

GLEANINGS II - 771
Thursday July 26th, 2018

Quote of the week - “Don’t believe the crap that you hear from these people (*i.e. the media*) - the fake news - ... What you’re seeing and what you’re hearing is not what’s happening” - This is from Trump’s address to the July 21st - 25th 119th annual convention of the Veterans of Foreign Wars in Kansas City, MO. Two days earlier he had initiated a bellicose, all-capitalized tweet to Iran’s (Supreme) Leader, prompting a [Kansas City Star](#) editorial urging him “to listen - and we really mean listen - to some of the heroes who will be on hand to hear you ... They surely will have something to say about the realities of war and the horrors of combat. Those insights will be good for Trump to hear now as he continues to rattle his saber at foes around the globe” - *Not only is Trump not into listening, but it appears that history is repeating itself; for a decade-and-a-half ago, during the run-up to the financially-, & geopolitically-, disastrous, Second Iraq War, other well-monied, de facto Vietnam War draft dodgers, incl. Bush 43, were among those most energetically beating the Drums of War against Iraq¹.*

Daily Beast headline - It read : “What if Trump Has Created a Monster That No Republican Can Control After He’s Gone? - Trump will go out and give speeches this fall *during the mid-term election campaign* to his besotted crowds that Russia is helping the Democrats”. It places his lies into three categories : “Normal” - *little white lies*, “Fudge” - *when he misrepresents statistics*, & “The Killer” - *When what he says is the complete & total opposite of what is true.*

Facial Recognition Software - It is becoming a more commonly used crime prevention- & fighting- tool; thus after the shooting at the Capital Gazette news room shooting in Annapolis MD, when the shooter carried no ID & wouldn’t talk, the police identified him in short order by taking his picture & using it to ‘data mine’ the state’s 10+MM photo ‘bank’ of driver’s licence applications. Amazon markets one called Rekognition (that can be accessed at a per minute cost) which the ACLU used to compare the photographs of all 535 Congressional members against a data base of 25,000 known criminals & got 28 hits; in other words, it fell well short of the 95% threshold standard for law enforcement activities; so it’s small wonder, that police department are quitting to use it.

More older people in the labour force - According to the US Labor Department, while in the 1980's 10.4% of those 65 & over were still working or actively looking for work, between October 2013 & June 2018 that percentage grew from 18.4% to 19.5%. And during these nearly five years the number of those in the 65+ age cohort working or looking for work went from 17.8% to 19.9% of the 15-64 year working age population - *the former is in part a function of the fact that today more of those 65 years & over feel a financial need to keep working than four decades ago & in part since, at a time that in many respects “80 is the new 65”, many simply are not ready for a rocking chair & want to keep working. And, more interestingly, since the higher the ‘aged-dependency ratio’, the greater the ‘drag’ on ‘trend’ GDP growth, the greater the need for governments to start pro-actively encouraging the elderly to keep working past the historical mind set age (albeit not necessarily in the same line of work). Off the top of my head that might be done by giving them a discount on their income taxes (say by 25% at age 66 & cutting that*

¹ This term has long, & wrongly, been attributed to a quote by Julius Caesar or Shakespeare “Beware of the leader who bangs the drums of war in order to whip up the citizenry into a patriotic fervor, for patriotism is ... a double-edged sword. It both emboldens the blood and narrows the mind.”. But be that as it may, it holds a lot of truth; for over time authoritarian leaders often have trotted out foreign enemies to whip up patriotism to divert attention from domestic problems.

by 5% per year until by age 71 they would be paying full taxes again (which, contrary to popular thinking, would be eminently fair since the past many years of deficits, even in good times, mean that during their productive years, they never paid enough taxes for the services provided by government, preferring to “download” the cost of their living beyond their means onto their children & grandchildren in the form of a rising national debt, fewer remaining non-renewable resources & an increasingly fragile & costly-to-live-in environment .

Putin’s latest approval rating - Polling by three leading Russian polling firms (the independent Levada Center, the Kremlin-friendly WCIOM² & the Public Opinion Foundation that is used by the Kremlin), all found a “noticeable” drop in Putin’s approval rating³.

Real rate of inflation? - The Fed’s “Ivory Tower” economists use ‘Core’ PCE (Personal Consumption Expenditure ex food & energy) to measure inflation. Last month it hit the Fed’s 2% target, up from 1.3% last September (*thus justifying continued monetary tightening*). But in the real world of Joe & Jill Average Wage Earner ‘headline’ CPI is a more meaningful yard stick & at last report (June) it was up 2.9%, up from 1.6%, YoY - *But headline CPI may be flawed too; for in 1990 the methodology for calculating it was changed, resulting in a reading that, with the exception of a brief spell in 2008, has **always** been **under** 5% since, while under the old methodology it would **always**, except for a brief spell in 2009, have been **over** 5%!*

Trump is concerned! - At 9:50 a.m. on July 24th he tweeted “I’m very concerned that Russia will be fighting hard to have an impact on the upcoming Election. Based on the “fact” (*quotation marks added for emphasis*) that no President has been tougher on Russia than me, they will be pushing hard for the Democrats. They definitely don’t want Trump” - *This seems like just another case of him tossing out an non-documented allegation, or outright lie, to energize his base &, ‘better yet’, divert the attention of many voters from issues that could be harmful to him.*

Trump’s Net Worth declined for the second year in a row (by US\$100MM to US\$2.9BN) - At least this is what Bloomberg reported, largely because lower revenue flows at the Trump Tower & his golf courses have cut their market value by US\$70MM. At this level he fails to make Bloomberg’s list of the world’s 500 Richest People - *When he announced in 2015 he was running for President he claimed to be worth US\$8.7BN and, when Bloomberg contradicted him by reporting his Net Worth was only US\$3.0BN, he called that a “stupid report” & revised his claim of his wealth upwards to US\$10BN (from some official filings he made in mid-2015 of both the value of his assets **and** the debt owed against it, it seems that for bragging right reasons for him Total Assets” & “Net Worth” are the same (so much for his Wharton Finance education).*

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A BEARISH VIEW ON OIL PRICES (FP, Geoffrey Morgan)

² On June 23rd it reported that Putin’s approval rating had dropped for four consecutive weeks to 72% while his ‘dissatisfaction rate’ had gone from 13% to 18%, while another State pollster reported that if an election were held the following Sunday, only 54% of Russians would vote for him, down from 62% MoM (& the first time since 2014 that it had gone below 60%).

³ Not entirely surprisingly so since last year’s GDP per capita was 30+% down from what it had been in 2013, the year before the price of oil had dropped sharply from its triple digit level. And while in 2017 GDP had been up significantly YoY, that was from a 2016 level that had been just 56% of what it had been in 2013; Putin’s global grandstanding & adventurism may make the headlines & appeal to Russians’ strong sense of patriotism but doesn’t pay for their groceries!

- Brent is now trading at US\$72.50 & has twice (*in late May & in late June/early July*) unsuccessfully tested the US\$80 level. Both the Paris-based IEA & OPEC warn an oil price shock could be coming, and Goldman, Morgan Stanley and Bernstein & Co are forecasting higher oil prices, of US\$70-80, US\$85, & US\$100+ respectively. But in a Calgary interview Ed Morse, Citigroup's Managing Director & Head of Commodities Research, while remaining bullish for the rest of this-, & the first three months of next-year forecasts that, some time next year, the oil price will decline to US\$45-65.

While the others base their forecast on the industry not spending enough on exploration & development to keep up with demand, Morse bases his on a belief the money being spent is being spent more efficiently than before (& his view appears supported by the World Bank's October 2017 Commodity Markets Outlook report noting the average US shale oil break-even price had dropped 42% in four years - i.e. since the mid-2014 oil price collapse, & by the magazine Offshore's report this week that BP, ENI & Shell had cut their "greenfield development costs" to US\$13.50-, & lifting costs to US\$8.80-, per BOE). Norway's Johan Sverdrup offshore 500,000 bbl/d field will come on stream next year with a break-even price of < US\$20. In early May Saudi Arabia mooted raising its production in response to the US having walked away from the Iran nuclear deal & later that month OPEC & Russia, under pressure from Trump (who also wants the 40-year ban on oil drilling in Alaska's Arctic National Wildlife Refuge lifted), were talking about increasing production. Last April fiscally-challenged Bahrain (total oil reserves 125MM bbls) announced a new, possibly 80BN bbl. oil find in shallow water offshore. And anyone who believes that any US sanctions will stop China from getting all the 'cheap oil' it can lay its hands on from Iran, is 'dreaming in technicolor'. Last but not least, Morse was one of only few oil analysts to foresee the 2014 oil price collapse and his call may be more 'fact-driven' & the others' more of the 'straightlining' variety.

U.S. HOUSING STARTS TUMBLE 12.3% IN JUNE (Reuters, Lucia Mutikani)

- It went to a nine months' low of 1.173 unit low & the third month in a row the number has declined. Higher lumber prices (*due to the tariffs on Canadian lumber*) and shortages of land & labour are said to be constraining new home building.

While more than double the Great Recession low, this was still less than half its pre-Great Recession high, while the US population has grown by almost 8% since 2007.

FED'S POWELL OPTIMISTIC ABOUT U.S. ECONOMY (Reuters, Howard Schneider)

- In written testimony to the Senate Banking Committee on July 17th he discounted the risk a trade war may throw the global recovery off track & says the economy is on the cusp of "several years" in which the US job market will remain strong & inflation stay around the Fed's 2-percent target; in other words he believes the economy is doing well & will continue to do so (*assuming, of course, the Fed gets its policy decisions right*).

In Roman times there was a saying "In cauda venenum" (the poison is in the tail ... of a scorpion). Back on June 19th, 2013 the Washington Post carried an article headlined "This chart shows how bad the Fed is at predicting the future"; if so, the Fed may remain hawkish longer than will, with hindsight, be proven appropriate, thereby enhancing the possibility of a (deeper & longer?) recession. And, more worrisome, President Trump broke tradition on July 19th when he said in a CNBC interview he was unhappy about the Fed's (latest) decision to hike interest rates & concerned about its potential impact on the U.S. economy & American competitiveness,

noting “every time you go up they want to raise rates again ... I don’t like all of this work that we’re putting into the economy and then I see rates go up.”

AS U.S. WEEKLY JOBLESS CLAIMS DIP, TRADE WOES LINGER

(Reuters, Lucia Mutikani)

- In the week to July 14th, initial claims for state unemployment benefits dropped 8,000 to a seasonally adjusted 207,000, a post-December 1969 low (*when the US labour force was 40% smaller than today*), the first month of an 11 month recession after a 106 months of uninterrupted economic expansion. Other economic news bytes included :
 - manufacturing activity in the mid-Atlantic region accelerated in June amid a surge in orders although the Philly Fed showed manufacturers were paying more for inputs & were less upbeat about business conditions over the next six months;
 - fewer manufacturers were planning to hike capital spending, suggesting that the tit-or-tat tariff hiking game is starting to affect business sentiment;
 - the Fed’s ‘Beige Book showed that US manufacturers were worried about tariffs, reporting higher prices & supply disruptions due to the new trade policies;
 - while the economy had created 211,000 new jobs in June, the unemployment rate was up 0.2% as 4% more people had (re)joined the labour force;
 - in May there had been 6.6MM unfilled jobs (*well over 2x the number at the end of the Great Recession*) for which employers were unable to find qualified workers;
 - the Philly Fed’s business conditions’ index had jumped from 19.9 in June to 25.7 in July as its new orders’ index had jumped from 17.9 to 31.4 MoM.

But factory employment & the average work week have dropped, in July the ‘manufacturers prices-paid index’ jumped MoM to a post-June 2008 62.9 high from 51.8 & the Beige Book mentioned the case of a Philadelphia machinery manufacturer who described the tariff hikes’ effect “chaotic” to its supply chain, disrupting order flows, hiking prices & causing panic buying.

US TARIFFS ARE TIPPING US TOWARD A RECESSION (G&M, Linda Hasenfratz)

- We must stop playing destructive games & get back to doing things collaboratively. The imposition of punitive duties on the United States’ closest allies are hurting American business & will ultimately damage the global economy. Thus Trump’s imposition of duties on Canadian softwood lumber has raised US lumber prices by 20%⁴ and, while the tariffs on imported steel & aluminum may benefit 450,000 workers in metal-producing industries, 10x as many others in metal-using industries will be hurt, while there isn’t enough excess capacity in the domestic metal extracting sector to meet US needs.

The 54 year-old author may be ‘talking her own book’ [for she is CEO (by inheritance)-, & owns 25% -, of the Guelph-based multinational automobile parts manufacturer Linamar]. But while government economists have job security, & politicians operate in their own publicly-funded, ‘make-believe bubble, her-, & Linamar’s-, wellbeing depends on the economy’s ‘mood swings’.

G20 LEADERS BLAST TRUMP POLICIES (Bloomberg)

- The G-20 Finance Ministers & Central Bank Governors meeting in Buenos Aires this week pushed back against his latest rants on global trade & currencies while backing

⁴ Which will impact on US inflation, since housing costs have a 42+% weighting in the CPI.

central banks' independence, with Daniel Mmillele, South Africa's Reserve Bank's Deputy Governor, saying the US President's fiery rhetoric is more than just a threat & has already begun to impact on the real economy and, more specifically, "The mere talking about it ...does affect confidence, does create uncertainty, and will already have influenced behaviour even before the first shot was fired."

Perhaps more interesting was their making public, on July 23rd, a policy document entitled "An Authoritative and Comprehensive Menu of Policy Options on the Future of Work" that contained 80 proposals pertaining to tax systems, public expenditure, competitive conditions & data measurement arranged under four headings : harness the benefit of technology for growth & productivity; support people during transitions, secure sustainable tax systems, & ensure the best possible evidence to guide decision makers (since today's inputs like GDP, inflation & the unemployment rate are now calculated in a sub-optimal, insufficiently comprehensive manner?).

CIRCUIT COURT NOMINATION PULLED MINUTES BEFORE CONFIRMATION VOTE OVER 'RACIALLY INSENSITIVE' WRITING (CNN Politics, Phil Mattingley et. al.)

- Senate Majority Leader Mitch McConnell did so after lunch on July 19th literally minutes before the Senate was to have voted on the nomination of 46 year-old Ryan Wesley Bounds as one of the 29 federal appellate judges of the 9th Circuit Court of Appeals⁵. This came after *the first Afro-American* Sen. Tim Scott (R-SC) had told his colleagues during the Senate luncheon that he could not *in good conscience* vote for him, a sentiment echoed by Sen. Marco Rubio (R-FL), *all of which prompted, as one source put it, a "jail break of Republican Senators not wanting to have any part of voting for him"*.

After getting a BA with distinction in psychology from Stanford & a JD from Yale, Oregon's Bounds served, among others, as a Deputy Assistant Attorney-General in Justice & a Special Assistant for Domestic Policy to Bush 43. His nomination last September 17th was among the 16 made that day of 'young, politically conservative' candidates recommended by the Federalist Society (of which Bounds has been a member since 2000). Already right after his nomination both of Oregon's Democratic Senators had informed the White House they would do their utmost to block his appointment since he hadn't been vetted by the bipartisan judicial selection committee, proposing he be replaced by a specific other-, sitting & Republican-nominated-, judge who had been vetted by it. His downfall came from his Stanford student days' "socially insensitive" writings on subjects like sexual assaults, workers rights, ethnic minorities & gender discrimination that he himself has conceded had been "overheated & overboard ... (and) not as respectful as they should have been." This had led to his nomination being returned by the Senate to the White House on January 3rd, to Trump announcing two days later he would renominate him, to May 9th Senate Judiciary Committee hearings & to his ultimate fall from grace - This may well set a precedent for enough Republican Senators to "kick over the party line traces' for the Kavanaugh's Supreme Court nomination to founder since it is an all but dead certainty socially "insensitive" views will also be found in his 300+ legal decisions & the mass of his other writings, thereby providing Senators with an opportunity to send Trump a message that, unlike Putin, Xi, Erdogan, Assad, Maduro & Kim, he doesn't have authoritarian powers (& has to work with them rather than treat them as trained seals.

CIA ; CHINA IS WAGING A 'QUIET KIND OF COLD WAR AGAINST US (AP, Deb Reichmann)

⁵ That hears appeals originating in nine states, incl. Alaska & Hawaii, and Guam & the Marianas.

- Thus warned Michael Collins, the Deputy Assistant Director of the CIA's East Asia Mission Centre, at the Aspen Security Forum in Colorado on July 20th, saying it is using all its resources to try & replace America as the dominant power in the world⁶. While it doesn't want to go to war, he said President Xi is subtly working on multiple fronts to undermine the US in ways unlike the more well-publicized ones employed by Russia. And he said "I would argue ... that what they are waging against us is fundamentally a cold war ... not like we saw during THE Cold War ... but a cold war by definition". And the rising US-China tension goes beyond the trade dispute; there's concern over China's pervasive efforts to steal business secrets and hi-tech research. The China military is expanding and being modernized and the US, and other countries, have complained about its construction of military outposts on islands in the South China Sea.

*I'm from Missouri on China. It faces a major financial crisis of its own making (since much of the money 'invested' in the last decade has gone into things with little hope of ever 'paying their way'. It has a stagnating & aging population & a shortage of future 'breeders' (there are 13.4% fewer females than males in the 0-24 years age cohort) & a lower fertility rate than the US (1.57% vs 1.84%) as well as a surfeit of 'left-behind' children in the 0-14 age cohort (about 25% of the total) who, due to mental problems & a lack of education, are unlikely to ever become the high-quality workers China's economy will need to fulfill Xi's dreams. Desertification, salination, pollution & urbanization are encroaching upon China's ability to feed itself &, even now, some of the food produced is not fit to eat (just as much of its water is not fit to drink & its air not fit to breathe). Last but not least, its military potential is overrated. The PLA's 2+MM manpower is only marginally greater than that of the US & one quarter its size relative to its population. Unless Trump **really** messes up, China will have fewer military allies than the US, other than a not so military-robust Russia. It has a smaller & less sophisticated air force and no 'blue water' navy to speak of (while it has almost as many submarines, 62 vs. 64, as the US, only 13 of them are nuclear-powered while all US Navy's are). It has only one (small) aircraft carrier vs. the US Navy's 'baker's dozen (& hence far fewer than its carrier-based 1000 jet fighters) that, however, risk becoming the WW II battleship equivalents unless the Navy gets the lead out & develops an effective defense against the rockets China is developing that will come in from outer space at Mach 6 speeds that the US Navy has not yet developed any defense against. On the other hand, China is making much progress in its cyber warfare capabilities while Trump's 2019 Budget that boosted US Army's Cyber Command's budget also cut its funding for R&D.*

ARGENTINA MAKES FIRST BEEF EXPORTS TO JAPAN (The Bubble, Allie Pithon)

- Since Mauricio Macri took office in December 2015, Japan's PM Shinzo Abe has become more interested in trading with Argentina; so during his November 2016 visit he & Macri released a joint statement to boost bilateral trade & investment. And on July 23rd the Rio Negro⁷-based slaughterhouse of Fridevi SA (*that has a 6,000 weekly 'kill rate' but hitherto had only catered to the domestic market*) sent its first-ever shipment of beef to Japan; and small as it may have been (441pounds of top quality cuts), it is expected to be followed shortly by another, this time 10 tonne containerized, shipment.

⁶ If so, it supports the view Putin, like Trump, is living in a dream world of his own making; for China's Xi has the same ambition & is better positioned to make his dream come true; but neither would have a chance in hell if US politicians really got to work to make "America great again".

⁷ The Northern-most of Southern Argentina's Patagonia that stretches from coast to coast & holds 1.5% of the country's population on 8% of its landmass (not unlike Saskatchewan in Canada).

This matters to Canada; for Japan is the world's 3rd-largest beef importer & a market for Canadian beef - The Bubble calls itself "a source of Latin American news with a touch of snark".

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Will the right Amazon's Prime Day sales volume number please stand up - The event on July 16th & 17th was plagued from almost the very outset by computer hick-ups that lasted throughout, causing it to be shut it down after just 30 hours (like last year), not the planned 34. And while it was reported after last year's event that sales had gone from US\$900MM during the initial 2015 Prime Day via US\$1.52BN in 2016 to US\$2.1BN in 2017 & would hit US\$3.4BN this year (up 40%???) , Reuters' San Francisco-based Noel Randewich wrote on July 19th that Amazon had reported the day before (i.e. one day after the sale's end) that 'it *had* sold more than \$100MM of products during this year's Prime Day sale (although the Internet as late as July 22nd was full of reports there were still lots of Prime Day deals left) - *There are three possibilities : sales were awful, Randewich had his facts wrong or, most likely, many sales hadn't been for Amazon's account but for that of third party companies that can rent access to Amazon's sales machine for a cut of their sales. And Amazon share price performance was lacklustre during the week : it went from 1,821.46 at the opening Monday via a high of 1,849.89 at 1230 hrs on Tuesday to 1,813.70 at the week's close.*

TRUMP'S US\$12BN BAILOUT WON'T STOP THE FARM BELT REBELLION (The New Yorker, Eric Levitz)

- US farmers have *finally* found a subsidy they don't like, Trump's \$12BN relief package for farmers (*first & foremost Midwest soybean growers hit by Chinese tariffs on them*). And since they see this as evidence he doesn't intend to call his trade war off soon, one group, the American Farm Bureau⁸-backed Farmers for Free Trade, intends to spent US\$2.5MM on a four months' campaign (*i.e. until the mid-terms*) to showcase on the public media, incl. Fox News, that, & *how*, farmers & manufacturers will be hit by his tariffs *in a way that will hit Joe & Jill US Consumer*.

They are also motivated by the fact that on July 19th the protectionist, 69 year-old academic Peter Navarro, Trump's Special Assistant, and the White House's Director of Trade & Investment Policy and of the newly-created White House National Trade Council, had said that the effect of the tariffs on the US economy had been a "rounding error" of close to zero.

PUTIN DRIVES WEDGE BETWEEN TRUMP AND GOP (Politico)

- *Many Congressional Republicans want nothing to do with Putin & some hope Trump will yank his invitation for him to visit Washington this fall (the White House has since announced it has been postponed until "next spring")* Thus according to :
 - **Sen. Pat Toomey @-PA** : "Putin has proven to be a very hostile actor with respect to the US ... so I would prefer ... he be held at arm's length until his behaviour improves";
 - **Senate Majority Whip Sen. John Cornyn @-TX** : "I'm just expressing my preference that it be put on the back burner";

⁸ Rather strangely the AFB has 6MM members, triple the number of the 2+MM farmers.

- **Sen. Orrin Hatch (R-UT) (a Trump ally)** : “I don’t particularly want to see a grand ceremony for Putin ... I hope the president rethinks what he said”;
- **Sen. Rob Portman @-OH)** : “It’s good we’re talking ... he has just to be properly prepared to ensure that in private and public we are clear and consistent about our concerns”;
- **Sen. Jeff Flake (R-AZ)** : “It’s good to talk to our adversaries but ... if there’s going to be a meeting, there ought to be others present”;
- **Senate Majority Leader Sen. Mitch McConnell (R-KY), (a Russia hawk who is teeing up fresh action on sanctions against Putin in the coming weeks, via a spokesman** : “There is no invitation from Congress”;
- **GOP Conference Vice-Chairman Sen. Roy Blunt (R-MO)**, when asked about a second Trump-Putin meeting, told a reporter “review my statements about Putin”.
- On the other hand :
 - **Sen. Jim Inhofe @-OK)** gave Trump the benefit of the doubt & told reporters “Let’s not second-judge a guy who’s proven to be a pretty good negotiator” (???)
 - **Sen. Mike Round (R-SD)** observed “Trump follows closely what people think about in his decisions”;
 - **Sen. Ron Johnson (R-WI)** : “he’s not a friend ... *but* They’ve 7,000 nukes ... I don’t have a great deal of expectations.”

In summary, for the moment, only a few Republicans appear ready to follow Sens. Cornyn & Toomey in publicly putting Trump on notice about bringing Putin to Washington.

But the anti-Trump mood in the GOP may have gained momentum since & the attempt by 11 Republican members of the House to have Deputy Attorney-General Rod Rosenstein impeached for his ‘lack of responsiveness to House Committee requests for documents related to the Russian inquiry & the (now long closed) one into Hilary’s 30,000 ‘lost’ emails, seems like a futile, empty & Trump-inspired gesture by Rep. Mark Meadows (R-NC), who is known to talk frequently to Trump & to defend him to his colleagues; for no civil servant has never been impeached & the GOP leadership has not signed on to it.

TRUMP AIMS TO REVOKE SECURITY CLEARANCE OF SIX FORMER SENIOR SECURITY OFFICIALS (USA Today, David Jackson)

- Sarah Huckabee Sanders said *in a July 23rd press briefing* that he is exploring “mechanisms” to revoke the security clearances of six former US officials who had *the gall to have* criticized him for his handling of the Russian investigation & his relationship with Putin *and/or his performance in Helsinki*. She named former CIA Directors John Brennan & Michael Hayden (who has also headed the National Security Agency), the former FBI Director James Comey & his one-time Deputy Director Andrew McCabe, former National Intelligence Director James Clapper & former National Security Adviser Susan Rice for “making baseless accusations of improper contact with Russia, or of being influenced by Russian agents, against the President is extremely inappropriate.”

Some of them may already have given up their security clearance, or have had them taken away, &, if so, may not give a hoot. On the other hand, it is not inconceivable that keeping it may on occasion facilitate the “transfer of corporate memory” to their successors. But where there is a will, there is usually a way, especially for Trump-like types who scoff at ‘the way things have always been done’. While this appears to be pure vengeance unworthy of the Office, even presidents less thin-skinned than Trump might well have taken offense at some of the things

said; thus Brennan had compared him to Bernie Madoff⁹ & post-Helsinki wrote that Trump's performance there had been "nothing short of treason", Comey had called Trump "morally unfit to be President, McCabe had warned he would "no longer be silent", i.e. threatened to pose a direct threat to Trump, & Susan Rice had on June 10th "blasted" Trump for suggesting that Russia be readmitted to the G-7 & called his accusation of Obama having "allowed Russia to take Crimea" a "distasteful statement"..

WHAT SOME EARLY, HIGH QUALITY POLLS CAN TELL US ABOUT THE RACE FOR THE HOUSE (FiveThirtyEight/538, Nathaniel Rakich)

- The West Long Branch, NJ-based Monmouth University's polling operation is one of only six with an A+ rating in our pollster rating system. And it often polls elections that don't get much attention. Thus it recently released the results of a poll taken during the week of July 16th in California's 48th Congressional district¹⁰ (along the Orange County's Pacific coast¹¹) where the Republican incumbent, Rep. Dana Rohrabacher faces a stiff challenge from his Democrat challenger, Harley Rouda. And it had found that among "potential voters" (who *had* voted in a recent election and/or recently registered to vote) Rouda led Rohrabacher 46-43, among those "likely to vote" (given their turnout in past mid-term elections) 47-45 & among "likely voters in case of a "Democratic surge" 48-44 (with a total survey sample size of just 391, however, all of these are within the margin of error).
- Other recent polling results include "
 - **CBSNews** : 32% of Americans approve of President Trump's handling of the Helsinki Summit (68% of Republicans & 8% of Democrats);
 - **Gallup** : 22% of Americans say illegal immigration is the most important problem, the most since it started asking this question, & up from 14% Mom;
 - **YouGov** - 28% of Americans (58% of Republicans & 9% of Democrats) believe Trump is being framed by the FBI (this hasn't changed much since March);
 - **Fox News** - 46% of Americans say they're extremely interested in the mid-term elections (up from 29% in 2014 & 28% in 2010)¹²

⁹ Wall Street's 'Ponzi Scheme King' who in March 2009, at age 70, pleaded guilty to 11 felony charges. A former NASDAQ Chairman, he was in September 2009 sentenced to the maximum 150 years in the slammer. His scheme, that had made US\$65BN 'disappear' (although some of it has since been recovered), had by his own admission gotten underway in the 1990's (although by other accounts it had gotten started as much as 20 years earlier) & there had been suspicions since the mid-80's). And its true nature had been so conspicuous that when, a year or so before its collapse, the French bank Société Générale sent a couple staff members to New York to decide whether it should invest some money with him, they had phoned Paris before noon on the first day of their due diligence to tell their bosses it was a scam & not to touch it with a ten-foot barge pole.

¹⁰ The district once had a 538 Republican "lean" rating of +4 rating (i.e. it was 4% more GOP-leaning than the nation) but at last report this had shifted to a Democrat lean of +3. And there is more of this nationwide; thus WV03 has gone from R +47 to D+7.5, NJ11 from R+5 to D+5, CA18 from R+4 to D+3, OH12 from R+14 to R+8, VA10 from D+5 to D+10, & PA01 from R+1 to Tied.

¹¹ The racial make-up of which is 43.5% white 33.6% Hispanic, 18.3% Asian & 1.6% black.

¹² This could be favourable to the Democrats since it will tend to increase voter turnout.

- **Fox News** - almost 50% of Americans (52% of Democrats & 46% of Republicans) avoid talking to friends with different political views;
- **IPSOS** - Only half of all Americans believe elections are fair & open (43% of Democrats & 68% of Republicans); and
- **The 538 'tracker'** - 41.8% of interviewees approve-, & 52.8% disapprove, of Trump's performance, down from 42.3% & 51.5% MoM, and the percentage of those voicing an opinion declined from 94.6% to 93.8%).

The 48th is one of seven California Republican-held districts that in 2016 'went for' Hilary (& so are targeted by the DNC to help the party regain control of the House) The incumbent, Dana Rohrabacher, once an assistant to Governor-, & then President-, Reagan, has, at age 71, represented the district in the House since 1989, the end of the Reagan era, & in 2016 won by 16 points (although Hilary 'took' the district by 2 points). He is philosophically well to right in the GOP caucus, favours repeal of the ACA, strongly opposes illegal immigration, is "aggressively skeptic" on global warming, & recently raised eyebrows when, in an interview, he seemed to support giving guns to kindergarten students to enable them to protect themselves against school shooters. About 35% of voters in the 48th are whites with a college degree who split evenly between the two candidates while the whites without one, slightly less than one-third of the electorate, favour Rohrabacher 55-34. And Rouda's main support base is among women, the under-50s, & non-whites (the latter of whom also account for about one-third of the voters, but are somewhat less politically active). Last but not least, while 75% of self-identified Democrats said they had "a lot" of interest in the election, only half the self-identified Republicans did and, while 95% of the former said they would back Rouda, only 85% of latter said they would back Rohrabacher while the independents split 49-31 in favour of Rouda, with 20% still undecided.

THE LONG WALK BACK (AP, Zeke Miller & Jonathan Lemire)

- Waking offstage after his-, & Putin's-, joint press conference, Trump was riding high. But on the way back on Airforce One his mood darkened as he spoke to allies & aides, and became aware of negative media coverage back home, even from Fox News¹³. And once home, the parade of critical statements had become a stampede, leaving him more isolated than ever since last year's Charlottesville controversy. The next day, July 17th, he was besieged even in the Oval Office where his top aides had gathered to convince him to issue a rare 'walk-back' of his comments about the US intelligence agencies and VP Mike Pence, Chief of Staff John Kelly & National Security Adviser John Bolton were united in their advice he had some 'cleaning up' to do and brought expressions of alarm from Defense Secretary Mattis, Secretary of State Pompeo & a host of Congressional leaders for whom his public praise of Putin had been 'one bridge too far'. And the next day brought new challenges, when he answered "No" when a reporter asked him if Russia was still targeting the US, forcing Sandra Huckabee Sanders to later seek to clarify things by saying he had just tried to put an end to the questioning (although he had continued talking about Russia). And subsequently, after White House efforts to clean up the situation had failed, he grouched about his staff not having managed the situation better, became angry at two American reporters who had asked questions at the Helsinki press conference & began seething about the lack of support from Congressional Republicans.

¹³ And according to the New Yorker magazine he had blown a gasket & thrown a temper tantrum when he found Melania watching CNN, thereby breaking his "Fox New only on Airforce One", directive.

Blaming others for one's own mistakes is a sign of infantility unworthy of a US President.

CAN COHEN TAPES BRING DOWN TRUMP? (The Atlantic, Julian E. Zelizer)

- On July 20th the NYT reported that, *as a result of the court-approved & subpoena-supported search of Cohen's home, office & hotel room that Trump has been unjustifiably denigrating*, the FBI has a 90-second, September 2016 tape-recorded conversation Cohen had with Trump in which they discussed potential hush money payments to one-time Playboy bunny Karen McDougall, with whom Trump had had an affair. And CNN reported two days later the existence of a trove of other recordings that Trump's legal team doesn't believe pose a legal problem for him & Rudy Giuliani dismisses as "mundane" while other sources say they're not as mundane as he claims &, in fact, are "not good" for the President.
- This comes 45 years, *almost to the day*, after the most (*in*)famous tape revelation of all times, when, on July 16th, 1973, then FAA Head Alexander Butterfield, formerly a Special Assistant to President Nixon, told the Senate Select Watergate Committee in a televised hearing that the President had taped all his Oval Office conversations (which ultimately led to his downfall). But this time the tapes probably won't have the same effect (even though they may give substance to things that hitherto have been mere hearsay), in part because since Watergate so much citizen distrust has evolved in government *and* the political system has become so partisan, that Trump's base love him no matter how much aware they are that his personality is deeply flawed.

*There may well never be a seriously **legal** reason to dump him, but that's irrelevant; for impeachment is **not** a legal, but a **political**, process & Congress would only have **think** he's unfit to be President & it would be 'game over' - The author is the Malcolm Stevenson Forbes¹⁴, Class of 1941 Professor of History and Public Affairs at Princeton & a CNN political analyst.*