

GLEANINGS II - 759
Thursday May 3rd, 2018

Quote of the week : “Conventional wisdom is Kim Jong Un, North Korea’s nutbar leader, has ... painted himself in a corner by threatening thermonuclear war with South Korea and the US. Some corner!” Peter Worthington¹ - *This was the lead paragraph in his last ever column written for the Sun newspapers in April 2013, one month before his death at age 86. He likely has been proven was right; for Kim now has the Presidents of South Korea & the United States dancing to his tune, despite the former having 2x North Korea’s population, & 100x its GDP, and the US 12x & 1,500x. And, given what happened to Gadaffi after he gave up his nuclear capability, Kim is unwilling to give up his (though he may make empty gestures, such as ceasing his nuclear research, since he already has enough to serve his purposes) So, going by their past “form”, “Rocketman” now looks to have his “mentally deranged dotard” opponent ‘by the short hairs’ & is about to embarrass him big time in the global arena (with longer-term, in a worst case scenario, the difference being that, while one nuclear device landing on US-, and/or South Korean-, soil will be a PR disaster of an enduring nature, turning North Korea into a radioactive waste land wouldn’t make the headlines for long. But there may be another scenario, with Un having been told, during his recent Beijing visit, that he will give up his nuclear dreams & come under a Chinese protection ‘umbrella’, so as to move the entire ‘denuclearized’ Korean peninsula into the Chinese-, & out of the US-, orbit*

April new jUS job creation - During the month an estimated 164,000 new non-farm jobs were created. This was up from 135,000 in March (a revision of the preliminary 103,000) but well below the ‘consensus estimate’ of 189,000. And the unemployment rate declined from 4.1% to 3.9% whereas 4.0% had been expected. The average wage rate was up 0.1% while 0.2% had been expected, while March’s was cut to 0.2% from the initially reported 0.3%. And on a YoY basis wage inflation had been 2.6%, slightly down from the expected 2.7%, while average hours worked weekly were flat from March at 34.5 hrs. *But perhaps the most important number was that of the participation rate that came in at 62.8%, down from 62.9 in March, from 63.0% in February. So it remains in the doldrums, well below January 2008’s 66.2% - These numbers demonstrate the bogus nature of an official unemployment rate that makes it possible for the unemployment rate **and** the participation rate to decline simultaneously.*

China’s (& the US’) demographic time bombs - The common wisdom is that China is a super power in the making is likely to be proven incorrect and India may be more likely to start playing that role in the future, even though environmentally it faces challenges not dissimilar from those that will help keep China from fulfilling the common wisdom. Following are some relevant demographic details (*Source : Index Mundi*), with the non-bracketed numbers showing the % of the population in the age cohort & the bracketed ones the age cohort’s male/female ratio) :

¹ Both he & his father, Gen. “Fighting Frank” Worthington, the ‘Father of the Royal Canadian Armoured Corps’, are larger-than-life historical figures whose life histories are well chronicled in Wikipedia. He had hands-on experience in Korea in the early 1950’s during the UN ‘police action’ as a PPCLI platoon leader & battalion Intelligence Officer, & subsequently acquired a hands-on acquaintance with global conflict as the Toronto Telegram’s foreign (war) correspondent in, among others, Algiers, Angola, New Guinea, India’s Northeast Frontier, Dallas (when Kennedy’s assassin, Lee Harvey Oswald, was himself shot & killed by Jack Ruby), Moscow, Cairo (during the 1967 Six Day War), Prague and Nigeria (during its civil war) and who in 1971, after the Telegram had folded, founded what is now the Sun newspaper chain.

	China ²	India	US	South Africa ³	Indonesia
0-14 years	17.15 (116.8) ⁴	27.34 (113.1)	18.73 (104.5)	28.27 (100.5)	25.02 (103.8)
15-24 years	12.78 (114.8)	17.90 (113.3)	13.72 (105.1)	17.61 (97.8)	16.99 (103.7)
25-54 years	48.51 (95.9)	41.08 (106.6)	39.45 (100.3)	41.78 (102.3)	42.40 (104.6)
55-64 years	10.75 (101.8)	7.45 (100.5)	12.91 (93.2)	6.66 (86.6)	8.58 (91.9)
65 + years	10.81 (91.1)	6.24 (89.9)	15.63 (79.9)	5.68 (72.4)	7.01 (77.2)

T Mobile- Sprint merger - The former has for years been looking for a 'dance partner' & if this deal goes through', there will be only three major carriers left in the US market, T-Mobile will be the merged entity's name, and Deutsche Telecom will own 42% & Japan's Softbank 27% thereof.

US seven member trade delegation two day visit to Beijing this week - It is truly heavyweight, not just because it's headed by Treasury Secretary Steve Mnuchin but because it contains no fewer than four other 'inside the Beltway illuminati', Commerce Secretary Wilbur Ross, US Trade Representative Robert Lighthizer, White House Economic Adviser Larry Kudlow & Trump's Trade Adviser Peter Navarro, (among whom there are at least two China 'hardliners' and, with the exception of Mnuchin, little .if any, hands-on China experience). And they will meet with the right person, 66 year-old Liu He, one of four Vice Premiers, like Xi himself a 'princeling', who during the Cultural Revolution was sent to the country for re-education, and who, unlike Xi, afterwards served three years in the army & worked in a factory before attending, & later teaching at, Beijing's elite Renmin University, & then in the early 1990's attended Harvard's Kennedy School of Government. Liu is now in charge of Xi's economic reform programme, deemed to have Xi's ear & confidence, & to share his view that only the Party knows what's best for the Chinese people, and to be the real 'economic power behind the throne, having more say in economic matters than Premier Li Keqiang, who is nominally the economy's 'head honcho', despite the fact that, while Li, along with President Xi & five others, makes up the membership of the all-powerful Standing Committee of the Politburo, Liu has been one of 25 members of the second-tier Politburo itself for less than a year. And Liu is said to have once told an American visitor that both "our real enemies are terrorism, climate and technological change" (a view not shared by *most of his visitors*, & certainly not by their boss).

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PCE PRICE INDEX : MARCH HEADLINE AND CORE (Advisor Perspectives, Jill Mislinski)

² Russia's numbers are even worse than China's, i.e. 17.12, 9.46, 44.71, 14.44 & 14.28.

³ Over the next 30 years or so almost half half the world's population growth is expected to occur in Sub-Saharan Africa, as it grows by 120% to 2.12BN; the comparable numbers for the others are India 29% (1.69BN), Indonesia 24% (322MM), US 24% (398MM) and China -1.5% (1.35BN)

⁴ Over 25% of whom are 'left-behind children' from parents who work in faraway cities, many of whom will be os negatively psychologically & educationally affected by the experience as to be of limited value as workers in the hitech economy that Xi's "Made in China 2025" plan envisages.

- The BEA's Income and Outlay Report⁵ for March was published on April 30th. Its Headline PCE Price Index was up 0.03% MoM & 2.01% YoY & the Core PCE Index (i.e. ex Food & Energy) up 0.15% MoM & 1.88% YoY⁶.

Both are YoY highs & up from 1.50% in mid-2017, and the Core Index was a post-2012 high (although its Headline counterpart was briefly over the Fed's 2% target a year ago). And this will give every member of the FOMC reason to become a bit more hawkish than he/she had hitherto been (hiking the likelihood that rate increases may start coming a tad faster than hitherto expected, with possibly significant ramifications for consumer confidence & real GDP growth - Advisor Perspectives is a Lexington, Mass.-based, privately-owned company that "helps advisors enable clients to achieve their financial goals", and Ms. Mislinski, a Generation X'er, has an MSc in physics & astronomy and, after working for several years in her field in academia or for nonprofits, switched her focus to finance & economics & now is AP's Research Director.

POLICE SEIZE IS ALLIES' SERVERS IN CANADA, U.S., EUROPE (AP, Angela Charlton)

- In a two-day operation that was the culmination of efforts that had commenced in late 2015 after coordinated IS attacks killed 130 people in Paris, police in Europe, the US & Canada seized servers & data from Islamic State propaganda outlets in an attempt to track down radicals & crimp the group's ability to spread its violent message. Among those targeted were the IS-branded Aamaq news agency⁷, the al-Bayan radio outlet and the Halumu-, & Nasher-, news sites. Led by Belgian prosecutors, the operation involved the US, Canadian, British & French, Dutch and Bulgarian & Romanian authorities. This operation came after over 70 countries at an April 26th international conference in Paris had vowed to bolster efforts to stop the flow of money to IS & al-Qaida. And while Europol said the operation had "punched a big hole" in the capability of IS to spread propaganda online and radicalize young people in Europe, the very next day Nasher was back sharing IS statements & Aamaq reports through channels on the encrypted messaging network Telegram.

Even though in the short run moves such as this may generate a harvest of useful information. longer term, unless our side starts devoting more resources to the 'war for the hearts and minds', rather than trying to defeat Islamic extremism by traditional military cum police means, IS & its ilk may prove like Hector's nine-headed Lernaean monster of Greek mythology that grew two new heads for every one lopped off - The writer is AP's Acting Bureau Chief in Paris.

JUMPING MORTGAGE RATES TIGHTEN CANADIAN DEBT VISE (Bloomberg, Chris Fournier)

- Canada's biggest banks raised interest rates just as the busy season for residential real estate got underway, while the mortgage market faces an unusually heavy year for renewals (47% of outstanding mortgages will need to be refinanced this year up from a

⁵ Short for the Commerce Department's Bureau of Economic Analysis.

⁶ PCE stands for Personal Consumption Expenditures. It, rather than the CPI, is the Fed's preferred marker for inflation &, of course, the Core one more than the Headline one.

⁷ That spreads information online in at least nine languages & was used to claim IS was behind attacks in many countries from the 2016 nightclub attack in Florida to the deadly supermarket hostage taking in France last month.

more typical 25-35%) and as debt servicing costs are already rising at the fastest pace in a decade. This may well set the *Canadian* economy up for a sharp slowdown, with Frances Donald, Senior Economist at Manulife Asset Management, saying “the *Canadian* ... economy has never been as levered as it currently is, and ... is far more interest-sensitive than it has been in the past.” And to make matters worse, the new, more stringent ‘stress tests’ applied by the banks *at Ottawa’s instigation* to aspiring mortgagors are pushing some into the arms of alternative mortgage lenders that charge (*much?*) higher rates.

This also comes in the aftermath of survey after survey reporting that significant numbers of Canadian households expect to have difficulty coping with even slightly higher interest rates, and that higher rates will hit Alberta households harder than most since they have disproportionately more ‘high ratio’ mortgages. Canada’s GDP growth rate for 2017 as a whole was 3% (down from 4% in 2016) after having grown by 1% in its First-, & by 1.1% in its Second-, Quarter, but by only 0.4% in both its Third & Fourth Quarters due to moderating retail sales. And YTD, after unexpectedly hitting a -0.1% ‘pothole’ in January, in February the monthly GDP growth rate rebounded to 0.4% (both of which, however, cannot help but herald the likelihood of a significantly lower rate of GDP growth in 2008 than in 2017 (the latest prognostications are for 2.1% Gdp growth this year & for 1.5-1.9% for 2019 Both of which numbers may be on the high side).

BENJAMIN NETANYAHU : TV STAR (The Atlantic, Peter Beinart)

- His breathless April 30th presentation about Iran’s nuclear program didn’t reveal anything new or surprising to the point where even Fox News anchor Brit Hume acknowledged that the “Netanyahu revelations ... make it clear that Iran has repeatedly lied about its nuclear intentions, but do not establish violations of the Iran nuclear deal”⁸, a message similar to that conveyed by 10 IAEA reports and by Trump’s own Secretary of Defense, Gen. “Mad Dog”, Mattis, & the State Department. And like other foreign leaders he used flattery to get in Trump’s good graces, in this case by using simple, macho, Trumpian language like “Iran lied. Big time” &, with Trump being a “visual person”, using props, and bashing Obama & making Trump the star of his show by ending with “In a few days’ time President Trump will decide, will make a decision on what to do with the nuclear deal. I’m sure he’ll do the right thing” (*i.e. scrap it*) even though his presentation had not made the case to do so since, while said *that* Iran had pursued a nuclear weapons’ program & had lied about it, he had presented no evidence it had continued doing so or was cheating on the 2015 nuclear deal. And sure enough, Trump’s response was that the presentation “showed that I’ve been 100% right”, even though it hadn’t undermined the Iran deal in the least.
- Netanyahu has long yearned to be more than just the leader of the Jewish people, and to be, like Churchill, the leader of the West, while under Obama (& *under Bush 43?*) he had been, like Churchill in opposition, in his ‘wilderness years. So, with Trump an ally more sympathetic to his world view, on Monday he didn’t just use television to sway Donald Trump but made him his hero & his presentation in the English-, not the Jewish-, language.

⁸ And it says something when a if a Neanderthal like Netanyahu gets criticized by a rifgt wing-biased news outlet like Fox News.

The article is well worth reading because along the way it produces a mass of information about Netanyahu's career from Day One which I had been unaware of.

CHINA IS SET TO TAKE HARDLINE ON TRUMP'S TRADE DEMANDS (NYT, Keith Bradsher)

- On April 30th a three day seminar, organized by Tsinghua University & held at its new Academic Center for Chinese Economic Practice and Thinking⁹, ended. It had been attended by half a dozen senior officials & a couple of dozen influential advisers, and was to have set the stage for this week's *two day* meeting with an American delegation headed by Treasury Secretary Steven Mnuchin to discuss trade issues. It made it clear that Beijing will refuse to discuss two key US demands, a mandatory US\$100BN cut in China's US\$375BN bilateral trade with the US & a demand to curb its US\$300BN "Made in China 2025" plan to bankroll major industrial upgrades in advanced technologies like AI, semi-conductors, electric cars & commercial aircraft¹⁰.
- While the US view is that China has benefitted from 'unfair trade practices' & subsidized its industries through cheap loans from state-owned banks, Beijing has been dismayed by the Western view that it is in a weak bargaining position & believes that its economy is strong enough to handle anything the US can dish out, and that President Xi will outlast President Trump. Furthermore, that its trade surplus is due to the fact that Chinese save a lot & Americans little with the result that Chinese money goes to the US to buy companies, factories & real estate and Americans use that money to buy Chinese goods (a view shared by many American economists, incl. some at the Treasury) and, finally, that as a businessman Trump will sooner or later just 'cut a deal' (which is a 'misread' since Trump has in the past has more often than not proceeded unless he could bully his way into 'good deals').

⁹ Beijing-based it is deemed to be China's top university. President Xi is a Tsinghua alum & has been filling his government's senior ranks with other Tsinghua alums.

¹⁰ This 'demand' stems from a failing of the Trump Administration as expressed in an article in the Scientific American last January entitled A Year of Trump : Science is a Major Casualty in the New Politics of Disruption, the key sentence in which was "The Trump Administration has taken what many see as a largely apathetic - and at times actively hostile - approach to science (thus the White House Science Adviser's position has been empty longer than under any other modern president, and many other science-related (senior) agency positions remain unfilled" (in part at least because his "base" takes scientific advancement for granted, corporations have long been more interested in generating dividends for their shareholders so as to boost their share prices, than in spending their money on research other than that funded, directly or indirectly, by government, and American university students have long shied away from STEM (Science, Technology, Engineering & Mathematics) studies because they are "too hard" & because there is a scarcity of job openings for new STEM graduates. So as a result, according to the World Economic Forum in 2016 there were 4.7MM "recent" STEM graduates in China & another 2.6MM in India, but only 568,000 in the US (vs. 561,000 in Russia - with less than half-, & 335, 000 in Iran with less than one quarter - of the US population). And experts in the field expect the number of STEM graduates in China to triple by 2030, but to increase by only 30% in the US & Europe. So Xi's "Made in China 2025" initiative is just another way of him seeking to capitalize on a void created by Trump & his predecessors, this one in the technological advancement field (with India following in China's foot steps).

The general expectation is that this visit will achieve little¹¹ other than to have both sides dig in deeper (in fact the Chinese are already talking about follow-up-meetings in Washington in a month or so); and to the extent that this will frustrate Trump, anything could happen in the weeks to come, incl. possibly a deterioration in the Trump/Mnuchin-Lighthizer relationship.

THE US AND CHINA ARE FINALLY HAVING IT OUT (NYT, Thomas L. Friedman)

- This week's arrival in Beijing of America's top trade negotiators has nothing to do with trade & is a story for the history-, rather than the business-, pages. For five days in Beijing with Chinese, US & EU government officials & business leaders *at the above-noted Tsinghua University conference* made it crystal clear *to me* that, rather than a trade tiff, it's a struggle about which of the world oldest¹²-, & newest-, super powers, America or China, will redefine the rules governing the *world's* economic-, & power-, relations or, as Ruan Zongze, the Executive Vice President of the Chinese Foreign Ministry's Research Institute, put it, "This is a defining moment for US-China relations ... this is about a lot more than trade and tariffs. This is about the future." So in one corner is Trump & his China hardliners who basically correct instinct is that this is a fight worth having *at this time* before China gets too big while in the other corner is President Xi thinks the same, since as one China expert at the Tsinghua University conference put it "No one can contain China any more" (a sentiment now quite common in Beijing is that 'our one party system and unified society can take the pain of a trade war much longer than Americans can & there is a trade imbalance because we have been investing in our future while you have been eating yours'.)
- Here's how we got where we're now. In Act I US-China relations were all about anti-Russia geopolitics. Then in the late 1970's Act II commenced with China shifting to a form of capitalism, became a huge factory & a new market, and 30 years later had become the world's second largest economy, in part due to the work ethic of the Chinese people, the long-term thinking of its leaders and the government's massive investment in infrastructure and education but due in part also to Beijing's readiness to bend or ignore the WTO rules, to outright cheat & steal technology from the West, & entering the WTO as a 'developing country' that was allowed to keep high import duties to protect its infant industries (*that it maintains to this day even as many of their industries have become 'world class' in nature*). And it used government-guided banks & investment funds to buy their way into foreign markets so as to bring their technology back to China, and gave away cheap land & provided cheap funding for industrial development while foreign companies had to 'pay to play' & to take Chinese partners with whom they had to share their advanced technology; so that by the time China started making good on its 2001 promises *that had been a condition of it joining WTO*, Chinese companies like UnionPay were so dominant in China's domestic market that US companies like VISA were left with just crumbs. And while US & European companies

¹¹ In part because of the 'twain shall never meet' attitudes on both sides, with the state-controlled media reported that, "if need be, China will ... stand up to US bullying", with a China Daily editorial saying the talks would go well *only* if the US delegation would listen as well as talk (which certainly is not part of at least Lighthizer's-, & Navarro's-, mindset, while Foreign Ministry spokesman Hua Chunying warned that talks would only go well if they were based on "equality & mutual respect"

¹² Here Friedman displays a not atypical American lack of knowledge of world history; the "oldest" super power may well have been Alexander the Great's or the Roman Empire in the days long before North American Indians even knew what a horse was. America's super power status was merely the latest in a long string going back 25 centuries

long tolerated this since they were making lots of money in China & feared being frozen out of its massive, growing market, a couple of years ago they started telling their governments “enough is enough, this ain’t working any more”, thereby ushering in Act III in 2015 when Xi introduced “Made in China 2025”, a plan to dominate ten global, next generation industries, incl. robotics , self-driving-, & electric-, cars, biotech & aero space. And while the West had been willing to turn the other cheek when China’s hard work, cheating & industrial policy had been focused on low value-added industries, it became concerned when China started using these same *tactics and* strategies to target high-end industries (which is why many European countries are now scrambling to keep the Chinese from buying into their most advanced industries and Beijing is now, according to one EU official, telling the EU countries “Whatever you do, don’t join the US camp” on trade; for the last thing Beijing wants is a united US-EU front demanding fair play. So that’s what this moment *in history* is all about, *trying to get China to play by the same rules* as everyone else. And don’t be led astray by the fact Trump’s leading the charge (*rather ineffectively?*) & is distracting from the vital importance of having China fall in line by 2025.

Friedman is ‘right on the mark’ in his assessment of historical events. But this is a fight that is West’s to lose, more so than China’s to win. For, given his fear of falling in the same trap as Gorbachev did in the 1980’s when he sought to loosen Communist Party control in the Soviet Union, in his move to dump Deng Xiao’s heritage & adopt a more Mao-like approach to managing the economy, Xi may well be setting himself up to fall into the same trap as Breshnev in the 1970’s, of engaging in a contest that would stress his economic & political structure to the point of collapse (even though there is a world of difference between Carter’s & Reagan’s global political astuteness & Trump’s). For Deng’s “Socialism with Chinese characteristics” approach resulted in China’s economy growing at twice the annual rate in the past 36 years than it had done during the 16 years prior to Mao’s death in 1976. And three plus decades of ‘Full speed ahead & damn the torpedoes’ economic growth has bequeathed Xi with a long list of ‘unintended consequences’ . A one child policy that has led to an aging, & starting to shrink, population (which may be hard to reverse because of a shortage of future child-bearers & many current ‘breeders’ being hostile to the idea of having more than one child). Social unrest from a surfeit of young men with raging hormones for whom there will be no wives (to the point where a sociology professor at a leading university last year in all seriousness advanced the idea that the time may have come for two men to start “sharing” one wife). An environment in which residents cannot be sure the food produced is safe to eat¹³, water is scarce & much of the surface-, & aquifer-, water grossly polluted & the air is inimical to the health of the 56% of Chinese now urbanized. Many ‘legacy’ economic assets built with borrowed money that may never be able to pay their way, or even service their loans . A level of aggregate indebtedness, much of it outside the government’s regulatory regime & hence anything but transparent, that may hatch a veritable flock of ‘black swans’¹⁴. A still rapidly-growing middle class that may not cotton to the ‘Brave New World’- societal structure like that Xi seems to be targeting. So China has all the trappings of a ‘Potemkin Village’ and the Chinese leadership may just be trying to ‘make hay while the sun shines’ & gain yardage while the getting is still good & before the roof caves in.

¹³ While the country’s food production capacity is being cut yearly due to a shortage of irrigation water and the loss of farmland to industrialization & urbanization, and salinization & desertification.

¹⁴ A ‘black swan’ is an unpredictable or unforeseen event with typically extreme consequences, such as the Arab Spring, Japan’s Fukushima nuclear incident or the Lehman bankruptcy.

Different (& a much healthier?) attitude - On April 21st the RCMP (Royal Canadian Mounted Police), Canada's national police force (*that was formed in 1920 but has antecedents going back to 1868*), raided a home & a storage locker in rural Alberta West of Edmonton and seized a submachine gun, a number of carbines (*incl. some nasty-looking automatic-, & semi-automatic-, ones*), hundreds of rounds of ammunition, quantities of methamphetamine & cocaine and \$7,000 in cash, arresting a man & a woman, and laying over 50 charges against them. And what was 'very Canadian' was the observation of the RCMP officer in charge that "These are not hunting rifles ... In the hands of criminals these weapons serve no legitimate purpose in our society ..."

Some surprise! - On Monday morning April 30th a plumber was called to fix a toilet near the food court on the fourth floor of Calgary's Core Shopping Centre that wouldn't flush. When he removed a wall panel behind the toilet he found the body of a dead man in his 20's. The police has now ruled out foul play after investigators determined that for some unknown reason on Friday night the victim had gone into the women's washroom, climbed over a 'pony wall' (that doesn't reach to the ceiling & hides utilities) behind the toilets, removed a vent cover in another wall & then climbed into the space behind it & got stuck - *He must have died pretty quickly; for otherwise he should have been heard by those using the facilities on Saturday.*

CANADA DENIES VISA TO FAMED ANGOLAN ACTIVIST RAFAEL MARQUES DE MORAIS **(G&M, Geoffrey York)**

- This 46 year-old Oxford graduate is one of Africa's most acclaimed anti-corruption activists & a recipient of many awards (incl. In 2015, as co-winner with John Githongo¹⁵, of UBC's \$100,000 Allard Prize). He has been widely praised for challenging the authorities in Angola, an authoritarian state that often imprisons activists (he himself has been arrested on a number of occasions for his research & writing on corruption¹⁶). His wife is a Canadian citizen who herself worked for an NGO in Angola for two decades *but now lives in Canada.*
- He routinely travels abroad for conferences & speeches and previously had made three visits to Canada, always returning to his Angola home base. Recently, however, planning a three week visit to Canada where his 16 year-old son is going to school in Toronto, he was shocked when, after applying for a Canadian visa to the Canadian High Commission in Pretoria (South Africa) that handles such matters for Angolan residents, he was turned down because the High Commission wasn't satisfied he would return to Angola after his visit (which he said he had "every interest" in not doing), and officials weren't satisfied he had sufficient funds for such a visit despite him having provided banking records showing he had over \$50,000 in ready Canadian funds. Then, in response to queries from the Globe, a spokeswoman for Immigration, Refugees and Citizenship Canada in Ottawa told it that he was at risk of staying illegally since he had

¹⁵ A Kenyan corruption fighter of some renown in his own right, both inside & outside government, whose father Joe was one of the founders of Transparency International (& whom I became friends with during my first visit to Kenya in 1989 until we had a falling out when I was last there in 2001).

¹⁶ It is currently 167th (out of 175) on Transparency International list of countries ranked by their level of corruption, down from 168th in 2010, but up from 85th in 2000.

“weak links” to Angola & “strong ties” to Canada since his wife and son live here & that, in addition, he had “outstanding criminal charges” in Angola¹⁷ (the result of an autocratic state seeking to intimidate him & disrupt his anti-corruption work?).

This is bureaucratic incompetence on steroids. In a case like this any Prime Minister worth his salt who was a leader & not a tinkerer with woolly-headed causes would have picked up the phone & taken the Deputy Minister responsible to the wood shed. For what if he were to apply for asylum, sought to stay here longer by legal means or even gain permanent residence (he would unlikely be so dense as to do so illegally). Point-wise he likely would qualify, Angola's loss would be Canada's gain & he would likely be a valuable addition to our national 'intellect pool', and likely would meet the family reunification criterion that Prime Minister Trudeau trotted out one month before the 2015 election when trolling for votes in the New Canadian communities (& he seems to have none of the physical limitations that can cause family members to be ruled ineligible).

NEW BRUNSWICK MONASTERY CLOSES 100 YEAR-OLD DAIRY OPERATION (CP)

¹⁷ Which in a perverse sort of a way may well make him more, not less, eligible for a visit or long-term stay since anyone with a “clean” record has a greater likelihood of being part of, or associated with, the criminal gang that runs Angola and/or ravishes the country's potential wealth.

- The Rogersville, NB-based Cistercian-Trappist monastery has decided to end its dairy operation because of financial problems, causing 6 of its 14 employees to lose their jobs, with Brother Stephan Hewitt, one of the eight monks remaining at the monastery, who has been in charge of its dairy operation for 15 years, telling Global News that “we don’t make a big profit with the dairy”. After selling 82 of its cattle in one-on-one transactions, the other 80 went for auction on April 26th. The monks will, however continue its “much more lucrative” poultry-raising operation & plan to look at other ventures such as beer brewing & cheese making (*both activities in which monks have engaged for centuries*).

With this move its “financial problems” are likely behind it. For, while the sale of the cattle may have brought in \$800,000, the sale of its milk production “quota” under Canada’s idiotic ‘dairy supply management system’ may have generated as much as \$3MM (half of what it would have brought in Alberta). - In macro-economic terms Canada’s dairy supply management system has been a colossal failure; for between 1966 (the year it was introduced) & 2016 :

- *the number of dairy cows in Canada declined by two-thirds between 1966 & 2011 (although some of the impact thereof was offset by production per cow more than doubling);*
- *milk production declined 10+% to 341MM liters while the population grew by 80%; and*
- *the number of dairy farm operations declined 90+% to 11,000 (half of them in Québec;*
- *the value of milk at the farm gate increased 11.4x & the CPI only 7.3x (in other words, consumers got ‘hosed’).*

Moreover, the system is new entrance into the industry-unfriendly; for the cost of quota exceeds all other start-up costs; it’s greater than that of buying land, or cows, or machinery & buildings.