

GLEANINGS II - 775
Thursday August 31st, 2018

Quote of the week - "Blessed are the young, for they shall inherit the national debt." - Herbert Hoover, the 31st President of the United States from March 4th. 1929 to March 4th, 1933, in his January 16th, 1933 address to National Republican Congress in Lincoln, Nebraska - *He was proven right : between 1932 & 1940 the US national debt grew 168% from US\$19MM to US\$51MM (& from 33% to 50% of GDP) & by 377%, from US\$908BN to US\$4.065TR (& from 32% to 62% of GDP), during the 12 year Republican Reagan/Bush 41 Presidencies, by 39% (but declined from 62% to 55% of GDP) during the Clinton tenure, almost doubled from US\$5.675TR to US\$10.025TR (& went from 55% to 68% of GDP) during Bush 43's stay in the White House, almost doubled again to US\$19.573TR (& rose from 68% to 104% of GDP) during Obama's eight years,& most recently, during Trump's first 20 months in office went up by nearly 10% to US\$21.478TR (and, while in the FDR & Obama years there was a need for fiscal 'pump priming', in the other time periods deficits were a function of gutless politicians bribing willingly blind taxpayers with their own money, without regard for the longer-term consequences thereof.*

Quote of the week No. 2 - "Every election is a sort of advance auction of stolen goods." - H.L. Mencken (*born in 1880 he was a largely self-taught, cynical, high profile writer & newspaper columnist who spent much of his 75 year life criticizing just about everything in society*).

Alberta's economic outlook took it on the chin on August 30th - For a Federal Court judge overturned the construction permits for the Trans Mountain Pipeline expansion from Alberta to tidewater on the West Coast on the grounds Ottawa hadn't adequately consulted with the First Nations affected & the National Energy Board (that had issued the permits) hadn't considered the matter of *the resultant increase in tanker traffic in Burrard Inlet, the sea arm bisecting the city of Vancouver (on the Southern shore of which its iconic Stanley Park is located) - The former is pure political non-legal correctness (& it is worth noting that the judge who made this ruling had earlier used similar vacuous reasoning to put the kibosh on the Northern Gateway pipeline that would have carried Alberta oil to tidewater at Prince Rupert, BC, & who likely never should have been allowed within a country mile of this case).But she does have a case (although not necessarily a legal one?) on the increased tanker traffic; for a tripling of the throughput of the pipeline will require an eightfold increase in the Alberta oil exported and the water depth in Burrard Inlet is such that it can only handle small-to-medium sized tankers (one of several reasons why having the pipeline addition terminating in Burnaby is pure idiocy).*

Atlanta Fed's GDPNow latest reading ominous for the GOP? - The Second Quarter's annualized GDP growth rate hit 4.1%, up from 2.0% in the First (after being revised downwards from an initial,2.2%), well down from 2.9% in last year's Fourth Quarter (but has since been hiked marginally to 4.2%), causing Trump to boast about how well the economy is doing under his aegis (*ignoring the fact that this was only the first quarterly rate in excess of 3% in his six quarters at the helm whereas President Obama had 8 in his 16 quarter second term*). But the Atlanta Fed's latest GDPNow reading was 4.1%, down from 4.6% one week- & 5.0% three weeks- earlier. And the Commerce Department's initial Third Quarter reading will come out in late October, i.e. well before the November 6th mid-term elections, & could spell trouble for the GOP in the mid-terms if it were to come significantly below 4% if, as many economists believe, the impact on the domestic economy of the Trump tariff hikes is just starting to make itself felt (& *that of the 'tax reform' has begun to wane?*)

China's Yuan Longping - The "father of hybrid rice" & the 2004 winner of the World Food Prize¹, he has long been one of China's most celebrated scientists &, now, at age 88, he is more so than ever to the point he has met 5x with President Xi Jinping; for he has developed a strain of high-yielding rice that can be irrigated with salty water [which, it is expected/(hoped?) will result in much land made unproductive (*by desertification & salinization?*) becoming productive again². This has generated interest in Dubai, where climate-, & soil-, conditions are not conducive to growing staple foods & where a long government food production push has caused a major drop in the level-, & an increase in the salinity-, of its aquifers and where saltwater rice trials this year are said to have produced much higher yields than in the six US states in which it is commercially grown).

Edmonton was for weeks blanketed with smoke - On Tuesday August 14th it was impossible to see high rise buildings four-, five- hundred feet away. And on Saturday morning August 18th the air quality reading was *literally* 'off the scale', i.e. a "very high risk" 11 on the 10 point Air Quality Index scale, threatening the cancellation of a CFL football game. (that went ahead when by early afternoon the reading had dropped to 3). The source of this smoke, that apparently rises in the sky to over 30,000 feet, are the nearly six hundred forest fires burning in British Columbia (almost 4x their number a year earlier), many of them caused by lightning strikes but even more by human activity (albeit not necessarily of a criminal nature). And what helps to start-, & once started to voraciously feed-, these fires is not just a lack of rain & near-record temperatures, but the 18MM hectares/180,000sq.kms of pine forests that have been killed in recent years by a 'mountain pine beetle' infestation (whose destructive efforts were this year reinforced by a 'spruce beetle' one).

Yield spread - Longer bond yields tend for obvious reasons to be higher than those on shorter-dated ones. So it's 'normal' for the yield spread to be positive. But that's not always been the case; for when the Fed tightens monetary policy by raising short-term interest rates, the yields on longer bonds, over which it has no control, don't necessarily follow suit. Thus according to the St. Louis Fed the yield spread (defined as the difference between yield on the ten-, & two-, year UST bonds) during the past four plus decades has ranged from a low of -1.99% in March 1980 to a high of 2.75% in February 2011. And what's more interesting, if not outright useful, is that, as shown below, during the past four decades negative yield spreads have unfailingly heralded each of the five recessions along the way :

Yield spread goes negative	Recession commences
August, 1978	January 1980
September 1980	July 1981
December 1988	July 1990
January 2000	March 2001

¹ That has been awarded 49x since it was introduced in 1986 by the DesMoines IA-based World Food Prize Foundation, incl. 18x to US-, & 7x to Indian-, scientists but only relatively sparingly to those in developed countries (UK - 3x, and Belgium, Denmark, Israel & Switzerland 1 each).

² China has 20+% of the world's population but only 7% of its arable land; so, notionally at least, food security is a big issue for its government. .And last year alone 534,000 hectares was lost to 'construction', while over the years 3.3MM hectares have become "too polluted " to grow crops, another 10MM hectares contaminated with heavy metals (but still used to grow food?) & unknown millions of hectares lost to salinazation and/or desertification,

December 2005 December 2007

The only problem is, as shown above, that the lag time between the spread going negative & the onset of the next recession varies; nevertheless one must wonder if the fact that the yield spread has gone from 2.29% in March 2013, via intermediate highs of 1.72% in July 2015, of 1.32% in December 2016, of 0.98% in July 2017 & of 0.77% last February to at last report 0.12%, might not be a “canary in a coal mine”.

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GREENSPAN’S 1998 ‘OASIS’ WARNING RINGS TRUE TODAY (Reuters, Jamie McGeever)

- Two decades ago, on September 4th, 1998 then Fed Chairman Alan Greenspan warned that “It is just not credible that the United States can remain an oasis of prosperity unaffected by a world that is experiencing greatly increased stress.” The source of the stress then was quite similar to the root of today’s emerging problems : the tightening global financial conditions stemming from rising US interest rates & a stronger US dollar. Thanks to years of near-zero interest rates global debt levels are now the highest on record while, now, as then, the US economy is in the midst of a tech-led boom that has policy makers baffled by its low inflation while US dollar-denominated debt in emerging markets is at record highs. And Turkey’s crisis today is not unlike Russia’s in 1998.
- According to the Basle-based BIS (Bank for International Settlements - *the central bankers’ central bank*) US dollar credit to non-bank borrowers in the emerging markets now is a record US\$3.68TR and, *with the dollar stronger & US interest rates on the rise*, constitute a burden increasingly heavy to bear [the dollar is up 8% in four months, and YTD the yield on the 10-year UST bond up by 50 basis points (*i.e. by one-fifths*) & on the 2-year one by nearly 75 basis points (*i.e. by one-quarter*) to a ten year 2.70% high.

And the dollar is showing no signs (yet) of pausing for breath; in fact, it is believed to continue rising against major-, & developing country-, currencies alike for some time’ and, in many ways most worryingly, early signs of contagion & more investor hedging are emerging. And it isn’t uncommon to equate (like President Trump) a stock market-, with an economic-, boom; thus while in the past decade the S&P 500 has risen by 121.5% (the lion’s share thereof due to the performance of the shares of just five companies), GDP has grown by just 32.4% & the corporate profit base that supposedly drives real stock market performance by 54.5%.

THE LAST CRASH, AND THE NEXT (The Economist)

- This is the title of its review, on page 71 of its August 4th edition, of a 720 page tome by Adam Tooze³ entitled Crashed : How a Decade of Financial Crises Changed the World that documents what led to-, & happened during-, the 2008 Financial Crisis & the Great Recession. Its review’s findings are summed up in its final two paragraphs : “Mr. Tooze ends by comparing events today with those in 1914, when the world sleepwalked into conflict. But arguably it is the interwar period that is the most pertinent parallel. The armistice ended the first war but the tensions that generated the first conflict simmered

³ A 51 year-old Brit with an undergraduate degree from Cambridge & a Ph.D. in Economics from LSE, he now, after stints at Cambridge & Yale, teaches at Columbia University; in 2002 he received the Philip Leverhulme Prize for Modern History & and in 2006 the Wolfson History Prize for his economic study of Hitler’s Third Reich.

and finally exploded once more ... For policymakers, another deadly metaphor is perhaps more appropriate. Central banks brought a global economic heart attack to an end by performing emergency surgery. But the patient has gone back to his old habits of smoking, heavy drinking and gorging on fatty foods. He may be looking healthy now. But the next attack could be even more severe and the medical techniques that worked a decade ago may not be successful a second time” - *One problem then was-, & now remains-, a lack of political leadership; for as Jean-Claude Juncker once said, a decade ago in a EU context, “We all know what to do, we just don’t know how to get re-elected after we’ve done it!”*⁴ (my own perception is that the socio-political-economic situation today may be is more like that in pre-Revolutionary France (when the rulers & 1% beneficiaries were as disregarding of what was happening outside their ‘bubble’ as they seem to be today).

‘\$1MILLION PRICE DROP!’ - MANHATTAN LISTINGS SHOW DESPERATION (Bloomberg, Oshrat Carmiel)

- The days when Manhattan homes practically sold themselves are over. Now, buyers fearful of overpaying are on-, and sellers & their brokers are looking for ways to coax them off- the sidelines. Thus Kimberly Jay of Douglas Elliman Real Estate touted a Greenwich Village four storey townhome now listed at US\$4.99MM with “Over \$1Million Dollar Price Drop! Originally listed at \$6Million! Rare opportunity!”

And the article references two such pricey properties that have been on the market for 158 & 287 days respectively without getting serious buyer interest) - This may be more than just “a small cloud like a man’s hand on yonder horizon ...” (1 Kings 18: 44); for as recently as last January 18th the New York Post breathlessly carried a headline that “Foreign investors are still snatching up NYC real estate”. And this upscale market segment is one in which affordability & mortgage eligibility is seldom, if ever, an issue and that, like those in other ‘world class cities’, was until recently driven by relatively price-insensitive foreign buyers.

CANADA TO RESTRICT USE OF TWO PESTICIDES (G&M, Eric Atkins)

- Health Canada announced on August 15th it will ban most outdoor uses of clothianidin & thiamethoxam over three to five years because “harmful levels“ thereof in Canada’s rivers & streams are affecting a range of aquatic insects that are important food sources for birds & fish (*never mind that they also have been blamed for the calamitously spreading ‘bee colony collapse disorder’ - and bees play a pivotal role in the pollination of many food crops*). The Director-General of its Pest Management Regulatory Agency (PMRA) says the phase-out will *only* begin after a consultation period next year & that, while most uses of the chemicals will end within the three-year period, a longer time frame may be needed to give growers time to find replacements. Ottawa previously announced the phase-out of a related product, imidacloprid that, like the other two pesticides, is in a class known as neonicotinoids that are widely used in producing canola, soy beans & other field crops, as well as sod, ornamental flowers & vegetables. They are called ‘systemic’ because they become part of the plants & make them toxic to bees & other insects, are slow to break down in the soil & end up washing into water

⁴ Now age 63, he knows whereof he speaks; for he has never had a real job in his life & is the epitome of a professional politician. After graduation from the University of Strassbourg at age 25, he went into politics & has never looked back, was Minister of Finance and/or Prime Minister of Luxemburg for 24 years & since 2014 has been President of the EU Council, its executive branch.

bodies. According to Tibor Szabo, who raises bees & sits on the Board of the Ontario Beekeepers' Association, the chemical companies are constantly developing & marketing new systemic pesticides that are just as lethal as the ones being banned (& that tend to be approved for use with little research as to their long-term effects (as confirmed by the PMRA boss when he noted "Any registered pesticide is considered acceptable for use until we undertake ... a re-evaluation every 15 years or until we have information that would lead us to initiate a special review for reasons of risk).

When a company seeks to 'register' a new chemical product, the PMRA has 75 days to accept, or deny, the request and, if it does not deny it, it is automatically accepted without scope for appeal (& like most government agencies, the PMRA bureaucratic mindset cannot deal with anything within such a short time line). This lackadaisical, 'lock-the-barn-door-after-the-horse-has bolted' attitude serves the chemical industries' interests, but not so those of end users & the environment since for the companies 'registration' is quick & easy and pre-approval testing time consuming & costly. So consumers may have been ingesting harmful chemicals for years, if not decades before they are found to have harmful side-effects for humans and/or the environment (by which time a significant presence thereof may have built up in the food chain, environment or human bodies).

NETANYAHU'S WIFE BRIBERY 'SUSPECT, COURT HEARS (Jerusalem Post, Gil Hoffman)

- On August 31st a senior police official told the Tel Aviv's Magistrate's Court she is suspected of bribery in Case 4000⁵ (aka the Bezeq-Walla Affair⁶) & it was later leaked their son Yair⁷ is also a suspect. The police is investigating if the two acted as Netanyahu's emissaries to Shaul Elovitch (who controls both Bezeq & Walla) & his wife, and Walla Director-General Ilan Yehoshua, to persuade them to have Walla favour the Prime Minister. In a statement the Netanyahu family said "Kaya (the Netanyahu family dog) had the good fortune to pass away before she, too, would have been added to the circle of those suspected of bribery ... There is no limit to the absurdity. But in any case, the coverage of the Prime Minister on Walla News was and remains considerably negative." (Sounds familiar?)

While Sarah & Yair may be 'collateral damage' in the Prime Minister-targeting Case 4000, Sarah is already under indictment for NS360,000 (US\$100,000+) of public money she allegedly misspent in the "Prepared Food Affair", with her trial scheduled for next month. And last June the Jerusalem Post reported that Attorney-General Avichai Mandelblit will likely indict Netanyahu for bribery in Case 4000 while on August 30th Channel 1 predicted that the Case 4000 matter will be turned over to the Attorney-General within six months, with any trial delayed until late next year (i.e. until after the next General Election?)

SAUDI KING TIPPED THE SCALE AGAINST ARAMCO IPO PLANS (Reuters)

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- ⁵ That is all about Netanyahu himself having ordered preferential treatment for Bezeq in exchange for *more* positive media coverage by Walla outlets.
 - ⁶ Bezeq is Israel's largest telecom & Walla its leading Internet portal; both are controlled by Shaul Elovitch (who is up to his ass in fraud allegation alligators).
 - ⁷ Now in his mid-to-late 20's, he once had ambitions to be an actor, spent his mandatory military service in a cushy job in the IDF press office; now is leading a drone's hedonistic existence, living the 'good life' & making little, if any, contribution to the country's wellbeing.

- The King spoke & *Crown Prince Mohammed's* US\$2TR (£1.55TR) IPO dream went up in smoke. For two years he had been preparing to sell up to 5% of the Saudi national oil company to third party investors for a targeted US\$100BN (*a price that by all accounts was a pipedream*), as a cornerstone of, & *to help fund*, his Vision 2030 overhaul of the national economy (*to reduce its overdependence on oil & the revenue thereof*). But according to three sources with ties to government insiders, after the King met during Ramadan (May 16th to June 14th) with family members, bankers & senior oil executives (incl. a former Aramco CEO), who told him that, far from helping the Kingdom, an IPO would undermine it, the King pulled the plug on it &, as one source puts it, "Whenever he says 'no', there is no budging." The shelving of the IPO is a major blow to the Crown Prince & suggests that, favourite son or not, the King is intent on keeping him in check.
- Upon becoming Deputy Crown Prince (after his father became King) as well as Defense Minister & Chief of the Royal Family, Mohammed launched the war in Yemen (as part of a more assertive stance towards Iran), initiated a diplomatic & trade boycott of Qatar, assumed control of a new economic council that tightened state spending (*that made many Saudis unhappy*), sought to grow the private sector & attract more foreign investment, and pushed through high profile social reforms that included opening cinemas & ending the ban on women driving (*that did not go over well with the country's arch-conservative religious establishment*). But after last year he gave the impression that Riyadh endorsed Trump's still highly nebulous Middle East peace plan incl. the recognition of Jerusalem as Israel's capital, the King publicly corrected him &, following an uproar in the Islamic world, at last April's Arab League Summit Mohammed *ate crow* & reaffirmed Riyadh's commitment to the Arab/Muslim identity of Jerusalem.
- Inside sources say that, while the King's decision was a blow to Mohammed, he remains his father's favourite son & heir with a major influence on policy; the King merely wanted to remind him that it's he who remains in charge during the foreseeable future. And, according to James Dorsey, a Senior Fellow at Singapore's S. Rajaratnam School of International Studies "I am not sure that I would see it as an undermining of the rule of the crown prince. It's much more likely ensuring that he doesn't go off the deep end."

Dorsey is likely too timid. Mohammed became Crown Prince by his father throwing not just one, but two, other, more senior & qualified members from other branches of the Royal Family under the bus. And this is about the fourth time this year alone that he has been publicly overruled by his father & reminded he doesn't have untrammelled powers; so he will be less well-positioned for the succession fight likely to erupt within the Royal Family when (& not if) his now 82 year-old father goes to Paradise. And to be truthful, nothing Mohammed has turned his hand to since he becoming Deputy Crown Prince has worked out very well : the Yemen War has cost a fortune (an estimated US\$200BN) that the Family Treasury could ill afford & is still ongoing, and has been a PR nightmare⁸, the Qatar boycott has been an unmitigated disaster & helped to drive it closer into the arms of Iran, he has been on the wrong side of the war in Syria, his attempt to interfere with the internal affairs of Lebanon was a flop & he has made some powerful enemies in the country's religious establishment and among Family members, former Ministers, businessmen & media moguls whom he last year kept locked up in the Riyadh Ritz-Carlton

⁸ Most recently on August 9th when a Saudi warplane used a Lockheed-Martin-supplied guided missile to blow a bus to smithereens that was carrying children aged 6-11 on a school outing, killing 40-, & & injuring 79 more, (fragments found at the scene suggested the missile was part of the US\$115BN in weaponry sold to Saudi Arabia by the Obama Administration (a program continued by Trump, with whom Crown Prince Mohammed is said to have "close ties").

Hotel until they parted with some of their (ill-begotten?) wealth. So the odds on him becoming King likely have gotten longer. Meanwhile the Western-dominated global investment banking community is crying in its beer at the loss of hundreds of millions of dollars in fee income from the Aramco IPO.

QATAR PLEDGES US\$15BN TO TURKEY AS LIRA RALLIES (Reuters, Daren Butler et. al.)

- Early last month Washington imposed sanctions on two top officials in President Erdogan's cabinet in an attempt to get him to free Andrew Brunson, a US pastor *who has been in a Turkish jail for some time*, accused of involvement in the coup attempt two years ago that almost overthrew President Erdogan, & *could have cost him his life* Then in the week to Sunday August 12th President Trump doubled the tariffs on Turkish metal imports into the US, prompting it to say it won't bow to threats & to raise tariffs on US cars, alcohol & tobacco, a move the White House called 'a step in the wrong direction'. Then on August 15th Washington ruled out removing the steel tariffs that have contributed to a currency crisis in Turkey unless Ankara freed Pastor Brunson. But while the White House seems to expect Ankara can be made to release the pastor, President Erdogan's stubbornness got a shot in the arm from Qatar's Emir who, after they met in Ankara, approved a US\$15BN package of economic support for the Turkish economy.
- And, while White House Press Secretary Sarah Huckabee Sanders told the media "The tariffs ... on steel will not be removed with the release of Pastor Brunson ... they are specific to national security", according to Foreign Minister Mevlut Cavosuglu Turkey is ready to discuss its issues with the United States as long as there are no threats. And elsewhere there was optimism about better relations with the EU after a Turkish court released two Greek soldiers and Minister Cavosuglu said ties with the bloc, that have been strained for years, were on a firmer basis & "had started normalizing".

Qatar's move was not unexpected; this was, in part at least, 'payback' for Turkey helping Qatar cope with the Saudi blockade. This, & the fact that Turkey's central bank has squeezed liquidity out of the system to the point that interest rates have gone from 8% to 18% have helped the Turkish lira, that had cratered from US\$0.21 on July 21st to US\$0.14 on August 13^h stabilize in the US\$0.15-0.17 range since (& in foreign eyes make Trump look like more of a "paper tiger?").

MOSCOW PLANS MAJOR EXERCISES NEAR SYRIA (Daily Telegraph, Raf Sanchez)

- On August 30th the Russian Defense Ministry announced, & Putin spokesman Dmitry Peskov put the official stamp of approval on, plans to conduct a major, five day, 25 ship naval exercise in the Eastern Mediterranean off the coast of Syria at the very time the UN said a "perfect storm" is brewing in the Assad regime's plans to regain control of Idlib Province, the last remaining rebel stronghold in the country.

Idlib is less than 100kms inland, & inshore from Latikia Province, the homeland of Assad's Alalwite Shiite Muslim co-religionists. The timing is no coincidence; for the Russian fleet's Kalibr surface vessel-, or submarine-, launched Cruise missiles have plenty range to reach ground targets deep inside Syria from well offshore. And after John Bolton, the super 'hawk' who is Trump's National Security Adviser, warned that the US would respond "very strongly" to the Assad regime using chemical weapons in Idlib Province (a function of the fact that if he didn't Bolton's hard right soul mates would accuse Trump of being "soft" on Russia), prompting the Russian Defense Ministry to come up with a (cock & bull?) story that it has evidence the jihadists in Idlib Province have plans to stage a chemical attack to trick the US into carrying out strikes against the Assad regime. Meanwhile, Israel doesn't like Assad having "Iranian troops"

(Iraqi-, Afghan-, & Syrian mercenaries paid by Iran), to do most of his fighting for him and Ankara is worried that any action by the Assad regime's action in Idlib will result in millions more refugees fleeing across the border to a safe haven in its country (the province's population has more than doubled by the flow of refugees from other "liberated regions", incl. a significant number of jihadists?) & has Turkish army personnel at stationed at "observation posts" in the province. Meanwhile Putin keeps meeting serious resistance to his pension plan proposals to raise retirements ages (& losing popularity in the process), making it that much more important for him to stir up trouble abroad, (which may help explain why Sergei Shoigu, his Defense Minister, has just announced that this fall's East-2018 war games in Central & Eastern Russia will involve 300,000 troops, 1,000+ aircraft, two of Russia's fleets & all its airborne units, as well as Chinese & Mongolian units, thereby making it the largest of its kind since the Soviet Unions's West-81 equivalent almost four decades ago.

ARGENTINA RIASES RATE TO 60% (Bloomberg, Carolina Millan)

- Its peso has lost more than half its value this year. And its currency crisis deepened on August 30th, the day after President Macri shocked the nation by appealing to the IMF for quicker payouts from the US\$50BN loan agreed to last June, the biggest in the country's history, when the central bank, as an 'emergency interest measure, increased its benchmark rate *from 45% to 60%* (which did, however, fail to stop investors from getting their money out of the country as fast as possible while they still could.

And it is not alone among emerging market economy countries to have currency problems. While the Turkish situation has been in the headlines, currencies from Mexico to South Africa are also been under pressure & Brazil's central bank has been shoring up its currency, the real, by swap transactions. And in Argentina' it will be a real test of President Macri who came to power late last year after more than a decade of budget-busting populism, by promising a smooth transition to a more market-friendly-, & fiscally responsible-, way of doing things.

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TRUMP SPEAKS ABOUT AFRICA AGAIN, AND MANY CRINGE (AP, Cara Anna)

- He rarely turns his attention to Africa and his recent tweet he had instructed his Secretary of State to to "closely study" alleged land seizures from white farmers in South Africa, *still* a racially divisive issue almost a quarter century after the end of apartheid, was only the second time he has done so (the first time came earlier this year when he compared African countries to filthy toilets &, just as that had prompted their outraged governments to summon the US ambassadors in their countries to protest, in this case too the South African government demanded that the US Embassy clarify his remarks (he has yet to nominate someone to be the US ambassador in South Africa). And he has long had a negative attitude towards Africa : thus in December 2013 he tweeted "I really like Nelson Mandela but South Africa is a crime ridden mess that is just waiting to explode - not a good situation for the people" & in 2014, after an Ebola outbreak had killed over 10,000 people in West Africa, "Why are we sending thousands of ill-trained solduiers into Ebola infested areas of Africa! Bring the plague back to U.S.?" In sharp contrast, only days earlier First Lady Melania Trump had taken a very different approach, announcing that in her first big solo international trip in October she would be visiting several African countries & that she was looking forward to learning about the issues children face *there* and Africa's history & culture. Some observers say Trump is using his latest African comments (*as a cheap way?*) to deflect attention from his

sprawling legal troubles at home; thus Patrick Gaspard⁹, a former US Ambassador to South Africa said “The President ... needs political distractions to turn our gaze from his criminal cabal, and so he is attacking South Africa with the disproven racial myth of ‘large scale killings of farmers ... This man ... has no discernible Africa policy.”

While there is an element of truth in both Trump’s & Gaspard’s comments, both are well ‘over the top’. And the West as a whole made, & continues to make, a long-term strategic mistake by ignoring Africa the way it has, for the continent a) is chock a block with natural resources & b) over the next three decades will account for something like half the growth in the world’s population, thereby leaving a vacuum that China has been only too happy to fill (with Africans learning the hard way that Chinese investments can be a ‘poison pill’ & that yesteryear’s “Ugly American” could not hold a candle to today’s “Ugly Chinese”).

WORLD’S BIGGEST SHIPPING FIRM TO TEST RUSSIAN ARCTIC ROUTE **(AP, Jan M. Olsen)**

- The Danish ocean shipping group A.P. Moller-Maersk said on August 23rd it will send the Venta Maersk, an “ice class” container vessel, on a trial journey from East Asia to Europe via the Russian Arctic (something now possible due to the *climate change-driven* melting of the Arctic sea ice). It will leave the Russian Pacific port city of Vladivostok on September 1st with a load of frozen fish & travel along a route coordinated with the Russian authorities, after careful consideration of ice conditions & available ice breaker assistance, and arrive at the Russian *Baltic Sea* port of St. Petersburg by month’s end. This, what it calls “Northern Sea Route”, will reduce the 21,000 kms/13,000 mile trip from East Asia to Europe via the Suez Canal by 39% to 12,800 kms/8,000 miles, and cut the travel time between two ports by 10-15 days. Nevertheless, Janina von Spalding, a Maersk spokeswoman, warns that “Currently we don’t see the Northern Sea Route as a commercial alternative to our existing *Suez Canal-based* network, which is defined by our customers’ demand, trading patterns and population centres.”

Of interest to Canada is the fact that, according to Maersk, for moving goods from East Asia to Europe the Northern Sea Route is shorter-, & will be sooner ice-free-, than the Northwest Passage Route through the Canadian Arctic (& either way, the lower cost-, & greater speed-, of moving goods by sea from East Asia to Europe through the Arctic will make East Asia-produced goods more competitive in Europe (and undermine the viability of President Xi’s much-vaunted “Silk Road” rail link between China & Western Europe).

⁹ Now age 51, he was born in the Democratic Republic of Congo to Haitian parents & came to the US with them as a three year-old. After attending Columbia University he became a union leader & a Democratic Party insider, served as US Ambassador to South Africa from 2013 to 2016 and now is President of the New York-based Open Societies Foundation (that was founded by George Soros in 1993 with a US\$20BN endowment to promote civil society-, & healthcare infrastructure-, development across the world and, since 1993, has spent US\$11BN doing so).