

GLEANINGS II - 779
Thursday September 27th, 2018

New world record? - On September 21st the Arizona Democrats ran an ad in which six of the nine siblings of District 4 Rep. Paul Gosar told people in the district **not** to vote for their brother but to vote for his Democrat opponent, a medical doctor & businessman, Dr. David Brill. Gosar was first elected in 2010, beating a five-term Democrat by just a 49.7% plurality. He is a *hard core* Tea Party type endorsed by the NRA with a 92% rating &, when he first ran, by Sarah Palin & Sheriff Joe Arpaio. Last year he told Vice News¹ the white supremacist rally in Charlottesville VA had been “created by the left” & last February that FBI & DoJ officials should face “treason” charges, and last summer spoke at a London rally for Tommy Robinson², a notorious anti-Muslim Brit - *But it may take a serious ‘blue wave’ for Brill to beat him ; for District 4 is ‘deep-red’, in 2016 Gosar had 71.5% voter support & recently had raised US\$422,000 vs. Brill’s US\$128,000 (plus US\$85,000 of his own money), and the GOP has a 26% voter registration advantage over the Democrats.*

Trump laughed at by world leaders - This occurred during his September 25th address to the UN General Assembly when he trotted out his campaign rally claim that “My administration has accomplished more ... than almost any administration in the history of our country” - *While at his rallies back home his base unquestioningly applauds & cheers, the better-informed foreign leaders just laughed, illustrating how the US stature among them has eroded.* And as Scott Gilmore wrote in Canada’s Maclean’s magazine, “A year ago Trump stood at the same podium and spoke to the same crowd and they watched him with rapt attention ... it is easy to see how quickly power and respect can slip away ... He can’t bully his own party into building his wall ... When he tries to kill an international agreement ... his own staff thwarts him ... And when they don’t, as is the case with the Iran deal, other nations simply carry on without the United States.”

US vehicle sales - After hitting an all-time high 21.1MM annualized rate in July 2005, they cratered to 9.2MM in February 2009 but recovered to 18.5MM last September - *But since they have eased off to 17.2MM. This is attributed to the higher interest rates taking their toll [a similar trend is evident in both new-, & existing-, home sales, thereby suggesting a malaise in two key sectors of consumer demand (that accounts for two-thirds of GDP)]; in this context it’s relevant that on September 26th the Fed increased the Fed Fund rate by 0.25% to the 2.00-2.25% range, its eighth such 0.25% hike since December 2015, & projected one more such hike this year & three more in 2019, and observed that the rate “likely would remain” above what it calls the long-term “neutral rate” (i.e. one that is neither restrictive nor stimulative). Small wonder President Trump said he was “not happy” with this (although he did like the Fed’s forecast that the economy would grow by 3.1% this year, which, while well short of his ballyhooed 4% would nevertheless be the first time in 13 years that it has exceeded 3%). And, according to one market observer “Monetary policy is ... more restrictive than investors are giving credit³ ... The S&P 500 is giving investors and the Federal Reserve a false sense of security”.*

¹ A NYC-based media outlet with the slogan “Created by and for a connected generation”.

² Who recently told Sky News that he doesn’t care whether his anti-Muslim message “incites fear” of Muslims as long as it “prevents children from getting raped” & that “If I believe that I am morally right , then I’m not bothered about what your law says.”

³ Especially so since besides raising rates the Fed has also begun to downsize its balance sheet (which is still nearly 5x its size of a decade ago) at the very time the US Treasury’s borrowing needs are rising, in

US ECONOMY KEEPS GROWING, EVEN WITH RISING OIL PRICES (AP, David Koenig)

- The CW long held that rising oil prices hurt the *US* economy by making consumers pay more to drive their cars & heat their homes. But during the Second Quarter the *US* economy grew at its fastest rate in four years even though WTI rose by 9%. America's growing *shale* oil production, that has cut US oil imports from 10MM-, to 6MM-, bbl/d, is shaking up such shibboleths; thus while oil prices rose 40% in the past year & according to the AAA gasoline prices went up 9% YoY to US\$2.84, *US GDP still grew at a 2% annual rate*. But President Trump is so worried about the price of oil ahead of the mid-term elections to tweet on September 20th "We protect the countries of the Middle East, they would not be safe for very long without us, and yet they continue to push for higher and higher oil prices. We will remember ... OPEC monopoly must get prices down!"
- The weakening link between oil prices & the *US* economy was demonstrated three years ago when, while plunging oil prices were expected to boost the *US* economy, GDP growth actually slowed as oil prices slipped. This has prompted a dispute among economists on the impact of oil prices on the *US* economy, with Rice University researcher Michael Maher, a former ExxonMobil economist, saying "Because the *US* is now producing so much more oil than it used to⁴, (a higher oil price) has not as big an impact as it would have been 20 years ago, or 10 years ago", while Philip Verleger says "Higher oil prices are unambiguously bad for the *US* economy ... They force consumers to divert ... income from ... other items to spending on fuels" &, while *direct* spending on energy accounts for only 3% of consumer spending, the other 97% "causes losses for those who sell autos, restaurants, airlines, resorts and all parts of the economy."
- When oil prices tumbled in mid-2014, *US* producers cut drilling & thousands of jobs, and spent less on rigs, steel pipe & rail cars to ship crude to refineries, thus softening the bounce economists had expected from the cheaper oil, whereas today, with oil prices rising, the higher *US* oil output has led to an economic stimulus that's offsetting some of the blow on consumers from higher oil prices. And while Moody's Analytics estimates that every penny hike in the gas price at the pump cuts consumer spending by US\$1BN a year (& according to the AAA it is up 24 cents YoY, making it a "clear-cut negative"), according to Ryan Sweet, Director of Real-Time Economics at Moody's it is not deeply damaging since consumers 'can absorb that' & the higher investment by the industry has been "a small but net positive " for the economy, although "That could change if we get up to \$3.50, \$4".

Verleger owns the Denver CO-based Philip Verleger LLC oil advisory firm, publishes the Petroleum Economics Monthly that is widely read by industry insiders & is a "Big Speaker" on the industry circuit. He got a Ph.D. from MIT in 1971 & has worked, among others, at the Ford Foundation, President Ford's Council of Economic Advisers, Carter's US Treasury, Wall Street's Drexel Burnham, has taught at Yale & the University of Calgary, and been affiliated with the Peterson Institute for International Economics. But now he may be stuck in a 'time warp'.

part due to Trump's tax 'reform', which ironically, to the extent it leads to higher long-term bond yields, would alleviate the yield curve flattening that is disconcerting economists.

⁴ Russia is producing oil at 11.21MM-, the US at 11.0MM- & Saudi Arabia at 10.2MM-, bbl/d rates.

OPEC REBUFFS TRUMP'S CALL FOR MORE OIL (Reuters, Rania el Gamal et. al)

- Brent oil hit US\$80 this month, causing President Trump to emit the September 20th tweet quoted above But three days later Saudi Arabia (& Russia) ruled out any immediate hike in oil output, rebuffing at an OPEC & non-OPEC Energy Ministers meeting in Algiers President Trump's call for *price* action to cool the market.

*This caused Brent oil to jump 3% to a 4-year high US\$80+, with Gene McGillian, the Director of Marketing Research at Stanford CN-based Tradition Energy noting "The market's still driven by concerns about Iranian and Venezuelan supply" & BNP Paribas oil strategist Harry Tchilinguirian that "It is now increasingly evident that in the face of producers reluctant to raise output, the market will be confronted with supply gaps in the next three-six months that it will need to resolve through higher oil prices." This is interesting for four reasons. The primary cause of the higher oil prices is the decline in oil exports prompted by the fresh US sanctions on Iran (whose oil exports are down 50+% since last May & in the first half of August alone were down 600,000 bbl/d MoM). While it made sense to talk about an OPEC "monopoly" in 1973 when it accounted to 50+% of global oil output (& was instrumental in the price of oil quintupling in seven years), it's less so today when its market share is 34%. It demonstrates how under Trump's aegis the clout of the US in international affairs has slipped (as was also demonstrated this week in the UN General Assembly when, as he exaggerated his Administration's achievements, as he is wont to do in campaign rallies when his base supporters dutifully cheer & applaud, many national leaders unexpectedly burst out laughing). And finally Tehran & Moscow in effect threw President Trump's assertion in his UN speech that "I honor the right of every nation in this room to pursue its customs, beliefs and traditions" back in his face; for whatever he may want, their governments for fiscal reasons **need** higher oil prices.*

KAVANAUGH'S 'CHOIR BOY' IMAGE IN FOX INTERVIEW TROUBLES FORMER YALE CLASS MATES (WP, Aaron C. Davis et. al)

- Liz Swisher, a Democrat & now Chief of gynecologic oncology at the University of Washington School of Medicine, who describes herself as a friend of Kavanaugh in college, was shocked when he strongly denied drinking to the point of blackouts, saying that "Brett was a sloppy drinker and I know because I drank with him ... He ended up slurring his words ... There is no medical way I can say that he was blacked out ... But it's not credible for him to say that he had no memory lapses in the nights he drank to excess." And Lynne Brookes, a Republican & former pharmaceutical executive⁵, who, like Swisher, was a college roommate of one of the two women now accusing Kavanaugh of misconduct, said his comments on Fox did not match the class mate she remembers, saying "He's trying to paint himself as some kind of choir boy ... You can't lie your way into the Supreme Court, and with that statement out, he's gone too far. It's all about the integrity of that institution."
- On the other hand, according to Tom Kane, a friend who met Kavanaugh when both entered Georgetown Prep⁶ in 1979, "Drinking was prevalent in highschool, but some

⁵ Who on CNN's September 27th Chris Cuomo's show, the evening after the Ford Blasey/ Kavanaugh hearings, out-and-out accused him of lying under oath (while conceding, in response to a question by Cuomo, that Kavanaugh had a meritorious track record as a judge) and also recalled how at one party Kavanaugh & Dudley had thought it a great idea to, & did, barge into a room to which another male had retired with a girl.(who had been "petrified" by that turn of events)

⁶ A pricey place to get your kid educated; for today the annual cost of doing so is in the US\$60,000 range for 'boarders' & about US\$37,000 for 'day students'.

guys handled it better than others, and Brett always maintained his composure ... He was not a stumbling drunk. He was never all that interested in getting wasted.”⁷ And Chris Dudley who played basketball while at Yale with Kavanaugh & went on to a 16-year career in the NBA and, in 2010, to being a GOP candidate in the Oregon governorship race and who *is the same age as Kavanaugh* & calls a great friend who is being unfairly treated, went on record as saying “I went out with him all the time. He never blacked out. Never even close to blacked out ... There was drinking, and there was alcohol. Brett drank, and I drank. Did he get inebriated sometimes? Yes. Did I? Yes. Just like every college kid in America.”

If Kavanaugh were to make Fox News-like comments under oath, that ought to pre-empt him in principle from getting on the Supreme Court; for as Julius Caesar observed in 62 B.C. “my wife ought not even be under suspicion”. And as far as their September 27th appearances before the Senate Judiciary Committee is concerned (in which the Senate Republicans must have been disappointed with their hire of the Arizona sexual abuse prosecutor since she appeared quite respectful of-, & almost sympathetic to-, Christine Blasey Ford & should be ashamed of themselves for the easy questions they lobbed at Brett Kavanaugh), the New York Times Editorial Board’s summation of the hearing was “What a study in contrasts : where Christine Blasey Ford was calm & dignified, Brett Kavanaugh was volatile & belligerent; where she was eager to respond fully to every question, and kept worrying whether she was being “helpful” enough, he was openly contemptuous of several senators; most important, where she was credible and unshakable at every point of her testimony, he was at some points evasive and some of his answers strained credibility.” (seemingly having taken a page out of the Trump deny & attack playbook).

U.S. FARMERS WORRY GOVERNMENT AID WON’T BE ENOUGH (AP, Juliet Linderman)

- Farmers across the nation will soon start getting cheques from Washington to offset the financial strain on them from President Trump’s trade dispute with China. But many say US\$12BN, roughly US\$15,000 per farmer, isn’t enough. And while support for him is (*said to be*) unwavering in the heartland, some farmers say this may affect their vote in the midterms. Corn farmers will get the smallest payout, one cent per bushel, say US\$1.50 per acre (while they say they’ve lost 44 cents per bushel), & soybean growers the biggest, US\$1.65 per bushel/\$82.50 per acre (while the price of soybeans has declined US\$1.90 per bushel/US\$95 per acre in the past six months; for China used to buy 60% of their crop).

Independent-, women’s & even some party stalwart GOP supporters may be suffering a form of Chinese water torture (when prisoners were tied down & water dripped one drop at a time on the same spot of their heads until they went crazy with what came to feel like hammering).

AMERICAN HOUSEHOLD WEALTH HITS NEW RECORD (AP, Christopher Rugaber)

- The day after both the DJIA & the S&P 500 hit new all-time highs the Fed reported that in the Second Quarter US household wealth had risen to a net US\$106.9TR , up 2.1% QoQ, with US\$800BN thereof coming from stock-, & mutual fund-, portfolios &

⁷ The latter is a very carefully worded observation : I too have never been “all that interested in getting wasted” but that doesn’t mean I have never been drunk to the point of being wasted; in fact, I can still remember several times that this was the case.

US\$600BN from higher home values. Most of this, however, benefitted the affluent; for the richest 10% of Americans now own 84% of all stocks, up from 81% before the Great Recession. This concerns some economists who see it as not good for the economy; for when lower-, & middle-, income people don't share in the overall prosperity, many take on more debt *to maintain their standard of living*. And while in theory greater household wealth speeds up economic growth by making consumers feel richer & more likely to spend, economists have found that *US* consumers are spending less of their wealth than before the recession; according to the Commerce Department their savings rate has been in the 7% range (*compared to 4½% prior to 2008*) even as the stock market set new highs & average home prices grew faster than their wages, suggesting that many remain cautious. And another reason that growth in the nation's net worth hasn't accelerated consumer spending more is that richer households spend less of their greater wealth than those with more modest incomes (*according to economic theory with wealth comes "lower propensity to consume"*).

MILLIONS IN US MULL USING HOME EQUITY TO PAY BILLS (Bloomberg)

- According to a September 19th Bankrate.com report, as wages stagnate millions of Americans (incl. 24MM home owners) believe using home equity loans to pay for day-to-day expenses is OK [with cash-strapped millennials, low earners (almost one in three of those earning < US\$30,000) & the less *well*-educated the most likely to think so].

This came from a study by the German-owned GfK research firm of a national sample of 1,000 American adults, incl. 719 home owners, from September 7-9. But a sample this size nationwide may be too small for such broad generalizations on; on the other hand, such grass roots' findings are an interesting contrast to the world view of the ivory tower denizens who (mistakenly?) see the stock market as a proxy for the real economy.

GOP's LEAST WORST OPTION IS IF KAVANAUGH WITHDRAWS - AND SOON (FiveThirtyEight, Nate Silver)

- Even before the two/*now three* sexual assault allegations Brett Kavanaugh never was a popular Supreme Court nominee, & never before has anyone this unpopular been confirmed to the Supreme Court [the only ones this unpopular either had their names withdrawn [Harriet Miers (*another Bush 43 White House alum*)] in 2005 or lost confirmation (Robert Bork in 1987 *thereby causing President Reagan to nominate the subsequent 'swing voting Anthony Kennedy whose retirement created the vacancy that President Trump is now trying to fill with a more solidly conservative justice young enough to change the Court's left-right balance for years, if not decades, to come.*)].
- Trump & the GOP are not afraid to take unpopular action in the pursuit of ideological goals; thus last year they did so in the case of Obamacare repeal & tax reform, and the Supreme Court is at least as much as a priority for them. But there are several other *possible* conservative nominees to replace Kavanaugh, and Trump & McConnell have better options than to roll the dice with him. But the midterms are only six weeks away & by our reckoning there is now a one in three chance that the GOP will lose the Senate *as well as the House*. So the question is whether they could get someone else confirmed in the time remaining until the mid-terms (or during the 'lame duck' period thereafter until the 116th Congress convenes on January 3rd). The answer ranges from 'possibly' to 'probably' but the timing is becoming dicier by the day since the current eight members of the Court took between 50 (Ruth Ginsberg in 1993)-, & 99 (Anthony Kennedy in 1988)-, days to get confirmed & *there are only 40 days left till the midterms.*

Regardless of the decision arrived at by Judiciary Committee headed by the octogenarian Sen. Chuck Grassley (R-IA) - whose position in the Kavanaugh case is diametrically opposed to that he took in the Anita Hill case in 1991, when the Democrats controlled the Committee, the 'rubber will only hit the road' when all Senators must vote on Judge Kavanaugh's candidacy (which may be weighed in his favour since the average age of the other 42 male GOP senators is 63 years (with there being 11 over age 70 & 15 under age 60 among them). And the pressure is said to be building on the five GOP Senators⁸ who may decide to cast their vote on 'public interest' grounds rather than along party lines (only two of whom would suffice to stop the Kavanaugh cavalcade dead in its tracks). Of those five 84 year-old Sen. Orrin Hatch (R-UT) has made it clear his mind has been made up no matter what, while the other two GOP Senate retirees, Tennessee's Bob Corker⁹ & Arizona's Jeff Flake¹⁰. needn't worry about party discipline (& in the past have not always seen eye-to-eye with Trump) & the remaining two, Sen. Susan Collins (R-ME) & Lisa Murkowski (R-AK), have so far displayed more empathy for Christine Blasey-Ford's story than some of their, often 'long in the tooth', white GOP colleagues. This reminds one a bit of Watergate that, while initially reported as a mere break-in, with passage of time & much stonewalling by the White House & those directly involved, snowballed into a major political scandal that engulfed many & led to President Nixon's downfall, except that in this case the avalanche seems to have gathered momentum much faster. And things might well have been much better for Judge Kavanaugh if he had just reacted along the lines of "I drank too much during my high school & university years and cannot remember all I may have, or may not have, done ... if, in consequence I offended, or neglectfully hurt any member of the opposite sex physically or emotionally, all I can do now is to offer them my heart-felt apologies & hope they have the inner strength to forgive me", he would have saved himself, & his family much pain, whereas now, despite-, or possibly because-, all the stone walling, this will be a stain on his escutcheon for the rest of his life whether he is confirmed or not.

'UNCOMFORTABLY HIGH' INFLATION POINTS TO A RATE HIKE SOON **(CP, Andy Blatchford)**

- August's annual inflation rate slipped to 2.8% YoY, from 3% in July (*the highest reading in seven years & at the top end of the Bank of Canada's 1-3% target range*), according to StatsCan due to more moderate growth in gasoline prices. But the Bank of Canada bases its interest rate decisions on three *other* measures of underlying inflation (which strip out more volatile items like gasoline prices). And in August all three had kept creeping up to an average 2.1%, up from 2.0% in July & 1.96% in June. With a tightening labour market & robust growth¹¹, Bank of Canada Governor Stephen Poloz is widely expected to raise the benchmark interest rate on October 24th, with BMO's Chief Economist Douglas Porter noting these 'core measures' match some of the highest

⁸ Whose number could conceivably go up to six if one were to include 76 year-old Arizona Sen. Jon Kyl who was nominated to fill out the rest of the late Sen. John McCain until 2022 but only did so on the condition he was not committing himself beyond next January 3rd.

⁹ Who has gone on record as not supporting the candidacy of the GOP's Marsha Blackburn, a hard core Trump fan, to succeed him, although he won't campaign against her.

¹⁰ Who recently made a speech entitled Country or Party & has written a book slamming Trump.

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readings since 2009 & are “a touch uncomfortably high for the Bank of Canada ... I think that this just really is another feather in the cap and turns up the odds by a notch or two *that he will do so* ...Nothing to get overly concerned about, but I think the big story is inflation has moved away from years of relatively low readings to a little bit above what the Bank of Canada targets”

“Robust growth”, rubbish! The Second Quarter’s 1.9% YoY annual growth rate was nothing to ‘write home about’ & certainly not “robust”; in fact it was the lowest quarterly YoY growth rate since 4Q/16 & half the 3.8% of the tear-earlier period. And more rate increases, on top of the high levels of consumer debt, the Prime Minister’s seeming disinterest in economic policy, a real estate market that shows signs of ‘topping’ & the uncertainties created by the Trudeau government’s vacillating on NAFTA & the Kinder Morgan pipeline expansion, may well be enough to prompt a serious slowdown from the already anemic 1.9% YoY growth rate in the year ended June 30th. And it’s a pity that at this juncture Canada has the weakest Governor in the Bank’s 84-year history.

EMIRATES SEEKS ETIDAD TAKEOVER TO CREATE WORLD’S LARGEST AIRLINE **(Bloomberg, Layan Odeh et. al)**

- Dubai’s Emirates Airlines may be looking at taking over Abu Dhabi’s money-losing Etihad Airlines¹². *If it does*, with Emirates already being world’s largest long-haul airline, it would create the world’s biggest carrier by passenger kilometers flown; for in 2016 the two totaled 360BN of them, vs. American Airlines’ & Delta’s 320BN each & United’s 305BN (*Emirates is also the second-largest air freight hauler, marginally smaller than FedEx but ahead of UPS*). This would be another case of these countries cooperating to boost their global competitive position as they seek to diversify their economies.

But there is a big difference between the two : while both want to diversify their economies to reduce their dependence on oil & gas revenues that can fluctuate & may not be sustainable over time , Dubai is far more ‘under the gun’; for while Abu Dhabi’s oil & gas reserves could be good for 150 years, Dubai’s oil production has been declining for years & its reserves will be exhausted in as little as eight-, or at most 20-, years (& when the oil price crashed four years ago Abu Dhabi had to come to Dubai’ rescue financially). Still, Dubai has made headway to the point where today only 5% of its government’s revenues come from oil, its Jebel Ali container port is the world ‘s 9th-busiest (& the only among the top ten not located in Eastern Asia or Singapore), its 2,717 foot/828 meter high Burj Khalifa skyscraper is the world’s tallest building, many luminaries, like David Beckham, have second homes there & its ‘Palm Islands’ (two of the three are now completed) eventually will add 520 kilometers to the nation’s ocean water front.

FINGERS POINT TO BEIJING AFTER BREAK-INS TARGET NEW ZEALAND PROFESSOR **(NYT, Charlotte Graham- McLay)**

- Prof. Anne-Marie Brady is a China specialist at the University of Canterbury in Christchurch, New Zealand with a high profile on matters of China’s *growing* influence worldwide. Her most recent, September 2017, paper, entitled Magic Weapons, identified

¹² It lost US\$1.52BN last year, in part due to its investments in ailing European carriers like Air Berlin (that has folded) & Alitalia , the Italian flag-, & papal-, airline that too went TU last year (because its employees failed to appreciate that their wage demands would mean the end of their jobs). This has called into question the viability of Etihad’s orders for new planes from Airbus & Boeing that date back to the days that Etihad had big plans to double the size of its fleet. (to 200+ planes)

categories of political influence activities by China in Western democracies, laid out what was the Chinese Communist Party's blue print for conducting such activities worldwide, & examined New Zealand as a case study of Chinese influence across most spheres of public life. (*coincidentally*, it was published around the very same time that New Zealand lawmaker Jian Yang was forced to deny that he had been a Chinese spy, claiming that he just taught English to spies in China). While New Zealand's political leaders played this down (Yang is still an MP), it had an impact globally; in fact it was cited in government committee hearings in the US & Australia [which last June introduced national security legislation banning foreign interference in politics (*whatever that is supposed to mean*)], & she received scads of speaking requests from all over the world. And it caused the issue to come under greater scrutiny of the Five Eyes Intelligence Sharing Relationship (among Australia, Britain, Canada, New Zealand & the US).

- Shortly after the paper was published her office at the university was broken into and, then last February, after she had received a warning she would be attacked, her house was burglarized & ransacked, with the doers ignoring a glass jar full of cash & other valuables, incl. her husband's computer, & only taking an "old" computer on which she had done her most recent research & a "cheap" cell phone she had used during her travels in China (during which she claims her computer hard drive had been tampered with & Party officials had questioned anyone she had spoken with). While the Chinese Embassy in New Zealand's capital declined to comment, the New Zealand police said in a statement that Interpol was aiding in its investigation (while the country's Security Intelligence Service was also said to be involved, to the point it had swept her office for listening devices).
- Members of the China research community in the US & Australia were rattled by this & beefed up their security because of it, with Prof. Clive Hamilton of Canberra's Charles Stuart University & the author of a book on China's influence in Australia commenting "People advising me on my security have been quite alarmed ... If China is targeting her, there's good chance they're targeting me" & Brady advocating New Zealand's government needed to reach a "level of respect" in its relationship with China *to the point* "where we can point out things we don't like"¹³ (Prof. Hamilton *went much further when he* said that, if evidence emerged Chinese agents had been involved her office & home break-ins, this should act "as a cattle prod to the New Zealand body politic" on its relationship with Beijing).

*Both the Australian & New Zealand economies have benefitted greatly from the Chinese demand for their products but their governments overlook the fact that while their products are in demand worldwide, China needs them. And this applies in spades to New Zealand whose exports to China have more than tripled in the past decade & that has a trade surplus with China, with a significant share of its exports being dairy products that China **needs** since its domestically-produced foodstuffs are sometimes fit to for human consumption since the soil & water used in producing them is too contaminated and/or because processors take too many short cuts in processing them (as witness the 2008 Chinese infant formula scandal).*

¹³ As if, realistically speaking, that would do any bloody good.