

GLEANINGS II - 774
Thursday August 16th, 2018

Quote of the week - "With retail sales still robust (*they were up a higher than expected 0.5% in July*) and inflationary pressures building, the Fed isn't going to be distracted by volatility in emerging markets and will continue to increase rates" - Andrew Hunter, the US Economist at London-based Capital Economics.

Quote of the Week No. 2 - "The Trump Administration has made it clear that containing China's development is a deeper reason behind the tariff actions." - He Weiwen, a former Commerce Ministry official who is now a Senior Fellow at the Beijing-based Center for China and Globalization, a leading, 'independent' think tank filled with former bureaucrats¹ - *This reflects a growing feeling in both government-, & academic-, circles that the tariffs are part of a grand strategy devised & led by Trump to thwart China's rise as a global power (& as the world's largest economy) and that the two may be headed for a prolonged Cold War-like struggle for global dominance. They are likely right in their general feeling since no one with the kind of hegemony in his circles has ever relinquished that role without a fight; but attributing that "strategy" to Trump does not appreciate that doing so is well beyond Trump's intellectual & career 'pay grade'.*

August 7th Special Election in Ohio's 12th District - 56 year old Troy Balderson, who was Trump-endorsed & supported in a rally less than a week before the election day, who served in the Ohio House of Representatives in 2009-2011 & has been a State Senator ever since, eked out a < 1% win (50.1-49.3) over a baby-faced, 31 year-old Democrat newcomer in a district that Trump in 2016 had carried by 11 points.

Brazil is becoming the world's top grain producer - It is in the process of replacing the US as such. According to the Brazilian Ministry of Agriculture the land devoted in Brazil to grain production this century has gone from about 38MM hectares (*almost 100MM acres*) to about 50MM hectares (about 125MM acres)², and grain production from 83MM-, to 150MM-, tonnes. And what is remarkable is that this involved a relatively low degree of subsidization (for in Brazil subsidies account for 5.7% of farm income, vs. 12% in the US, 26% in the OECD as a whole, & 29% in the EU). And what is even more foretelling & staggering is the following table drawn from a chart produced by the Rome-based FAO entitled "Farm Land Availability":

¹ It was founded a decade ago by the now 60 year-old Wang Huiyao, who studied at two Canadian universities (Windsor & Western Ontario) and at the University of Manchester, has been a Senior Fellow at Harvard's Kennedy School of Government & a Visiting Fellow at Brookings, and today, among many other things, is an Advisory Expert at the World Bank & the Geneva-based ILO. And today it has a staff of 100 in offices in Beijing, Shanghai, Shenzhen & two other Chinese cities, and as representatives abroad. And according to Wang, "While China is open to negotiation", his pressure tactics "will only arouse Chinese nationalism, which will be counter-productive."

² And most of this has not been a function of Amazon deforestation, for about 75% most of it was a function of land clearing for large scale cattle ranching

	Land currently in farm use -----millions of hectares ³ -----	Land with potential farm use -----
Brazil	50	400
US	180	200
Russia	130	200
India	170	160
China	100	120
Australia	40	90
Canada	40	80
Argentina	25	75
<i>Total</i>	<i>735</i>	<i>1,325</i>

But the one thing that could dent Brazil's hopes & dreams is the political situation; thus the two highest profile names 'in the hopper' for this fall's presidential elections are a popular ex-President who is currently serving a 12-year jail sentence for corruption (& who may therefore not be allowed to be a candidate & a relatively junior Trump act-alike ex army officer with authoritarian tendencies

Three observations seem in order :

- 1. This puts the lie to all the scare talk about the world's (in)ability to feed a world population that will be one-third larger by 2050, since the land available to grow food is 80% greater (although there are several potential 'bugger factors' that could knock this bland assumption 'into a cocked hat', incl. climate change, water availability for irrigation, desertification & soil salinization and the switch to animal carbohydrate consumption);*
- 2. No mention is made in the above about the situation on the African continent, that is expected to account for half the population growth over the next three decades; and*
- 3. 75% of the land potentially available for farm use is located in three countries that currently have < 10% of the world's population; in other words, there will like be a growing need for the infrastructure & logistical systems required to get food from where it is grown in an efficient manner to where it is needed to feed people.*

“Couple of weeks ago, it was “Collusion is not a crime ... except by Crooked Hillary and the Democrats” - while the latest is a message from Trump to the Washington Post that “Don has received notoriety for a brief meeting, that many politicians would have taken, but most importantly, and to the best of my knowledge, nothing happened after the meeting.” - *Shakespeare in Hamlet Act III Scene II observed “the lady doth protest too much, methinks”, or more colloquially, “where there’s smoke there’s fire” (& Junior was caught this week up to no good when he photo shopped, & made public (although it was fairly quickly made to disappear from sight), a chart comparing his father’s & Obama’s approval rating at this stage of their presidencies to show that his father’s 50% was better than Obama’s 46%, while the original had shown his father’s to be 39%, not 50.*

Interesting point - In the August 5th NYT issue Michael Tomasky, a 'Contributing Opinion Writer', noted that if American capitalists are worried about Bernie Sanders-like “socialists

³ One hectare measures 100 x 100 metres & is equal to 2.47 acres.

coming out of the woodwork”, especially among the younger generation⁴, the solution is simple : quit making them - *Greed is one of the seven ‘Original Sins & throughout modern history, from the days of Marie Antoinette’s “let them eat cake” via the Russian Czars’ treatment of their subjects to the Treaty of Versailles (that led to the rise of Hitler, it has led to unpleasant outcomes. But blaming the “capitalists” is, once again a matter of ‘seeing the mote in someone else’s eye while failing to see the beam in one’s own’; for the younger generation is starting to rebel not just against ‘the capitalists’, but even more so against the post WW II generations that fouled the environment, consumed their way through the world’s cheapest-to-produce natural resources & lived ‘high off the hog’ while downloading the cost of doing so onto the next generations’ shoulders.*

Latest Atlanta Fed’s GDPNow reading - It came in this morning, Thursday August 16th, at 4.3%, i.e. flat from its last reading a week or so ago; but what was more interesting was it noting “After this morning’s new residential construction report ... the nowcast of third-quarter real residential investment growth decreased from -3.3% to -4.8% (*the implication seemingly being that all may not be well in the land of US economic growth*) - Also see [U.S. Housing starts below](#)).

Oil price’s ‘fainting spell’ continues - On July 9th WTI was US\$73.95 & on August 16th US\$65.43, with Oil Price’s Tom Kloza saying he wouldn’t be surprised to see it hit US\$50. There have been a number of triggers for this. In July OPEC output surged 340,000 bbl to 32.66MM bbl (in part because Saudi Arabia & its close allies, Kuwait & UAE, hiked their production, in part because it has a new member, the Democratic Republic of Congo⁵, in part because in July US oil output hit the 11MM bbl mark for the first time ever (so it is now, production-wise, ‘nipping at the heels’ of both Russia & Saudi Arabia as the world’s biggest oil producer, which according to the Paris-based IEA could happen next year) and in part because decelerating economic growth in China & India⁶ had resulted in the two of them importing 500,000 bbl of oil less in July than they had averaged in the previous six months; all of which helped to offset lower production in Iran, Venezuela & Libya. But what really set the cat among the pigeons this week was the news that last week US crude oil ‘stockpiles’ had risen 6.8MM bbls while a 2.5MM bbl decline had been expected.

These people are going to teach Canadian children basic arithmetic? - For four years an Ontario teachers’ college has administered Grade 6-, & 7-, level math tests during ‘orientation week’ to its intake of new teacher hopefuls. This involves a series of relatively simple calculations (that, if I remember correctly, I was taught in my fourth year of primary school), like converting a percentage into a fraction (*i.e. 16% = roughly 1/6*) & multiplying a decimal-, by a whole-, number (*i.e. 5.6 x 7 = 39.2*). But simple as that may be, one-third of them have had scores of 70%, or less. So from now on, its annual intake of aspiring teachers must take a mandatory 24-hour course in fractions, percentages & other basic arithmetic; but *the problem*

⁴ Like the 28 year-old political novice Alexandra Ocasio-Cortez who last June 26th in the Democratic primary in New York’s 14th district surprised many by soundly defeating ten term Rep. Joe Crowley, the fourth most powerful Democrat in the House.

⁵ That at last report produced 370,000 bbl, up from 250,000 bbl three-, & 200,000 ten- years ago.

⁶ The latter assertion may be a bit questionable. For while it is true that the 6.74% 2017 GDP growth rate was down from 7.11% in 2016 & 8.16% in 2015, the outlook for this year is for 7.11% growth to ramp up slowly back to 8.15% in 2022. On the other hand, if the US sanctions succeed in depriving India from cheap Iranian oil imports, its GDP growth rate could be affected.

remains that for decades modern teacher training has been unduly focused on ancillary education-related subjects (like the philosophy of teaching) at the expense of what is to be taught (thus these students must now take a mandatory 54 hour course on math pedagogy & research). In my youth in Holland, where highschool started after Grade 6, my Latin & Greek teachers had Ph.Ds, as did my French-, & German-, & Physics teachers, while both my Chemistry & Math teachers had Engineering degrees. Moreover, these days university students are short changed; for while in real (i.e. inflation-adjusted) terms they pay far more than I ever did 60 years ago, my introductory Economics class had 30 or so students in it, the wife of a friend of mine for years taught that course to classes of 450 or so! And while today Canadian governments spend a far smaller percentage of GDP on education than they did half a century ago, a far greater share of what they do spend goes into not-directly-education-related endeavours, first & foremost administrative expenses.

US equity market sentiment - According to JPMorgan Chase it is “more apathetic than negative, with most viewing Turkey/the Emerging Markets/Trade as upside obstacles, rather than acute downside risks”. And BAML’s latest periodic survey of fund managers found that their allocation to US equities had jumped to a post-January 2015 net 19% overweight high, even though, as Michael Hartnett, BAML’s Chief Investment Strategist, puts it “Rising corporate leverage concerns say that bonds should outperform stocks ...”, 57% of respondents in the survey called a trade war as the biggest ‘tail risk’, & 67% of recipients said the US is the most favourable region for corporate profit expectations, the highest proportion since the turn of the century^{7, 8}.

US housing starts - After having dropped 12.9% MoM in June, they were up 0.9% MoM in July to a 1.168MM unit annualized rate (while 7.4% growth to 1,260MM had been expected). Higher materials costs (in part due to Trump’s tariff initiatives) & rising wage costs are among the culprits for the slower-than-expected rate of growth - *And while the WSJ headline was “U.S. Housing starts bounced back in July”, a 0.9% MoM rise after a month with a 12.9% drop isn’t much of a “bounce”.*

Venezuela imploding? - According to the Economist’s Bello columnist prices are doubling every 25 days (in line with the IMF’s observation that the inflation is in the 1,000,000 per cent range). There are vital shortages of every consumer good & medicine. Oil production is down one-third to 1.3MM bbls from last October (when Maduro handed control of the nation’s oil industry to general with no relevant experience). An estimated 2MM Venezuelans (i.e. 5%), incl. many oil industry workers, have left the country (doubling the total that have left since Chavez came to power in 1999 & creating refugee crises in neighbouring countries). Over half of all young adults cannot wait to leave. The murder rate that quadrupled to 80 per 100,000 during the 14 Chavez years has continued to rise (& now closer to 100 per). And, most dangerously for Maduro, discontent in the armed forces’ ranks has skyrocketed & many officers arrested in the past year, incl. some generals who once were deemed close to Maduro.

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⁷ Not long before the S&P500 cratered from 1,521 to 848 in 18 months.

⁸ And for much longer than that it has been all but axiomatic that when 70% of professional investors are bullish on equities, the stock market is about to ‘tank’ while, when 70% of them cry gloom & doom, it is just about to turn around & go on a binge.

US GROWTH TO SLOW IN 2019 : CBO (Reuters, Lucia Mutikani)

- On August 13th in an updated economic outlook report, the nonpartisan Congressional Budget Office projected US economic growth will probably accelerate this year to 3.1% (up from 2.2% last year), due to lower income taxes and increased government-, & private investment-, spending⁹ before slowing down next year to well below the Trump Administration's 3% target as the fiscal stimulus fades. For it expects the Second Half growth to slow as the jolts to consumer spending & farm exports fade, or even reverse (soybeans because of China's *retaliatory* tariffs). And CBO Director Keith Hall said in a statement that "In 2019 the pace of GDP growth slows to 2.4 per cent ... as growth in business investment and government purchases slows." And longer term, from 2023 to 2028, the CBO expects the US economy to grow at 1.7% a year (*i.e. at its "trend growth rate"*). Furthermore, it cautioned that trade tensions could make a bigger dent in GDP growth than expected, since an escalating US-China trade war could result in tariffs on all goods traded between the two countries and since Washington has also instituted *higher* tariffs on goods coming from the EU, Canada and Mexico (*which also have prompted retaliatory tariffs*), with Hall saying "When CBO completed this economic forecast in early July, the agency estimated that the macro-economic consequences of the U.S tariffs and foreign retaliatory tariffs ... would be small ... *since they* affected goods that accounted for less than 1.5% of the value of U.S. trade. However, trade policy has ... changed since early July and may continue to evolve, so the effects of new tariffs may become more substantial and have a larger effect than CBO accounted for in its current projections."

While many economists had disputed the Republicans' contention that the tax cuts would pay for themselves from the higher tax revenues from the stronger growth & the economy could sustain 3+% growth over the longer term, the CBO now seems to be validating their doubts.

U.S. STRATEGY OF TAX CUTTING GETS A SOBERING REALITY CHECK **(FP, David Rosenberg)**

- No doubt the US needed corporate tax reform to make its economy more competitive but while the top marginal rates were cut, the loopholes remain, & personal taxes were cut too, albeit in the most regressive manner ever. Why would anyone think this was a good strategy for an economy at full employment with the Fed raising the cost of borrowing & P/E ratios at record high levels? And while some thought this would boost business investment, the corporate sector already had cash coming out of its ears; so the only impetus created was in share buybacks & ever higher equity prices. Ditto for the personal tax cut package; all it achieved was to give consumer spending a (*brief, one-time?*) fillip. But 'that was all she wrote' & all we're left with *longer term for a brief uptick in conspicuous consumption* is a mountain of debt that will be a perpetual drain on the public purse.
- At this late stage of the *economic* cycle, with full employment, the fiscal situation should be at-, or near-, balance; instead of being saddled with fiscal deficits more symptomatic of recessions. And while people complain that Uncle Sam taxes too much, that may be

⁹ In January the government slashed corporate-, & income-, taxes by US\$1.5BN & in March Congress passed a US\$1.3BN spending bill, which buoyed consumer-, & business-, spending which, combined with higher soybean exports lifted the Second Quarter GDP growth rate to 4.1% *annualized, the highest in nearly 4 years*, from 2.2% in the First (*the latter is an incorrect number; for while that had been an earlier Dept. Of Commerce reading it was since cut back to 2.0%*)

because it is spending too much (& *unwisely?*) & yet there has been no appetite, even among the so-called 'fiscal conservatives', to attack spending. The entire tax relief package floats on borrowed money (*i.e. it 'downloads' the cost of our willingness to 'pay our way' on the tax payers of tomorrow, our grandchildren*). And, *worse still*, according to Paul Winfree, the Director of the Thomas A. Roe Institute for Economic Policy Studies at the Washington-based conservative/libertarian Heritage Foundation¹⁰, who served last year as Trump's budget adviser, "In the last three years Congress has passed bills that raised the discretionary spending taps, completely undermined the spending caps, reversed Medicare cost controls and reduced revenues without cutting spending." And what is seldom, if ever, drawn attention to is that it (*i.e. the Second Quarter's 4.1% annualized GDP growth rate*) was Trump's first quarter of anything better than 3% GDP growth *in his six quarters as President*, whereas Obama had no fewer than 11 in his 32 quarters in the White House - and that's a fact, not an opinion. And neither is it ever noted just how disappointing the 4.1% rate is in the context of such large-scale government stimulus; for in the past such shots of adrenalin *into the economy* by Uncle Sam would have produced annualized quarterly GDP growth rates as high as 5.5%¹¹.

- Today's economic environment is not unlike that prior to the 1969-70 recession when the budget deficit rose from 2.6% to 3.5% at a time of full employment & there was then too a widespread belief that a recession was a long ways away (in fact Gary Shilling¹² was then fired by Merrill Lynch for even daring to mention the possibility of a recession, just before it happened) at a time the *then* Nifty Fifty stocks drove the stock market to dizzying new heights¹³ just like the FAANG stocks have done in the latest leg of its current bull run.

Rosenberg is a UofT alum who until a decade ago was Merrill Lynch's Chief North American Economist in New York & was a perennial Institutional Investor AllStar Economist with a great forecasting record that made him a 'bear' for some. A decade ago he came back to Toronto, on the BUY side of the market as Chief Economist & Strategist at money manager Gluskin Scheff. Agree with him or not, his thinking is always worth reflecting on and/or taking into account.

SOARING COST OF TRUCKING THREATENS TO STOKE INFLATION (Transport Topics)

- A shortage of drivers, new regulations *to make the roads "safer"*, & 'solid demand' are driving up the rates charged by trucking companies. Combined with higher material costs, partly due to the Trump tariffs, rising transportation costs are putting pressure of goods producers (& *on the retail sector?*). Thus in June general long distance trucking costs were up 9.4% YoY, the most in over a decade, (& *in July the Cass Freight Index*

¹⁰ That 'walks its talk'; for in 2016 it had revenues of US\$91.9MM & US\$76.4MM in expenses

¹¹ This century there have been 4 quarters of 5% annualized quarterly GDP growth rates while in the 17 years to 1988 there were 14, (with part of the reason therefore likely being the fact that the 'aged dependency ratio' (that of those 65 years of age & over to the 15-64 year working age cohort) in 1969 had been 21.2 vs. 32.8 in 2017 (with 30.0 generally deemed the tipping point into the ratio becoming a 'boat anchor' on potential GDP growth).

¹² Today, at age 81, he still heads his own Springfield, NJ-based economic advisory firm & often is quoted in such high profile publications as the NYT, WSJ & Forbes, largely since during its 4 decade-long life it has been remarkably prescient about what drives the US economy.

¹³ The Dow Jones went from 4,799 in 1962 to 7,260 in 1966 & back again to 4,818 in 1970.

jumped 10.6% YoY, the first time since 2005 it had done so by a double digit number) & the Fed's 'Beige Book' last May cited the example of a North Carolina trucking company whose customers would pay 4x the going rate to get their goods when & from where to where they wanted.

One factor driving up long-haul trucking costs has been the growing use of ELDs (electronic logging devices) that track the number of hours drivers spend behind their steering wheels. This has eliminated the paper log books that many drivers traditionally had fudged (one unintended consequence of which has been to increase the resale value of older trucks without ELDs

BRAZIL ON TRACK FOR RECORD SOY CROP NEXT YEAR (NASDAQ)

- Brazil is the world's No. 1 exporter of soy beans & the Brazilian agricultural consultancy firm Céleres reported on August 14th that, encouraged by strong demand from China (*that earlier this year whacked US soybeans with a 25% tariff*), Brazilian farmers will plant a record acreage to soybeans¹⁴ & so will have a record soybean harvest next year (*their crop year starts in September, the start of spring in the Southern Hemisphere*), saying "the area expansion would have been even bigger, had it not been for competition from the first crop corn & the risks related to the exchange rate and higher logistics' & farm input costs".

*And it's not just becoming a powerhouse soybean producer but of corn as well. It has a system of first-, & second-, corn crops, the former of which is planted in their spring in competition with soybeans for acreage, while the latter is seeded in their fall on land that during their summer had grown soybeans (during which time the plants had 'fixed' nitrogen from the air to the benefit of the next crop), with the former in the past year having yielded 30.3MM tonnes (up 9%YoY) & the latter 73.8MM tonnes (up 31% YoY) (vs.37.4MM tonnes for the **entire** US corn crop).*

THE UGLY SIDE OF POLAND'S BOOMING ECONOMY **(Bloomberg, Rodney Jefferson & Wojciech Moskwa)**

- Poland is booming. At last report its US\$470BN economy was growing at a 5+% annualized rate, twice that of the neighbouring EU countries. New glass office towers join the Warsaw sky line by the month . Young office workers in smart skilly trousers & New Balance runners rip around on the city's new bicycle lanes. A journey in an Italian-built high speed train from Warsaw South to Katowice is like traveling through the French countryside with new high-, & rail-,ways funded by the EU crisscrossing the landscape. And local manufacturers thrive as they feed the German industrial machine next door. But there is an ugly side to this that causes *foreign* investors to worry if it is a safe place to invest in. After 14 years as one of the fastest-growing EU members¹⁵, the right wing, populist Law and Justice party came to power in 2015 as the champion of the Poles 'left behind' by the Western-leaning "elites" that it said, in a nationalistic &

¹⁴ If, as the government expects, the total acreage planted with soybeans will hit 89.5MM acres, up from 88.7MM acres YoY, Brazil's soybean acreage will for the first time ever, edge out that of the US that this year was 88.9MM acres, down from 90.1MM acres YoY.

¹⁵ In the past decade, Poland has had only four quarters of negative growth, one at a time.

xenophobic narrative, had run the country for their own benefit^{16 17} Anti-Semitism has grown rife, & a law passed making it a crime to suggest Poland was in any way responsible for the Holocaust¹⁸ (although it has since been watered down somewhat by making it punishable by fines rather than jail terms.). And afraid that an independent judiciary would counter its 'reforms', last month, *after first calling them obstructionists & communists*, it fired 27 of the country's 72 Supreme Court judges & made it easier to replace its Chief Justice. And it has re-written history by casting Lech Walesa as a "collaborator" & "puppet" of the one-time Communist regime & caters to the Catholic Church, whose political influence has been waxing, by shunning Muslim refugees. According to one prominent businessman the party has mobilized the nationalist forces in the country, saying that in Poland extreme groups have "existed always & were always making noises, but today ... have a real influence on politicians ... they no longer ignore the beast ... but listened to it and gave it a voice." So now the onus is on Poland's allies to bring the country back into line. For it is too important to be allowed to stray into a different orbit (*i.e. back into Russia's*) and France (*that has had sort of a special bond with Poland going back to the days of the French Revolution & Napoleon*) has already suggested linking continued EU financial support to its restoration of democratic norms. And after pouring 229BN Euros into Poland the EU has threatened to sue the Polish government, strip it of its voting rights & curb its financial largesse unless the Law and Justice government repeals some of its jurisdictional overhauls. But the outlook for compromise is bleak; for the President last March compared Poland's membership in the EU to the successive occupations of his country by Russia, Austria & Prussia between 1795 & 1918 when "in faraway capitals they make decisions for us ... and in reality we are working on behalf of others" while the Western-educated, former banker Prime Minister said in a recent Bloomberg interview that the outcry over *Poland's role in the Holocaust* exposed how the Poles are too often vilified, & on June 27th participated in simultaneous press conferences in Warsaw & Jerusalem with Prime Minister Netanyahu, in which they praised the wartime Polish government-in-exile's support for the European Jews (a claim that the Jerusalem-based Yad Vashem World Holocaust Museum wasted no time declaring bogus).

Washington has long viewed Poland as a key player in NATO's military mission & Trump, enamoured by the idea that it spends 1.99% of its GDP on its military, last year during a visit there didn't criticize it's government's authoritarian leanings but hailed Poland as "a bulwark of Western civilization", after it had sucked up to him by floating the idea of giving the US up to US\$2BN to help offset the cost of a permanent military presence on its soil.

¹⁶ And they can point as evidence thereof to Donald Tusk, the Prime Minister of Poland from 2007-2014, & a full-time politician since 1991 (when he was 34) 'jumping ship' to a high profile job as President of the EU Council one year before his government was beaten by the Law & Justice lot.

¹⁷ After 14 years as the fastest-growing of EU member, its GDP per capita is still only 70% of the EU average. And while in 2016 Poland's US\$12,372 was a fraction of Germany's US\$41,936 & well below Italy's US\$30,527, and below that of the Czech Republic (US\$18,266), Slovenia (US\$21,304) & Slovakia (US\$16,466), & almost on a par with Hungary (US\$12,664), all of whom had also joined in 2004, and marginally ahead of Croatia (US\$12,090) that joined in 2013, it was well ahead of Bulgaria (US\$7,350) & Romania (US\$9,474), both of whom had joined in 2007.

¹⁸ And there is a reason for being sensitive in this. For while some Poles were active Nazi helpers in rounding up Jews for the 'transports', so were some Belgians, Dutch & Frenchmen. And President Obama didn't help when, in 2012 at an event honouring a Pole who had helped Jews escape their fate, he referred to the "Polish death camps" (for which he later apologized).

DOJ SUES IVANKA'S EX-BUSINESS PARTNER FOR MASSIVE TAX FRAUD
(Politico, Ben Schreckinger)

- Moshe Lax is the former business partner of Ivanka in her first independent business venture & was the one who introduced her to her now husband, Jared Kushner, and she wrote in her 2010 memoir The Trump Card "My new associate was an entrepreneur through and through ... I admired that about him." He has told at least one associate of his that he had discussed financial strategy with the now President, & although she severed her business relationship with him before getting a job with her father in the White House, he was nevertheless invited to attend the January 2017 Inauguration festivities.

He & his sister now stand accused by the IRS, in the Southern District of New York, of having been involved, with their late father, in a series of "sham transactions" designed to fraudulently evade US\$60MM in tax liabilities & there is a possibility that the President could get dragged into this since Lax once borrowed money from the Trump Organization that, if paid back, the IRS might feel entitled to lay claim to.