A LEADER'S FAMILY (NYT, David Barboza)

- In 1999, following the Asian financial crisis, Ping An Insurance was in financial trouble & at risk of being broken up as part of Beijing's response to the "too-big-to-fail" phenomenon. That same year its Chairman sent a letter to then Vice Premier Wen Jiabao & the then Head of the People's Bank of China, 'humbly' requesting them "to lead and coordinate the matter (*its request for a waiver from the break-up requirement*) from

a higher level" (later supported in this by Morgan Stanley & Goldman Sachs). Today it is a listed US\$50BN financial services empire, China's only one with insurance-, trust-, & brokerage operations, with revenues of US\$40+BN that is larger than AIG, MetLife or Prudential, & building a new 115-story head office in Shenzhen designed by New York architects Cohn, Peterson, Fox.

- Eight months after the Company received a waiver (in 2000), an investment company called Taihong, that was shortly after acquired by members of Wen Jiabao's family, bought a big stake in Ping An insurance (*which until then had been wholly-owned by a number of SOEs*) at a price 25% below that paid two months earlier by HSBC (that today still owns 15½%). In 2004 Ping An was listed on the Hongkong Stock Exchange, with Morgan Stanley & Goldman as lead underwriters (*who subsequently denied they had known of the family's interest in the Company, although Barboza learnt this from documents in the public domain at the time*). By then the value of the family's stake had quadrupled.

In 2005 Morgan Stanley & Goldman sold their stakes to HSBC for US\$1BN, 14x their cost, & by 2007 Taihong's original US\$65MM investment had grown into one with a value US\$3.7BN.

FARMER CLAIMS HIS DIVING PIGS PRODUCE BETTER BACON (Houston Chronicle)

- Huang Demin is a farmer in the Ningxiang District of Hunan Province, China. He makes his pigs jump every day from a ten foot platform into a lake which, he claims causes them to eat more food & grow stronger, and improves the quality of their meat.

It will certainly make them cleaner! This event has become a tourist attraction. And he claims to get 3x the regular price when he markets them (I remember being, years ago, at an upscale horse farm where there was a swimming pool for their horses that they swore helped to keep them more fit with less stress). But diving pigs may not be an entirely novel idea; for racing pigs that end their course by diving in a pool have for years been a standby at Australia's Sydney Easter Show (although farmer Huang's pigs are a lot bigger, dive from a much greater height & seem to have to be pushed to dive into the water, before swimming back to shore).

WHY CHINA HAS THE WORST FARMS IN THE WORLD (Business Insider, Mamta Badkar)

- Its farm sector is one of most of the inefficient in the world since farmland ownership is collectivized (although years ago already Beijing gave individual farmers some scope for benefitting from their own labours). The resultant lack of access to credit due to a lack of land ownership prevents farmers moving from small scale farming into more industrial-type farming (*Peruvian economist Hernando de Soto first mooted the idea that **secure** land ownership is key to grass roots capital formation & economic development - & political stability; his convincing the then Peruvian President Alberto Fujimori to introduce land reform that gave farmers title to their land is said to have taken much of the wind out of the sails of the Marxist Shining Path movement*).

He is right, but only up to a point. The China Daily recently called the neglect, & resultant deterioration, of the country's irrigation system an even "greater threat than urbanization". Farming in China has always been labour intensive & today in China 266MM people, 35% of its total work force, are still employed in farming, forestry & fishing (vs. 71% thirty-five years ago). As was the case in the US prior to, & during, WW II, its recent economic development has been fueled by the migration of under-employed farm workers to more value-added jobs in the cities. And while less labour intensive farming is therefore a fact of life, mindlessly repeating the North American mantra of 'bigger is are always better' may not always apply to Chinese farms; for, as

anyone can see from pictures of Chinese farm terraces on steep hillsides, some of them centuries old, communal ownership is the only ownership mode that works there & mechanization is of limited, if any, use.

MINISTER WARNS : 'WE MUST DEVELOP A THIRD MORE LAND' TO MEET HOUSING DEMAND (The Telegraph, Christopher Hope)

- Nick Boles, the Junior (Planning) Minister in the Department of Communications and Local Development, said on November 27th on the BBC Two's Newsnight that the 9% of Britain's landmass now built on should be hiked to 12% (an increase equal to 2½x Greater London's footprint) to meet housing demand, and that people should quit fighting development & start realizing that some buildings can be more beautiful than nature itself.

Developers must love him! Whatever they may look like there, today's suburban developments here ain't no things of beauty. And his comments suggest his Oxford cum Harvard education was wasted on him; for even a sixth grader would wonder where all that "housing demand" might come from in market that is already well supplied, with a population that grew by just 0.6% in the five years ended in 2011, & a government that isn't particularly immigration-friendly.

IN CASE YOU MISSED IT : THIS IS THE 'AFRICAN CENTURY' (G&M, Doug Saunders)

- Some people now are starting to believe this. While the headlines focus on the events North of the Sahara, a quiet, & in some ways larger, revolution is changing the lives of those South of the Equator. While the economies of the West are barely moving & China's has stalled (7+%, some stall!), Africa South of the Sahara grew at 5% this year &, according to the IMF, will grow at 5.7% in 2013. For the first time since 1981 less than half the locals there now live in absolute poverty (defined as a per capita income of < US\$1.24/day) & each year 3MM more escape that state (*which ain't saying much, unless it is on a net basis, since population growth is greater than that*). In Senegal child mortality has dropped from 12% to 7% over five years, and various studies have shown that household incomes have risen by between 3.4% & 3.7% per year over the past two decades (*even though, due to the still relatively high fertility rates per capita income has risen only slightly*), TV ownership per household has gone from 6% to 29%, electricity service has gone from one in ten-, to one in four-, households, and six out of ten Africans now have a (cell?) phone, considerably more than have a toilet (*a similar pattern as in India, and for the same reasons : phones can 'add more value'*).

Good things are happening in some places South of the Sahara. There are countries that are now actually reasonably well run, intra-continental trade flows are waxing, & with a young population, & in the coming decades a disproportionate share of global population growth accruing to sub-Sahara Africa, potential GDP growth in the years ahead will benefit from a low "aged dependency ratio. And there is a greater realization among growing numbers of, mostly younger, Africans that five or six decades of foreign aid inflows have done more for the foreign bank accounts of the local elites than for the hoi polloi, and that a new & different 'business model' is needed (& that Chinese 'imperialism ain't it). On the other hand, too much of the recent, much-vaunted growth has been resource-based & resource wealth has historically been proven to benefit only two groups of people, foreigners who come to exploit it with a view to short-term profit maximization & their handmaiden local elites who help them do so in exchange for a mess of pottage (which is why Canada's shift in its foreign aid program towards more 'cooperation' with the, mostly mining, corporate sector is so inappropriate).

RUSSIA'S PRESIDENT ALONE AT THE TOP (The Economist)

- Russia's State TV seldom mentions high level corruption. But recently Channel 1 has served up a steady stream of evening broadcasts of current & former ministers, their lovers, their expensive homes & their millions of misappropriated funds. It began on October with the dismissal of the defense minister for his involvement in a US\$100MM fraud. Then charges of being part of a US\$200MM satellite guidance system embezzlement scheme were leveled against Putin's chief of staff. And on November 27th the Rossiya 1 channel aired a documentary linking the former agriculture minister to a US\$1.2BN fraud.
- Between 2005 & 2012 corruption rose from tenth-, to third-, place among ordinary Russians' concerns. It unites Putin's opponents, & fighting it is good populist politics. In Putin's 12 years at the top, bureaucratic corruption has been "unpunished, unattended and uncontrolled". But, while targeting a few high profile people might "introduce a certain level of fear", it has left Moscow's political elite "disoriented" & worried about who might be targeted next. And this mood of rudderlessness has been reinforced by Putin's absence from Moscow (he spent much of October & November at his rural dacha, with rumours flying he had hurt his back) & his cancelling several foreign trips (although he is now expected to visit Turkey next week).
- While in her earlier years he relied on the advice of others, he now puts more stock in his own judgment & believes that only he has a "mandate from the voters". But according to one of his former advisers while "he thinks he understands the situation ... in fact it can be quite incomprehensible to him." And as much as it has now become a threat to him, his campaign against corruption can only go so far; for it has been one of the pillars of the Putin-era stability. Meanwhile, like a plane flying through turbulence, it's shaking is disconcerting to all aboard.

It's the rule, rather than the exception, that political leaders' performance deteriorates as their time in office lengthens & they start believing their own press releases.