

GLEANINGS II - 767
Thursday July 5th, 2018

Quotes of the week - "It's all a wonderful sort of mosaic ... of all the characteristics and all the personality traits and bluster and bravado and insecurity that are shaping his presidency" and "It would seem that Mr. Trump does not so much avoid failure as knows how to land on his feet and change course so deftly that no one catches on" - These quotes are from Jim Capalino, today one of New York's most prominent lobbyists but then (*in 1985 when Trump announced ambitious plans to develop the 76 acre railyard of the bankrupt Penn Railroad on the Hudson River as a 'Trump City legacy project'*) a Trump employee, & from Paul Goldberger (*in 1988, when the project folded,, NYT's architecture critic*). Both came from a long feature by Michael Kruse in Politico Magazine's July-August edition that chronicled the brief life of that project. It's well worth reading if only to get the message that President Trump is just Trump being Trump.

Abolish ICE (Immigration and Customs Enforcement) - This was part of Alexandria Ocasio-Cortez's platform, the 28 year-old political novice who last week surprised most political pundits by beating Rep. Joe Crowley in the New York District 14 Democratic primary. It is also an idea promoted by Sens. Kirsten Hildebrand (NY) & Elizabeth Warren (MA), and a number of equally misguided souls in the House Democratic caucus as well as by the equally ideology-bound New York Mayor Bill De Blasio (& *the July 4th Statue of Liberty protesters?*) on the far left fringe of the Democratic party - *Heading into the mid-terms they must have a party death wish; for ICE is a critical 'after action' immigration agency not involved in hands-on border surveillance but nevertheless,, as many unblinkered American voters intuitively know, with a critically important role to play in the implementation of the US' national security cum immigration policy framework. So the fact that under Trump it has been hamhandedly mismanaged is not sufficient reason to "throw it under the bus"; rather, as other more pragmatic Democrats, like the Jamaican/Indian lawyer by training & former California Attorney-General (2011-2017) & now novice 53 year-old Sen. Rep. Kamala Harris (CA), argue that it should be made to change the way it executes its mandate from the way it has been made to do/done under the aegis of Mr. Trump c.s. (which could have the potential of making it a Democrat vote getter at the ballot box next November).*

Canadian Supreme Court Justice gives Netanyahu government second thoughts? - After it proposed a law to dramatically diminish the Israeli Supreme Court's power by enabling the Knesset to overrule it if it struck down a law the Knesset had passed, the CSS' Jewish 72 year-old Madam Justice Rosalie Abella last April made a hard-hitting speech opposing the idea at the Hebrew University in Jerusalem in which she said, among others, that "To me, when an independent judiciary is under siege, democracy is under siege, and when democracy is under siege, a country's soul is being held hostage". According to Nimrod Barkan, Israel's Ambassador to Canada, her speech had an impact (*if only because it echoed the misgivings of some members of the Netanyahu government*) and because it reflected the view of many 'friends of Israel' involved with its judiciary system who had made it clear to Prime Minister ... Netanyahu "he had to reconsider. I think it helped to delay the decision ... It's a new, different perspective and the political leaders are very careful not to do something that is unhelpful to Israeli judicial system as viewed internationally." - *never mind the judicial system, there have been growing concerns in some quarters in Israel' & among others abroad friendly to the 'Jewish Homeland's' existence that in recent years the democratic nature of its political system, as Madam Justice Abella put it, has been "under siege".*

Cave-bound Thai teenagers - It would be awful for their parents if, after they were found alive & in reasonable condition, they were in the end nevertheless perish. Their predicament reminds one of the case in October 2010 when a Northern Chilean mine cave-in trapped 33 miners for

69 days half a mile underground; in the end all were saved by the rescuers first drilling a narrow hole to supply them with the necessities of life & then drilling another wider shaft for them to be brought to the surface, one at a time in a 15 minute ride to the surface in a 13 foot long capsule.

Does EPA Administrator Scot Pruitt have an ethics problem? - Last week two of his top aides provided investigators for the House Oversight and Government Reform Committee with enough detailed information for the answer to be a resounding YES - *“Read all about it” in the Washington Post article with the above title. He was one of Trump’s first Cabinet nominations, presumably because he was politically ‘well to the right of Attila the Hun’ & a self-anointed “leading advocate against the EPA’s activist agenda” (& hence eminently suited to disembowel it with great zeal). Conformed by the Senate on February 17, 2017, i.e. on Day 28, by a 52-46 vote¹, he has since been under a baker’s dozen investigations, by the GAO, the OMB, two House Committees & other government agencies,, for, among others, his spending habits-, conflicts of interest-, extreme secrecy-, management practices- and travel choices & expenses, to the point that even a number of his fellow Republicans think he should have resigned, or been fired, long ago. He is now formally history, having resigned on July 5th.*

Mexico elects a new left-of-centre President (whose term in office won’t officially start, however, until next December 1st) - He will be the first leftist President in decades & is expected to reduce the influence of the centrist technocrats in the Mexican government. Aged 64, he was a runner-up in 2006 & again in 2012, and while the pro-economic growth, anti-corruption-, & anti-drug-related violence planks of his platform had great appeal, especially among women, his victory was largely a function of a feeling he was the best of a bad lot & possibly the ‘fresh start’ needed.

New sentence-shortening legal argument - Former distillery worker Gilbert “Toby” Curtsinger became part of Kentucky lore when a judge sentenced him to 15 years in the slammer for being the ringleader of a whiskey theft operation that had made off with tens of thousands dollars-worth of Buffalo Trace-, & Wild Turkey-, bourbon, and even more so when another judge reduced that to just one month of “shock probation” after the prosecutor convinced him there are too many drug traffickers & violent criminals “who deserve his cot in jail more than he does.”

Toronto streets are becoming shooting galleries - YTD there have been 218 reported shooting incidents in the city (up from 138 during the same period last year), many of them of the street-, or ‘pass-by’-, shooting variety. A number of people have thus been killed or injured in recent weekends (the first last weekend occurred at 1:00 a.m. Friday June 29th, when a woman driver of a car ‘took offence at the way a 21 year-old woman looked at her’, stopped her car & opened its trunk, took out a long-barreled shotgun and fired & hit her in the chest and, *for good measure*, a passing cyclist in the arm (both are, however expected to recover).

Walmart draws fire for ‘IMPEACH 45’ T-shirts (Spokesman Review²) - This came after its website offered such T-shirts for sale by Old Glory, a third-party seller³. A #BoycottWal-Mart site

¹ With Joe Manchin (D-WV) voting with the Republican Majority (Pruitt has strong coal industry links) and Sen. Susan Collins (R-ME) & the two independents, Sens Angus King (I-ME) & Bernie Sanders (I-VT) with the Democrats.

² Spokane, WA’s only daily newspaper.

³ That can advertise their wares on the website with Wal-Mart getting a commission on every sale.

promptly appeared on Twitter, prompting the listing to disappear - *Old Glory* was founded in 1969, carries T-shirts with over 10,000 different politically-inspired slogans on them, all of them made in Westbrook, Mass. It said it had sold over 1,000 of these anti-Trump T-shirts on June 3rd alone but since Inauguration Day had sold more pro-, than anti-, Trump ones.

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FIVE FACTORS THAT COULD MESS UP GLOBAL GROWTH (Bloomberg, Mohamed E-Erian)

- Brexit, tariffs, currency meltdowns in Argentina & Turkey, a China growth scare & an Italian financial near-implosion have surprised policymakers, companies & investors in the past two years & have largely been treated by them as free-standing events. This risks overlooking their common thread & the more this is understood the better the world will be able to navigate *future* surprises & the higher the probability of avoiding many of them (& avoiding another global financial crisis like the one a decade ago that damaged so many lives & almost tipped the world into a multiyear depression). An unusual consensus has *now* emerged among economists that, despite the optimism generated by a notable multi-year *stock market rally & a boom in many asset values fueled by historically ultra-low interest rates*, and the emergence in 2017 of an exceptionally broad pickup in global growth, a critical mass of policies is now needed to break out of the “new normal” of disappointing growth. For recent developments have exposed cracks in this seemingly happy configuration, a phenomenon that should not surprise anyone, given the following five factors :
 - **It takes time to restore trust** - A major trust deficit is evident in the *global* anti-establishment mentality & the erosion in the standing of “expert opinions”;
 - **A lack of policy action that makes everything bumpier** - There is a lack of willingness to embark on reforms that would generate higher growth rates;
 - **Some issues are poorly understood** - Sluggish productivity growth, the impact of technological change, a.i. , big data & mobility, and a change in how we do things & the risk of more individual marginalization, alienation & radicalization;
 - **The gradual withdrawal of the (*central bank?*) safety net** - While the markets are comfortable with the Fed’s rate-hiking-, & balance sheet-shrinking-, activities since it suggests “beautiful normalization” is feasible, it remains to be seen if it **and** the ECB & Bank of Japan can deliver it simultaneously; and
 - **Growth differentials are the thing to watch** - Growth differentials will continue to favour the US and, if the world slips into trade war, the damage to the US economy, given the size & diversity of its resources, will likely be less than that suffered by other advanced economies⁴.
- Companies & investors should hope that governments will step up to their *economic* growth policy responsibilities; for it is less a matter of what is technologically feasible than of what is politically possible And absent policies that unleash the considerable potential of the global economy, the surprises they’ve seen so far could risk being just the beginning of a truly global economic slowdown & more intense financial instability.

This is a relatively short summary of a relatively lengthy article that is worth reading in its entirety, even though doing so may not make its readers any more sanguine about the outlook

⁴ His stress on how much faster than others US economic growth has been is puzzling;for the numbers don’t seem to bear that out.

for the years ahead. But anything that El-Erian has ever written or said has typically been worth reviewing since he is one of the brightest lights in the global financial/economic firmament & has a CV in the 'money business second to none; and that is now even more true since he is the Chief Economic Adviser to the Board of Munich, Germany-based Allianz, the world's largest insurance-, & financial services group, with a staff of 150,000 & 85MM clients in 70 countries.

AUTOMAKERS WARN U.S. TARIFFS WILL COST HUNDREDS OF THOUSANDS OF JOBS **(Reuters, David Shepardson)**

- On Friday June 22nd President Trump threatened to impose a 20% tariff on all imports of EU-assembled cars & on Tuesday June 26th tweeted "We are finishing our study of Tariffs on cars from the EU in that they have long taken advantage of the U.S. in the form of Trade Barriers and Tariffs. In the end it will all even out - and it won't take very long." But on June 28th two major auto-trade groups⁵ warned that imposing tariffs of up to 25 % on imported vehicles would cost 100's of thousands of American auto jobs, dramatically hike vehicle retail prices for US consumers & threaten industry spending on self-driving cars, with the one representing GM et. al. warning Trump "We believe the resulting impact of tariffs on imported vehicles and vehicle components will ultimately harm U.S. economic security and weaken our national security", saying tariffs would be a "mistake" & that imposing them "could very well set a dangerous precedent that other nations could use to protect their local market from foreign competition." Furthermore, that its analysis in 2017 had shown that a 25% tariff on imported vehicles would hike the average *retail* price of a new car by US\$5,800 (16% of the Blue Book's average current price at year end 2017). And both cited a report by the Peterson Institute for International Economics that the cost to US jobs from US tariffs of foreign-made cars would be 195,000 if the other nations didn't-, and up to 624,000 if they did-, retaliate)⁶. Be all that as it may, Commerce Secretary Wilbur Ross said on June 28th his department will wrap up the (*automotive tariff?*) probe by late July or August, after it has had its planned two days' of public comments in July on its investigation of auto imports.

But facts never seem to unduly confuse the Trump finance & commerce Wharton graduate who once conceded that his sister and brother had phoned him (in total amazement) to tell him "We had no idea ... claim Dad gave you 200 million dollars" and who, Forbes Magazine continues to insist has a Net Worth of just \$3.1BN (which makes him a mere piker among US & global billionaires), much less than his own calculations (that, however, very conveniently tally only the asset side-, rather than both sides-, of his balance sheet) and who according to an August 20th, 2015 Fortune magazine article would have more than tripled his 1987 US\$3BN wealth to US\$14BN in 2017 if he had just invested it in an index funds (& Fortune's is likely a 'lowball' number since on June 29th the Dow Jones hit 26,283, up from 2,437 on June 26th, 1987!)

TRUMP TO RAISE VOTE MEDDLING ISSUE WITH PUTIN (AP)

- On June 29th, aboard Air Force One enroute, with wife Melania, for a weekend at his New Jersey Bedminster golf course, he told reporters he planned to discuss Ukraine,

⁵ One, the Alliance of Automobile Manufacturers representing GM, Ford, Daimler & others, and the other representing Toyota, Volkswagen, BMW & Hyundai.

⁶ Which seems like a lot since according to the BLS total employment in "motor vehicles and parts manufacturing" as of two months ago was 957,000)

Syria and Crimea **as well as election interference** (bold added for emphasis) when he meets with Putin *in Finland on July 16th*, and more specifically “We’ll be talking about elections. We don’t want anyone tampering with elections.”

This from the same Trump as has stoutly insisted, despite evidence from the 16 US intelligence agencies of “some degree of interference”, that all talk thereof is “fake news”?

TRUMP DISMISSIVE OF BRITISH PM (The Telegraph)

- Allies of the US President have told this newspaper that Donald Trump has privately not been impressed with Theresa May, wishes she were a stronger leader, believes she lacks charisma & raged when she criticized him for re-tweeting videos from the far-right group Britain First. And one of his friends even claims that he had never even heard of the “special relationship” between the US & the UK before he entered politics.

The quality of any judgment call depends on that of the source; hence as long as Trump ‘cottons to’ political low life like Xi & Kim, and Putin & Erdogan, him calling Theresa May down cannot help but be some sort-of ‘badge of honour’.

US SUPREME COURT RULING DEAL MAJOR SETBACK TO LABOUR UNIONS (Reuters, Lawrence Hurley)

- On Wednesday June 28th it overturned, by a vote of 5-4, a 1977 Supreme Court precedent that had permitted so-called “agency fees” in two dozen states (i.e. those without Republican-backed right-to-work laws) that force non-union member public employees, such as teachers & police officers (but not incl. federal ones), to pay fees to unions representing public employees, thereby shutting off a key union revenue source⁷. In the majority opinion written by Justice Lance Salito, he argues that forcing non-members to pay such fees to unions whose views they may oppose violates their rights to free speech & free association under the US Constitution’s First Amendment (and furthermore that the rise of unions *in the public service had* led to increases in public spending & problems funding employee benefits, and *hence* had contributed to municipal bankruptcies. But in a dissent, Justice Elena Kagan accused the Court’s conservatives of “weaponizing the First Amendment” and wrote that “this case was nothing more than a blatant political attack to further rig our economy and democracy against everyday Americans in favor of the wealthy and powerful”.

Since this will affect an estimated 5MM state-, & local-, government employees fees & the average annual union fee is in the US\$400 range, this will cost the unions in question US\$2BN in lost annual revenue. And, since, according to the BLS, last year total union membership was 14.8MM (down from 17.7MM in 1983 in a much smaller labour force), it will cost the union movement as much as 25% of its total revenue stream. But Justice Kagan’s contention that this represents a transfer of wealth to the “wealthy and powerful” may well be ‘far off the mark’ since the threshold level for the US Top Ten Percent income-wise is about US\$120,000, i.e. far more than most teachers & police officers earn in a year (according to the BLS the “average wage” of a US police officer is US\$61, 270)

⁷ This will deprive the union(s) involved

TRUMP SUPPORTERS EMBRACE CANADIAN TARIFF CHART WITH FAKE NUMBERS **(G&M, Adrian Morrow)**

- A table of *Canadian* tariff rates circulating on Facebook & Twitter in support of Trump's claim that Canada is gouging the United States, purports that Canada is levying tariffs of 48% on US copper, 45% on aluminum, HVAC equipment & TVs, 25% on cars & steel, while the highest rate levied by the US for any of these items is just 5%; whereas under NAFTA every one of these goods of US origin enter Canada tariff-free. The fact that such fake news has been circulating among Trump supporters for some time disconcerts observers who see it as an attempt to build momentum for the continental trade war Trump is preparing for. Thus Bruce Heyman, a *Democrat Goldman careerist before being* US Ambassador to Canada in 2014-2017 observes "The President is purposely evoking a fight against Canada right now. He has an agenda to demonize the relationship" & the chart's popularity is due to his misleading & hyperbolic trade rhetoric

AS EU PLANS RETALIATORY TARIFFS ON US, GERMANY FEARS THE FALLOUT **(Handelsblatt, Dana Heide & Till Hoppe)**

- After President Trump in late May ended its exemption from his tariffs on steel & aluminum the EU will, effective July 1st, impose retaliatory tariffs on €2.8/US\$3.3 BN on US goods (paralleling similar action by Canada & Mexico who also lost their exemption). Mere pinpricks compared to Germany's total imports from the US, they seek to pressure House Speaker Ryan (R-WI) & Senate Majority Leader McConnell (R-KY) whose home states are home to the Harley Davidson Harley manufacturer (that promptly announced it would relocate move part of its operations to Europe) & the main US producer of bourbon respectively
- But Angela Merkel is under pressure too. Carl Martin Welcker, head of the powerful VDMA machinery-makers' association, urged her to push harder for free trade, claiming "German trade policy today does not do sufficient justice to the importance of exports for the German economy and thus the prosperity of our country", while Joachim Pfeiffer, her own CDU Party's economic spokesman noted "We must be extremely careful not to slip into a spiral of protectionism." And while, Cecilia Malström, the EU's Trade Commissioner, didn't specify whether the tariffs would be imposed step by step or all at once, if the WTO (*that President Trump is rumoured to want to withdraw from*) were to find in favour of the EU complaint (*against the US tariffs*) further tariffs on another €3.6BN of US imports could ensue.
- Hanging over all this like a Sword of Damocles is Trump's threat to impose a 25% tariff on automobile imports, a move that would hit Germany particularly hard since it exports *nearly* 500,000 vehicles annually to the US. While Ms Malström has warned US tariffs would do "enormous damage" to the EU economy & EU officials say they want to keep the lines of communications with Washington open, Ms. Malström has gone on record as saying the EU isn't ready to discuss matters such as lowering its tariffs on US motor vehicles.

Berlin is, however, not entirely without clout in any dispute with Washington over cars; for according to US auto industry sources German car manufacturers employ 110,000 workers in the US & build 800,000+ cars there, over 60% of which the export to Asia & Europe. In other words, they are likely are a (small) net contributor to the overall US balance of payments' picture & the President may well shoot himself in the foot by imposing a tariff on German-made cars (although it remains to be seen whether President Trump would be capable-, or willing-, to understand-, & act on-, that).

LOOT SEIZED FROM LEADER ON AUCTION (AP)

- Last month (& more specifically on May 25th in raids on 12 separate locations incl. the residence of former Prime Minister Najib Razak who lost the May 9th election), 12,000 pieces of jewelry in thirty-odd bags, as well as 567 designer handbags many still in their original boxes, 423 collector-type watches, 234 sets of sunglasses, & US\$30+MM in cash in a like number of bags were recovered in the context of a money-laundering probe of Razak, his wife, Rosmah Mansor⁸ & their cronies. The government intends to sell all this at auction (that the police estimates could bring US\$273MM, which the government says is only be a drop in the ocean compared to the US\$12.4BN that has gone missing from the IMDB investment fund set up by Razak in 2009).

In the Transparency International 2017 Corruption Perception Index Malaysia ranked 62nd out of 180 countries (which makes one really wonder how bad the state of affairs in that list's other Tail-End Charley countries may be) while according to the Davos-based WEF's Global Competitiveness Report widespread "unethical behaviour constituted a disadvantage for doing business in Malaysia".

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Poland's government increasingly becoming a problem for the EU? - Once upon a time, as the NYT put it, Poland was 'a beacon for countries struggling to escape the Soviet Union yoke & embrace Western democracy'. But no more, it's now in league with neighbouring countries like Hungary, whose leaders have turned to *nationalism-fed* authoritarianism to tighten their grip on power, presenting a grave challenge to an EU 'already grappling with nationalism, populism & anti-immigration movements.' Last July the Polish government passed a law dismissing all Supreme Court judges except those the Minister of Justice would "permit to continue to serve" that was vetoed by President Andrzej, himself a former member of the ruling Law and Justice (PiS) party, who, however, then, last January, introduced an alternative law that would cut the judges' retirement age from 70 to 65 (*so as to enable the government to replace 27 of the 72 of them*). And on July 3rd, after the government moved to implement that law, demonstrations ensued after Malgorzata Gersdorf, the Chief Justice, refused to obey the government & went to her office as usual - *In 1989 the Third Polish Republic came into being, with the anti-Soviet hero Lech Walesa as its first President. Ten years later Poland joined NATO & another five years later the EU. For years all went more or less swimmingly as the the right-of-centre PiS (Law & Justice) party & the left-of-centre PO (Civic Reform) party of the now EC Council President Donald Tusk played Twiddle Dee & Twiddle Dum in what were basically EU-friendly governments. But since the 2015 election, one year after Tusk, after seven years as Poland's Prime Minister, had migrated to a safer pew as President of the EC Council, everything has gone to hell in a hand basket; for the PiS opportunistically ran on a hard-right-, EU-skeptic-, social conservative-, & nationalist platform & narrowly came out on top after two rounds & since then has headed a government enacting that platform. The only possible saving grace is that in the latest polls, last April, support for the PiS was down 5% MoM to 29% while that for the PO-led opposition was up by the same amount MoM to 32% (although that may not matter much since the next election won't be for another 16 months & the government can be expected to do its utmost to ensure an outcome favourable to it.*

⁸ Who was widely detested for her notorious foreign shopping trips.

RUDY GIULIANI CALLS FOR IRANIAN REGIME CHANGE AT RALLY LINKED TO EXTREMIST GROUPS (The Guardian, Arron Mera & Julian Borger)

- The National Council of Resistance of Iran (NCRI) is an umbrella coalition controlled by the Mujahedin-e Khaliq/People's Mujahdin Organization in Iran (MeK) that was once listed as a terrorist organization (*by the UK & EU until 2008 & 2009 respectively and by Canada & US until 2012*), & is still widely regarded as a Marxist-Islamist cult dominated by the personality of its leader Mayam Rajavi (*the disappearance of whose husband a decade or more ago remains a mystery*). On Saturday June 30th its Annual Convention in Paris was addressed by President Trump's personal lawyer, the now 74 year-old former NYC Mayor Rudi Giuliani, who told it that, while "I can't speak for the President ... he will suffocate Iran's dictatorial ayatollahs ... We are now realistically being able to see an end to the regime in Iran ... The mullahs must go, the ayatollah must go ... they must be replaced by a democratic government which Madame Rajavi represents"⁹ ... Next year I want to have this convention in Tehran ... when the greatest economic power stops doing business with you, then you collapse ... and the sanctions will become greater, greater and greater". And he also suggested the current wave of protests in Iran is orchestrated from abroad (i.e. from Albania, *where the NCRI/MeK 'hung out its shingle' in 2016 after decades in Paris & Baghdad*).
- Last year's keynote Speaker had been the *super hawk* John Bolton, now Trump's third National Security Adviser, who told it the Islamic Republic "will not last until its 40th birthday" (*i.e. until April 1st, 2019*). And this year the convention was attended not just by Giuliani but also by 33 other American official & military 'illuminati', incl. Newt Gingrich & former US Energy Secretary/Democratic New Mexico Governor Bill Richardson, as well as former Canadian Prime Minister Stephen Harper (*who also delivered a speech calling for regime change*), leading to speculation that, since the NCRI & MeK are known to reimburse high profile attendees generously, many were financially motivated to attend.
- Half those in attendance were Iranian ex pats & the other half "bored-looking" Poles, Czechs, Germans & Syrians who had been bused in, promised transportation to & from-, and food & accommodation in-, Paris for 25 Euros (many of whom spent their time during speeches 'snoozing under nearby trees'), incl. one Syrian woman with two small children who said "We saw the deal on Facebook and ... agreed to come on a holiday ... I have never seen Paris ... and I don't know anything about the MeK."

The White House is split between those, incl. the President & John Bolton, who think Iranian regime change in the near future is likely & those who aren't so sure (but keep quiet). And there is no doubt that the Tehran regime is financially overextended due to its spending elsewhere in the region, first & foremost in Syria, Yemen, Lebanon & Gaza, which has led to double digit inflation that has contributed to social & political unrest since the beginning of the year among the Iranian hoi polloi who also feel the effect of the economic growth rate having slowed from its double digit level a year or so ago to, at last report, less than half that. Nor that there have been demonstrations all over Iran since the first of the year, albeit far less in capital Tehran than elsewhere in the country & that those on Monday June 25th in Tehran were unsettling to the regim, given the language on the some signs carried by demonstrators that included "Leave Syria alone, think of us" ... "Death to the Palestinians" (who are Sunni) & most worrisome "Death to the Dictator". On the other hand, the value of the local currency in US dollar terms has halved since January 1st, which means that any oil sales will yield the government twice the revenue in local currency terms than it used to, the regime-friendly Revolutionary Guard still

⁹ The MeK has for decades been pretending the" Iranian government in exile".

dominates the economy, the more President Trump offends & discombobulates America's traditional friends, the less effective US sanctions will be, & it would be most unlikely that Beijing would pass up an opportunity to get sanction-circumventing Iranian oil 'on the cheap' while at the same time undermining US foreign policy. And last but not least, according to the now 67 year-old Afghanistan-born, US-educated (up to the doctorate level at the University of Chicago) Zalmay Khalilzad who, given his three decade-long 'involvement with' the State Department & Pentagon, and his 5-years as Bush 43's Ambassador to Afghanistan, Iraq & the UN (where he replaced John Bolton) has forgotten more about international diplomacy & Muslim World affairs than Trump, Bolton & Giuliani combined will ever know, "more US sanctions will not bring Iran to its knees and facilitate the overthrow of the regime in the foreseeable future ... (even though) ... it may bring Iran to the negotiating table" (which could be a Pyrrhic victory for the President?).

PM ADDRESSES GROPING ALLEGATIONS OF CRESTON REPORTER (CP/Creston Valley Advance)

- Justin Trudeau says he does not remember any “negative interactions” during an event he attended 18 years ago¹⁰, thus acknowledging for the first time the sexual misconduct allegations that recently surfaced about him at the event. And he told reporters in Regina on July 1st he remembers attending the music festival in Creston, BC in the summer of 2000 but not anything going amiss, the same answer provided by his office to questions about these allegations. But in the days immediately following the event there had been an editorial in the Creston Valley saying Trudeau had apologized to an unnamed young *female* reporter at the newspaper for “groping” her at the event, telling her he would not have “been so forward” had he known she was reporting for a national newspaper. This is problematic for Trudeau, a self-avowed feminist who has had ‘zero tolerance’ for allegations of sexual misconduct by others in the Liberal Party, as a result of which four MPs have resigned from-, or been kicked out of-, its caucus after sexual misconduct allegations since he became Liberal Party leader in 2013.

The editor of the paper at the time remembers the reporter coming to her, 'unsettled about it & unhappy about what had happened to her but unsure what to do since it involved someone well-known in the Candian community'. But as George Orwell put it 85 years ago in Animal Farm "All animals are equal, but some are more equal than others" (a sentiment that seems prevalent in today's political circles).

FRANCE SEIZES 10 CHINESE-OWNED CHATEAUX IN BORDEAUX ON SUSPICION OF TAX FRAUD AND MONEY LAUNDERING (The Telegraph, Jannat Jalil)

- On Friday June 22nd the French police reported it had *earlier* seized ten vineyards in the Bordeaux region owned by the Dalian, Northeast China-based Haichang *Sea Fortune*) Group controlled by 57 year-old Billionaire Qu Naijie (that owns 24 'estates there) on suspicion of tax fraud & money laundering dating back to the years 2010-2013, acting on a complaint by China's National Audit Office that Haichang had been given subsidies to 'buy foreign technology' but instead had used the money to buy French vineyards.
- The Chinese have surpassed the Belgians & British as the largest investors in French vineyards as they have, in recent years, acquired nearly half all French vineyards up for sale, as China became the largest market for Bordeaux clarets. All in all, Chinese now

¹⁰ A fund raiser for avalanche safety (his then 23 year-old youngest brother Michel had two years earlier, while skiing 'off-piste', been swept by an avalanche into BC's Kokanee Lake & drowned .

own as many as 160 of the 8,000+ vineyards in the Bordeaux region with the locals not being unhappy about that since it has driven up land prices & led to the restoration of many dilapidated properties, although some worry this will lead to a change in the taste of the wines produced for the Chinese market & to increased wine production in China¹¹

*Another case of China acquiring other people's 'intellectual property' by nefarious means while its rightful owners were 'asleep at the switch', so as to short cut their way into becoming better able to compete with the industry's giants (not unlike what happened **prior** to WW II when for years freighters loaded to their Plimsoll line¹² with US scrap metal steamed under San Francisco's Golden Gate Bridge bound for Japan, only to have that steel turned into ships & guns subsequently used against the US in WW II.*

¹¹ And they rightly fear China's competition since by 2020 it is expected to bottle more wine & devote more land to vineyards than any other country. Moreover in a December 2011 headline-making wine testing of six Chinese-, & six French-, wines in a Beijing wine bar by five Chinese-, & five French-, wine experts they ranked four of the Chinese wines as the best of the lot (although it had been a 'stacked deck' with some of the best Chinese wines against French commercial label-, rather than chateau-bottled-, wines. And according to Suzanne Mustacich's 2015 seminal book on China's wine industry, Thirsty Dragons : China's Lust for Bordeaux and the Threat to the World's Best Wines, it all had started in 1996 when the then China Premier toasted the Ninth Five Plan in the National People's Congress with red wine, declaring "Grapevines are marvellous plants. They grow on hillsides and in poor soil, in places where little else could thrive ... *and* drinking fruit wines is helpful to our health, does not waste grain and is good for social ethics." And within a few years thereof Chinese officials were toasting each other at celebrations with Château Lafitte Rothschild rather than grain-distilled spirits.

¹² The line on a ship's hull to indicate the depth to which a ship can be safely & legally loaded.