

GLEANINGS II - 747
Thursday February 8th, 2018

Atlanta Fed's GDPNow First Quarter 'live' GDP growth rate reading - Last week it skyrocketed from 4.2% to 5.4%, roughly twice the consensus forecast & 3x the GDP 'trend growth rate'. Two things are worth noting : 5% annualized quarterly GDP growth has occurred only once in the past decade & thrice this century, and its last Fourth Quarter reading was 3.9%, i.e. 50% higher than the Commerce Department's preliminary Fourth Quarter GDP growth rate reading of 2.6% (*down from 3.2% in the Third Quarter*).

January stock market - The S&P500 Index closed on Friday December 29th at 2,673. 61 & four weeks later, on January 26th, at 2,872.87 (although another week later, on February 2nd, it did so at 2,762.13); in other words, in twenty trading days it had "blown through" the December 31st, 2018 targets of three of four major banks (Morgan Stanley - 2,750, Citi - 2,800 & Goldman - 2,850; the fourth's, HSBC's, had been 2,650). Other things that should be investor food for thought are that according to Deutsche Bank the Net Margin Debt in Brokerage Accounts was 1.35%, vs. 0.6% six-, -1.6% nine-, 1.2% seventeen-, & 0.75% thirty-seven-, years earlier, while according to Goldman the institutions' & hedge funds' Net Futures Position had recently gone from zero 18 months ago to an all-time high US\$150BN.

"Illusory truth effect" - Our tendency to believe something familiar is true since we've heard it over & over - '*discovered*' by *Hitler's propaganda chief, Joseph Goebbels, it is frequently taken advantage of by President Trump.*

Latest market correction numbers - At the close of business February 8th, the DJIA (Dow Jones Industrial Average) was 23,860, down 10.4%-, the S&P500 2,581, down 10.1%-, & the NASDAQ 6,777, down 9.8%-, from the close on January 26 (all 3+ months' lows); in other words, two out of the three had crossed the tipping point into being a full-fledged market "correction", with the third being within a (short) stone's throw thereof.

One possibly serious consequence of Nunes et. al. undermining of the credibility of the FBI and/or the Department of Justice? - Listening with half an ear to a US non-Breitbart-, non-Fox-, news channel on Sunday February 4th, I heard a seemingly relevant observation by an ex-FBI agent along the lines of 'just imagine the impact, if this were to cause even a single juror in a criminal trial to question the judgment/credibility of an FBI witness or DoJ prosecutor'.

"Stock market sell-off is a big mistake" - This is President Trump's tweeted opinion; for he said all news about the US economy is "great". According to MarketWatch, a New York-based Dow Jones & Company subsidiary that operates a website providing business news, analysis and stock market data, this is exactly the reason for investors' concern, namely the fear that an even better economy will stoke inflation (& drive the Fed to speed up its interest rate hiking pace) - *Trump is likely (& rightly) concerned that, after him hyping a stock market 'on wheels' as evidence of his greatness, a major market correction would make him look smaller. And even though 2.6% GDP growth is nothing to sneeze at, it's not really that serious a sign of a strong economy although rising inflation could nevertheless force the Fed to speed up its pace of raising rates which, in turn, would force the many seriously over-leveraged corporations & individuals to start 'tightening their belts', thereby possibly bringing on a return of the dreaded 1970's 'stagflation' phenomenon. And, as one wit put it, he must be frustrated about being unable to deal with the situation by firing it, sending it back to where it came from or demanding to see its birth certificate.*

Trump once again assails Sen. Blumenthal's claims of service in Vietnam as 'fake news' - Sen. Blumenthal did, like Bush 43, serve for several in the Reserves (which is more than can be said about Trump), albeit only after having gotten, like Trump himself, several deferments from the draft. So Trump's accusation has an element of 'the pot calling the kettle black'.

Trump's "military parade" idea - The military brass is not particularly enamoured with the idea; for it knows that parades are very, very expensive & divert massive amounts of military manpower & materiel from more constructive endeavours. But, over & above that, it knows that if you are truly the best, parades are not necessary to demonstrate that fact. In fact, over the years huge military parades have typically been the purview of dictators who need reassurance. And demanding a huge military parade is not unlike a citizen buying a fancy car with money that could have been put to better use in the belief this will give him more status. This half-baked idea is little more than another Trumpian attempt at self-aggrandizement.

VIX Index - It is a measure of market volatility based on the options market; for the greater the volume of options traded, the lower the level of comfort among investors with current share prices. For stock options are a kind of insurance instrument that can be bought as a hedge against unforeseen stock market movements; so the higher the volume of options' trading, the greater investors feel a need to "hedge their bets", or in extreme cases to panic, and the smaller the volume (& hence the lower the VIX Index), the greater investor complacency. The VIX Index hit an all time high of 150 in late 1986 & an intermediate one of 80 in late 2007, has seldom been more than a smidgen below 10, and typically has been in the 10-40 range. And, while in the past year it fluctuated in a narrow range around 10 (deemed indicative of extreme investor complacency), it recently jumped from 11.08 on Friday January 26th, to 37.32 on February 5th & to 49.21 at the opening on Tuesday February 6th (although its closing level that day was 29.98 after the Dow Jones had, during the day, gone from 24,085.17 at the opening to 24, 916.79 at the close, *i.e.* had 'given back' half the two previous trading days' losses).

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PARTY OVER? FIVE SIGNS FOR INVESTORS (FP, Peter Hodson)

- There's always a good time to leave a party. When you are young, that's before the first fight starts and when you're older when the hostess starts vacuuming. With that in mind, let's look at five reasons for leaving the stock market party' :
- **And end to good economic growth and no inflation** (*to speak of*) - In a worst case scenario we could get lower growth & higher inflation (*the 1970s "stagflation" phenomenon*), prompting the Fed to ratchet rates higher faster;
- **Uptick in unemployment** - When companies see a slowdown in orders, they stop hiring. While that hasn't happened yet & unemployment levels are at a near decade lows, this is an indicator well worth watching;
- **Decelerating earnings growth** - While companies are still reporting rapid earnings growth, if investors were to see *the rate of earnings growth* decelerate, they would be quick to reduce their equity exposure as a precautionary measure;

- **Loan losses at banks** - the fly in the ointment here is that banks can use them to 'smooth out' their reported earnings²;
- **Bond market** - The bond market is usually "smarter" than the stock market. On the corporate side higher yields (i.e. lower bond prices) can be indicative of issuers' financial health having deteriorated, & higher government bond yields that interest rates and/or inflation are about to start rising *faster (and right now the recent jump in bond yields have raised them well in excess of the dividend rate on many stocks, making bonds look more attractive to some investors)*.

Hodson, after years at Toronto-based Sprott Asset Management, quit there in 2011 to found Kitchener, Ontario-based 5iResearch, a fee-for-service investment advisory firm for individual investors, the Leit Motiv of which is "We are not saying that professionals in the industry are cheats ... (but) In the investment business everyone makes money ... of YOU, the individual investor. Since everyone is taking fees off your money, the advice you receive from everyone - except 5iResearch ... is inherently biased"

INVESTORS PULL MOST MONEY OUT OF DOW JONES ETF IN NINE MONTHS (Bloomberg, Sara Ponczek)

- On Wednesday February 7th it reported under this screaming headline that the US\$25BN SPDR Dow Jones Industrial Average ETF (DIA) had suffered its biggest cash withdrawal (US\$659MM) in 9 months, just after the world's biggest ETF, the US\$307BN SPDR S&P500 ETF (SPY) had reported the flight of US\$20BN over four days.

While these numbers are huge in an everyday absolute sense, they are, at 2.6% & 6.5% of AUM respectively, somewhat less overwhelming in relative terms.

THE SNEAKY WAY CONGRESS PLANS TO RAISE THE DEBT CEILING (CNNMoney, Jeanne Sahadi)

- The two year budget deal (that includes a lot more money for the Defense Department) that Congress is expected to vote on this week has plenty of critics but would do one good thing : delay a debt ceiling crisis to March 2019 by 'suspending' the current legal US\$20,456MM cap for a year. And the Committee for a Responsible Federal Budget estimates that by then it will have to be reset at US\$22TR *to make up for this year's budget deficit & leave a margin for error) thereby implying that the budget deficit in this fiscal year (to September 30th) could be twice, of more, last fiscal year's US\$666BN.*

At last report (12:01 EST, February 9th), while House Speaker Paul Ryan (R-WI) hoped to have enough bipartisan report to get it through the House, the budget deal was hung up in the Senate by Sen. Rand Paul for its "lack of fiscal restraint".

AMAZON - UNFULFILLED (The Economist)

² But perhaps not as much as it used to; for according to the St. Louis Fed, while the deposit-taking banks' asset base as a % of GDP grew from 2000 to 2015 by one-eighths to 60.2%, that of 'non-bank financial institutions' (where much high risk debt is hidden) did so by one-fifths to 159.7%.

- About 44 cents of every dollar spent online in America flows to Amazon. To get orders to customers quickly it operates 75 “fulfillment”-, & 35 “sorting” centres across the country, manned by 125,000 full-time workers. So when it announced in 2010 it would build a distribution centre in Lexington County, South Carolina, there was great joy & today it employs thousands of workers there & the local unemployment rate is *just* 3.5%. But it is not all peaches & cream; for while, as of mid-2017, the number of warehousing & storage jobs in the county has gone from < 100 to > 4000, average weekly earnings had gone from US\$900 to just over US\$600. And this is not a unique case : since Amazon opened a warehouse in Chesterfield, VA, warehouse wages there have declined 17% & in Tracy, CA 16%. Furthermore, government figures show that wherever Amazon opens a depot, warehouse workers’ wages drop 3% & that wherever it operates such a facility warehouse worker wages are 10% less than elsewhere. And BLS statistics for 35 counties show that where Amazon operates a fulfilment centre warehouse workers earn US\$800/week vs. US\$ 875 elsewhere. One possible explanation, that it selects “left-behind counties”, doesn’t quit seem to fit, & neither that the work in its plants only requires unskilled workers with minimum qualifications. A third that its generous perks (health care-, retirement savings plans & share buying schemes) are seen as making up for the lower take-home pay may have more validity. And new research by the NBER (National Bureau of Economic Research) has found that in communities where a few employers account for most job opportunities wages tend to be lower (& often the Amazon operation is the “only game in town”).

The last observations appears to contradict the first. But more generally speaking, this is a problem with the whole “new job creation” data series; for it assumes a job, is a job, is a job, regardless of skill fits, full-, or part-, time, or job quality-, factors, and pay and/or work environment considerations.

NOT THROUGH OUR PIPELINES : CALIFORNIA’S STRATEGY FOR FIGHTING TRUMP’S OFFSHORE OIL DRILLING PROGRAM (Governing, Melody Gutierrez)

- Last year President Trump signed an Executive Order requiring the Department of the Interior to reconsider President Obama’s offshore drilling bans & directing *all* federal agencies to review restrictions on drilling in national marine sanctuaries. This led to a plan to offer, during the five years to 2024, new oil drilling leases in 47 areas off the US coasts, incl. six off California. But on February 7th the California State Lands Commission & the California Coastal Commission (both of which have jurisdiction over the movement of oil & gas from coastal areas) sent letters to the federal Bureau of Ocean Energy Management urging it to withdraw the plans for more ocean drilling since that would increase the threat of an oil spill that could devastate the state’s ocean-, & marine-, environment, saying “Given how unpopular development in coastal waters is in California, it is certain the state would not approve new pipelines, or allow the use of existing pipelines, to transport oil from new leases.” (California has had a moratorium on new *offshore* oil & gas leases ever since an oil spill in 1969 devastated the Santa Barbara coast, although there still are 23 offshore facilities in federal waters off California & four platforms in State waters).
- President Trump’s call for more offshore drilling encountered a bipartisan pushback from governors of coastal states, some of whom have asked for exemptions from his drilling plans, incl. Florida that did get one (*although Trump recently has been making noises that this is not a ‘done deal’ yet while Secretary of the Interior Ryan Zinke, a former Navy Seal & member of the House for Montana, maintains that it is*) and California that didn’t (*for reasons that critics call “punitive”*)

The difference between the two is that Florida has a Republican Governor, one Republican Senator (Marco Rubio) & 16 seats in the House vs the Democrats 11, while California has a Democratic Governor, two Democratic Senators & 39 Democrats among its 53 Representatives.

AS U.S. TURNS AWAY FROM MIDDLE EAST. MOSCOW MOVES IN **(G&M, Mark McKinnon)**

- Last week the Kremlin-sponsored “Syrian National Dialogue Congress” met in the former Olympic City of Sochi. Hosted by Russia, it was attended by delegations from Iran & Turkey, by the UN Envoy Staffan de Mistura (*an Italian 40-year UN careerist*) & by delegations from a number of Syrian, mostly pro-government, factions. The fact it was held here demonstrates the clout Russia has gained in the Middle East since 2015, when it got involved in the Syrian civil war. The era when everyone worried about what Washington thought is over, at least in Syria where Russia’s air force has tilted the civil war in al-Assad’s favour.
- With the US focused on domestic issues & Trump’s confrontationalism causing it to lose friends abroad, Moscow sees an opening to become a major power broker in the Middle East & beyond. So Prime Minister Netanyahu was in Moscow on January 29th to meet Putin & get him to deliver a warning to Iran that Israel would act militarily if it kept adding to its presence in Lebanon, Palestinian President Mahmoud Abbas will soon travel to Moscow after having declared the Trump idea of moving the US embassy to Jerusalem means the US has abandoned its *traditional* peace maker role in the Israeli-Palestinian conflict, & there has been a steady stream of visitors to Moscow, incl. from among others Saudi Arabia, Egypt & Jordan. And Moscow has also offered to host talks between the Afghan government & the Taliban. According to Fyodor Kukyanov, the Editor of the *Russia-based Russia in Global Affairs* journal, “They come to Russia, not because they love Moscow; it’s because they realize who the main guy in town is right now”.

Very much the same thing has been true in the Western Pacific ever since Trump walked away from the TPP; so his ‘greater’ America domestically seems to be coming at the cost of a smaller America abroad, not a particularly clever trade-off from a global perspective.

ONE CANADIAN, TWO AMERICANS CHARGED WITH STEALING MILITARY TECHNOLOGY FOR CHINA, (Epoch Times, Annie Wu)

- In 2014 the US Commerce Department placed a Chinese company, Chengdu GaStone Technology Co., on a foreign company ‘watch list’ requiring a special license to export to it “due to its involvement in activities contrary to the national security and foreign policy interest of the United States ...”. Then, according to a January 23rd DoJ press release, 62 year-old Yi-Chi Shih (an engineering professor at UCLA) & 63 year-old Kiet Ahn Mai, naturalized US citizens from Taiwan & Vietnam respectively, had been arrested for buying ‘monolithic microwave integrated circuits’ that, *while they have both commercial & military applications*, are used in electronic warfare & radar systems from an unnamed US company that counts the US Navy & Air Force, and the Defense Advanced Research Projects Agency (DARPA)³ among its clients. Neither of them tried to get the special

³ Sixty years old this Wednesday & launched by Pres. Eisenhower after Sputnik was launched, it now is part of the Defense Department & based in Arlington, VA with a US\$3BN budget & 240 employees (US\$12.5MM/employee) with the responsibility to develop emerging technologies for military use & “making pivotal investments in breakthrough technologies for national security”.

license required for exporting them before selling them to Chengdu GaStone Technology, with the DOJ reporting that, after funneling the money needed to buy them from Chinese entities to Yi-Chi's Los Angeles-based Pullman Lane Productions, LLC, they then used Kiet's company, Los Angeles-based MicroEx Engineering to order the goods before Yi-Chi exported them to Chengdu. And according to Canadian Press on January 25th Li-Chi's brother, Ishiang Shih, an engineering professor at Montreal-based McGill University, had gotten himself entangled in this when money was transferred by his brother to a company registered in the McGill professor's name.

- Beijing has a goal of being the world's leader in AI (Artificial Intelligence) by 2030 & a November report by the Washington-based Center for New American Security (CNAS) outlined how China is seeking to gain an advantage over the US through AI technology that would modernize its military, warning "China is no longer in a position of technological inferiority but ... catching up with, and overtaking, the United States in AI."

The two naturalized American citizens involved are not 'uneducated criminals & rapists from shithole countries'. Meanwhile, he, according to 49 year-old Illinois' freshman Democrat Sen. Tammy Duckworth (a retired Air Force colonel who lost both legs in the Iraq War) a "five deferment draft dodger", appears to look [prompted by the generals among his 'advisers' who made their bones in the hugely inefficient military hierarchy⁴) at military power in traditional hard-, rather than 21st century soft-, terms. Thus he officiated, last July 22nd at the commissioning of the US\$17.8BN Nimitz class 'supercarrier' Gerald R. Ford (an example of spending of money on marquee' -, rather than more mundane grassroots-, military projects This is the 11th 'supercarrier' now in service in the US Navy⁵ (with 2 more under construction, 1 more on order & 6 more planned) that are at risk of suffering the same fate as the WW II battleships since the US Navy has yet to figure out how to protect them from Chinese anti-carrier missiles that would target them from outer space at Mach 6 speeds. Worse still, the December 6th, 2017 MIT Technology Review article "The US Leads in Artificial Intelligence, but for How Long?" opined that "US government policies (under Trump?) threaten to put a dampener on the recent boom in the field ... by reduced (research) funding for fields, including AI, and tax reform's tightening rules for immigration for international researchers."

US-CANADA TRADE TENSIONS HIT STATE LEVEL (Seeking Alpha, Yoel Minkoff)

- Egged on by Gov. Andrew Cuomo, Albany approved 'BUY AMERICA' measures that compel government-funded infrastructure projects of over US\$1MM to *exclusively* use US-made materials & construction supplies. In response Ontario has restricted New York firms from bidding on its government contracts.

Seeking Alpha is a useful New York City-based, 150 employee, "crowd-sourced content service for financial markets & and Minkoff is its Editor.

⁴ In which historically, in the US as well as elsewhere, top level strategic thinking has typically been focused on fighting the last war & forward-thinking officers tend not to be promoted.

⁵ Thirteen countries operate a total of 42 carriers, with the US Navy accounting for half of them. And more importantly, because of super carriers that no other nation can afford or is foolish enough to spend money on, the total 1,531,144 tonnage of its half is almost 2½x that of the other 12 nations' half. And one must wonder whether its annual US\$1+BN cost of interest & crew salaries alone might not be better spent in other, more cost-effective ways, especially so since in 2016 dollars the cost of the Gerald R. Ford was twice that of the USS Nimitz in 1975.

MERKEL'S CONSERVATIVES MAKE BIG CONCESSIONS IN COALITION DEAL (Reuters, Michelle Martin)

- Chancellor Merkel said on February 7th her conservatives had made 'painful concessions' to the Social Democrats (SPD) to get it to agree, after *five* months of political paralysis, to renew the Grand Coalition structure that has governed Germany since 2013, thereby securing her a fourth term in office. The main-, & for her party-, & the country-, most costly-, feature of the deal is that the SPD will get, for the first time in decades, control of the Finance Ministry⁶ that for the past 8 years was under the thumb of *the fiscal-, cum inflation-, hawk* Walter Schäuble who was widely loathed in the Eurozone's indebted periphery for his focus on fiscal discipline. According to SPD leader Martin Schultz the deal marks a "fundamental change of direction in Europe ... *ensuring that* Germany will take an active and leading role in the European Union again"⁷
- But this is not yet a done deal; for SPD's 464,000-strong rank & file still needs to approve it in a postal ballot (the results of which won't be known until March 4th). And there are many skeptics among them, first & foremost in the party's leftist youth wing (that has been actively recruiting new members to vote against the deal) that Schultz sought to mollify by wringing concessions from Merkel that reduce the scope for short-term work contracts and increase apprentice loans & minimum wages.

This, for all intents & purposes, heralds the end of the political road for Merkel & ensures her final year(s) as Chancellor will be rocky (ones). And it is also a watershed moment for the EU as a whole, since the SPD's fiscal bias will prompt more expansionary-, & inflation-inducing-, policies that will reinforce the already existing upward pressures on interest rates from the ECB's easing of its Quantitative Easing (QE) policy stance.

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Smart Girl! - In 2014 Jeanne Ponte a 23 year-old, French prize-winning law graduate from the elite Bruges, Belgium-based *post-graduate* College of Europe got a job as an assistant in the office of the then 51 year-old, centre-left French MEP Edouard Martin. Smart & legally-aware, she equipped herself with a notebook she had entitled "The Little Sexism Notebook : Things Seen, Lived and Heard" to document every act of sexual harassment she would encounter or hear about since, while her friends told her "that's just politics, get used to it", she had no such intention (i.e. of getting used to it). While the first case thereof went into it within weeks of her starting her job when, after one of her first official meetings, a leading German parliamentarian blocked her exit with his arm across her chest & said "Are you new here? We should get a drink.", it now contains a record of dozens of other instances. Her notebook not long ago became an instant sensation, & is now in the public domain, after her boss on radio told the world about it - *It rang a bell with me because my father, a high profile senior officer in the Dutch Navy & a gentleman of the old school, imbued me during my teenage years to always treat members of the opposite sex with respect & also because, when my daughters were teenagers & in high school, I always told them to, immediately after any unpleasant incident,*

⁶ As well as the Ministries of Labour, Justice, Family & Environment, with her Christian Democratic Party, for the first time in decades getting control of the Economy Ministry as the booby prize.

⁷ While the first part of this is absolutely correct, albeit not necessarily positively so since it will result in a shift to a more expansionary fiscal policy, the latter is absolute BS, since Germany never ceased playing an "active & leading role" in the EU.

document it, identifying its nature, complete with names, date, time & place, and “then we’ll go & see the principal”; for I had long since learnt that most people don’t bother & that someone with a piece of paper to back him/her up always has more credibility (a lesson that paid off for my No.2 daughter years later when, in a personal (physical) injury case, she appeared at “Discovery” phase of the subsequent legal case with a five inch-thick file of every discussion, phone call & letter exchanged in the years since while other parties had little tangible to support their case.

A MESSAGE TO TRUMP FROM NORWAY (G&M, Bessma Momani & Jillian Stirk)

- Norwegians are not known for their sense of humour but had to laugh at President Trump’s suggestion that more of them should emigrate to the US. For business leaders there say that “Norwegians may have immigrated to the United States a hundred years ago, but today there are more Americans coming to Norway than the other way around”. And it is easy to see why. For their government makes a serious investment in its public infrastructure; its trains are a far cry from the notoriously unreliable AmTrak or the constantly breaking down Washington Metro & its other public services incl. publicly-funded universal healthcare-, daycare-, & university education, are world class, it has one of the world’s highest standards of living & highest GDP per capita, and tops the UN Human Development Index⁸.

North Americans say “taxes are high” in Norway. And they are right, for in 2016 its government spending accounted for 51% of GDP vs. the US’ 34%. But Norwegians are getting more value for their tax dollar. Moreover, in 2016 Norway’s National Debt-to-GDP ratio, at 35.6%, was one-third of the US’ 106.1% while their government also had socked away nearly US\$200,000 per Norwegian in its sovereign wealth fund, whereas four years ago already the US government’s unfunded liabilities from to Social Security and Medicare & Medicaid spending already were US\$127TR, i.e. 6+x US GDP. In other words, taxes are high in Norway because its current generation of taxpayers is ‘paying its way’, rather than selfishly downloading part of the cost of their life style onto their children & grandchildren. The “Cut Taxes” mantra feeds the greed-, & relies on the stupidity-, of Joe & Jill Average US/Canadian Tax Payer, who are not paying enough for the benefits they receive from their government (although, in all fairness, their governments have long since fallen short of their fiduciary responsibility to efficiently husband tax payers’ money. But the solution to that is for taxpayers to quit being bribed by politicians with their own money, and start creating checks on politicians’ & bureaucrats’ self-serving ways, and quit standing by submissively as they download the cost of their failure to meet their fiduciary responsibilities onto future generations.

IN KENNEDY, THE DEMOCRATS HAVE FOUND THEIR VOICE (G&M, Andrew Cohen)

- Forget Joe Biden, Elizabeth Warren, Bernie Sanders and all the other *old warhorse* liberal Democrats who may contemplate running for President in 2020, everyone of whom (like *the GOP hopefuls*) are-, are approaching-, or are over-, 70 years of age, & part of today’s (*deeply flawed?*) national superannuated political class. While the Grand Old Party has long been worthy of the name, the Democrats are not a geyser of youth

⁸ In first place, in part because in 2015 its citizens had, among others, a life expectancy at birth of 81.7 years & a GNI [Gross National Income on a PPP (Purchasing Power basis), of US\$67,614, while Canada was No. 10 with 82.2 years & US\$42,582, & the US No. 11 with 79.2 years & US\$53,245. In addition, in 2016 their child mortality rates were 2.6-, 4.9-, & 6.5% respectively

either &, in a country where half the population is < age 38, their advanced age is more of an albatross than an anchor⁹. So when the Democrats looked for a fresh face that would be in sharp contrast to the septuagenarian President to deliver their response to the State of the Union Address they faced a challenge in finding a *credible* emblem of youth in a party dominated by old men & women. In Joe Kennedy III they thought they had found such a person. And he did not disappoint them; for his response to the State of the Union Address was the best in 20 years, since, seeking to rally a people dispirited by a divisive, incendiary president, he painted a picture of the United States in 2018 as “A government that struggles to stay open, Russia knee-deep in our democracy, an all-out war on environmental protection, hatred and supremacy proudly marching in our streets, bullets tearing through our class rooms, concerts and congregations. And that nagging, sinking feeling, no matter what your political beliefs, This is not right, This is not who we are ... Bullies may land a punch ... They might leave a mark. But they have never, not once, in the history of the United States managed to match the strength and spirit of a people united in the defense of their future”. What was striking was his poise & elegance; he is a master orator while Trump’s speeches are sophomoric and filled with tired superlatives & clichés.

- Mr. Kennedy may not be president soon. The Democrats may choose *an old timer like* Joe Biden or Bernie Sanders to oppose Trump, or someone younger & *more* ambitious like Sen. (since 2013) Cory Booker (48)¹⁰, Sen. (since 2009) Kirsten Gillibrand (51)¹¹ or Sen. (since 2017) Kamala Harris (53)¹². But the long game is Kennedy’s, the most promising son of the House of Kennedy since Jack, Bobby & Ted rose to prominence in the 1960’s.

Joseph Kennedy III (age 37) is lawyer by training & a third term Democratic member in the House of Representatives for Massachusetts’ Fourth District [a seat held for 32 years (1981-2013) by the now 77 year-old Barney Frank, the co-sponsor of the post-Financial Crisis Dodd-Frank legislation that the big banks, & by derivation the Republicans, abhor). He is a member of the Kennedy clan, a grandson of the Kennedy Administration’s Attorney-General Robert Kennedy & the son of Joe Kennedy II who represented Jack Kennedy’s one-time Massachusetts 8th District in the House of Representatives for six terms(12 years) ending in 1999. He has a degree in business management & engineering from Stanford (where he roomed with the now retired NBA player Jason Collins), is fluent in Spanish & served in the Peace Corps in the Dominican Republic, and has a JD from Harvard Law School. Along the way he also co-managed, with his older twin brother Matt, one of the late Sen. Ted Kennedy’s re-election campaigns, worked in the Harvard Legal Bureau during the 2008 Financial Crisis aiding low income people with their home foreclosure cases & founded Picture This : Justice and Power, an after school program for youth in Boston’s gentrified Jamaica Plain neighbourhood.

⁹ In the poem The Rime of the Ancient Mariner by Samuel Taylor Coleridge (1772-1834) a seaman shoots & kills an albatross (a big seabird that mariners of that age thought brought good luck) with the result that his ship mates make him wear the dead bird around his neck in punishment.

¹⁰ The Afro-American former Mayor of Newark, NJ.

¹¹ A lawyer who in 2006 won a seat in the House from New York’s 20th district despite the fact that registered Republican voters there outnumbered Democrats by a 2.5 to 1 ratio & it had been represented by a Republican for all but four years since 2013, and then went on to win a 2010 Special Election with 63%-, & a full term one in 2012, with 72 %-, voter support.

¹² The half East Indian former Attorney-General of California.

And after graduating from Harvard Law in 2009, he worked as an Assistant District Attorney for three years before going into politics in 2012.