

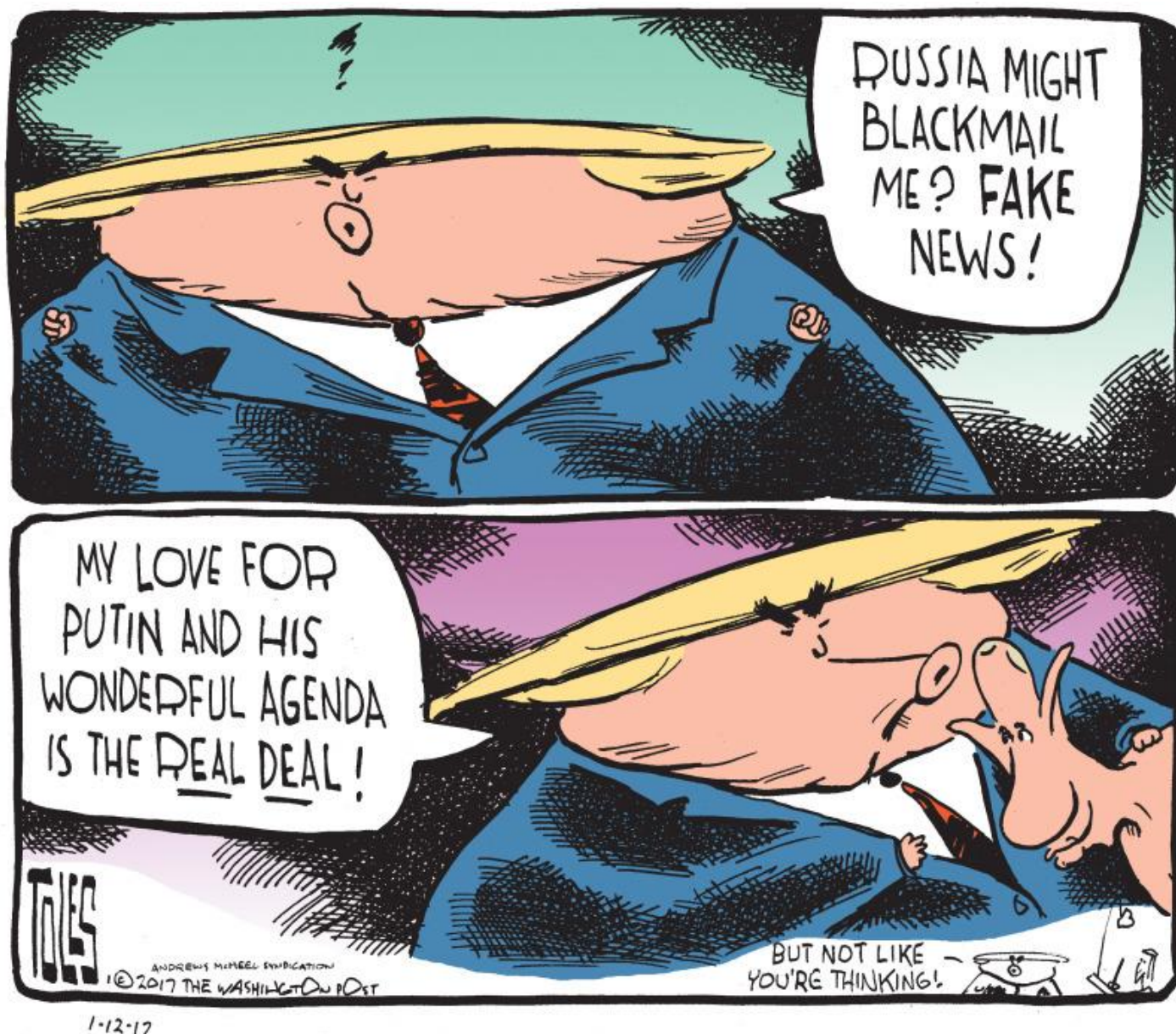
# Revue de presse américaine

**Ambassade de France aux États-Unis**  
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RÉPUBLIQUE FRANÇAISE

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# FRANCE – EUROPE

The  
Washington  
Post

## Le Pen's world: French nationalism at heart of her campaign

By Elaine  
Ganley | AP

PARIS — France — as envisioned by far-right leader Marine Le Pen — should be its own master and have no globalization issues, European Union membership or open borders.

It would join the United States and Russia in a global battle against Islamic militants. Francs, not euros, would fill the pockets of French citizens. Borders would be so secure that illegal immigration would no longer fuel fears of terror attacks or drain public coffers.

It's a vision that holds increasing appeal for voters once put off by the image of Le Pen's anti-immigration party as a sanctuary for racists and anti-Semites. It has made Le Pen a leading candidate in France's presidential election this spring.

A series of deadly extremist attacks, 10 percent unemployment and frustration with mainstream politics in France have helped make the party she has worked to detoxify a potentially viable alternative.

Early polls place her as one of the top two contenders. The other is former Prime Minister Francois Fillon, a conservative who would slash the ranks of civil servants and trim state-funded health care — an untouchable area for Le Pen, whose campaign slogan is "In the Name of the People."

Le Pen believes her chance of victory has been bolstered by Britain's decision to leave the European Union and by Donald Trump's U.S. presidential victory. She speaks with confidence of winning, saying "I will" change France.

"This page in the history of the world is turning. We will give back to nations reasoned protectionism, economic and cultural patriotism," she said.

On Thursday, Le Pen showed up at Trump Tower in New York and was seen sipping coffee in a basement coffee shop, leading to speculation she was looking to create a bond with the U.S. president-elect. However, no such meeting was on his agenda.

Trump Tower resident George Lombardi, who said he's been friends with Le Pen for over 20 years and is a friend of Trump's, said the French politician attended a private gathering on Wednesday evening at his residence.

She was joined by entrepreneurs, industrialists and diplomats — people she might be able to raise money from and "that have the possibility to help her with the campaign in France," Lombardi said.

"We did not reach out to the Trump campaign. We did not reach out to Mr. Trump," he said. "We did not go begging for any interview with anybody on the transition team because she was here to meet other people."

Like Trump, Le Pen, 48, a mother of three and lawyer by training, envisions improved relations with Russia, which she and other National Front officials have visited. But she takes it further.

"I want an alliance to emerge between France, the United States and Russia to fight Islamic fundamentalism, because it's a gigantic danger weighing on our democracies," she said last week.

For Le Pen and her supporters, "massive migration," notably from Muslim North Africa, is supplanting French civilization and is at the root of many France's modern woes. "On est chez nous" ("We're in our land") is a mantra at National Front rallies.

Le Pen insists she has no problem with followers of Islam, but wants people who espouse radical political ideas in the guise of religion to be

put on trial and expelled before they install Sharia, or Islamic law, in France.

Traditional Muslim dress, which many in France consider a gateway to radicalization, could disappear from public view should Le Pen win the presidency. The National Front's No. 2, Florian Philippot, says Le Pen's platform calls for extending a 2004 law banning "ostensible" religious symbols like Muslim headscarves from French classrooms to include the streets.

Le Pen took over leadership of the National Front in 2011 from her father, party co-founder Jean-Marie Le Pen. Her make-over included sidelining him. His party membership was revoked last year after he repeated an anti-Semitic reference that had drawn a court conviction.

But the slogan "French First" — coined by the elder Le Pen in 1985 — remains alive under Marine Le Pen.

Newcomers to France would have to spend several years paying a stipend before availing themselves of free school and health care, Le Pen has said, benefits she considers a draw for immigrants.

Nonna Mayer, a leading expert on the party, said Le Pen has "gone half-way in changing the party," ridding it of its long-time anti-Semitic image but making Islam the enemy.

"At the heart of the party of Marine Le Pen ... there is something which is not really compatible with the values of democracy," she said. "It's the idea that one must keep housing, social benefits, family stipends, employment to the French."

Le Pen emphatically rejects the label of extremist, proudly calling herself "a patriot." The words "democracy" and "democratic" roll off her tongue.

Yet her entourage includes one-time members of an extreme-right movement once noted for its violence. A former leader of the hard-core Identity Bloc in Nice, Philippe Vardon, joined National Front ranks and quickly won a councilor spot.

Under Le Pen, the National Front was France's big winner in 2014 European Parliament election, taking more seats than any other French party. But she wants to do away with the 28-nation EU, which she claims has stolen national sovereignty, and ditch the euro currency, which she describes as a "knife in the ribs" of nations, ruining economies.

Her EU exit formula is "very simple:" Try immediately to negotiate a return of borders, national currency and "economic patriotism" to protect French jobs and industry and allow the French to pass laws unadulterated by directives from Brussels.

Six months later, she would call a referendum and counsel remaining in a "new Europe" if negotiations are fruitful, or advise bailing out as Britain has done.

"My program cannot be put into place if we remain subjugated by European diktats," she said. "I see the grand return of nationalism."

Le Pen is expected to present her full presidential agenda during a Feb. 4-5 convention. But she set the tone with her New Year's greeting, a "wish of combat" to defeat political adversaries that she contends represent the interests of banks, finance and the media.

Jill Colvin in New York contributed.

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THE WALL  
STREET  
JOURNAL

Paletta

Updated Jan. 12, 2017 1:56 p.m. ET

Marine Le Pen, leader of France's far-right National Front party, took a

## Marine Le Pen of France's National Front Visits Trump Tower

Stacy Meichtry  
and Damian

break from her presidential campaign to make a surprise visit to Trump Tower on Thursday.

Reporters staking out the residence of Donald Trump spotted Ms. Le

Pen having coffee with three men in the basement of Trump Tower.

Ms. Le Pen declined to say whether she was in New York to meet with the president-elect. A National Front spokesman said Ms. Le Pen was on

a "private trip," declining to further comment.

Hope Hicks, a spokeswoman for Mr. Trump, told reporters Ms. Le Pen "is not meeting with anyone from our team."



Ms. Le Pen has cited Mr. Trump's pressure on business leaders as evidence that she can bring industrial jobs back to France through protectionist measures.

"Political will pays. The proof is Donald Trump getting Ford to give

up on relocating a factory to Mexico," she told reporters last week.

Ford Motor Co. recently scrapped plans for a \$1.6 billion factory in Mexico, saying it would retool an existing Mexican facility for its small-

car production and refurbish a plant near Detroit to make electric cars. Its chief executive said the move reflects optimism about Mr. Trump's economic policies and is also a result of slumping demand for small cars.

Write to Stacy Meichtry at stacy.meichtry@wsj.com and Damian Paletta at damian.paletta@wsj.com

## Newsweek : French far right leader Marine Le Pen visits Trump Tower, but not with Trump

By Reuters On 1/12/17 at 6:40 PM

French far-right presidential candidate Marine Le Pen was seen at Trump Tower on Thursday, but a spokesman for President-elect Donald Trump said she did not meet with him or his team.

"No meetings with anyone," transition spokesman Sean Spicer said. "It's a public building."

Le Pen, whose National Front party holds anti-immigrant and anti-European Union views, was seen entering an elevator at the building, according to a Reuters witness, but she did not speak to reporters gathered there.

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George Lombardi, a Trump friend who lives in Trump Tower, told reporters that he had coffee there Thursday with Le Pen, who he said he has known for 20 years. He said Le Pen did not request a meeting with Trump.

A day earlier, Lombardi said, they

attended a party with people they believe might raise money for her campaign, including business people and diplomats. France's far-right National Front leader Marine Le Pen in front of a poster for her 2017 French presidential election campaign, in Paris on November 16. A Le Pen victory would upend French politics, energize far-right parties elsewhere in Europe and leave Chancellor Angela Merkel as the only European leader forcefully advocating for a unified EU. But even in a loss, Le Pen could pull France further to the right as her opponents look to defang her tough talk on immigrants, terrorists and the EU by talking tougher themselves. Charles Platiau/reuters

"This is a perfectly private encounter that she had with some friends of ours," Lombardi said. "Some people had been asking to meet her a long time ago, and she just happened to be here because I happen to live here."

Le Pen, who is currently projected to lose a runoff with conservative

former prime minister Francois Fillon in next May's election, has struggled to raise money for her campaign both in France and abroad.

She has also sought to burnish her credentials with foreign appearances. Her staff in April announced that she would go to Britain to campaign for that country's exit from the European Union but she ended up not going after being shunned by the Brexit campaign.

Le Pen was seen at Trump Tower with Lombardi, Louis Aliot, her partner and vice president of National Front, and Ludovic De Danne, her international affairs adviser.

Her staff confirmed her visit to New York, characterizing it as a private trip.

"She took two days to have a break," campaign director David Rachline said.

Trump Tower has been the site of a series of meetings between Trump, a Republican, and business and political leaders as he assembles his

administration ahead of his Jan. 20 inauguration. It also has become a tourist destination since Trump's surprise November election victory over Democrat Hillary Clinton.

The group Human Rights Watch mentioned both Trump and Le Pen in a report warning that the rise of populist leaders threatens global human rights. It cited Trump's victory as well as Britain's move to leave the European Union led by Nigel Farage, who Trump has praised.

Le Pen is expected to earn enough votes in the first round of presidential voting in April to enter a second round election set for May 7.

Last summer Le Pen told a French magazine that if she were American, she would vote for Trump rather than Clinton. A week after Trump's victory, Le Pen said she, Trump and Russian President Vladimir Putin "would be good for world peace."



## Far-right French politician Le Pen sighted at Trump Tower

By Noah Gray and Julia

Manchester, CNN

### Story highlights

- Sean Spicer, the incoming White House press secretary, said neither Trump nor anyone else from the transition team will meet with her
- Le Pen is widely expected to be a front-runner in France's presidential elections this year

New York (CNN)The leader of France's far-right National Front party, Marine Le Pen, was seen in Trump Tower in Manhattan on Thursday.

Le Pen, who in November called President-elect Donald Trump's victory a "sign of hope" for people who are against globalization, was not on a readout of meetings provided to the press earlier Thursday. Sean Spicer, the incoming White House press secretary, said neither Trump nor anyone else from the transition team will meet with her. Spicer has also said recently that Trump would not

be meeting with any foreign leaders prior to the Inauguration.

"Trump Tower is open to the public," he said.

Le Pen, who is widely expected to be a front-runner in France's presidential elections this year, has blamed globalization and wide-scale international migration for causing conflicts around the world.

Donald Trump finds allies on Europe's right

She has led the National Front since 2011, attempting to "detoxify" the party somewhat of its reputation for

racism and xenophobia, focusing instead on anti-EU and anti-immigration policies.

Trump has met with other far-right European leaders. He appeared several times with Brexiteer and former UKIP leader, Nigel Farage, on the campaign trail, and the leader of Italy's conservative Northern League party met Trump at a rally in Philadelphia last year.

Trump has garnered praise from other controversial far-right leaders such as the Netherlands' Geert Wilders and Le Pen's father, Jean-Marie Le Pen, a former National Front leader.



### Whatever Could Marine Le Pen Be Doing in Trump Tower?

On Thursday, the nationalist and anti-immigrant French politician Marine Le Pen, leader of France's National Front, decided to grab a coffee with some friends while she was in New York. She decided to grab that coffee in Trump Tower, a place you may have heard of

because it belongs to former reality television star and beauty pageant organizer Donald Trump. (Also, he is the next president of the United States).

With whom did she meet at Trump Tower? According to photos, with Guido Lombardi.

You might remember Lombardi from this *Politico* profile in which he is described as Trump's "European fixer" (and also his neighbor). He is also a member of Italy's anti-immigrant Northern League, led by Matteo Salvini, with whom Trump has met. Salvini, like Trump and Le Pen, is openly admiring of Russian President Vladimir Putin.

Le Pen, part of a motley crew of far-right politicians in Europe enjoying a groundswell of populist support, is the leading candidate in the French presidential race, according to polls released Wednesday (disclaimer: it is 2017 and polls are meaningless). Her National Front has had difficulty scraping together the 20 million euros necessary for presidential and

legislative elections. French banks reportedly won't loan to the party because their platform is anti-Semitic. A 9 million euro loan from the Moscow-based First-Czech Russian Bank disappeared like a fine wine at a dinner party after the bank lost its license. Le Pen is reportedly considering returning to Russia to ask for more of *le cash*.

It's unclear whether Le Pen and her posse met with anyone on Trump's transition team — or if it's just a PR stunt. The Trump team was not immediately available for comment

on the purpose of le Pen's trip to the tower. If it is indeed a publicity move, she wouldn't be the first far-right European politician to use a Trump Tower visit for prominence. In December, Austria's far right Freedom Party put out a statement (while on a trip to Moscow to meet with Putin's political surrogates) claiming its leaders met with Trump's national security adviser pick, Michael Flynn, the month before. Trump's press spokesperson vehemently denied the meeting ever took place.

Trump's best British friend (and occasional Trump Tower visitor), the boisterous Brexiteer Nigel Farage, backed Le Pen's presidential bid in November. He will be attending Trump's lavish inauguration balls. No word on whether Le Pen received an invite. But maybe that's what she went to Trump Tower to do.

Even if not, there's certainly no shortage of material Le Pen could discuss with Trump. In recent months, she's said Crimea belongs to Russia (a position Trump was

apparently advised to take by Henry Kissinger) and that children of illegal immigrants are no longer entitled to a free education, regardless of what the French constitution says, because "playtime is over."

And, yes, many in France and the United States feel it is.

## Breitbart : Marine Le Pen in Trump Tower During Unannounced Visit to New

### Marine Le Pen Spotted in Trump Tower

After speculation over the nature of France Front National leader Marine Le Pen's visit to New York, she has been spotted today in an apparent meeting over coffee at the Trump Tower Ice Cream Parlour. The pictures show the French Presidential hopeful sitting with a group including her long-term partner Louis Aliot.

Following the emergence of the pictures, a senior Trump aide confirmed to Breitbart News she is not meeting with the president-elect or the transition team.

Ms Le Pen, who is currently leading in the polls, is visiting the city in a private capacity, according to her campaign chief David

Rachline.

Bloomberg quotes an unnamed aide to Donald Trump as saying the President-Elect has no plans to meet with Ms Le Pen.

Mr Rachline also confirmed: "It's not on her public agenda. We don't communicate about private visits."

Marine Le Pen has been an outspoken supporter of President-elect Trump over the course of the United States Presidential election cycle. The visit comes after a number of meetings between the President-elect and Britain's Nigel Farage, and has launched a raft of speculation on Twitter over the nature of the visit.

One poll earlier this week put the Front National leader ahead of centre-right candidate François Fillon in the race to be France's next

president. The poll by Ifop-Fiducial put Ms Le Pen on 26 to 26.5 per cent support, while Mr Fillon was on 24 to 25 per cent.

However, she may still face defeat thanks the France's two-round electoral system, with 64 per cent of voters saying they would vote for Mr Fillon in a runoff between the two candidates.

Ms Len Pen is gaining support with her populist, Eurosceptic policies. She has already pledged to renegotiate France's membership of the European Union and put the result to a referendum. She has also signalled her opposition to France's membership of the euro currency, which many French people blame for holding back the economy and impoverishing them.

However, she has also gained large support for her strong-borders views and her opposition to Islamisation.

Her popularity rose in particular after last July's terror attack in Nice, when she called on then interior minister Bernard Cazeneuve to resign after a spate of Islamist attacks.

"In any other country in the world, a minister with a death toll as horrendous as Bernard Cazeneuve – 250 dead in 18 months – would have resigned a long time ago," she said.

She added that the main cause of the wave of Islamist attacks in France is Islamic State and their "murderous ideology that we let develop in our country".



## French far-right leader Le Pen spotted at Trump Tower

French National Front leader Marine Le Pen was spotted Thursday at Trump Tower in New York.

Approached by reporters while having coffee in the lobby of President-elect Donald Trump's Manhattan building, Le Pen declined to say whether she was visiting

in a personal or professional capacity, according to pool reports.

Trump spokeswoman Hope Hicks told a pool reporter that Le Pen "is not meeting with anyone from our team."

Still, Le Pen's presence at Trump Tower grabbed attention. It comes

roughly three months before France's presidential election, a contest that the far-right figure leads in new polling.

Le Pen has lavished praise on Trump, saying during a November press conference his victory is a "sign of hope" that "shows that people are taking their future back."

Trump and his team have taken an interest in far-right, populist leaders in Europe. Nigel Farage, the former leader of the United Kingdom Independence Party and a key figure in the "Brexiteer" movement, last met with Trump in December.



## Spotted at Trump Tower: Right wing French presidential candidate Marine Le Pen

Fred Imbert

Pool Photographer

Marine Le Pen, leader of the French far-right Front National (FN) party, in Trump Tower on Jan. 12, 2017.

Right winger Marine Le Pen, among the top candidates for the French presidency, was spotted at Trump Tower on Thursday.

Le Pen, an opponent of open immigration, has made headlines

over the past year because of her anti-European Union rhetoric, which echoes that of Brexit leader Nigel Farage. The press pool camped out at Trump Tower saw her there Thursday morning.

Le Pen's appearance before cameras at Trump Tower coincides with a pre-primary debate taking place back in France among French Socialist Party candidates. White House Press Secretary Sean Spicer told NBC News that Le Pen was not

meeting today with President-elect Donald Trump or with any other members of the transition team.

In a November interview with CNBC, the leader of the National Front party said France has suffered "tremendous losses" in many sectors, adding it needs a strategic plan bring it back to its feet.

Several market analysts fear that if Le Pen wins the French election in April, it could lead to the fall of the

European Union. France is one of the five largest economies in the European Union.

According to a poll Thursday, Le Pen led the first round of voting by 1 or 2 percentage points.

The poll, however, also said Le Pen would handily lose in the second round of the election to center-right candidate François Fillon.

## Anti-Immigrant French Candidate Marine Le Pen Visits Trump Tower

French presidential candidate Marine Le Pen and some of her campaign staff were spotted Thursday morning at Trump Tower, prompting speculation that the leader of the hard-line conservative National Front party would be meeting with President-elect Donald Trump.

A Trump spokesman denied that Le Pen would meet with the president-elect or anyone from the transition team, telling reporters that "Trump Tower is open to the public."

An aide to Le Pen said a meeting with Trump "is not on her public agenda," but added, "We don't communicate about private visits."

The Huffington Post

Marine Le Pen was spotted at Trump Tower on Thursday.

Le Pen is a deeply polarizing figure in France, where she is frequently accused of racism and xenophobia for her nationalist, anti-immigrant policy positions. The daughter of National Front founder Jean-Marie Le Pen, she regularly claims to be "fighting the Islamisation of French society." In a 2010 speech, she likened the presence of Muslims in France to the Nazi occupation.

Le Pen was accompanied to Trump Tower by her partner, George "Guido" Lombardi, a longtime friend of Trump's who lives in the building and was active in the "Citizens for

Trump" campaign this fall. Lombardi is also the leader of a group called the North Atlantic League, which espouses anti-Islamic views, and warns that "Judeo-Christian civilization" is under attack from Islam, the media and a "cultural assault."

Like Trump, Le Pen's presidential campaign is built on a populist, nationalist ideal that promises a return to bygone days. Both she and Trump supported Britain's vote to exit the European Union last year, and both are champions of strict border controls to prevent the arrival of undocumented immigrants.

Le Pen has repeatedly said she admires Trump, calling his victory in November "a sign of hope" for hard-

line conservative European politicians.

Trump has met several times with another populist European politician, Nigel Farage, the former leader of the U.K. Independence Party.

It was unclear late Thursday morning whether Le Pen would ride the elevator to Trump's offices, or just sit downstairs and drink coffee.

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## France's Le Pen Generates a Stir With Stops at Trump Tower

Terrence Dopp  
@tdopp More  
stories by Terrence Dopp

by , , and

12 janvier 2017 à 07:41 UTC-5  
12 janvier 2017 à 18:22 UTC-5

- Le Pen has no meetings scheduled with Trump nor his aides
- French presidential candidate is leading in latest poll

French National Front leader Marine Le Pen made an unannounced visit to New York and caused a stir when she was spotted at Trump Tower flanked by a longtime friend of President-elect Donald Trump.

But Le Pen, who leads in the latest opinion poll for the French presidential election, had no meeting scheduled with Trump nor with members of his transition team,

according to representatives for her and for the president-elect. Her campaign chief, David Rachline, said she was making a private trip to New York.

Le Pen waved off reporters when approached while she sat drinking coffee with three other people outside the Trump Ice Parlor on Thursday.

Among them was Guido Lombardi, an adviser to Le Pen who lives three stories below Trump's penthouse and is a member of Trump's Mar-a-Lago club in Palm Beach, Florida. Trump once described Lombardi and his wife as "friends for a long time." Lombardi said last year that he helped organize a Trump rally in Washington during the campaign.

Lombardi told reporters later Thursday that he'd organized a private party for Le Pen on Wednesday night that included "entrepreneurs, businessmen, industrialists — there was a couple

of people from the United Nations" who are supporters of her.

"We did not reach out to Mr. Trump even though he's a friend of mine," Lombardi said. "I know very well his policy about not meeting foreign leaders. He had this policy all throughout his campaign. We know that. We respect that. We didn't ask him to meet her. We did not go begging for any interview with anyone on the transition team because she was here to meet other people."

Lombardi said, laughing, that on Thursday he, Le Pen and the others "were just grabbing coffee and were hoping nobody was here."

Trump spokesman, Sean Spicer said that the French politician had no meeting with members of Trump's staff and he didn't know why she was in Trump Tower. "It's a public building," he said.

Le Pen is set to launch her official campaign on Feb. 4 in a meeting with supporters in the French city of Lyon. She has repeatedly said she supports Trump's policies for the U.S. and called him "a sign of hope" for European anti-establishment politicians in a press conference this month.

"The message is very similar. The message is a populist message that resonate with what we call the working class," Lombardi said, adding that a third of her support comes from the left. "The working class, even in France, are fed up with the elitist, globalist politicians that are not doing anything for their own people, and they are looking for someone, a new voice."

Trump has met on several occasions with Nigel Farage, the former leader of the U.K. Independence Party, most recently in December.

## Breitbart : Thousands Rally Outside France's UN Mission to Protest Upcoming Paris 'Peace' Summit

The Jerusalem Post reports: Some 5,000 demonstrators gathered outside the Permanent Mission of France to the United Nations in New York on Thursday to express their support for Israel ahead of an international conference on Middle

East peace set to be held on Sunday.

The gathering was sponsored by the North American Coalition for Israel, which is made up of more than 50 organizations.

Under the banner "Shame on the UN," public figures, clergy members and victims of terrorist attacks gathered together with members of the Jewish community, demanding that the United Nations "immediately cease its unjust targeting of Israel

and focus on real issues such as Syrian Genocide and Global Islamic Terror."

## Variety : Genre, Thrillers Stage A Comeback in France

John Hopewell

PARIS — Daouda Coulibaly's Mali-set "Wulu," Sebastian Marnier's "Faultless" and Thomas Kruithof's "The Eavesdropper" form part of a

gaggle of crime thrillers and sci-fi/fantasy movies unspooling at the 19th UniFrance Rendez-Vous with French Cinema, France's annual national film showcase.

In volume, they do not represent the most numerous film type at that market; that crown belongs to comedies, accounting for 32 of the 76 movies screening there. But some of the crime thrillers are

among the best-reviewed films at Rendez-Vous.

"Who doesn't love a good sociopath? In novelist-director Sébastien Marnier's feature debut



"Faultless," he conjures up a doozy," *Variety* wrote, calling "The Eavesdropper" (aka "Scribe") "a timely political thriller told with flair" and "Wulu" "an auspicious debut."

These suspense titles are joined at the *Rendez-Vous* by "Seuls" ("Alone"), a bold departure for French cinema, a fantasy teen survival thriller from "IT Boy" director David Moreau, and "Toril," Laurent Tessier's rural drug-trade thriller.

The films come on the heels of three Cannes standouts: Alice Winocour's "Disorder," with Matthias Schoenaerts ("Rust and Bone") as a ex special-ops bodyguard suffering PTSD; Houda Benyamina's Golden Globe-nominated gangster movie "Divines"; and Julia Ducournau's campus cannibal movie "Raw."

And at November's American Film Market, Paris-based production house Vixens announced a new slate of elevated genre movies, including "Rosemary's Baby"-ish "Housewife," Turkish director Can Evrenol's follow-up to his hit "Bakın"; H.P. Lovecraft adaptation "Beyond the Wall of Sleep," the second feature from Christophe Deruo; and Vixens' first French-language movie, Martin Scali's crime drama "Un Prince."

Though the number of such titles out of the 200-plus features France produces each year is not huge, it does suggest that genre, especially crime thrillers, one of the country's greatest film traditions, is making a niche comeback.

"Raw" is a masterpiece. There are great young filmmakers with a strong viewpoints and vigorous takes on the genre," Kruithof said.

The comeback comes thanks to an exciting new generation of directors, producers and sales agents now linked with some of France's top players – Gaumont, Wild Bunch, Haut et Court – and in spite of often adverse market and funding conditions.

Made 50 to 80 years after Marcel Carné, Henri-Georges Cluzot and Jean-Pierre Melville were at the top of their game, this new wave naturally moves the tradition on. The trio of Cannes standouts were all directed by women, conspicuously absent from the good and great of French policiers, film noir, heist and gangster movies of the past.

France's new thriller wave is often set in timely contemporary contexts. "The Eavesdropper," Kruithof's feature debut sold at the *Rendez-Vous* by WTFilms, unspools during the buildup to to presidential elections in France. It stars François Cluzot as a mild-mannered bookkeeper hired by a shadowy head of a political espionage network working for a populist far-right politician who aims to make France great again.

"Alone," though reminiscent of U.S. '80s teens movies, features a gaggle of fast-talking French teens, and a new French cityscape of hypermarkets, highways and plush hotels.

"Wulu," produced by and sold at the *Rendez-Vous* by Indie Sales, charts the inexorable rise of a sharp-witted Malian from bus driver to drug-courier kingpin. It has been called a Malian "Scarface." But unlike Pacino's character, "Wulu's" anti-hero is always unhappy. He earns enough cash to buy a villa and hobnob with rich, but loses his soul.

Genre in France is a push phenomenon, supported often passionately by a new generation of directors, few of them older than 40. The movies reveal some largely unknown young directors in command of their craft and able to elicit tremendous performances from their star leads.

But French genre production, especially of straight horror films, also faces huge challenges.

Horror's status in France is a "disaster," says Matteo Lovadino at

Reel Suspects, a Paris-based sales agency specializing in genre and fantastic cinema. Institutions steer clear of financing straightforward genre both in production and distribution, he said, citing the case of Lithuania's "Vanishing Waves," which did not receive French state support for theatrical distribution in France. Straightforward horror genre cannot play primetime free-to-air genre – though thrillers and sci-fi titles have more of a chance – which reduces revenue opportunities for their distributors, he added.

This isn't new. A French splat pack – Alexandre Aja (2003's "High Tension"), Alexandre Bustillo and Julien Maury (2007's "Inside"), Pascal Laugier (2008's "Martyrs") – made a clutch of extreme-gore movies which delighted French fan boys, caught critics' attention, but largely bombed at the box office.

"There was a wave of great genre directors. But Aja and that generation realized they couldn't make those [films] in France. Most left for the States," Gregory Chamber at WTFilms recalled. "Now there's a new wave of directors trying to get back to genre."

The question is what business models France's new genre practitioners can adopt, allowing directors to grow their careers with ever most ambitious projects.

One is to attempt to open up to new audiences. In "A Perfect Man," a blocked writer played by Pierre Niney claims authorship of a novel left behind by a dead man. The movie brought in "a younger, more female crowd," said Thibault Gast at 24 25 Films, producer of "A Perfect Man" and "The Eavesdropper."

Another strategy is to rack up international sales. "The Eavesdropper" has sold to Japan (At Entertainment), the U.K. (Arrow), Latin America (California), Spain (A Contracorriente Films), Italy (Europictures), Scandinavia (Njuta),

Switzerland (JMH), Canada (TVA) and multiple other territories.

Financing can also be structured to avoid depending totally on the French market. Vixens aims to produce three genre movies a year, said co-founder-producer Gary Farkas: one shot in English in the U.S. and co-financed by U.S. equity, such as David Raboy's upcoming "The Giant"; European co-productions, such as "Housewife," co-produced with Turkey and Denmark's Space Rocket Nation; and French features, but which are "genre/art films with a strong message," such as "Un Prince."

The last two titles qualify as French movies, easing sales to French pay-TV operator Canal Plus. The U.S.-shot movies and co-productions are "low-budget, high-concept, director-driven," the low budgets limiting risk and making them more attractive to equity investors, Farkas added.

Vixens can also tap monies from French distribution, international sales and funds such as the CNC French film board's Aide aux Cinemas du Monde.

Farkas said "Un Prince" is a crime drama in the vein of "A Most Violent Year" and Jacques Audiard's 2005 "The Beat That My Heart Skipped."

24 25 Films and WY Prods, the companies behind "A Perfect Man," are teaming with Gaumont to produce "Burn Out," the second feature from from "Man's" Yann Gozlan. WTFilms and Haut et Court are joining forces for zombie movie "The Night."

It only takes one or two films to reverse a trend, the saying goes. Genre, thrillers traditionally play well on VOD.

"Business is changing a lot. All bets are off, in a way. It's more difficult to know what will work or not. So people are open to taking more risks again," said Chambet.



## La Grave: Is it all downhill for one of France's best ski resorts?

By Rob Hodgetts, CNN

France's La Grave resort sits at an existential crossroads.

investment is needed to revive fortunes.

MORE: World's best ski resorts 1-100

### Story highlights

- The future of one of extreme skiing's best resorts hangs in the balance
- Locals fear big business has plans that could transform the niche resort

(CNN)Its sheer slopes might be a cult off-piste ski destination and a haven for helmeted hardcores, but

An aging, solitary cable car is the village's lifeblood, but the lease is up for renewal in 2017 and the community fears for the future.

Locals worry a big-business operator -- interested purely in profit -- will take over and destroy the soul of this unique alpine niche resort.

### Into the abyss

However, La Grave is struggling. People are moving away, and there's a tacit acknowledgment that

"Everyone is afraid of the unknown," says Pelle Lang, a Swedish guide who owns the Skiers' Lodge in the village. "There are a lot of people who have spent many years here, and it means a lot to them because La Grave is a special place."

The tiny 12th-century village in France's Ecrins National Park gives access to acres of adventure on the flanks of La Meije, a wild and remote 3,984-meter (13,071-foot) mountain, some 60 miles southwest of Mont Blanc.

### No room for cruisers

This is no place for "blues cruisers" - skiers who prefer intermediate pistes that offer limited challenges. There's one short groomed slope.

The rest is a mountainscape of glaciers, cliffs, crevasses, couloirs and forests -- and a dream for free skiers and their guides when the conditions are right.

"It is just an incredibly unique area and a special place, not only for



skiing, but ski touring alpinistes, mountain bikers in the summer and farming," adds Lang, who pioneered the region as a hardcore skiing hub.

The only way up is via a 40-year-old cable car which takes 40 minutes to chug up via two intermediary stations from the rugged village at 1,480 meters to a high point of 3,200 meters.

There's one other lift, a rudimentary drag next to the single ribbon of piste high up on the glacier, rising to 3,530 meters just below the Dome de la Lauze.

MORE: 10 of the world's most beautiful ski lodges

### Snow business

The extensive ski resort of Les Deux Alpes lies just over the ridge. It's another world, of commercialization and big business, but one that threatens to engulf La Grave.

The lift has a capacity of 400 people per hour, and struggles to make money. The lift's designer, Denis Creissels, a man in his 80s, took over the lease in 1987 and runs the company at the margins of profitability.

For several years, rumors abounded that the lift would simply close when the lease ran out. The lift did stop for a spell in the 1980s when an earlier operator went bankrupt.

"I have had American clients ringing me up saying 'I want to ski La Grave because this is the last year the lift will run,'" says Lang. "It has a bad reputation around the world."

### Two contenders

However, six potential investors came forward and were whittled down to two by the mayor's office, with a final decision to be made in March. The identities of the two prospective leaseholders remain a closely guarded secret.

The worry among locals is that a mega lift company, such as Compagnie des Alpes, which runs many of France's top resorts

including nearby Les Deux Alpes, Chamonix and Val d'Isère, will implement big changes to increase profitability and satisfy shareholders.

"Now, we as skiers adapt to the mountain," says Lang. "As soon as you start adapting the mountain to the skier, you're bringing bigger crowds and soon you have a bigger demand for services."

MORE: These ski resorts are Europe's best-kept secrets

### Crowdfunding venture

Locals are not "anti-development," but they're wary that turning La Grave into a slick resort will rip the heart out of an authentic and pristine alpine environment.

The added fear is the village will be neglected in favor of unsustainable property development.

Belgian resident Joost Van Zundert launched a crowdfunding venture to protect what he calls "this special place" for the community.

It attracted €61,000 (\$64,000) from 1,012 backers to raise awareness, with the private investment already lined up for the next phase, but his was one of the bids rejected by the town hall.

"The worst-case scenario for me is an operator who doesn't develop the village life and just operates the lift and thinks about its profits, not the product itself," says Van Zundert, who relocated to La Grave in 2005.

"That could endanger the authenticity of the skiing."

### 'Extremely serious'

La Grave is a serious mountain requiring specialist skills to negotiate its slopes.

Of the 23 "legendary routes" pictured on Lang's Skiers' Lodge website, 16 have a technical difficulty rating of "very serious" or "extremely serious."

There have been a number of fatalities over the years, including

big-name American skier Doug Coombs who died after a fall in the Couloir de Polichinelle in 2006.

Not for nothing does La Grave have the second highest population of mountain guides in the world after Chamonix, at the foot of Mont Blanc.

"It attracts skiers from all around the world, experienced skiers and people who have a dream or ambition to ski there," adds Van Zundert, whose group will continue to lobby for the preservation of La Grave.

MORE: Why Iran could be your next ski destination

### Commercial concerns

Boosting numbers, with enhanced lift and accommodation infrastructure, or by connecting La Grave into the lift system of nearby Les Deux Alpes, could engulf the village and attract visitors without the necessary experience and equipment.

But La Grave faces a delicate dilemma.

Without investment, the prospects are gloomy.

The situation has not been helped by the collapse of a tunnel on the road to La Grave, blocking the western access for almost two years.

The alternative, a winding four-hour diversion to the east, severely hit businesses, although the tunnel's re-opening this winter will give the village some much-needed "oxygen," according to Van Zundert.

"It's so difficult to make money here. And people are very tired living with this stress," adds Lang.

"The sad thing now is that many people are moving away from La Grave, schools are declining, it's been a tough time for people here."

### Fat checkbooks

Securing the future of the lift is vital, but the flipside is that big companies

waving checkbooks at impoverished landowners could hasten the exodus and expansion.

Then again, one of the stipulations of the new lease will be to build a third stage of the cable car up to 3,600 meters, replacing the old drag lift, before 2021.

Not only will this allow easier liaisons with Les Deux Alpes but it's hoped it will extend the season and increase summer traffic.

"They've been trying to open the lift up for summer skiing since they built it but they have never been able to make any money," says Lang.

"But if there is a cable car up to 3,600 meters it will compete with the Aiguille du Midi in Chamonix.

"The view is stunning. You can see to Italy and the Monte Rosa, to Mont Blanc, to the Massif Central, Mont Ventoux..."

MORE: Where the pros go for snow

### No artificial snow

Among the other terms of the lease: No new pistes will be allowed and artificial snow making will be banned to preserve the authenticity of the environment. Lift improvements could also clean up some of the old infrastructure on the mountain.

But locals worry some of these seemingly positive upsides will be lost amid big-money negotiations.

"We pray they will come up with a solution and a good long-term working relationship with either of the companies," says Lang.

Like much of its skiing, La Grave is on a precipice. Whether it lands on its feet remains to be seen.

Rob Hodgetts is a journalist and editor who has worked for the likes of CNN Sport, BBC Sport, BBC News and Reuters and has reported from some of the world's biggest sporting events including numerous winter and summer Olympics, golf's US Masters and the Ryder Cup.



## Renault Shares Slide as France Opens Diesel Emissions Probe

13 janvier 2017 à 05:26 UTC-5  
13 janvier 2017 à 06:47 UTC-5

- Preliminary investigation opened same day as Fiat accusation
- Renault shares fell as much as 6 percent in Paris trading

Renault SA became the latest victim of the fallout of Volkswagen AG's diesel scandal after Paris prosecutors opened a preliminary

probe into the French company's vehicle emissions, wiping as much as 1.5 billion euros (\$1.6 billion) from its market value.

French investigative judges will oversee the case opened Thursday, the same day American authorities announced a probe into accusations

that Fiat Chrysler Automobiles NV

used computer software to cheat emissions tests of its diesel models. Renault -- which doesn't sell vehicles in the U.S. -- faces

allegations that its cars are a pollution hazard, a spokeswoman for the prosecutors office said by telephone.

The auto industry has been under increased scrutiny since American regulators found in September 2015 that Volkswagen had installed software to detect when diesel emissions are being tested, and that turned off the anti-pollution systems during regular driving. On Thursday, Fiat Chrysler was accused of violating pollution laws with 104,000

diesel vehicles, sending the shares plunging.

"We are in line with what happened to Volkswagen in September 2015, to Renault in January 2016 and to Fiat yesterday: these are topics that are scary because they potentially mean extra costs for penalties," Natixis analyst Georges Dieng said by phone.

Shares of Europe's third-largest automaker fell as much as 6 percent in Paris trading and were down 2.4 percent at 11:55 am. Renault didn't

immediately respond to requests for comment on the investigation, which comes after a government-appointed committee issued a report in July that looked into car emissions in real-life conditions.

"What is important from Renault's point of view is that things can go fast, whatever the

final decision is," Dieng said. "This topic largely weighted on the performance of Renault in 2016, although its economic performances were very good."

Renault shares crashed in January last year after a report that government investigators had searched the Boulogne-Billancourt,

France-based company. PSA Group premises were also raided by government fraud investigators in April.

In November, French Ministry of Economy fraud watchdogs said their research found enough material to require further investigation into nitrogen oxides emitted by the

company's vehicles, and recommended that prosecutors open a case.

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**THE WALL  
STREET  
JOURNAL**  
Fidler

## Exploring a Brexit That Isn't Binary

Laurence Norman and Stephen Fidler

Updated Jan. 12, 2017 5:26 p.m. ET

Here is one of the toughest questions British Prime Minister Theresa May will have to answer as she maps out her thinking on the exit negotiations from the European Union, starting with a speech on Tuesday: Should the U.K. seek to stay, at least temporarily, in the EU's customs union?

At stake are critical issues such as how quickly Britain could tie up new trade deals, whether Brexit will herald tariffs on U.K.-EU trade and how free the U.K. will be to shift away from EU product regulation.

A customs union eliminates or reduces internal customs barriers to trade and imposes a common external tariff on imports from nonmember countries. While some pieces of the Brexit puzzle are starting to become clearer, the government's view on the customs union remains murky.

Mrs. May's speech to her Conservative Party conference in October would seem to make British membership of the customs union difficult. In it, she insisted that Britain would regain control of its own laws and wouldn't "return to the jurisdiction of the European Court of Justice."

But that doesn't quite block off the path. For starters, the U.K. is likely to seek a transitional accord for a

few years with the EU, smoothing the ride to a final post-Brexit relationship, and a customs union could be part of that. Britain and the EU could also agree a joint dispute-settlement panel outside of the ECJ.

Opponents of customs-union membership argue that it prevents Britain from signing its own trade deals with other countries, a key objective of free-trade Brexiteers such as International Trade Secretary Liam Fox. Inside the customs union, Britain would remain bound by the EU's external tariff but, once outside the EU, with no say in setting the bloc's trade policy or tariffs.

The U.K. would also need to put a brake on overhauling its rules and regulations. Diverging too far from EU rules to undercut European environmental or health standards, for example, would quickly fall foul of any dispute panel, which in any case would need to heavily factor in ECJ decisions.

On the other hand, there are important economic advantages of remaining in the customs union. Number one, there would be no imposition of tariffs on trade between the U.K. and EU. Britain would also continue to enjoy the benefits of the EU's dozens of trade deals from Canada to South Korea.

U.K. products wouldn't have to submit to customs checks, a cumbersome process that could cost British business many billions of pounds in administration costs

and port delays. And there is no legal reason, although EU members may object, why customs-union membership would prevent the U.K. from claiming the right to limit immigration from the EU, a key British objective.

Yet, Mrs. May has said a decision on the customs union may not be a "binary choice." U.K. officials and lawmakers are exploring the options.

Turkey is one example. The country isn't a customs-union member but it has a customs agreement with the EU that eliminates tariffs on most industrial goods but not on services and agriculture.

Turkish goods must still submit to customs checks and, while Turkey can sign trade deals with other countries, it is constrained by having to adhere to the EU's common external tariff. Moreover, when the EU signs a free-trade accord with another country, Turkey is obliged to open its market to that country but the other country doesn't have to reciprocate.

The Turkish model isn't a perfect template either for a service-heavy economy such as Britain's. However, there is nothing stopping the U.K. seeking a differently shaped customs deal with the EU.

Vicky Ford, a British lawmaker in the European Parliament, says the U.K. could also leave the customs union but find ways to mitigate the costs. One is to lighten as much as

possible the regulations and procedures around customs checks the EU imposes on U.K. exporters.

Norway, for example, has a relatively light-touch arrangement with the EU. There are random custom checks to ensure rules are being followed but products are not checked individually. The onus is on Norwegian exporters to ensure and declare that the goods they're sending to the EU can enter tariff-free.

The second is the future arrangements around so-called country-of-origin rules. Assuming that Britain seeks a free-trade deal with the EU, the rules around what counts as a British product and what doesn't will be crucial for advanced British manufacturers with their international supply chains.

If the U.K. can ensure that products such as cars will count as British exports and enjoy tariff-free status, even if they have a significant share of their value-added coming from outside Britain or the EU, it would be a major bonus.

Such favorable agreements are possible. The stumbling block will likely be the abiding fear among EU leaders that a cherry-picked deal for the U.K. would create incentives for other countries to follow suit.

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**The  
New York  
Times**

## As Trump Reaches Toward Putin, U.S. Troops Arrive in Poland

Rick Lyman and Joanna Berendt

WARSAW — The long convoy from an American armored brigade slid unobtrusively across the German frontier into Poland just before 10 a.m. on Thursday. A dozen residents from the southwestern border town of Olszyna turned up to watch.

"Americans coming here is the biggest thing that's ever happened to us," said one resident, Mieczyslaw Mroz, 62.

The convoy — the first installment of what are promised to be several

thousand NATO troops to be based across Eastern Europe — made its lumbering way into the nearby town of Zagan for an official welcoming ceremony on a frigid square flanked by tanks.

"It's about time," said Jan Siemion, 62, a retired security worker who caught the end of the speeches. "Maybe this will stop this guy from the East who has been terrorizing us for decades."

After years of yearning for a permanent NATO troop presence along the alliance's eastern flank — to keep the guy from the East,

President Vladimir V. Putin of Russia, at bay — leaders in Poland and elsewhere were jubilant when a plan to station a rotating contingent of a few thousand multinational troops was approved at the alliance's summit meeting in Warsaw last summer.

But now, as those troops are arriving on the scene, the situation has radically changed, and the promise of security feels considerably less certain.

The American president-elect, Donald J. Trump, enters office trailing a string of sometimes

contradictory statements about NATO and insisting on a new era of chummier relations with Russia's autocratic leader.

So there is considerable concern in Warsaw and other Eastern capitals about whether the troops will actually arrive in the numbers promised, and whether this desire for friendlier relations with Moscow will lead to a deal that undermines the whole effort.

"Every new American president wants to initiate some sort of grand bargain with Russia," said Marcin Zaborowski, executive vice

president of the Center for European Policy Analysis and head of its Warsaw office. "And this region always suffers as a consequence of that. I suspect the suffering will be greater this time around."

NATO officials past and present say they remain convinced that the deployments will proceed and confident that the new president will soon understand the nature of the threat Mr. Putin presents to Europe and the United States.

"I am absolutely confident that the commitment of the United States is rock solid," Jens Stoltenberg, NATO's secretary general, said in a phone interview. "Donald Trump told me so. He was very strong."

Statements Mr. Trump made during the campaign that questioned whether NATO had outlived its usefulness reflected, in part, his businessman's sense of grievance that allies were not paying their fair share of the costs of the alliance, officials said.

"Our intelligence services have very accurate sources about Russian behavior," said James G. Stavridis, a retired American Navy admiral, NATO supreme commander from 2009 to 2013 and now dean of the Fletcher School of Law and Diplomacy at Tufts University. "Once the new president sees this, he will be supportive. As he absorbs more information about Russia, his skepticism about Vladimir Putin will deepen."

And Russia's future behavior may also compel the alliance to continue the deployments.

"I think it's highly unlikely Putin is going to change from a shark into a goldfish," Mr. Stavridis said. "We are going to see sharklike behavior continue around the periphery of NATO."

The deployments are structured as nine-month rotations. The armored brigade that crossed the border Thursday morning, based at Fort Carson, Colo., will remain until the fall, some troops on a base near Zagan and others spread across the region. But they are not scheduled to leave before replacements are in position, making the deployment, in effect, permanent.

A second American contingent, due in April, is to be positioned in eastern Poland in the so-called Suwalki Gap, considered the likeliest path for a Russian land invasion, although such an invasion is considered unlikely.

But here in Eastern Europe, Polish and other regional leaders are less certain, wondering whether those future troops will show up after Mr. Trump assumes office and, if they do, whether they will be based in the east, as promised.

And that does not take into account concerns about other promised American and NATO initiatives to reassure the anxious East, including an American missile shield to be built in Poland, mirroring one

already in place in Romania, and the opening of forward supply depots throughout the region where NATO armaments could be stored to make rapid deployment possible in the event of an invasion.

"I would say the forward positioning will not happen and, if there is any, it will be in the west of Poland," Mr. Zaborowski said. "Trump will come to some sort of agreement with Putin about keeping troop levels as low as possible, keeping real deterrent capability as low as possible and keeping the troops in the west of Poland instead of the east."

Mr. Stavridis said he expected the troop deployments to take place as scheduled, but suspected that the new administration's desire for a Moscow deal will lead to some horse-trading, perhaps involving that promised missile shield.

The nomination of Gen. James N. Mattis, a strong proponent of NATO, as Mr. Trump's secretary of defense does give Eastern Europeans more confidence.

"I would be very surprised if General Mattis backs off from this," said Thomas Donnelly, co-director of the Marilyn Ware Center for Security Studies at the American Enterprise Institute. "This deployment may not be everything you would like, but it's a real improvement. It's definitely more than half a loaf."

Now, at least, if Russians do come across the border "they might bump

into NATO forces or even kill some Americans," he said, and that will be a powerful deterrent.

"Trump is talking out of both sides of his mouth," Mr. Donnelly said. "But Trump respects strong men. He thinks of himself as a strong man. I think there is going to be more to the U.S.-Russian relationship than Trump just doing whatever Putin wants him to do."

A Polish military orchestra played the Polish and American national anthems at Thursday's welcoming ceremony in Zagan. About 20 civilians turned up in the bitter cold, including a little girl in a red jacket and pink hat, who sat on a sled waving an American flag.

Capt. Matt Piazza, 28, like other American soldiers, declined to name Russia as the reason for the deployment.

"We're here to deter any aggression, wherever it may come from," he said. "But I don't believe it will happen. This is a peaceful mission."

Edyta Maher, 39, who had wandered over from the tiny village of Kalki to watch the convoy cross the border, expressed a more wary attitude.

"It's this Trump that worries me the most," Ms. Maher said. "There's no telling what he's going to do as president. But it looks like he and Putin may be doing some colluding. It can't be good for Poland."

## THE WALL STREET JOURNAL

12:55 p.m. ET

FRANKFURT—Mario Draghi risks becoming Europe's political piñata this year because of highly charged elections in the eurozone's biggest economies.

Barely a month after announcing a half-trillion-euro extension of the European Central Bank's quantitative-easing program and hinting the bank would do little for most of 2017, its president is back in the spotlight amid an anti-European Union backlash across the region.

ECB officials extended their bond-purchase program by a longer-than-expected nine months in December to help counter potential volatility "relating in particular to shocks emanating from the political environment," according to minutes of their latest meeting published on Thursday.

Politicians in Germany, France, Italy and the Netherlands—which all face general elections this year—have

## European Elections Test ECB President Mario Draghi

Tom Fairless

Jan. 12, 2017

recently stepped up attacks on the ECB, complaining it is doing too little, or too much, to support the bloc's €10 trillion economy. In all four countries, mainstream parties face pressure from euroskeptic challengers expected to grab a significant share of the vote.

While swaths of southern Europe stagnate economically, growth in Germany accelerated to a five-year high of 1.9% last year, and the nation posted a budget surplus for a third straight year, the first time that has happened in at least four decades, according to data published Thursday.

The gulf in economic prospects across the region, where unemployment rates vary from 23% in Greece to 4% in Germany, is fueling nationalist sentiment and creating a communication challenge for Mr. Draghi, who will face the media on Jan. 19 after a regular governing-council meeting.

The ECB chief has pledged to "keep a steady hand" through a turbulent political year. But pressure will

mount on Mr. Draghi to show his next move.

Investors will soon start demanding information on what the ECB plans after December, when its bond-purchase program is currently due to end.

Any indication that the ECB might extend, or even accelerate, its bond purchases would be red meat to the bank's German critics, including the populist Alternative for Germany party. But signaling that the stimulus could end risks roiling bond markets and driving up interest rates on southern European debt, fueling an anti-euro backlash in weaker economies like Italy.

"If the Federal Reserve hikes rates, that's bullish for the dollar" because it reflects the prospects of higher U.S. growth, said George Saravelos, chief foreign-exchange strategist at Deutsche Bank. "But if the ECB hikes rates, what happens to Italy? The ECB has no good options left."

When then Federal Reserve Chairman Ben Bernanke indicated in mid-2013 that the U.S. central

bank would likely start tapering its own QE program, long-term U.S. bond yields jumped and the value of the dollar rose substantially, an episode known as the taper tantrum.

Renewed criticism of the ECB comes as the eurozone appears to be emerging from its yearslong economic torpor. Data published on Thursday showed industrial production in the eurozone rose by 3.2% in the year to November, up from 0.8% the previous month. Unemployment is at a seven-year low and the euro has fallen close to parity with the dollar, a boon for the region's exporters.

But a surge in eurozone inflation, to a three-year high of 1.1%, has sparked renewed criticism in Northern Europe, where politicians have long complained that low interest rates punish savers and let southern European borrowers off the hook.

Inflation is "guzzling our savings," a Frankfurt newspaper complained Sunday, picturing inflation as a red-eyed monster swallowing euro bank



notes. Markus Soeder, an ally of Chancellor Angela Merkel, warned this month that ECB policies, combined with rising inflation, were "catastrophic" for German savers.

"The German economy certainly doesn't need a demand stimulus because we are almost at full employment," said Clemens Fuest, president of the Ifo Institute for Economic Research.

Elsewhere in the eurozone, criticism focuses on the ECB failure to revive sluggish economies.

French National Front leader Marine Le Pen, who is expected to make the second round of presidential elections in May, said recently she wants to yank France from the euro, complaining it is stifling growth.

Italy's economy minister Pier Carlo Padoa-Schioppa took the unusual step last month of criticizing the ECB's assessment of the world's oldest bank, Banca Monte dei Paschi di Siena, which has been ordered to raise almost €9 billion (around \$9.6 billion) of fresh capital. Beppe Grillo's populist 5 Star Movement,

which is polling close to 30%, has called for an Italian exit from the currency union, and said his nation is at war with the ECB.

"The Germans block everything...because of them, and only them, the periphery is kept caged in the euro," Mr. Grillo wrote in a recent blog post.

In a move seen as a nod to German concerns, the ECB said in December it would scale down its bond purchases to €60 billion a month from €80 billion after March. Several ECB officials opposed extending the program at all, according to the minutes. They include Jens Weidmann, president of Germany's Bundesbank and a vocal critic of QE.

But that move doesn't seem to have been enough. German bankers, economists and politicians have been lining up this year to demand an ECB course change. Mr. Fuest argues that the ECB should start winding down its bond purchases as soon as April if eurozone inflation hits 1.5%. The ECB aims to keep inflation just below 2%.

"Everybody in Germany is waiting for a signal of whether they are talking about an exit or not," said Marcel Fratzscher, president of German economic institute DIW Berlin.

Economists say the ECB is probably increasingly eager to wind down QE. The pool of available bonds is dwindling while concerns about negative side effects mount. One key option for expanding the pool of assets—buying more than 33% of each bond issue—could create legal and reputational risks, according to the minutes of the December meeting. Mr. Draghi has repeatedly urged governments to more actively support growth.

For now, any discussion of tapering looks premature. Mr. Draghi says the topic hasn't even been discussed by the ECB's governing council.

"It's still too early for the ECB to adjust its rhetoric," said Thushka Maharaj, a strategist at J.P. Morgan Asset Management in London. She pointed to stubbornly low core inflation, which excludes volatile

energy and food prices. ECB officials expressed similar concerns at their December meeting.

Still, by March, investors are likely to start demanding more information about tapering, Ms. Maharaj said.

Some economists see a window of opportunity over the summer—after elections in France but before those in Germany.

"Once they start talking about slowing purchases, markets will react violently," said Stefan Gerlach, a former deputy governor of Ireland's central bank who is now chief economist at BSI Bank in Zurich. "But the ECB has started to move the chess pieces. The mood music at news conferences will start changing."

—Nina Adam contributed to this article.

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## THE WALL STREET JOURNAL

### German GDP Grows at Fastest Rate in Five Years

Nina Adam and Andrea Thomas

Updated Jan. 12, 2017 3:41 p.m. ET

BERLIN—Germany's economy grew strongly in 2016, propelled by a buoyant labor market and a pickup in government spending, likely making it one of the fastest-growing of the Group of Seven industrialized nations.

Gross domestic product expanded 1.9% in 2016 in inflation-adjusted terms, the Destatis statistics body said on Thursday. This is the highest rate since 2011, beating the government's own prediction of 1.8% growth.

There was a pickup in economic activity late in the year. A statistician with Destatis said GDP probably expanded by around 0.5% in the fourth quarter from the third quarter. An official forecast is due Feb. 14.

"The restraint seen in the third quarter has been overcome," the economics ministry said in its monthly report on Thursday, pointing to solid industrial production and an improving global environment.

However, an uneasy mix of rising

inflation and a zero interest rate has started to unsettle voters, as it may erode households' savings and wage gains.

It has also prompted German politicians—including within Chancellor Angela Merkel's ranks—to call for an end of the European Central Bank's ultra-loose monetary policy.

"With inflation picking up markedly, there is really no argument left that speaks in favor of a zero-interest-rate policy," said Carsten Linnemann, a lawmaker with the Christian Democrats.

Inflation in Europe's largest economy has risen to its highest level in almost 3½ years, largely as a result of higher oil prices. The Bundesbank forecast in December that inflation, measured according to European Union harmonized standards, would rise to about 1.4% in 2017 from 0.3% in 2016.

That is a concern for Germany's households, who are sitting on around €2 trillion (\$2.1 trillion) of deposits. The populist Alternative for Germany party is trying to cash in on the mood swing, as it seeks to

win its first seats in the national parliament.

"The ECB interest rate policy is putting German savers at risk," said the party's chairwoman, Frauke Petry, on her Facebook page.

"The creeping devaluation of their savings will continue in 2017, perhaps even accelerate."

A Forsa Institute opinion poll on Wednesday put support for the AfD at 12%, compared with the 37% support for Ms. Merkel's conservative parties and the 20% backing for the Social Democrats.

Last year's economic upswing was led by robust domestic consumption, in particular, government expenditure aimed at housing and training the more-than-1 million migrants who have entered the economy since 2015.

Government spending rose 4.2% in 2016 from 2015, according to Destatis. Household consumption increased 2%, while construction investment rose 3.1%.

A 2.5% rise in exports, meanwhile, was outstripped by a 3.4% increase in imports. Investment in plant and

machinery was lackluster, up 1.7% from the 2015.

Economists warned that rising inflation, if left unchecked, would soon start eroding households' incomes and savings, as the European Central Bank isn't expected to raise interest rates in the near term. The ECB sets rates across the eurozone, of which Germany is a member.

The government must urgently address the problems caused by low rates to woo back voters from the AfD party, said the Christian Democrats' Mr. Linnemann.

"One approach is to implement a substantial tax reform from which people benefit notably," he said.

Robust growth has helped fill the government's coffers. It generated a €6.2 billion budget surplus last year, the third surplus in a row. However, the finance ministry rejected calls to use the money for tax cuts, with Finance Minister Wolfgang Schäuble saying on Thursday he wanted to use it for debt redemption.

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## The New York Times

### 'Symbol of Hope': U.N. Chief Says Deal to End Cyprus Divide Could Be Near

Nick Cumming-Bruce and Andreas Riris

GENEVA — Could the conflict in Cyprus, one of the world's longest-

running impasses, be finally coming to an end?

The foreign ministers of Britain, Greece and Turkey met in Geneva

on Thursday with Greek Cypriot and Turkish Cypriot leaders, the first time such a high-level gathering had taken place in the four decades since the island's partition, in 1974. The meeting — coming one day after the two sides detailed their visions of how internal boundaries might be redrawn, another first — caused the United Nations' new secretary general, António Guterres, to hold out the prospect of a deal.

"We are facing so many situations of disaster, we badly need a symbol of hope," said Mr. Guterres, attending his first international meeting since taking up leadership of the United Nations. "I strongly believe Cyprus can be the symbol of hope at the beginning of 2017."

Of course, the hopes of generations of diplomats working on the Cyprus problem have foundered before — notably in a 2004 referendum, when Greek Cypriots rejected a peace deal that Turkish Cypriot voters had approved.

This time, all sides have been moving with great care to build support for a deal that could pass muster with voters on both sides.

The high-level meetings in Geneva came after 20 months of intensive negotiations, culminating in three days of talks this week between the Greek Cypriot leader, Nicos Anastasiades, and the Turkish Cypriot leader, Mustafa Akinci, over sensitive issues of governance and demarcation of community boundaries. The negotiations on

Thursday focused on new security measures that would satisfy the Turkish Cypriots, whose security is now guaranteed by the presence of 40,000 Turkish troops on the island. Greek Cypriots have demanded the withdrawal of the Turkish troops.

"There is obviously a way to go," Mr. Guterres said. "You cannot expect miracles, immediate solutions. We are not looking for a quick fix. We are looking for a solid and sustainable solution." But he added: "We are coming very close to a settlement."

Delegations put forward many proposals in the course of discussions, and "time will decide whether they are solid or not," Mr. Guterres said.

António Guterres, right, the secretary general of the United Nations, arrived at a news conference in Geneva on Thursday with Nicos Anastasiades, center, the Greek Cypriot leader, and Mustafa Akinci, the Turkish Cypriot leader. Pierre Albouy/Reuters

The meeting in Geneva included the foreign ministers of Cyprus's so-called guarantor powers: Boris Johnson from Britain, Nikos Kotzias from Greece and Mevlut Cavusoglu of Turkey. Under a 1959 treaty, those nations were allowed to intervene to defend the island's sovereign integrity — the justification Turkey used in 1974 for its invasion.

Any peace deal will quite likely include significant changes to or

even the elimination of the guarantor power arrangement. Greece has called the system an anachronism and Britain has said it would be willing to give up its role as a guarantor if Cypriots desired that. But Turkey has insisted that some form of the system must be preserved. "Continuation of the 'security and guarantees' system," Mr. Cavusoglu said, "is a necessity."

Britain retains military bases in Cyprus that are sovereign British territory, but it has offered to give up nearly half of its land as part of a final settlement.

Mr. Kotzias said the Greeks favored a system of international inspectors, under the aegis of the United Nations, to "supervise the implementation of a potential agreement."

After the talks ended on Thursday night, the United Nations said in a statement that a working group of deputy foreign ministers and senior officials would convene on Jan. 18 to draw up specific proposals in preparation for another round of talks by foreign ministers.

"The participants recognized that this is the time to bring the negotiations to a successful conclusion," the statement said. "This is a historic opportunity that should not be missed. The participants therefore committed to supporting the process towards a comprehensive settlement in Cyprus."

Mr. Cavusoglu said that "at the end we found we have totally different positions," but added: "In one day we were not expecting an outcome or a result of this process. It's not an easy issue. So no disappointment."

In Cyprus, citizens expressed mixed emotions.

Simos Demetriades, a civil servant, worried that Turkey's president, Recep Tayyip Erdogan, could not be trusted. He also expressed concern about the treatment of properties in the north that legally belong to Greek Cypriots, and properties in the south that legally belong to Turkish Cypriots, that were seized years ago and have had new structures built on them.

Maria Hadjimichael, a postdoctoral researcher at the University of Cyprus, was more optimistic. "I hope that those representing the two communities will put the common future of the people on the island first," she said. "And I hope that Greece and Turkey will let this be a decision of the Cypriot society."

Charalambos Rossides, a communications consultant, said: "Reunification, besides peace, will create new opportunities and prospects. It will create new dynamics at all levels of society and will allow people to gain back what division took away from them: creativity, diversity, culture, peaceful thinking."

## THE WALL STREET JOURNAL

### Eurozone Industrial Output Surged in November

Paul Hannon

Updated Jan. 12,

2017 9:30 a.m. ET

The eurozone's factories, mines and utilities stepped up production at a much more rapid pace than expected in November, the latest sign that the currency area's economic recovery strengthened as 2016 was drawing to a close.

Figures released by the European Union's statistics agency Thursday showed industrial output in the eurozone was 1.5% higher than in October, and 3.2% up on November 2015. That was a much stronger performance than had been expected, with economists surveyed

by The Wall Street Journal last week having estimated output rose 0.5% on the month and 1.8% on the year.

Eurostat also raised its estimate for output in October, and now calculates it rose by 0.1% on the month, having previously recorded a 0.1% decline.

The November pickup was led by France, where output jumped by 2.2% over the month. But there was also a 1.7% increase in Spain, and more modest rises in Italy and Germany.

By industrial sector, the surprisingly strong rise was led by the manufacture of non-durable

consumer goods, an indication that household spending was on the rise.

The revival in eurozone manufacturing is in line with recent surveys. IHS Markit's measure of activity in the sector, which is based on a survey of 3,000 companies, was at its highest level in the three months through December since the second quarter of 2011, aided by a pickup in export orders.

The pickup will further ease worries over the impact of the British pound's weakening since a June vote to leave the EU. The weaker pound makes goods manufactured in the eurozone more expensive for British buyers. But currency moves can take many months to translate

into canceled or reduced export orders, while the renewed and sharp decline in the pound's exchange rate over recent days may take a fresh toll on British purchases.

The eurozone economy slowed in the three months to June, and grew at the same, weak pace in the third quarter. A pickup in the final quarter would mean that the eurozone economy grew at around the same, modest pace in 2016 as in 2015.

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## INTERNATIONAL

# Trump Nominee's Proposal to Block China From Islands Sets Off Alarms

Jeremy Page

Updated Jan. 12, 2017 7:32 a.m.  
ET

BEIJING—A U.S. blockade of Chinese-built islands in the South China Sea risks triggering a dangerous military confrontation and would be too costly to sustain long-term, experts warned Thursday after U.S. President-elect Donald Trump's pick for secretary of state proposed such a move.

The proposal by Rex Tillerson in his Senate Foreign Relations Committee confirmation hearing Wednesday is likely to have alarmed Chinese leaders as it went well beyond Mr. Trump's own remarks, as well as the advice from more hawkish elements of the U.S. military, security experts said.

China's initial response was low key, with a foreign ministry spokesman declining to comment on the former Exxon Mobil Corp. chief executive's suggestion, while defending Beijing's actions within what it sees as its sovereign territory.

"Mr. Tillerson said the disagreements between the two countries shouldn't exclude areas of cooperation, and I do agree with him on that," the spokesman, Lu Kang, told a regular news briefing.

Several Chinese and Western experts saw Mr. Tillerson's suggestion less as a concrete proposal than a signal to Senate hawks—and to Beijing—that the Trump administration will take a tougher stance on the South China Sea than its predecessor.

Even so, his proposal intensified the uncertainty that has engulfed U.S.-China relations in recent weeks following Mr. Trump's pledges to confront Beijing on trade and

territorial issues, including the Chinese island outposts he has described as a "massive fortress."

Mr. Tillerson's remarks "sound very alarming," said Zhu Feng, an expert on the South China Sea at Nanjing University. "I think he wanted to outline the worst-case scenario. The problem is that it could pull both powers into a vicious cycle."

China's island-building in the past three years has raised concern in the U.S. and among its Asian allies and partners that Beijing plans to use the facilities to enforce its claims to almost all the South China Sea, one of the world's busiest shipping routes.

The Obama administration has repeatedly criticized China's actions and sent military ships and planes close to the islands, but has refrained from taking sides in the territorial dispute.

Mr. Tillerson told the Senate hearing that China's construction of the islands and installation of weaponry there were "akin to Russia's taking Crimea" from Ukraine in 2014, and that a weak U.S. response had encouraged Beijing to "push the envelope."

Asked whether he supported a stronger U.S. response in the South China Sea, he said: "We're going to have to send China a clear signal that, first, the island-building stops and, second, your access to those islands is also not going to be allowed."

Mr. Tillerson's remarks came on the eve of a visit by incumbent Secretary of State John Kerry to Vietnam, one of several governments whose claims overlap with China's and with whom the U.S. has tried to forge closer defense ties.

Earlier on Wednesday, China issued a white paper on regional security in which it pledged to work with the new U.S. administration but warned it may "make the necessary response" to any infringement of its sovereignty.

To enforce a blockade, the U.S. would have to use force to prevent Chinese ships and planes reaching the islands in violation of Washington's own commitment to freedom of navigation through international waters and airspace, several analysts said.

"That would be tantamount to an act of war," said Richard Bitzinger, a security expert at Nanyang Technological University in Singapore. "How would the Chinese respond? With every tool at their command," he said. "Washington has options, but trying to pull off a Cuban-missile-crisis style quarantine is not one of them."

Beijing would be certain to resist any blockade, leading to a military confrontation that could quickly escalate, and although U.S. firepower is greater overall, sustaining such an operation close to China could inflict heavy costs, security experts said.

China's arsenal includes antiship missiles, jet fighters and bombers that can reach the islands from the mainland, and Beijing could use coast guard ships and a maritime militia of thousands of commercial vessels to back up its navy. China could easily break such a blockade, said Shen Dingli, an international security expert at Shanghai's Fudan University.

Mr. Tillerson didn't say how the U.S. could enforce a blockade of the islands, which according to recent satellite images include three airstrips capable of handling jet

fighters and have all been equipped with anti-aircraft weapons.

China has largely completed land reclamation around the islands and in the near term will likely avoid installing more heavy weaponry that could provoke a stronger U.S. response, Chinese analysts said.

Beijing would be conscious of the political context for Mr. Tillerson's remarks, the Chinese experts said. "He has to show he'll have a tough attitude—only this way will he be smoothly confirmed," said Jia Qingguo, professor of international studies at Peking University.

Relations between Beijing and Washington are in a transitional period as Mr. Trump has yet to complete his cabinet or formulate a coherent China policy.

Still, these experts say the Trump team's consistently harsh comments on the South China Sea make it likely that his administration will take some kind of action there early on—most likely an escalation of "freedom of navigation" operations close to the Chinese-built islands in the Spratly archipelago.

"The one option the U.S. has is to send task forces through the Spratly islands on a regular basis," said Carlyle Thayer, professor emeritus at the Australian Defense Force Academy.

"For the U.S. to do what Tillerson says would be a major commitment on a par with the Cuban missile crisis," he said.

—Te-Ping Chen in Beijing and Jake Maxwell Watts in Singapore contributed to this article.

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## The New York Times

### Trump's Pick on Trade Could Put China in a Difficult Spot

Keith Bradsher

SHANGHAI

As a top trade official, he limited the Japanese cars and steel coming into the United States. He halted talks with China on a deal that would encourage investment between the two countries. And he tried to give American exporters an edge with special tax breaks.

When it comes to problems troubling working-class Americans and manufacturers, Robert Lighthizer, President-elect Donald J. Trump's nominee for trade representative, has historically

blamed the United States' trading partners, advocating aggressive retaliation for what he regards as widespread abuses of free-trade rules.

It is a philosophy that he developed in the 1980s as a deputy United States trade representative and fine-tuned in the decades-long career that followed as the main trade lawyer for the American steel industry. Now he appears ready to train that focus sharply on China.

"It seems clear that the U.S. manufacturing crisis is related to our trade with China," Mr. Lighthizer

said in testimony to a congressional commission in 2010.

Over the years, Mr. Lighthizer has consistently taken the position that foreign countries are subsidizing their exporters while quietly but systematically blocking imports to protect jobs in their own countries. His answer is to pursue a long list of trade measures limiting America's imports — even if those actions may be barely permissible, if at all, under World Trade Organization rules.

"To attack a problem as large as our trade deficit with China, U.S.

officials must be prepared, at a minimum, to consider very aggressive positions at the W.T.O.," he said.

The choice of Mr. Lighthizer — and the trade tensions it underscores — leaves China in a difficult spot. He is part of a group of Trump trade appointees with close links to exactly the kinds of metal-bashing old-economy industries in which China faces the greatest overcapacity, and the toughest choices about how to close factories and lay off workers. Restrictions on exports to the United States will



make those choices even harder for China.

Wilbur Ross, the billionaire investor who is Mr. Trump's choice to become commerce secretary, made large chunks of his fortune in steel and auto parts, two huge industries that in China are ramping up exports. Peter Navarro, the head of the new White House office overseeing trade and industrial policy, is a vociferous critic of globalization who has contended that American purchases of imported goods at Walmart are helping China pay for nuclear-tipped missiles aimed at the United States.

The timing is bad for China.

The Chinese economy is slowing despite vast amounts of fiscal and monetary stimulus. Big manufacturers in most industries are struggling with overcapacity, pushing them to sell goods overseas at cut-rate, even money-losing prices, just to cover their operating costs. Mr. Lighthizer has argued for years that the United States should keep out goods made with government subsidies or sold below the full cost of making them.

"Trump naming him makes me worry the U.S. will carry out more rigid measures on trade and investment," said Wei Jianguo, a former vice minister of commerce.

Exports are important for China. It consistently sells \$4 worth of goods to the United States for each \$1 of imports. That mismatch has produced a bilateral trade surplus for China equal to about 3 percent of the country's entire economy, creating tens of millions of jobs.

The benefits to China from that surplus have been increasing rapidly in the past few years. Many exporters have stopped importing components and switched to increasingly capable local suppliers for everything from high-quality steel to advanced computer chips.

Multinationals have moved entire supply chains to China, and transferred the technology to run them.

Many Democrats and many economists have also become increasingly disenchanted with the effect on American workers and the American economy. The Obama administration filed a long series of trade cases at the W.T.O. against China, although they involved fairly narrow policies and limited categories of goods. It has been preparing more, filing the latest trade case on Thursday over Chinese subsidies to aluminum producers.

If Mr. Trump goes even further in that direction, Mr. Lighthizer will bring a long background in such actions.

When he was in the Reagan administration, Mr. Lighthizer was the deputy United States trade representative overseeing industrial policy in old-economy industries like cars and steel. Since then, Mr. Lighthizer has mainly been filing anti-subsidy and anti-dumping trade cases against imports on behalf of the American steel industry.

"He's the best negotiator I've ever worked with on policies involving trade or tax policy," said Timothy Regan, Mr. Lighthizer's chief of staff in the Reagan administration and now the senior vice president of global government affairs at Corning.

Mr. Lighthizer led successful efforts in the 1980s to force Japan to accept curbs on exports of cars and steel to the United States. Both were bold moves, particularly given that President Reagan at times espoused free trade. But when the W.T.O. was created the next decade, member nations agreed, with a few exceptions, to renounce imposing such export limits on other countries.

The auto industry could be ripe for action again. China is an enormous exporter of auto parts to the United States. Under President Obama, trade tensions over automotive trade have already risen, and the Obama administration has won two W.T.O. cases. The cases forced China to abandon certain anti-dumping and anti-subsidy taxes on American autos and to dismantle a few, fairly narrow subsidies.

Barges in China with ore to be used in the manufacturing of steel. Robert Lighthizer, the Trump administration's choice for trade representative, had a decades-long career as the main trade lawyer for the American steel industry. Kevin Frayer/Getty Images

"He was squarely in the trade talks with Japan," said He Weiwen, a former commerce ministry official who is now a senior fellow at the Center for China and Globalization, an influential Beijing research group, "so maybe Donald Trump wants him to do something similar on China."

The intersection of tax and trade is a specialty of Mr. Lighthizer, who was an architect of a Reagan administration initiative to cut corporate taxes for exporters. He was previously chief of staff at the Senate Finance Committee, overseeing tax policy.

In the Reagan administration, he pushed the limits of what is permissible under international trade rules. His plan allowed many American exporters to reduce their taxes by setting up overseas companies to manage their foreign sales. But the W.T.O. eventually torpedoed the effort after a challenge by the European Union in the late 1990s.

Republicans now appear to be taking a similar — albeit more ambitious — tack. They are exploring how to raise corporate

taxes for importers and use the extra revenue to reduce taxes for all other companies.

China, as the biggest exporter to the United States, would face a major blow. But it would also affect American retailers, electronics companies and other multinationals that depend on supplies from anywhere overseas.

A big obstacle for Republicans is whether the W.T.O. would declare such a tax to be a trade barrier. China and Europe effectively penalize imports by imposing a type of national sales tax, an approach the W.T.O. has approved. It is a steep 17 percent in China.

But House Republicans, leery of imposing any new national taxes, want to change existing corporate tax laws instead. W.T.O. rules discourage, although they do not necessarily prohibit, modifying corporate taxes in ways that penalize imports.

The W.T.O. review process, though, is lengthy. So Mr. Lighthizer and Congress could well go ahead with the tax plan, lightening the tax burden for American manufacturers as well as inflicting plenty of damage on China and the global supply chain.

And the W.T.O.'s response — if it found the plan invalid — would not have much heft. Mostly, the global trade group could authorize Beijing to impose trade restrictions on the United States' much smaller exports to China.

That prospect does not scare Mr. Lighthizer very much, as he made clear in his 2010 testimony.

"W.T.O. commitments are not religious obligations," Mr. Lighthizer said, and violations "are not subject to coercion by some W.T.O. police force."

**The  
Washington  
Post**

## **Zakaria: Trump could be the best thing that's happened to China in a long time**

<https://www.facebook.com/fareedzakaria>

Donald Trump has perhaps attacked no country as consistently as China. During his campaign, he thundered that China was "raping" the United States, "killing" us on trade and artificially depressing its currency to make its goods cheap. Since being elected, he has spoken to the leader of Taiwan and continued the bellicosity toward Beijing. So it was a surprise to me, on a recent trip to Beijing, to find Chinese elites relatively sanguine about Trump. It says something

about their view of Trump, but perhaps more about how they see their own country.

"Trump is a negotiator, and the rhetoric is all part of his opening bid," said a Chinese scholar, who would not agree to be named (as was true of most policymakers and experts I spoke with). "He likes to make deals," the scholar continued, "and we are good dealmakers as well. There are several agreements we could make on trade." As one official noted to me, Beijing could simply agree with Trump that it is indeed a "currency manipulator" —

although it has actually been trying to prop up the yuan over the past two years. After such an admission, market forces would likely make the currency drop in value, lowering the price of Chinese goods.

Chinese officials point out that they have economic weapons as well. China is a huge market for U.S. goods, and last year the country invested \$46 billion in the U.S. economy (according to the Rhodium Group). But the officials' calm derives from the reality that China is becoming far less dependent on foreign markets for its growth. Ten

years ago, exports made up a staggering 37 percent of China's gross domestic product. Today they make up just 22 percent and are falling.

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China has changed. Western brands there are rare, and the country's own companies now dominate almost every aspect of the

huge and growing domestic economy. Few businesses take their cues from U.S. firms anymore. Technology companies are innovating, and many young Chinese boasted to me that their local versions of Google, Amazon and Facebook were better, faster and more sophisticated than the originals. The country has become its own, internally focused universe.

This situation is partly the product of government policy. Jeffrey Immelt, the chief executive of General Electric, noted in 2010 that China was becoming hostile to foreign firms. U.S. tech giants have struggled in China because of formal or informal rules against them.

(The Washington Post)

During a speech in Hershey, Pa., Dec. 15, President-elect Donald Trump said that Iowa Gov. Terry Branstad (R), whom he has selected to be ambassador to China, often asks him not to "say anything bad about China." Donald Trump says that Iowa Gov. Terry

Branstad (R), whom he has selected to be ambassador to China, often asks him not to say "anything bad about China." (The Washington Post)

The next stage in China's strategy is apparently to exploit the leadership vacuum being created by the United States' retreat on trade. As Trump was promising protectionism and threatening literally to wall off the United States from its southern neighbor, Chinese President Xi Jinping made a trip through Latin America in November, his third in four years. He signed more than 40 deals, Bloomberg reported, and committed tens of billions of dollars of investments in the region, adding to a \$250 billion commitment made in 2015.

The centerpiece of China's strategy takes advantage of Trump's declaration that the Trans-Pacific Partnership is dead. The trade deal, negotiated between the United States and 11 other countries, lowered barriers to trade and investment, pushing large Asian

economies such as Japan and Vietnam in a more open and rule-based direction. Now China has offered up its own version of the pact, one that excludes the United States and favors China's more mercantilist approach.

Australia, once a key backer of the TPP, has announced that it supports China's alternative. Other Asian countries will follow suit soon.

At the Asia-Pacific Economic Cooperation summit in Peru in November, John Key, who was then New Zealand's prime minister, put it simply: "[The TPP] was all about the United States showing leadership in the Asia region. . . . We really like the U.S. being in the region. . . . But in the end if the U.S. is not there, that void has to be filled. And it will be filled by China."

Xi's speech at the summit was remarkable, sounding more like an address traditionally made by an American president. It praised trade, integration and openness and promised to help ensure that countries don't close themselves off

to global commerce and cooperation.

Next week, Xi will become the first Chinese president to attend the World Economic Forum at Davos, surely aiming to reinforce the message of Chinese global leadership on trade. Meanwhile, Western leaders are forfeiting their traditional roles. Angela Merkel and Justin Trudeau announced last-minute cancellations of their plans to speak at the Swiss summit. Trump has only made sneering references to globalism and globalization, and no senior member of his team currently plans to attend.

Looking beyond Trump's tweets, Beijing seems to have concluded that his presidency might well prove to be the best thing that's happened to China in a long time.

*Read more from Fareed Zakaria's archive, follow him on Twitter or subscribe to his updates on Facebook.*



## Palestinians call for Muslims to pray that Trump doesn't move U.S. Embassy to Jerusalem

<https://www.facebook.com/william.booth.5074?fref=ts>

JERUSALEM — As Inauguration Day draws near, U.S. allies in the Middle East, alongside Palestinian leaders and American diplomats, are warning President-elect Donald Trump to forget his campaign promise to move the U.S. Embassy in Israel to Jerusalem.

A top government minister in Jordan, Israel's pro-Western neighbor, said the embassy move from Tel Aviv to the contested city of Jerusalem would have "catastrophic consequences," inflaming religious passions and rallying extremists in the region.

The Palestinians have also called the move "a red line" that would dash hopes for a two-state solution to their long-running conflict with the Israelis.

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Palestinian leaders are now pleading with Trump not to do it. They have asked mosques around the world to offer prayers on Friday against the move.

"This is a message of protest," said Mohammad Shtayyeh, a senior

Palestinian official and former peace negotiator.

(William Booth, Carol Morello, Jason Aldag/The Washington Post)

Advocates for the embassy move say it would be practical and based on principle. But the Palestinians have called the move "a red line" that would dash hopes for a two-state solution to the long-running conflict. Why Trump wants to move the U.S. Embassy to Jerusalem and how he can do it (William Booth, Carol Morello, Jason Aldag/The Washington Post)

"The call for prayer is to say we don't accept this," he said, signaling how quickly the issue had moved from the diplomatic realm to the sectarian street.

The Palestinians also want churches to ring their bells Sunday in protest of the proposed move.

Shtayyeh said that if Trump moved the embassy to Jerusalem, the Palestine Liberation Organization would consider revoking its recognition of the state of Israel. If such a threat is carried out, it would mark the collapse of the 1993 Oslo accords.

*[Israeli leaders congratulate Trump, then tell him to hurry up and move U.S. Embassy to Jerusalem]*

Advocates for the embassy move say that Trump should not be cowed by threats of violence.

Israel's ambassador in Washington, Ron Dermer, has said the move would send "a strong message against the delegitimization of Israel and of Jerusalem as the Israeli capital."

In Israel, speculation is rife that a move could happen on May 24, the national holiday of Jerusalem Day, which marks the city's reunification after the 1967 war.

But some U.S. diplomats, including former Middle East peace negotiators, say the move would do little to advance U.S. interests in the region.

"It was and is a symbol of American policy, which has always been that the status of Jerusalem should be resolved through negotiations, and any effort to move it unilaterally would be disruptive and dangerous for everyone," said Philip Wilcox, the U.S. consul general in Jerusalem from 1988 to 1991.

"It's playing with fire," Wilcox warned. "It would quite likely incite acts of Palestinian violence and terrorism, not only there but everywhere. It would alienate other Muslim states and make our role in trying to preserve some stability and peace more difficult. It would alienate the international community. And all it would accomplish is the goodwill of the Israeli right wing."

Every U.S. administration has wrestled with the embassy issue since the 1967 Arab-Israeli war, when Israel captured the eastern, Arab half of Jerusalem from Jordan in six days of fighting.

Israel considers Jerusalem its "eternal, undivided capital." In election after election, American presidential candidates have vowed to relocate the U.S. Embassy, then demurred once in office. Every embassy in Israel is in Tel Aviv.

But Trump's transition team has signaled that he may actually carry out his promise. Trump's bankruptcy attorney, David Friedman, the designated U.S. ambassador to Israel, has said he expects to take up his post in Jerusalem. Trump adviser Kellyanne Conway called it a major focus.

*[Israel says there's never been a more right-wing U.S. ambassador than Trump's pick]*

Jerusalem is like no place else, its history sacred and bloody. The city has been seized, razed, lost and fought over for 3,000 years. It not only is a center of three world religions but remains a disputed city today, divided between the occupied Palestinian villages and refugee camps in the east and the Jewish neighborhoods in the west.

For most countries, the United States included, the final status of

Jerusalem awaits a peace deal between Israel and the Palestinians, who want the eastern half as the capital of a future state of Palestine.

Moving the U.S. Embassy from seaside Tel Aviv would likely be interpreted by many as a tacit acknowledgment that the United States recognizes Israeli sovereignty over the whole city.

Behind the diplomatic optics, the practical needs of a modern-day U.S. embassy revolve around security. After a string of embassy bombings elsewhere, Congress embraced the idea of American missions as fortresses to protect diplomats. It passed regulations mandating a 100-foot perimeter.

*[Did Obama just sign the last waiver before Trump moves the embassy to Jerusalem?]*

If Trump decides to relocate the embassy, he has several options.

The most costly would be starting from scratch on a site already leased by the U.S. government. That could take four years or longer.

Or it could be as simple as erecting a new sign on the U.S. Consulate in West Jerusalem and calling it the embassy.

It could even be a virtual embassy, with the Trump administration announcing that all ambassadorial duties will henceforth be conducted in Jerusalem — and the ambassador could meet people in the lobby of the King David Hotel, for example, if he wished.

Until recently, the Arab governments have been mostly silent on the prospect. Diplomats confessed that they did not really believe that Trump was serious about moving the embassy; they thought it was just a campaign boast.

Now the Palestinians are taking what they see as a threat seriously.

"This is something huge," said Majdi Khaldi, a senior adviser on diplomatic affairs to Palestinian Authority President Mahmoud Abbas. He warned of a "tsunami" if the embassy were moved. "The

peace process in the Middle East, and even peace in the world, will be in a crisis we will not be able to come out from," he said.

Jordan's usually low-key minister of information, Mohammed al-Momani, said that moving the embassy to Jerusalem would have "catastrophic consequences" and be a "gift to extremists."

Jordan plays an outsize role in Jerusalem, serving as custodian of Islam's holy sites in the Old City, including the golden shrine of the Dome of the Rock and al-Aqsa Mosque, considered the third-holiest site in Islam.

These Muslim sites are built on the location that Jews consider the holy of holies and the place where their first two temples, now destroyed, once stood. Today, Jews pray at the Western Wall of the Temple Mount.

The Obama administration opposes the embassy move. Secretary of State John F. Kerry has warned of "an absolute explosion" in the Middle East if it happens.

In addition, Kerry told CBS that moving the mission "would have profound impact on the readiness of Jordan and Egypt to be able to be as supportive and engaged with Israel as they are today." Jordan and Egypt have peace treaties with Israel.

Among Israelis, there is broad support for moving the embassy to West Jerusalem, where Israel's parliament, supreme court and government ministries are located.

Alan Baker, an Israeli diplomat and former peace negotiator with the Palestinians, said: "This should not be a problem for the Palestinians, but they are turning it into a problem and turning the whole of Jerusalem into a problem. It's a tactic of fear — they threaten fire and brimstone, so everyone is afraid."

Morello reported from Washington. Ruth Eglash contributed to this report.

## **The New York Times** With Electricity in Short Supply, 10,000 Protest in Gaza, Defying Hamas

Majd Al Waheidi

About 10,000 Palestinians took to the streets in the Jabaliya refugee camp on Thursday. Khalil Hamra/Associated Press

JABALIYA, Gaza Strip — The nearly two million residents of Gaza have been suffering through a cold winter of crippling power cuts, receiving electricity for only three or four hours a day.

The popular anger over the cuts erupted on Thursday in a large protest.

In a rare display of defiance against the Hamas authorities who control the Palestinian territory, about 10,000 people took to the streets in the Jabaliya refugee camp in the northern Gaza Strip. They marched toward the offices of an electricity company, chanting slogans against Ismail Haniya, the leader of Hamas in Gaza, as well as against the rival Fatah party and its leader, Mahmoud Abbas, the president of the Palestinian Authority.

"Oh, Haniya and Abbas, we are being trampled!" people shouted.

Outside the electricity company, protesters hurled stones and burned tires as the Hamas police fired their weapons into the air to disperse the crowd.

The protest was one of the largest unauthorized demonstrations in the

Gaza Strip in the decade since Hamas took full control of the enclave.

The political schism between Gaza and the West Bank has compounded the misery for many residents of the Gaza Strip, who already face tough restrictions from Israel and Egypt on crossing the territory's borders.

Divisions and arguments over taxation between Hamas and the Palestinian Authority have contributed to the cuts — a perennial problem in Gaza that has recently worsened, with rolling power interruptions that once lasted 12 to 16 hours a day now stretching to 20 or 21 hours.

Most of the population is too poor to run private generators, given the scarcity and price of fuel, and those that have them use them sparingly.

"I look at the sky but even the sky in Gaza has no stars," said Ahmed Mohareb, 19, a student who was demonstrating. "I cannot read or study in my home, and even when I go out into the street there is no light."

Iyad al-Buzom, an Interior Ministry spokesman in Gaza, said in a statement that the police had acted on Thursday to protect the electricity company from "vandalism."

Smaller protests had been building all week. Hamas security forces on

Wednesday detained Adel Al-Mashoukhi, a comedian and singer, hours after he posted on Facebook a video of himself cursing the lack of electricity, as well as "no jobs, no border crossings, no food, no water," and shouting, "Enough, Hamas! Enough, Hamas!" By Thursday night the video had nearly 300,000 views.

The Palestinian Center for Human Rights based in Gaza said Mr. Mashoukhi had been arrested by the military police at his home in Rafah, in southern Gaza. The rights group said he had been arrested twice before after making other videos critical of Hamas.

A close friend and neighbor of Mr. Mashoukhi said by telephone that the comedian "loves art and songs more than Hamas and its military," and that Mr. Mashoukhi was "fed up of being without electricity and being treated like a sheep." The friend requested anonymity for fear of retribution by Hamas's security apparatus.

An Interior Ministry official said that Mr. Mashoukhi, aside from being a comedian, received a salary from the ministry as a member of the security apparatus, and that he was arrested for disciplinary violations, as well as a lack of commitment to the performance of his duties.

Gaza requires up to 470 megawatts of power per day — with demand increasing when people use heaters

during the winter — but it is producing or receiving barely a third of that amount, according to officials.

The Gaza power plant, bombed by Israel in 2006 during fighting between Israel and Hamas, has long been working at half capacity, in part because of funding shortages that limit fuel purchases. It has been producing only 60 megawatts since 2013, according to the United Nations office for humanitarian affairs in the region.

In addition, Israel supplies 120 megawatts and Egypt up to 30 megawatts, but the flow from these lines is sometimes disrupted for technical reasons.

Many Gaza residents do not pay their electricity bills, leaving the electricity companies in debt. The Palestinian Authority has also been reducing the tax exemptions it grants to Hamas to purchase fuel for the Gaza power plant, increasing the cost. Authority officials, for their part, have blamed Hamas for imposing its own taxes and tariffs.

Khalil al-Hayya, a senior Hamas official, blamed the Palestinian Authority for delays in upgrading the electricity supply lines to Gaza. Addressing Gaza residents at a news conference he said, "I suffer like you. I don't have electricity in my home."



## Wilf and Schwartz : The U.N. Can Find Balance in the Middle East

Einat Wilf and  
Adi Schwartz

Jan. 12, 2017 6:57 p.m. ET

The United Nations Security Council last month passed Resolution 2334, which states that Israeli settlements have “no legal basis.” The resolution made the mistake of only looking at one side of the map. To complete the job, the U.N. should pass a resolution that condemns Palestinian maximalist claims with the same sharp legal language it used for Israeli claims. In the absence of that, the U.N. resolution and the coming Paris peace conference will do more harm than good to the prospects of peace and justice.

Resolution 2334 forcefully reasserted the 1949 Armistice line—also known as the pre-1967 line or Green Line—which separates the West Bank from the state of Israel. The resolution took great pains to delineate the lines in clear language. It called the entire territory east of that line “Palestinian Territory.” It then asserted that the establishment of Israeli settlements in that territory had “no legal validity and constitutes a flagrant violation under international law.”

The resolution also said that it will not “recognize any changes” to the lines, “other than those agreed by the parties through negotiation.” Contradicting U.N. Resolution 242 from 1967, it essentially gave all the land to the Palestinians and took away from Israel all leverage in future negotiations. It called upon all member states “to distinguish, in their relevant dealings, between the territory of the State of Israel and the territories occupied since 1967.”

The Security Council should send an equally forceful message to Palestinians. If Israelis cannot lay claim to Palestinian territory, then Palestinians cannot lay claim to Israeli territory. Secretary of State John Kerry and participants of the coming peace conference in Paris must affirm such a resolution as strongly as they did the U.N.’s original one.

Conventional wisdom has it that the Palestinians have long ago abandoned their claims to Israel west of the Green Line. But those who have witnessed the chants of “from the river to the sea, Palestine will be free” at anti-Israel demonstrations know how wrong conventional wisdom can be.

The most flagrant manifestation of these Palestinian claims is the insistence that the Arabs who were displaced during the 1947-49 war, and their millions of descendants, possess a “right of return” to the state of Israel. Palestinian Authority President Mahmoud Abbas and his foreign minister have both expressed support for this position. Yet to insist on this “right” means to deprive the Jewish people of their state and subject them again to the status of an oppressed minority—their historical position in Arab lands. It means that when the Palestinian Arabs speak of the two-state solution, while still calling for the “right of return,” they are effectively calling for the establishment of two Arab states.

A new resolution must be clear that Palestinians do not possess a “right of return” to anywhere but east of the pre-1967 lines, in the “Palestinian Occupied Territories,” as Resolution 2334 describes them. Those already living in those areas cannot lay any claim to “return” to Palestine, as they are already there.

Particularly, the resolution should affirm, using the same language as Resolution 2334, that any claims of Palestine and of Palestinians to the

territory of Israel within the 1967 lines have “no legal validity” and “constitute a flagrant violation under international law.” Any institutions perpetuating such claims, such as U.N. Relief and Works Agency for Palestine Refugees in the Near East, should “immediately and completely cease” their illegal activities and be dismantled. Any changes, such as enabling more Arab Palestinians to become citizens of Israel, will not be recognized “other than those agreed by the parties through negotiation.” All member states should be called to “distinguish between Palestine and Palestinians in the territories occupied since 1967 and any Palestinians claiming any rights beyond those territories.”

If backers of the original resolution decline to use the same language toward the Palestinians that they used against Israelis, then those who doubt their commitment to peace and justice would, unfortunately, be vindicated.

*Ms. Wilf is a former member of the Knesset. Mr. Schwartz is a researcher and writer in Tel Aviv.*

## Eizenstat and Ross : Here’s what Plan B in the Middle East should look like

By Stuart E.  
Eizenstat and Dennis Ross

*Stuart E. Eizenstat is a former ambassador to the European Union and deputy treasury secretary in the Clinton administration, where he headed the economic dimensions of the Middle East peace process. Dennis Ross, a counselor at the Washington Institute for Near East Policy, was a special assistant to President Obama from 2009 to 2011.*

We have long worked to promote peace between Israelis and Palestinians, believing that with two national movements, the only realistic answer is two states for two peoples. Unfortunately, this objective has never been less attainable. We believe, therefore, that it is time for a Plan B — an approach that incoming president Donald Trump might broker.

Ironically, the ill-conceived and deeply flawed U.N. Security Council resolution condemning Israeli settlement activity has made a Plan B even more necessary. By declaring all settlements “a flagrant violation under international law,” the resolution undercut the sole

formula that stands a chance at some point of reconciling Israeli and Palestinian needs on final borders — accepting settlement blocs and engaging in territorial swaps. Instead, it has hardened positions on both sides.

Even without this counterproductive resolution, realities on the ground and political and psychological gaps between Israelis and Palestinians make a comprehensive two-state peace agreement illusory at this time. But doing nothing is a prescription for drifting toward a one-state outcome, a result that, due to demographics, would mean Israel over time would become a binational state and no longer majority-Jewish and democratic. Our Plan B would promote peaceful coexistence through practical steps that restore shattered trust on both sides, protecting Israel’s security while creating a more prosperous and less resentful and violence-prone Palestinian population. Plan B can help resolve the dilemma facing Israel, a high-tech wonder thoroughly integrated into the global economy but more politically isolated than ever. Meanwhile, it could provide Palestinians more

living space for development, reduce incentives for Palestinian violence and help preserve effective counterterrorism cooperation between Israeli and Palestinian security forces.

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The start lies in a new vision for Israel’s West Bank settlements, formally recognizing that not all settlements are the same when it comes to preserving a two-state outcome. They would continue to be protected by the Israeli military; there would be no unilateral withdrawals, as disastrously occurred in Gaza; and three major new sections of the incomplete security fence would be built to block infiltration by terrorists.

To reduce tensions with Israel, building could continue unabated within the three major settlement blocs near the pre-1967 Green Line, where over 8 in 10 of all settlers live on less than 5 percent of the West Bank. These blocs are consistent

with a two-state outcome and in a final settlement would become part of Israel, with other land within Israel swapped and becoming part of the Palestinian state.

But settlement expansion would cease in those areas outside the blocs in what could eventually become a demilitarized Palestinian state. No hilltop and other outposts, now illegal under Israeli law, would be legalized retroactively, and strict rule of law would be observed to prevent construction on Palestinian private land and to preserve the option of a Palestinian state with contiguous territory. While politically difficult for Prime Minister Benjamin Netanyahu given his current coalition, his “hard-line” defense minister, Avigdor Lieberman, has come out in favor of reaching an agreement with the Trump administration allowing Israel to build within the blocs but not outside them. Under Netanyahu, only a small percentage of settlement expansion has occurred in these isolated settlements during the Obama years.

The other centerpiece of Plan B would be empowering the Palestinian economy through the

kind of private-sector development the Trump administration should like, rather than sending more U.S. aid to the Palestinian Authority. The 1995 Oslo Interim Agreement divided the West Bank into three areas, in two of which the overwhelming majority of the 2.7 million Palestinians live with no Israeli settlements, and only in the largest of which, Area C, the Israelis retain complete control.

Today, Area C is 60 percent of the West Bank and contains almost all of the West Bank's natural resources and agricultural land. The key to economic advancement for the Palestinians lies in their residential, commercial,



Amos Yadlin and Avner Golov 10:00 a.m. ET Jan. 12, 2017

Ayatollah Ali Khamenei in Tehran in November 2016. (Photo: AFP/Getty Images)

"The horrible Iran deal," President-elect Donald Trump tweeted just before the New Year. These words have been largely ignored. They should not be. They indicate that his pledge during the campaign to tear up and renegotiate the nuclear deal with Iran remains viable. To be sure, the Joint Comprehensive Plan of Action, as it is formally called, is highly flawed. But it would be foolhardy and risky for America to scuttle it now.

First of all, it is improbable that Russia, China, Britain, France and Germany — the other five parties to the deal — would agree to jeopardize it. Pulling out would isolate the U.S. from the coalition it successfully created and leave no credible means for stopping Iran from acquiring nuclear weapons, the objective of the deal.

A second reason to keep the deal in place is that during its first seven years it delivers a period of significant constraints over Iran's nuclear program along with tight inspections and monitoring. But in the eighth year, 2023, as President Obama has acknowledged, the agreement will gradually allow Iran to build enough nuclear capability to reach almost zero "breakout time" (the time needed to produce enough fissile material to make a bomb).

That makes those first seven years an opportune time to address the deal's flaws. The United States should put into

agricultural and industrial development, none of which is now allowed without Israeli permits, which are almost never granted. Palestinian access to land, water, electricity, education, health services, bank branches and even ATMs is very limited, while Israeli settlers benefit from all of these and even have their own roads. At a time when the Israeli economy continues to grow healthily, small wonder the Palestinian economy is in shambles, with high rates of unemployment.

There should be broad Israeli political support for taking concrete steps to improve these dire conditions by increasing the number of Palestinians working in day jobs

in Israel, thereby reducing the 50,000 illegal Palestinian workers and increasing remittances that could be invested in the West Bank. Building permits in Area C could be vastly expanded, along with greater access to water, electricity and other essential services for Palestinians throughout the West Bank, spurring development. Israeli and Palestinian banks could be connected through the SWIFT interbank system.

The World Bank estimates these steps could add 35 percent to the Palestinian gross domestic product and increase Palestinian jobs by an equivalent amount. In addition, U.S.-supported Qualifying Industrial Zones allow products with at least

10 percent Israeli content to come to the U.S. duty-free: These exist in Jordan and Egypt and could be established in the West Bank to foster Israeli-Palestinian business cooperation and create employment.

Plan B is not a substitute for a political outcome; it is designed to change conditions so that meaningful negotiations not feasible today might become possible over time, while reducing tensions in the meantime. By starting with Plan B, the next president could pave the way later on for the ultimate, elusive deal.

## Yadlin and Golov : Don't tear up the Iran deal, make it better: Column

place partnerships and plans to deter any Iranian effort to race toward nuclear weaponry once the constraints on its nuclear program start waning.

Third, tearing up the deal would create a dangerous void: Washington would be provoking Tehran at a moment when it has no credible leverage to restrain Iran on its own. Since this is an international rather than bilateral deal, so long as Iran complies with it, international sanctions would not be restored and international legitimacy for military action would be weak or withheld entirely.

Consequently, the incoming Trump administration should revive the two main levers that brought Iran to the negotiations, but were partially abandoned by the Obama administration: a credible threat of sanctions that could severely damage the Iranian energy and financial sectors, and a credible surgical military option.

The prevailing impression today is that the U.S. is not willing to seriously challenge any Iranian violations of the agreement as long as Iran does not actually produce nuclear weapons. To restore American deterrence, the new president should make two positions clear. First, the U.S. is willing to reimpose economic sanctions in the event of Iranian noncompliance. Second, it will not hesitate to use military force to prevent Iran from dashing for the bomb or from reducing its breakout time to a few months or even weeks after restrictions begin to wane. This red line is crucial to maintaining the deal's main achievement — prolonging Iran's breakout time to

one year — once international restrictions are lifted.

The U.S., working with the other powers and Israel, should also use the deal's first eight years to counter Iran's non-nuclear misbehavior, which was excluded from the bargain.

To secure implementation of the deal, the Obama administration signaled its reluctance to halt Iran's attempts to achieve regional hegemony. Trump's public revulsion toward the deal provides him with more latitude in this realm. The new administration should assertively react to attacks on U.S. forces in the region by Iran or its allies, such as the Houthis' attacks against U.S. Navy ships in October. It should thwart Iran's military assistance to terror organizations, including Hezbollah, the Houthis in Yemen, and Hamas. And it should enforce U.N. Security Council Resolution 2231, which prohibits Iran from developing a ballistic missile program designed to carry nuclear weapons.

Close cooperation with Israel could strengthen the American position. Israeli intelligence on Iran can assist in detecting Iranian violations, while an Israeli military threat can also convince Iran not to exploit the flaws in the current deal and shorten its distance to a nuclear bomb.

### POLICING THE USA: A look at race, justice, media

Therefore, Washington and Jerusalem should formulate a parallel agreement to cope with this challenge, maximizing their joint assets and avoiding public quarrels. They should agree on the appropriate response to potential

Iranian violations of the nuclear deal or any crossing of the new American red line. Their plan should provide Israel with the necessary legitimacy and capacity to act as a last resort in coordination with Washington to prevent a nuclear Iran. It should strengthen deterrent instruments against Iran in anticipation of the lifting of a significant portion of the restrictions on the Iranian nuclear infrastructure. If deterrence and diplomacy fail, this partnership could be the last chance to stop Iran from going nuclear.

By not cancelling the deal outright, Trump would have the opportunity to amend its flaws and create a better strategic reality, while cultivating the requisite tools to stop Iran from going nuclear when the deal ends or if it collapses. Such an approach represents the best alternative to the existing agreement. It is better than negating it, and better than allowing it simply to run its course.

*Retired Major General Amos Yadlin, former chief of Israeli military intelligence, is executive director of Tel Aviv University's Institute for National Security Studies. Avner Golov is a research fellow at the institute and Harry S. Truman Scholar at the Fletcher School of Law and Diplomacy, Tufts University.*

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## U.S. Forces Acted in Self-Defense in Afghan Battle, Probe Finds

Jessica Donati

Updated Jan. 12, 2017 8:46 a.m.  
ET

KABUL—The U.S. military said Thursday that American forces had acted in self-defense during fighting with Taliban militants in Kunduz province in November that killed 33 civilians.

The civilians in the village of Buzi Kandahari were inside homes from which militants were firing, the military said in a statement. Residents who later paraded the bodies of the dead through the streets of the nearby provincial capital in protest had said airstrikes carried out in support of Afghan commandos and U.S. Special Forces troops had caused their deaths.

The U.S. military said Thursday its forces had acted properly during the fighting, in which two American and three Afghan soldiers also died.

"The investigation concluded that U.S. air assets used the minimum amount of force required to neutralize the

various threats from the civilian buildings and protect friendly forces," the statement said.

Civilian casualties caused by foreign forces have been one of the most divisive issues in the 15-year campaign by the government and its foreign allies, including the U.S., to quell the Taliban and other insurgents.

"Regardless of the circumstances, I deeply regret the loss of innocent lives," Gen. John Nicholson, the top U.S. commander in Afghanistan, said in Thursday's statement. "On this occasion the Taliban chose to hide amongst civilians and then attacked Afghan and U.S. forces."

The Afghan government said it agreed with the U.S. military's findings. The Taliban fighters, it said, had caused the deaths by using the civilians as human shields.

"We asked for air support from our coalition partner. If we hadn't, the entire commando unit would have been killed," said Defense Ministry

spokesman Mohammad Radmanish.

Civilian casualties in Afghanistan increased in 2016, with more than 5,000 deaths recorded in the first half of the year, according to the United Nations. Data for the remainder of the year hasn't been released.

The U.S. Air Force dramatically increased the number of airstrikes it carried out in Afghanistan in 2016, data released by the military shows, a further sign of growing U.S. involvement in the country's war following the withdrawal of most coalition troops two years ago.

The bloodshed in Kunduz came just over a year after a U.S. airstrike in October 2015 killed 42 people at a Doctors Without Borders hospital in the same province.

Sixteen U.S. military personnel, including a two-star general, later were disciplined for what American officials described as mistakes that led to the strike. Doctors Without Borders has called the attack a war

crime and demanded an independent investigation.

The Nov. 3 battle in Buzi Kandahari came shortly after Taliban fighters had overrun nearby Kunduz city for the second time in a year.

U.S. Special Forces and Afghan commandos arrived in helicopters in Buzi Kandahari, searching for insurgent commanders they believed were planning another attack on the city.

Instead, the forces were led into a trap by the Taliban and ambushed on a dead-end street in the village, Afghan soldiers said. Encircled by militants and snipers, the soldiers requested air support. In the fighting that followed, 26 Taliban fighters were killed, the U.S. military said.

—Ehsanullah Amiri contributed to this article.

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## THE WALL STREET JOURNAL

### Ban Ki-moon Returns to South Korea in Bid to Lead It

Jonathan Cheng

Updated Jan. 12, 2017 9:28 p.m.  
ET

SEOUL—Ban Ki-moon, the former United Nations chief, returned on Thursday to his native South Korea, landing in the middle of an increasingly heated battle to succeed the nation's recently impeached president.

After leading the polls for months, Mr. Ban's support has eroded due to perceptions his policies would be aligned with President Park Geun-hye's graft-tainted administration.

"I have already said that I'm willing to give my all for the country, and my determination remains unchanged," Mr. Ban told a boisterous crowd at South Korea's main airport, who interrupted his remarks with chants of "Ban Ki-moon."

Mr. Ban, who hasn't officially declared his candidacy, said he would make a decision on his political future soon, and that the decision wouldn't be made for personal gain.

Ahead of his return home in recent weeks, Mr. Ban's rivals have been sniping at him, exploiting a perception that he is an elite old-guard bureaucrat, out of touch with

voter grievances such as corruption, slowing economic growth, youth unemployment and the power of the country's conglomerates. Such concerns sparked mass demonstrations late last year.

The New York indictment of Mr. Ban's brother and nephew in a foreign-bribery case on Tuesday risks further harming his candidacy, even though Mr. Ban himself has no ties to the case.

In his remarks Thursday, Mr. Ban said that he had dedicated his life to public service. "I have nothing to be ashamed of," he said.

Underscoring his ties to South Korea's political elite, Mr. Ban is set to receive the Order of Civil Merit, one of the country's highest civilian honors.

"He's a bureaucrat of the old school, and that's not what I think Koreans want to elect now," said Robert Kelly, a professor of political science at Pusan National University in South Korea. "Ban is quite milquetoast, and this is a pretty big year where you've got hundreds of thousands of Koreans demonstrating on the street."

Mr. Ban's spokespeople didn't respond to requests for comment.

The country's Constitutional Court must decide within weeks whether to remove Ms. Park from office. The snap election that such a decision would trigger has sparked a full-on campaign by South Korea's leading presidential candidates.

Mr. Ban, whose decade as secretary-general of the U.N. ended in December, enjoyed 28% support as recently as August, according to polling data from Gallup Korea. That sunk to about 20% in December, about on par with both Moon Jae-in, a leader of the opposition Democratic Party who lost narrowly to Ms. Park in the 2012 election, and Lee Jae-myung, the mayor of a satellite city of Seoul, whose support has surged in recent weeks.

Still, political analysts say a splintered left-leaning opposition could give Mr. Ban an opportunity to win an election with a plurality of votes.

Ms. Park's impeachment, the result of an influence-peddling scandal, has inflamed anger against the conglomerates that dominate South Korea's economy and the traditional political class, casting doubt over many of Ms. Park's signature policies.

Those include Ms. Park's decision to deploy a controversial U.S.-built missile-defense system on South

Korean soil to protect against North Korean threats, and a deal she struck with Japan to settle issues related to Korean women forced into sexual service for Japanese soldiers during World War II.

Souping public opinion against the "comfort women" deal, which didn't include consultations with the handful of survivors, has already sparked criticism of Mr. Ban for his praise of the agreement while at the U.N. The other leading candidates have repudiated the agreement.

The New York indictment of Mr. Ban's brother and nephew makes him "a much less attractive candidate," Scott Seaman, an analyst with Eurasia Group in Washington, wrote in a note to clients.

"Even if Ban argues effectively that he had nothing to do with his relatives' alleged indiscretions, the press and his enemies will hound him, making it difficult for him to maintain the squeaky clean image that he has cultivated."

—Min Sun Lee contributed to this article.

**Write to** Jonathan Cheng at [jonathan.cheng@wsj.com](mailto:jonathan.cheng@wsj.com)

## THE WALL STREET JOURNAL

### U.S. Ends 'No-Visa' Era for Cuban Émigrés

Carol E. Lee, and José de Córdoba  
Felicia Schwartz,

Updated Jan. 12, 2017 8:46 p.m.  
ET

WASHINGTON—President Barack Obama on Thursday ended a



longstanding policy that allows Cuban émigrés who reach U.S. soil without visas to stay in the country and apply for a green card after one year, shoring up his bid to normalize relations.

The special exception for Cuban immigrants—known as the “wet-foot, dry-foot” policy—has been in place since the 1990s. It allows Cubans who make it to U.S. soil to stay, while those caught in transit are sent back.

Those who were permitted to remain under the policy also were eligible to receive benefits the U.S. grants to refugees fleeing persecution, including cash assistance and health coverage.

“By taking this step, we are treating Cuban migrants the same way we treat migrants from other countries. The Cuban government has agreed to accept the return of Cuban nationals who have been ordered removed, just as it has been accepting the return of migrants interdicted at sea,” Mr. Obama said in a statement.

The policy, which essentially encourages Cubans to flee their country, has long been one of the economic, immigration and foreign-policy tools used by Washington, and has been opposed by Havana, which considers it a drain on its resources. No other immigrants are provided similar concessions.

Mr. Obama also ended a policy that encouraged Cuban doctors practicing overseas to defect.

Mr. Obama’s decision to reverse the policy a week before he leaves office marks one of his final moves

to solidify the effort he began in 2014 to restore U.S. relations with Cuba. Putting Cubans on an equal footing with immigrants from other countries would be a sign of more normalized relations. It is also a step the Cuban government has wanted the White House to take.

The wet-foot, dry-foot policy grew out of the 1966 Cuban Adjustment Act. Under the law, the U.S. government has discretion to treat Cuban immigrants differently from those from other countries. Following the collapse of the Soviet Union in the 1990s, the number of Cubans trying to leave Cuba skyrocketed, resulting in often dangerous flotilla escapes. In 1994, then-President Bill Clinton spearheaded a policy change that provided that anyone caught at sea would be sent back to Cuba.

The change follows talks between Havana and Washington, and the two capitals issued a joint statement. As of Thursday, Cubans who arrive illegally in the U.S. will be subject to deportation, but the U.S. will still accept asylum requests, as with citizens from any other country.

The Cuban government as part of the deal agreed to take back those who come to the U.S. illegally, but U.S. officials said Cuba needs to update its older laws to normalize immigration policies between the two countries. The Obama administration on Thursday also called on Congress to repeal the 1966 U.S. law.

Deputy national security adviser Ben Rhodes said the U.S. granted parole to about 40,000 Cubans in

fiscal year 2015 and about 54,000 in fiscal year 2016.

The move by Mr. Obama is likely to win support from some of the fiercest critics of his opening to Cuba, such as Sen. Marco Rubio (R., Fla.) and Rep. Carlos Curbelo (R., Fla.), who have criticized the policy as a drain on federal benefits programs.

Mr. Trump, who has urged building a wall on the U.S.-Mexico border, has spoken frequently of the need to curtail immigration, but also has criticized the move to normalize U.S.-Cuban relations.

Cuban officials have long blasted the law as a move that promotes dangerous and illegal attempts to leave the island. “It’s a totally murderous law that has promoted death on the high seas and is out of sync with international standards,” a Cuban official said.

But, ironically, the end of the wet-foot/dry-foot provision should increase pressure on the island’s government to implement economic reform measures, analysts said.

“This partially closes Cuba’s escape valve,” says Pedro Freyre, the chair of the international practice group of law firm Akerman LLP, “and will put pressure on Cubans to move forward more rapidly with reforms.”

For years, said Mr. Freyre, the last resort for Cubans frustrated with the lack of opportunity on the island has been to hire a “lanchero,” or people smuggler, and attempt to reach the U.S. “Now they will have to look inward to see what they can do to fix Cuba.”

Sen. Bob Menendez (D., N.J.), a critic of Mr. Obama’s Cuba opening, faulted the Obama administration for not consulting with Congress about the change.

“To be sure, today’s announcement will only serve to tighten the noose the Castro regime continues to have around the neck of its own people,” Mr. Menendez said in a statement opposing the move. “Congress was not consulted prior to this abrupt policy announcement with just nine days left in this administration.”

Jorge Mas, president of the Cuban American National Foundation, welcomed the change and said it would pressure the Cuban government to improve conditions on the island.

“They’ve always used the excuse of the U.S. immigration problem as something that has caused their problems,” said Mr. Mas, whose organization supports some of Mr. Obama’s policies but doesn’t back an end to the embargo without human rights improvements.

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**Corrections & Amplifications:** “This partially closes Cuba’s escape valve,” says Pedro Freyre, the chair of the international practice group of law firm Akerman LLP, “and will put pressure on Cubans to move forward more rapidly with reforms.” An earlier version of this article incorrectly spelled the name of the law firm. (Jan. 12)

## ETATS-UNIS



### Trump Is Going to Regret Not Having a Grand Strategy

Throughout the presidential campaign and since Donald Trump’s election, former diplomats, retired generals, and foreign-policy analysts have attempted to decipher, explain, and predict his foreign-policy strategy. Will he pursue the big-stick model of Teddy Roosevelt? Embrace a neo-Nixonian “madman” strategy? Is Trump actually a champion of foreign-policy realism—or perhaps no realist at all?

But all those questions make the same mistake — they assume the incoming administration has an incipient grand strategy at all.

In reality, the president-elect’s foreign-policy approach is explicitly anti-strategic.

In reality, the president-elect’s foreign-policy approach is explicitly anti-strategic. Rather, Trump’s worldview suggests the outlines of a doctrine of “tactical transactionalism” — a foreign-policy framework that seeks discrete wins (or the initial tweet-able impression of them), treats foreign relations bilaterally rather than multidimensionally, and resists the alignment of means and ends that is necessary for effective grand strategy.

The Trump administration seems determined to muddle through its foreign policy without initial guiding principles, benchmarks for progress, or the means of adjudicating between competing objectives, and with a wildly improvisational leadership style that has no precedent in recent history. Such an approach is dangerously nearsighted and presents an exceptionally high risk of failure — not only in achieving his few stated foreign-policy goals, from the defeat of the Islamic State to the containment of China, but also in assuring basic peace and prosperity for the American people.

#### The Strategic Imperative

A grand strategy is a coherent theory of national security based on the careful linkage of means and ends: It establishes priorities, accounts for trade-offs among those priorities, and aligns available resources accordingly. The United States has political, economic, and security interests that span the globe, as well as the unmatched military and economic capabilities to shape or respond to an extraordinary range of international challenges. A grand strategy, in theory, disciplines the use of diplomatic, military, and economic power, marshaling it in service of specific objectives. Without some semblance of a grand strategy in a complex and competitive



international environment, any country is adrift.

In assessing the importance of grand strategy, it is equally important to understand what it is not. Grand strategy is not the same as strategy writ large. Anyone can have a strategy to achieve a desired objective. Presidents constantly engage in strategic interaction when they negotiate with Congress, wrangle their cabinet members and staff, and seek approval from voters. A presidential administration may even have carefully considered strategies for discrete foreign-policy issues that nevertheless fail to account for the interaction among priorities and resources, thereby undermining the possibility of grand strategy.

Moreover, grand strategy is not merely a conceptual exercise — rather, the articulation and implementation of how one guides the ship of state in ways that are consequential for the daily management and execution of foreign policy. Grand strategy provides an essential framework for the vast national security bureaucracy, serving as a policy lodestar that facilitates the implementation of the commander in chief's agenda absent daily White House direction on every issue.

For decades, a bipartisan strategic vision has sought to maintain America's status as the world's lead diplomatic, military, and economic actor and extend the reach of the liberal international order. Yet as stresses build on the post-World War II order and an increasingly multipolar distribution of power emerges, inertia alone will not sustain the trajectory of progress toward those goals. A well-defined and carefully constructed American grand strategy is more necessary today than it has been in decades. The next administration will face a choice between preserving the contours of existing grand strategy using shrewd statecraft or pursuing a new vision for the United States' role in the world. Alternatively, in the absence of a grand strategy, the Trump White House will allow the country's competitors to determine what the country's new international role should be.

### The Trump Doctrine

The Trump Doctrine, as gleaned from his pre-inaugural statements about world affairs, is not a grand strategy. Rather, it is a collection of principles — some operational, some philosophical — that will likely guide U.S. foreign policy over the next four years. These principles are united by three core attributes: first, a focus on short-term tactical wins rather than longer-term foresight; second, a “zero-sum”

worldview where all gains are relative and reciprocity is absent; third, a transactional view of American foreign policy that is devoid of moral or ethical considerations. We dub this emergent approach “tactical transactionalism.”

Trump's decision-making style is famously improvisational, open to sudden inexplicable shifts and rooted in gut instinct. While tactical transactionalism is designed to allow Trump to triumph in discrete strategic interactions — for example against a political opponent or a counterparty in a negotiation — when applied to foreign policy, such an approach is fundamentally at odds with the careful analysis and planning required for grand strategy. For major foreign-policy issues and decisions, which require policymakers to make judgments despite imperfect information and persistent uncertainty, careful analysis and deliberation make rash and counterproductive outcomes less likely.

Trump's principles do not amount to a coherent conception of the United States' role in the world, Washington's core interests, and the appropriate uses of American power. Although the president-elect is fond of historical slogans — like “America First” or “Peace Through Strength” — he seems to prefer such taglines for their marketing value, rather than as shorthand for a set of strategic assumptions. (Indeed, anyone who has studied American history recognizes that the strategic assumptions associated with the slogans cited above are utterly incompatible with each other.)

### Leading Indicators

The pitfalls of Trump's strategic incoherence become quickly apparent upon considering his two most prominent foreign-policy actions since winning the election.

First, Trump signaled his willingness to enter into a nuclear arms race with unnamed foreign adversaries. On Dec. 22, the president-elect tweeted, “The United States must greatly strengthen and expand its nuclear capability until such time as the world comes to its senses regarding nukes.” After his advisors attempted to soften and reinterpret this statement, Trump doubled down, telling MSNBC: “Let it be an arms race. We will outmatch them at every pass and outlast them all.”

Yet there is no apparent logic to Trump's nuclear saber-rattling, beyond the assertion of American strength and stamina. Perhaps he only meant his tweet as an extension of the critique, stated repeatedly during the campaign,

that the U.S. nuclear arsenal “doesn't work” anymore. But presidential rhetoric has strategic consequences, especially in the nuclear realm, which is why semantics tend to be carefully parsed by foreign governments. Whether Trump intended it or not, his words sent a threatening message about American intentions.

Even interpreted modestly, these pronouncements herald important shifts in American nuclear policy. Changes of this magnitude would typically be carefully deliberated through a Nuclear Posture Review, of the kind undertaken by the past three administrations to evaluate the strategic imperatives and budgetary constraints governing their approaches to nuclear weapons. If the Trump administration elects to conduct such a review, Trump's personal tweets and comments — if taken as policy guidance — would prejudice important deliberations, undermining civilian and military experts' ability to make strategically prudent recommendations.

Second, Trump weighed in on the most expensive and controversial military procurement program, the Joint Strike Fighter, or F-35. On Dec. 22, he tweeted: “Based on the tremendous cost and cost overruns of the Lockheed Martin F-35, I have asked Boeing to price-out a comparable F-18 Super Hornet!” This followed an earlier tweet, which stated: “The F-35 program and cost is out of control. Billions of dollars can and will be saved on military (and other) purchases after January 20th.”

Setting aside the irregularity of a president-elect — let alone a sitting president — directly intervening in federal contracting, these statements further demonstrate how Trump's desire for tactical wins overshadows long-term strategic considerations. Most significantly, there is no F-18 model comparable to the F-35. The F-35, unlike the F-18, is designed with a stealth profile, which enables it to evade enemy radar and attack ground targets. Although cost overruns for the F-35 program are a legitimate concern, the decision to procure fighter jets without stealth capabilities has long-term implications for U.S. national security that merit serious consideration. Discontinuation of the F-35 would also be highly disruptive to the 11 American allies that have already purchased or plan to purchase the platform.

These statements may be explained away as tactical maneuvering by Trump, creating bargaining space when he can avoid full

accountability for his words. After all, the president-elect himself assigns great value to unpredictability. In his major foreign-policy address during the campaign, Trump pointed to secrecy as the basis of his counter-Islamic State policy: “We must as a nation be more unpredictable. We are totally predictable. We tell everything. We're sending troops. We tell them. We're sending something else. We have a news conference. We have to be unpredictable. And we have to be unpredictable starting now.” But while unpredictability may be tactically useful, it is strategically vacuous — and deeply at odds with grand strategy. It is also nearly impossible to operationalize given the logistical requirements of U.S. foreign-policy implementation.

Until Trump assumes office, it will be impossible to judge whether these statements will translate into official U.S. policy. Even Trump's advisors seem unsure whether to take his words literally, seriously, or symbolically. Nevertheless, Trump's positions on national security issues consistently demonstrate an inclination toward tactical moves that create the appearance of leverage. This approach resists prioritization or acknowledgement of trade-offs, the hallmarks of sound grand strategy.

### Transactionalism Trumps Grand Strategy

This tactical emphasis flows from Trump's transactional view of international relations. Importing his real estate deal-making mentality to conducting U.S. foreign policy, he envisions foreign relations as 193 individually crafted bilateral deals with every other nation in the world. Trump appears to consider these deals to be zero-sum and lacking moral content.

This attitude is most marked in his long-standing antipathy to (certain) American alliances. In his 1990 *Playboy* interview, Trump summed up his view: “We Americans are laughed at around the world for losing a hundred and fifty billion dollars year after year, for defending wealthy nations for nothing, nations that would be wiped off the face of the earth in about 15 minutes if it weren't for us. Our ‘allies’ are making billions screwing us.” Trump is hardly alone in complaining about allies' free-riding on U.S. military power, but he is unique in his fixation on the need for financial compensation. During the campaign, Trump went so far as to suggest that security guarantees would be conditional on NATO allies' defense spending, and he even touched the third rail of American politics when he

suggested he would cut military aid to Israel.

The desire to negotiate winning deals apparently overrides broader and more fundamental strategic objectives, like deterring adversaries, assuring regional stability, and preventing the spread of nuclear weapons. Trump seems perfectly comfortable calling the reliability of the U.S. extended deterrent into question, even if the result is nuclear proliferation by close allies and partners like Japan, South Korea, and Saudi Arabia. The robustness of these views for Trump, in the face of countervailing evidence — namely the relative cost savings and security gains that result from overseas basing — indicates that bilateral, zero-sum transactionalism trumps strategic considerations in his thinking.

Within this transactional framework,

Trump has no compunction about cutting a grand bargain with Russia.

Trump has no compunction about cutting a grand bargain with Russia. Above all else, the president-elect professes to admire Putin's admiration for him, and both share a mutual worldview that favors power while eschewing international norms. Trump disputed evidence of Russian interference in the U.S. election and shares Putin's dismissive attitude toward American exceptionalism. Putin's antagonism toward NATO is not terribly worrying for Trump given his aforementioned

indifference to the alliance, except insofar as it can serve as a protection racket. Although the contours of such a deal remain unclear, Trump views the fight against the Islamic State as the cornerstone of a U.S.-Russia rapprochement.

### From Words to Deeds

Will a different doctrine take shape once Trump assumes the obligations of the Oval Office? Will the new administration demonstrate a knack for strategy heretofore obscured by the president-elect's Twitter storms?

Confirmation hearings will yield early clues into the prospects for a Trump grand strategy. In particular, one should look for clues in the testimony by Secretary of State nominee Rex Tillerson, Secretary of Defense nominee Jim Mattis, and CIA Director nominee Mike Pompeo, and the extent to which they express a common view of foreign-policy challenges (such as credibly supporting treaty allies) and opportunities (such as sustaining the international consensus behind the Iran nuclear deal).

But looking beyond Inauguration Day, three decisions in the first 100 days of the Trump administration will provide crucial insight.

First, how will national security decision-making be structured? Donald Trump Jr. reportedly said during the campaign that the vice

president in a Trump administration would be charged with both domestic and foreign policy. Trump's delegation of regular intelligence briefings to Vice President-elect Mike Pence suggests there may be truth to this promise. Yet much about the incoming administration's decision-making procedures remain unknown. In the first 100 days, Trump will likely release the customary presidential directive outlining the organization of the National Security Council (NSC) system, which reveals the formal arrangements for creating and executing national security policy, including the role to be played by the president, vice president, national security advisor, and other NSC principals.

Second, will Trump change his communication style once in office? His press secretary-designate, Sean Spicer, indicated that the president will continue his personal use of Twitter. The extent to which seemingly off-the-cuff tweets are intended and interpreted as declaratory government policy will have important implications for U.S. foreign relations. In particular, it will become clear in the first 100 days whether presidential statements align with concrete policy decisions. Typically, new presidents are loath to backtrack on campaign commitments because they fear backlash during their early-term "honeymoon period" and seek to

affirm their credibility domestically as well as for international audiences. But this is a governance question Trump has not yet confronted.

Third, to what extent will the foreign policies pursued by the Trump administration accord with campaign commitments? Early political appointments, legislative priorities, and budget request documents will provide insight into the flexibility with which the new administration interprets the president's prior promises. These actions will signal whether Trump's policy pronouncements will be subject to revision within the framework of strategic reviews, such as the National Security Strategy, or a possible Nuclear Posture Review.

Each of these decisions will have consequences for the new administration's ability to achieve discrete foreign-policy objectives, let alone articulate an overarching framework for its statecraft. But given the consistency with which Trump has espoused a doctrine of tactical transactionalism, it is doubtful that a grand strategy will emerge after Jan. 20. The president may feel that the absence of strategy empowers him personally. But it will inevitably obscure the United States' vital national interests, confuse allies and partners, and blunt the exercise of American power.



## We Are on the Verge of Darkness

The global rise of populism is a dangerous threat to democracy and human rights. And if it goes unchecked, the rollback of Western values could be staggering.

The president-elect's unpredictable rise is forcing historians and social scientists to rethink their most basic assumptions about how the world works.

Then-Democratic presidential nominee Hillary Clinton takes photos with supporters after a rally at the Cleveland Public Auditorium on Nov. 6, 2016. (Photo credit: BRENDAN SMIALOWSKI/AFP/Getty Images)

So how can this history help us understand our current political moment? On the one hand, quite obviously, personality mattered in the 2016 election. In Hillary Clinton, the Democratic Party managed to nominate one of the least personable politicians in recent memory. She lacked both her husband's uncanny ability to bond with strangers and Barack Obama's ability to inspire with soaring

rhetoric. As her opponent cruelly but quite accurately observed, until the very end she needed celebrities at her side to draw a crowd.

Trump, by contrast, whatever you may think of him, forged a powerful, personal connection with millions of voters. Not only did he understand and channel their anger at the elites they believed had abandoned them; he delighted them with his utter disdain for the rules those elites allegedly enforced and that he mocked as "political correctness." In a close election, it's true by definition that any number of factors decided the outcome — including Russian hacking, and the extraordinary behavior of the FBI — but personality was certainly an important one.

Even so, the fact that Trump won in the year of Brexit, and a year in which populist forces have gained ground across Europe, clearly points to the limits of any interpretation centered on personality alone. More than a quarter century after the triumphant conclusion of the Cold War, free-market liberal democracy is looking

decidedly ragged and threadbare. In the Western world, the divide looms ever greater between highly educated, wealthy, and largely secular elites and much of the rest of the population. The free movement across borders of ideas, goods, and people is seen largely as a boon by the former and largely as a threat by the latter.

Had Donald Trump not emerged to tap into the frustrations of the people who propelled him to the presidency, it is hard to imagine that another candidate would not have managed to do so, if not in this election, then soon. Trump's personality — the crudeness, the bullying, the disdain for others' opinions, the self-aggrandizement — all proved a good match for the electoral moment. However much these traits led liberals to despise and fear him — indeed, precisely *because* they led liberals to despise and fear him — they resonated with millions of other voters who saw in Hillary Clinton everything they hated about a political system they thought of as fundamentally corrupt.

But, of course, Trump's personality traits drove many others away.

In short, it is hard not to agree with my academic colleagues who have put populism, more than personality, at the center of their analyses of the election.

Then-Republican presidential nominee Donald Trump arrives at a rally on Nov. 8, 2016 in Grand Rapids, Michigan. (Photo credit: SCOTT OLSON/Getty Images)

But if personality and character were not the major factor deciding the 2016 election, the Trump presidency will likely be a very different story. Not only is Trump becoming the leader of the most powerful state the world has ever seen, but thanks to Republican control of Congress — and soon, quite possibly, the Supreme Court — Trump has the potential to become the most powerful president in American history. And he is one of the most radically unpredictable men ever elected to that office. He is not guided by a distinct, systematic ideology, and he is not, to say the least, constrained

by humility or self-doubt. In foreign policy, he has surrounded himself with advisors like Michael Flynn and Frank Gaffney who give credence to conspiracy theories and see Islam — not just radical jihadism, but Islam itself — as an existential threat to the United States. In domestic policy, he has assembled a team whose ties to international business and the “swamp” of Washingtonian corruption contradict much of his own populist rhetoric.

Despite the vast power at the disposal of the American president, most occupants of that office, even when commanding congressional majorities, have felt constrained by a host of structural conditions of one sort or another. They want to avoid spooking the stock market, damaging their party's chances in future elections, upsetting carefully negotiated diplomatic agreements, and so on and so forth. They almost certainly have a lower estimate of their own power than almost anyone else. But these constraints, which change far more slowly than a president's moods, make the actions they take more predictable

and therefore more easily subject to social scientific analysis.

Donald Trump, however, is so willful and thin-skinned, so convinced of his own abilities, so enamored of his own unpredictability, and at the same time so unable to concentrate on any particular issue, that he is far less likely to appreciate the constraints that have weighed so heavily on his predecessors or even to understand them. He is also far less likely to listen to his advisors, and these advisors themselves are, overall, far more ignorant of their supposed areas of expertise than any other group of high-level administration officials in American history.

Even in crisis situations, U.S. presidents have generally done their best to follow predictable, well-established decision-making protocols. The television shows that present a president making hugely consequential decisions under pressure, from the gut, with only a handful of close aides in the room, eliminate from the picture the vast bureaucratic operations that exist to provide information, to evaluate the

reliability of that information, to analyze it, and to game out the possible consequences of different courses of action. Up to now, presidents have generally respected these bureaucracies in most cases. They know how important it is, in a world of nuclear weapons, for there to be steady, predictable protocols for resolving crises. They remember all too well that during the Cuban missile crisis of 1962, only the steadfastness of a single Soviet military officer kept a submarine commander from launching a tactical nuclear weapon against an American destroyer, possibly provoking nuclear war (if you don't know the story, read this). Donald Trump, alas, is almost certainly less likely to follow established protocols than any of his predecessors. In a crisis situation, how is he likely to react? Can anyone know?

As 2016 draws to a close, the world still seems, thankfully, to be far removed from the sort of crisis situations in which the characters of Stalin, Hitler, and Churchill mattered so deeply. The civil war in Syria, dreadful as it is, remains a regional

conflict with little potential, at least at present, to spark any sort of wider confrontation. There is no shortage of scenarios — a major terrorist attack in the West, a collapse of the nuclear agreement with Iran, renewed Russian aggression in its “near abroad” — that could present an American president with deeply consequential decisions to make.

In these decisions, Donald Trump's personality could assume, difficult as it is to apply these words to him, world-historical importance. As a consequence, the personalities of other leaders, especially Vladimir Putin, could also come to matter in critical ways, as they come into conflict with Trump. If impersonal forces lead to Trump's personal rise, it's now all too easy to imagine his troubled personality leading to his country's collective fall.

Top photo credit: CHIP SOMODEVILLA/Getty Images/Foreign Policy illustration

## THE WALL STREET JOURNAL

### Trump's Cabinet Nominees Diverge on Russia, Security Issues

Paul Sonne and Felicia Schwartz

Updated Jan. 12, 2017 7:45 p.m. ET

WASHINGTON—Donald Trump's picks for top national security posts diverged from the president-elect's positions on key issues during confirmation hearings a week before the inauguration, increasing uncertainty about what policies the incoming administration will pursue, even on matters almost entirely under White House control.

Retired Gen. James Mattis, the secretary of defense nominee; Rex Tillerson, named to be secretary of state; and Rep. Mike Pompeo (R., Kan.), the Central Intelligence Agency director nominee, all made statements at Senate hearings this week that differed from views Mr. Trump has expressed, staking out positions that might help them win approval from the Senate but could set them on a collision course with the incoming White House over critical issues, ranging from Russia to Iran.

The break with Mr. Trump was on display perhaps most prominently this week during the three-hour confirmation hearing Thursday for Gen. Mattis. The defense secretary nominee classified Russia as the principal threat to the U.S. and expressed little hope that Washington would develop a substantive partnership with

Moscow, as Mr. Trump has suggested.

As opposed to praising Vladimir Putin, Gen. Mattis accused the Russian president of “trying to break the North Atlantic alliance.” The prospective defense chief vowed to proceed with efforts to increase the defenses of European allies against Moscow.

“I'm all for engagement, but we also have to recognize reality and what Russia is up to,” Gen. Mattis said. “There are a decreasing number of areas where we can engage cooperatively and an increasing number of areas in which we will have to confront Russia.”

Gen. Mattis dismissed questions about differences within the incoming administration, noting that while clashes of opinion may not be tidy, discussions will remain respectful, and the best ideas ultimately will win. “You need different ideas to be strongly argued,” the retired Marine Corps general said. “You don't want the tyranny of consensus.”

The divergence in views from Mr. Trump in many cases has assuaged the concerns of Republican and Democratic senators with foreign policy positions far from the president elect's. Hawkish Republican senators were looking for the nominees to take Russia seriously as a threat, while Democratic senators sought assurances incoming cabinet

officials wouldn't roll back social measures such as inclusion of women in all military combat roles.

Above all, many were looking to see nominees who would forthrightly state their own views to the president-elect and his aides when confronted with grave national security concerns. Gen. Mattis told Sen. Elizabeth Warren (D., Mass.) during questioning that he wouldn't tailor his views to fit Mr. Trump's and vowed to give the incoming president unvarnished advice.

“We're counting on you,” Ms. Warren replied.

How the new White House will respond to dissenting views will depend in large part on the incoming president's leadership style and the power dynamics between cabinet officials and his immediate staff. While fissures can help the cabinet refine policy choices, they also can ignite internal tension and provide firepower for political opponents.

Sean Spicer, a spokesman for Mr. Trump, said Thursday that all the designates would ultimately “pursue a Trump agenda and a Trump vision,” adding that the president-elect chose them for their views. “It's to share their views with him and help shape his opinions and ideas and thoughts,” Mr. Spicer added: “He's not asking for clones.”

Mr. Trump on Friday morning tweeted: “All of my Cabinet

[nominees] are looking good and doing a great job. I want them to be themselves and express their own thoughts, not mine!”

Such differences at the outset of an administration aren't new. Hillary Clinton clashed with President Barack Obama on the campaign trail in 2008 over whether the U.S. should engage with Iran. Mrs. Clinton later joined his cabinet as secretary of state, uniting in policy toward Iran, though divisions between her staff and the White House persisted. Ultimately, the Obama administration reached its goal of an international nuclear deal with Iran, a deal that was opposed by many Republicans and has been criticized by Mr. Trump.

Gen. Mattis, the former U.S. Central Command chief who oversaw U.S. military operations in the Middle East from 2010 to 2013, advocated Thursday against ripping up the Iran nuclear agreement, breaking with Mr. Trump's pledge to do so.

Gen. Mattis said it isn't a deal he would have signed, but added the U.S. shouldn't go back on its commitment. “I think it's an imperfect arms-control agreement. It's not a friendship treaty,” he said. “But when America gives her word, we have to live up to it and work with our allies.”

He said the U.S. must step up oversight and enforcement of the agreement by creating a committee in Congress and make sure U.S.



intelligence services are fully staffed to watch over Iran, while arming Gulf allies with better air and missile defenses.

Mr. Pompeo was asked repeatedly during his confirmation hearing Thursday whether he supported reinstituting the CIA's use of so-called extraordinary interrogation techniques, which several lawmakers and many experts have said constitute torture.

Mr. Pompeo said he would "absolutely not" follow orders to use those tactics. "Moreover, I can't imagine that I would be asked that by the president-elect or, then, president," he said, contradicting Mr. Trump's campaign-trail promise to bring back waterboarding.

Mr. Tillerson, during a marathon confirmation hearing Wednesday, offered a more hawkish view of Russia than Mr. Trump has professed on the campaign trail and elsewhere.

Mr. Trump said last summer that he would consider recognizing the Black Sea peninsula of Crimea, which Russia annexed from Ukraine

in 2014, as Russian territory. But Mr. Tillerson said he wouldn't do so unless the decision was part of some sort of agreement approved by Ukraine.

Mr. Tillerson also expressed support for provision of lethal arms to Ukraine, so the country can defend itself against Russia, which would run counter to Mr. Trump's stated desire for a rapprochement with the Kremlin.

In a break from some of Mr. Trump's more controversial campaign positions, he said mutual protections as agreed among members of the North Atlantic Treaty Organization shouldn't be used as leverage to encourage allies to spend more on defense.

The Exxon Mobil chief expressed personal support for the Trans-Pacific Partnership Agreement, which has stalled amid attacks from Mr. Trump, and said he would support remaining a part of the Paris Climate Agreement, which Mr. Trump pledged to cancel. Mr. Tillerson also suggested that the U.S. robustly enforce the Iran nuclear deal rather than get rid of it.

He said he wouldn't want South Korea, Japan and Saudi Arabia to obtain nuclear weapons, which Mr. Trump during a campaign-trail interview said he might support.

The significance of the differences will depend on the internal dynamics of the personalities in the administration, which is still coming together and difficult to predict, experts said.

Danielle Pletka, a former staffer for the Senate Foreign Relations Committee and senior vice president of foreign and defense policy studies at the conservative American Enterprise Institute, said it was normal for cabinet members to disagree with the president, so long as they accepted that the president is the ultimate decider.

"The reason the differences appear more notable is because Mr. Trump has a way of expressing himself that many people find inflammatory," Ms. Pletka said. "If you take his most inflammatory statement, and you go to the chairman of Exxon Mobil and ask if he agrees, you shouldn't be surprised he said, 'No.'"

The question, according to people who have worked in the White House, is how much the differences are allowed to fester and whether they lead to interpersonal tensions or misaligned policy across agencies.

Derek Chollet, executive vice president of the German Marshall Fund and a former White House and Pentagon official during the Obama administration, said the risk is that the State Department and the Pentagon will act independently absent central control.

"There's a question in my mind over how much control the White House is actually going to assert," Mr. Chollet said. "In my experience, having served in the White House and other places, the White House has to assert control."

—Shane Harris and Gordon Lubold contributed to this article.

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**The  
New York  
Times**

## Latest to Disagree With Donald Trump: His Cabinet Nominees

Jennifer  
Steinhauer

WASHINGTON — America should not torture. Russia is a menace. A wall at the Mexican border would not be effective. A blanket ban against Muslims is wrong. Climate change is a threat.

Those statements are in direct opposition to some of the most significant declarations that President-elect Donald J. Trump made before his improbable ascension to the White House. They are also the words of his own nominees to lead the nation's most important government agencies.

In their first week of grilling before congressional panels, Mr. Trump's cabinet nominees broke with him on almost every major policy that has put Mr. Trump outside Republican orthodoxy, particularly in the area of national security.

James N. Mattis, a retired Marine Corps general, who long ago expressed his opposition to torture, said on Thursday that if he were confirmed as defense secretary he would support the Iran nuclear agreement, which Mr. Trump has derided. "When America gives her word, we have to live up to it and work with our allies," Mr. Mattis said at his hearing, a stark contrast from Mr. Trump's view that the Iran negotiations produced "one of the dumbest deals ever."

Rex W. Tillerson, whom Mr. Trump has chosen to be secretary of state, parted ways with the president-elect on a range of issues this week, calling President Vladimir V. Putin of Russia a regional and international threat who should be countered with "a proportional show of force." Mr. Tillerson rejected a ban on Muslim immigrants, called the United States' commitment to NATO "inviolable" — again contradicting Mr. Trump — and said he did not agree with Mr. Trump's previous comments that Japan should perhaps obtain nuclear weapons.

And Mr. Trump's pick to head the C.I.A., Representative Mike Pompeo of Kansas, vigorously defended the intelligence agencies, which Mr. Trump has derided.

Transition officials said they were unconcerned by the differences. Sean Spicer, who will be the White House press secretary, said that Mr. Trump had chosen people for their expertise, not their ability to parrot his own positions.

Still, all signs indicate that the last word on policy will be Mr. Trump's. "At the end of the day, each one of them is going to pursue a Trump agenda and a Trump vision," Mr. Spicer told reporters Thursday morning.

But Senator Susan Collins, Republican of Maine, said the broad

gulf between Mr. Trump and the nominees was unusual. "It suggests to me that Donald Trump wants advisers who will bring him different views," said Ms. Collins, a member of the Senate intelligence panel that grilled Mr. Pompeo on Thursday. "That would be very healthy. Or it could lead to confused messages both to our allies and our adversaries."

Democrats took a harsher view. "A number of the nominees have tried to sprint away from the president-elect's out-of-the-mainstream positions to try to show the public they're reasonable," said Chuck Schumer of New York, the top Senate Democrat.

In many cases, the nominees have long records in public service and are stating long-held positions. The Trump team also recognizes that the president-elect's most unorthodox and belligerent stances — while helpful in a populist campaign for the White House — would be unlikely to pass muster with many members of the Senate, even fellow Republicans.

The nominees seem to be determined to create the impression that they could prevail in crucial policy discussions. "I find it a strength that the president-elect has nominated people that have different views from the ones he has previously expressed," said John

Cornyn of Texas, the No. 2 Republican in the Senate.

Mr. Trump's cabinet nominees are being meticulously prepared for their meetings with senators and for confirmation hearings, several senators said. In those preparation sessions, the appointees are often questioned on issues they know could snag them.

Most notably, the nominees have taken strong positions against Russia in the confirmation hearings. Mr. Trump, by contrast, has spent a year defending his desire to have strong relationships with Russia and Mr. Putin, and only this week seemed to acknowledge what the intelligence agencies agree on: that Russia interfered with the election.

### Got a confidential news tip?

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Mr. Tillerson, in particular, was grilled on his views by Senator Marco Rubio, Republican of Florida, given Mr. Tillerson's longstanding relationship with Mr. Putin as the head of Exxon Mobil, and his advocacy for dropping sanctions against the nation. On Wednesday, Mr. Tillerson said that Russia had been involved in the election hacking, though he did not go as far as Mr. Rubio seemed to want, by declaring Russia a rogue nation.

Mr. Mattis was uncompromising on the topic. "Since Yalta, we have a long list of times we've tried to engage positively with Russia," he said. "We have a relatively short list of successes in that regard. And I think right now, the most important thing is that we recognize the reality of what we deal with, with Mr. Putin, and we recognize that he is trying to break the North Atlantic alliance, and that we take the steps, the integrated steps, diplomatic, economic and military and the alliance steps, the working with our allies, to defend ourselves where we must."

Mr. Tillerson told lawmakers that he favored remaining a party to the global climate accord reached in Paris in 2015. "It's important that the United States maintain its seat at the table with the conversations around how to deal with the threats of climate change," Mr. Tillerson said.

It is not clear whether he will get that chance. Though Mr. Trump told The New York Times last month that he had an "open mind" on the Paris Agreement, he promised in a speech last May that "we're going to cancel the Paris climate agreement and stop all payment of U.S. tax

dollars to U.N. global warming programs."

One of Mr. Trump's central campaign promises — to build "a big, fat beautiful wall" between the United States and Mexico — also fell flat this week.

John F. Kelly, a retired Marine Corps general who is the nominee to lead the Department of Homeland Security, told Senate committee members that "a physical barrier in and of itself will not do the job," adding, "it has to be really a layered defense."

Senator Jeff Sessions, Republican of Alabama, who is Mr. Trump's nominee for attorney general, did not go as far on torture as Mr. Pompeo, who, when asked if he would allow the use of "enhanced interrogation techniques" if ordered to do so by Mr. Trump, replied, "Absolutely not." But Mr. Sessions did say that waterboarding was illegal.

On Mr. Trump's proposed ban on Muslim immigrants, Mr. Sessions said, "I have no belief, and I do not support the idea that Muslims, as a religious group, should be denied admission to the United States."



## Trump's Cabinet nominees keep contradicting him

<https://www.facebook.com/pages/Karen-Tumulty/1410916925870676>

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Donald Trump's Cabinet nominees, in their first round of confirmation hearings on Capitol Hill, have one after another contradicted the president-elect on key issues, promising to trim back or disregard some of the signature promises on which he campaigned.

A fresh set of examples came Thursday, the third day of hearings.

Retired Marine Corps Gen. James Mattis, Trump's nominee to be defense secretary, told the Senate Armed Services Committee that the United States must honor the "imperfect arms-control agreement" with Iran that Trump has vowed to dismantle because "when America gives her word, we have to live up to it and work with our allies."

He also took a more adversarial stance than Trump has toward Russian President Vladimir Putin and cited Moscow as one of the nation's top threats.

"I've never found a better guide for the way ahead than studying the histories. Since [the 1945 meeting of world powers at] Yalta, we have a long list of times we've tried to engage positively with Russia. We have a relatively short list of successes in that regard," Mattis said. "I think right now, the most important thing is that we recognize the reality of what we deal with [in] Mr. Putin and we recognize that he is trying to break the North Atlantic alliance."

At the confirmation hearing for President-elect Trump's nominee for secretary of defense, retired Marine Gen. James Mattis warned about the threat Russia poses and vowed to stand up to Trump when necessary. At the confirmation hearing for Trump's nominee for defense secretary, Gen. James

Mattis warned about Russia and vowed to stand up to Trump when necessary. (Video: Sarah Parnass/Photo: Ricky Carioti/The Washington Post)

(Sarah Parnass/The Washington Post)

At a witness table in another Senate hearing room, Rep. Mike Pompeo (R-Kan.), whom Trump picked to head the CIA, assured the Intelligence Committee that he would "absolutely not" use brutal interrogation tactics on terrorism suspects in contravention of the law, even if ordered to do so by a president who campaigned on a promise to reinstate the use of such measures.

Trump indicated in a tweet Friday morning that he is unconcerned about the contradictions. "All of my Cabinet nominee are looking good and doing a great job," Trump wrote. "I want them to be themselves and express their own thoughts, not mine!"

The discordant notes that Cabinet nominees have struck as they have been questioned by senators suggests that a reality check may lie ahead for Trump.

It may be that the grandiosity and disregard for convention that got Trump elected were inevitably bound for a collision with the practical and legal limitations of governing.

"His rhetoric was so far outside the boundaries — in some instances of reality, and in some instances, of the laws of the nation, and in other issues, outside the boundaries of pass-fail issues for some of these nominees," said Republican strategist Steve Schmidt, who as an aide to President George W. Bush oversaw the confirmation process for the Supreme Court nominations of Samuel A. Alito Jr. and John G. Roberts Jr.

The American system of government places "extraordinary constraints" on even a president's power, Schmidt said. "You're seeing the reality-show aspects of campaigning bending to the reality of governance."

But others say that Trump is such a singular figure, whose fervent supporters are convinced that he can topple the established order in Washington, that it is impossible to predict how things will play out once he has been inaugurated.

"We are in such uncharted territory with this guy," said Elaine Kamarck, director of the Brookings Institution's Center for Effective Public Management. "The interesting thing will be, does Trump pay attention to what his government does?"

The comments by Mattis and Pompeo on Thursday continued a pattern set in the first two days of hearings.

On Tuesday, retired Marine Corps Gen. John Kelly, nominated to head the Department of Homeland Security, played down the significance of Trump's promise to build a wall on the U.S.-Mexico border, saying that "a physical barrier in and of itself will not do the job."

And Kelly, too, disavowed torture, saying, "I don't think we should ever come close to crossing a line that is beyond what we as Americans would expect to follow in terms of interrogation techniques."

In 2009, President Obama signed an executive order that bars the CIA from using interrogation methods beyond those permitted by the U.S. Army Field Manual. That excludes such measures as waterboarding. In 2015, that policy was written into law.

Trump, on the other hand, argued during his campaign that "torture works." He vowed to resume it

"immediately" and to come up with "much worse."

On Wednesday, secretary of state-designate Rex Tillerson contradicted the president-elect's repeated suggestions that climate change is a hoax and said it is important for this country to "maintain its seat at the table on the conversations around how to address the threats of climate change, which do require a global response."

*[Tillerson doesn't deny climate change — but dodges questions about Exxon's role in sowing doubt]*

As a candidate, Trump had said he would withdraw the United States from a 2015 international accord to reduce greenhouse-gas emissions, although he has since softened that stance and said he is keeping "an open mind to it."

That Trump's nominees would air their disagreements with the president-elect at their confirmation hearings is "extraordinarily unusual," Kamarck said. "The first thing a president and a transition team does is make sure the president and his Cabinet are on the same page."

But it may be that they have not yet even discussed their differences.

Among the startling turns in the confirmation hearings has been the revelation by some of Trump's nominees that they have not had detailed conversations with the president-elect about critical issues that will fall within their portfolios.

Tillerson, for example, told the Foreign Relations Committee that he and Trump had discussed foreign policy "in a broad construct and in terms of the principles that are going to guide that."

"I would have thought that Russia would be at the very top of that, considering all the actions that have taken place," Sen. Robert

Menendez (D-N.J.) said. "Did that not happen?"

"That has not occurred yet, Senator," Tillerson replied.

Kelly made a similar comment when he was asked about the fate of hundreds of thousands of undocumented immigrants who have applied for protection from deportation under the Obama administration's Deferred Action for Childhood Arrivals executive action. In his campaign, Trump vowed to "immediately terminate" the program.

"The entire development of immigration policy is ongoing right now in terms of the upcoming administration. I have not been involved in those

discussions," said Kelly, who is slated to head a sprawling department that includes U.S. Immigration and Customs Enforcement.

One question is whether his appointees will persuade Trump to moderate some of the strident positions that he took during his presidential campaign.

He has already indicated that they have influenced his thinking in some areas.

During an interview with the New York Times shortly after his election, for instance, Trump said that Mattis had made the case that "a pack of cigarettes and a couple of beers" were more effective in getting information from terrorism

suspects than waterboarding and similarly controversial techniques.

"I was very impressed by that answer," Trump said.

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Another unknown, however, is how the Cabinet nominees' views will mesh with those of senior members of Trump's White House staff, who do not undergo confirmation by the Senate.

Tillerson, for example, said under questioning by the Foreign Relations Committee that

supporting human rights globally is "without question" in the long-term national security interests of the United States.

But at a forum a day earlier at the United States Institute of Peace, K.T. McFarland, who will be Trump's deputy national security adviser, contended that Trump will take foreign policy in a less-idealistic direction.

"The mistake that we make is that we constantly tell other countries how they should think," McFarland said. "What I'm hoping is that we can start seeing things through their eyes."

**THE WALL  
STREET  
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Razumovskaya

## Russians Named in Trump Dossier Dismiss Claims

Nathan Hodge  
and Olga  
Razumovskaya

Updated Jan. 12, 2017 4:23 p.m. ET

MOSCOW—Russians named in an unverified dossier on President-elect Donald Trump reacted with incredulity to allegations they were tied to Kremlin-led efforts to interfere with the U.S. elections.

The dossier contains claims that Russian officials have compromising evidence about Mr. Trump's behavior that could be used to blackmail him, and that the Kremlin colluded with members of Mr. Trump's team to help get him elected. Mr. Trump and the Russian government have both dismissed the claims.

Aleksej Gubarev, the chief executive of XBT Holding, a Luxembourg-based web-hosting company, was named in the dossier as a "hacking expert" who had been involved in efforts to "transmit viruses, plant bugs, steal data and conduct 'altering operations'" that targeted Democratic Party leadership. The dossier said those efforts had Kremlin sanction at the

highest level, and involved Russian spy agencies including the Federal Security Service, or FSB.

"Imagine how surprised I was," said Mr. Gubarev, referred to in the dossier as Alexei Gubarov. "I bet the FSB was also surprised to see my name in this report."

Mr. Gubarev, who lives in Cyprus, is also an investor in Prisma, a popular smartphone application that allows users to modify photos with artistic filters. He said he had not lived in Russia for 15 years and wasn't involved in politics.

"This is quite obviously a fake," he said. "We are a legitimate business, and have obviously not hired any hackers."

Konstantin Kosachev, a member of Russia's upper house of parliament, on Wednesday dismissed an allegation in the dossier that he facilitated contact last year in the Czech Republic between the Kremlin and Trump lawyer Michael Cohen, and hit out at a factual error in the document.

"In the parts of the so-called report where I am mentioned, there is not a single word of truth," he said,

noting that he was incorrectly identified as a member of Russia's lower house of parliament.

Mr. Cohen has denied any such meeting.

The dossier was prepared last year for Mr. Trump's political opponents by a former British intelligence officer named Christopher Steele, according to people familiar with the matter. Efforts to reach Mr. Steele have been unsuccessful.

Russian officials have characterized the dossier as part of a larger propaganda campaign meant to undercut Moscow's hopes of restoring better relations with the incoming administration. U.S. intelligence officials have separately raised broad accusations against Russia for aiming to influence the 2016 U.S. presidential race with cyberattacks, an assessment Mr. Trump said this week he agrees with. Russian officials have countered by characterizing the declassified version of an official intelligence assessment as amateurish.

"This is a perfect example of the propaganda merry-go-round," said Russian Foreign Ministry

spokeswoman Maria Zakharova in a briefing Thursday. "The main goal [of the assessment] was to complicate the process of normalizing relations with Russia for the new [White House] team."

The Russian government, which has long maintained it had no involvement in efforts to manipulate the U.S. elections, has seized on the public airing of the dossier as another example of what it describes as a Red Scare-style campaign to stir up public fears ahead of Mr. Trump's inauguration.

"This has become a real hysteria, and, as we know, expecting some modicum of rationality is not possible during a tantrum," Kremlin spokesman Dmitry Peskov told Russian news agencies Thursday. "We must wait for the tantrum to end."

—Laura Mills  
and Amie Ferris-Rotman  
contributed to this article.

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**The  
New York  
Times**  
Mark Mazzetti

## C.I.A. Nominee Says He Won't Balk at Seeking Russian Intelligence

Matthew  
Rosenberg and  
Mark Mazzetti

WASHINGTON — The first battle that Representative Mike Pompeo prepared to fight was against the Russians, when he commanded a tank platoon in Germany in the twilight of the Cold War. On Thursday, he made clear he was ready to take on America's old adversary if confirmed as director of the Central Intelligence Agency.

But doing so may result in a battle closer to home: Mr. Pompeo and the C.I.A. versus President-elect Donald J. Trump, whose denigration of the nation's intelligence agencies has opened an extraordinary breach between an incoming president and the spies who will serve him.

The question hanging over Mr. Pompeo, and America's 17 intelligence agencies, is how to handle a president who embraces President Vladimir V. Putin of Russia while the agency tries to

keep Russia in check. So far, nothing in the C.I.A.'s 69-year history has prepared it to deal with a president who is as openly derisive of its work as Mr. Trump.

The dispute has stoked fears at the C.I.A. that Mr. Trump, once in office, could halt or seek to limit inquiries into Russian hacking and other issues that he has dismissed as politically motivated smears, current and former agency officials said.

Of all the arms of the government, the C.I.A. is particularly sensitive to slights from the president. It considers itself the eyes and ears of the president around the world, and it prides itself on being above politics (although that is an ideal that is at times more aspirational than many at the agency readily acknowledge). Since the Sept. 11, 2001, attacks, it has also expanded far beyond its core mission of espionage with a campaign of drone strikes and paramilitary operations



against militants in the Middle East and Central Asia.

Leon E. Panetta, a former C.I.A. director, called Mr. Trump's public berating of America's spies "very dangerous."

"It sends a message to our adversaries, to our enemies, that somehow they might be able to take advantage of us because we are so in conflict in terms of the president and the intelligence community," Mr. Panetta said during a radio interview that aired on Thursday. He said the rift could tarnish the credibility of intelligence analysis and hurt morale at C.I.A. headquarters.

Mr. Pompeo may have somewhat assuaged those concerns on Thursday when he was asked at his Senate confirmation hearing if the C.I.A., under his leadership, would continue to pursue intelligence on Russian hacking — allegations that have come amid a swirl of unsubstantiated rumors about links between the Trump campaign and the Russian government.

"I will continue to pursue foreign intelligence with vigor no matter where the facts lead," Mr. Pompeo said. He added that he would do this "with regard to this issue and each and every issue."

The C.I.A. under his leadership, he said, would provide "accurate, timely, robust and clear-eyed analysis of Russian activities."

To date, American spy agencies have publicly provided little evidence for their conclusions about Russia's role in the hacking efforts, but their assessment has provided ample ammunition for Mr. Trump to attack the intelligence community he will soon command.

During a news conference on Wednesday, Mr. Trump went so far as to suggest that the intelligence agencies had leaked the allegations about his ties to Russia, which were contained in a classified report they gave him last week. Mr. Trump said the tactics recalled those of Nazi Germany.

The comments led to a phone call between Mr. Trump and James R. Clapper Jr., the director of national intelligence, who released a statement late Wednesday night saying that intelligence agencies had "not made any judgment that the information in the document is reliable." Mr. Clapper said the information had been provided to Mr. Trump and others to give policy makers "the fullest possible picture of any matters that might affect national security."

Mr. Trump followed up with a post on Twitter Thursday morning that appeared to distort the facts of the phone call between the two men, saying that Mr. Clapper had called to "denounce the false and fictitious report that was illegally circulated."

The latest tit-for-tat between Mr. Trump and the intelligence agencies dampened hopes in Washington that tensions would ease as Inauguration Day approached and the president-elect realized he would soon have the agencies, and all their capabilities, at his disposal.

Will Hurd, a former C.I.A. clandestine officer and now a Republican representative from Texas, said that Grizzly Steppe, the American code name given to Russia's efforts to disrupt the 2016 election, had worked. "Russian intelligence will consider 'Grizzly Steppe' to be their most successful covert action operation because it

created a wedge, whether real or perceived, between the U.S. president, intelligence community and the American public," he said.

Others were less certain that Mr. Trump's recent comments on Twitter would have a significant impact.

"The C.I.A. is not going to stop providing intelligence to the president of the United States because he said some negative things," said Michael Hurley, a former C.I.A. operations officer.

But, he said, "people function better when they know their work is valued."

The challenge for Mr. Pompeo may be getting Mr. Trump simply to pay attention to whatever the C.I.A. finds out. The president-elect has yet to sit down regularly for the daily briefings that the intelligence agencies prepare, and he has repeatedly brushed off the need to do so once in office.

Mr. Pompeo, though, is close to Vice President-elect Mike Pence, who does sit for a daily intelligence briefing. The hope at the agency is that working through Mr. Pence will give Mr. Pompeo the kind of direct line to the Oval Office that the C.I.A. has come to expect — and will keep intelligence from being filtered through Lt. Gen. Michael T. Flynn, Mr. Trump's choice for national security adviser, a retired intelligence officer who has been a harsh critic of the C.I.A. as overly political.

On Thursday, Mr. Pompeo said he did not believe that politics regularly seeped into the work done at the C.I.A., though he did say that politicians had at times sought to

twist intelligence for their own purposes.

Though Mr. Pompeo is known for his unrelenting partisanship in Congress — he has maintained that Hillary Clinton was involved in a cover-up after the 2012 attacks on the American consulate in Benghazi, Libya — both Democrats and Republicans have said they believe he is capable of rising above the political fray to lead the C.I.A.

On Thursday, he sought to avoid politics as much as possible, even when pressed on issues on which he has previously expressed strong positions.

Asked about the Iran nuclear deal, which he has sharply criticized, Mr. Pompeo said that "if confirmed, my role will change," and that he would be evaluating Tehran's compliance, not determining what should happen to the agreement.

But, he added, "the Iranians are professionals at cheating."

His responses were similarly by-the-book when it came to coercive interrogation methods, which he once deemed not only legal but patriotic.

At the hearing, though, Mr. Pompeo said he would "always comply with the law." The law does not allow coercive methods, such as waterboarding.

And what if he was ordered to employ such methods by Mr. Trump, who said during the campaign that he would bring back waterboarding?

"Absolutely not," Mr. Pompeo said.

**The  
Washington  
Post**

## Placing Russia first among threats, Defense nominee warns of Kremlin attempts to 'break' NATO

<https://www.facebook.com/dlamothel>

Retired Marine Gen. James Mattis, Donald Trump's pick to be the next U.S. defense secretary, placed Russia first among principal threats facing the United States, arguing for greater American support for European allies to counter what he said were Moscow's attempts to shatter the North Atlantic security alliance.

Mattis, a respected combat leader who made his name in the wars following the Sept. 11, 2001, attacks, cautioned that sustained cuts to military budgets and personnel meant the U.S. military is no longer strong enough to easily

outmatch Russia and other adversaries.

Mattis's remarks during his confirmation hearing Thursday provide some of the first hints about how the Trump administration, which has not put forward comprehensive national security plans, may alter the posture of the world's most advanced military at a time of institutional strain and uncertainty about the future.

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*[Trump's pick for CIA leader would refuse to restart enhanced interrogation techniques]*

His comments also signal a possible divergence in viewpoint with the president-elect, who has questioned long-standing security commitments and voiced his willingness to partner with Russian President Vladimir Putin. Trump said at a news conference Wednesday that "Russia can help us fight" the Islamic State, but he also noted: "I don't know that I'm gonna get along with Vladimir Putin. I hope I do. But there's a good chance I won't."

Mattis's seeming differences with Trump and those with the president-elect's pick to be secretary of state,

Rex Tillerson, who unlike Mattis has suggested that he might support renegotiating President Obama's nuclear deal with Iran, could lead to a fractious approach to foreign policy and interagency feuding in the next administration.

Mattis spoke as Rep. Mike Pompeo (R-Kan.), whom Trump has tapped to lead the CIA, pushed back on Trump's support for waterboarding during the campaign and said he would reject orders to torture detainees.

The conflicting statements from the men who will be Trump's most senior advisers increase uncertainty about what actions the new administration will take as military leaders continue to battle the

Islamic State and grapple with growing challenges from China and North Korea.

Several hours after Mattis's testimony before the Senate Armed Services Committee, the Senate voted 81 to 17 to waive a measure requiring defense secretaries to have been out of military service for seven years. Mattis retired in 2013.

Later in the day, the House Armed Services Committee approved a similar measure along party lines, 34 to 28. The full House must also vote on that measure.

Although some of the president-elect's other Cabinet picks have come under intense questioning in their own confirmation hearings, Mattis encountered virtually no challenges from lawmakers to his suitability for the top Pentagon job.

The 66-year-old veteran, known for his use of the call sign "Chaos" during overseas deployments, has earned a reputation as a scholarly, plain-spoken officer with an impressive combat record. His blunt style has brought controversy at times, as have his hawkish views on confronting threats in the Middle East.

How long Cabinet confirmations take — and why past nominees failed

Mattis was named the head of U.S. Central Command in 2010, but he left in 2013 amid disagreement with the Obama White House over the general's desire to intensify the military response to Iranian activities throughout the region.

Iran remains "the primary source of turmoil" in the Middle East, Mattis told lawmakers on Thursday, with its support for regional militant cells, its ballistic missile capability, its maritime provocations and cyber initiatives.

Although Mattis's hawkish views on the danger from Iran appear to coincide with Trump's, he broke with the president-elect by voicing

support for leaving the nuclear deal with Tehran intact.

"I think it is in an imperfect arms control agreement — it's not a friendship treaty," he said. "But when America gives her word, we have to live up to it and work with our allies."

*[As a general, Mattis urged action against Iran. As a defense secretary, he may be a voice of caution.]*

The questioning was notable for its scant discussion of the wars in Afghanistan, where 8,400 U.S. troops are stationed; in Iraq, where about 6,000 Americans are supporting a punishing Iraqi offensive against the Islamic State; and in Syria, where a small Special Operations force hopes to help local forces drive the militants from their stronghold of Raqqa.

Mattis did say that the U.S. strategy for Raqqa "needs to be reviewed and perhaps energized on a more aggressive timeline."

Speaking to lawmakers about Russian activity beyond its borders, Mattis gave a full-throated defense of NATO and said he supports the Pentagon's European Reassurance Initiative, which has added military power in eastern Europe in response to concerns about Russian pressure on the Baltics. On Thursday, Putin's spokesman criticized the United States' decision to begin a major deployment of troops and heavy equipment near Russian borders in eastern Europe.

"Since Yalta, we have a long list of times we've tried to engage positively with Russia. We have a relatively short list of successes in that regard," Mattis said, referring to the Yalta conference at the close of World War II. "The most important thing is that we recognize the reality of what we deal with Mr. Putin and we recognize that he is trying to break the North Atlantic alliance, and that we take the steps ... to defend ourselves where we must."

As he did with Iran, Mattis, despite his harsh rhetoric, provided few specific ideas for using military means to push back against Russia.

It's unclear whether Mattis's views will spark a confrontation with the Trump White House. Trump's apparent interest in partnering with Moscow against the Islamic State in Syria, for example, may renew resistance that such ideas have provoked among military leaders in the past.

Mattis repeatedly spoke up for traditional alliances, including those with NATO, South Korea and Japan, that Trump has questioned. The president-elect has expressed skepticism about U.S. security commitments unless those partners increase outlays for their own defense.

"We must also embrace our international alliances and security partnerships. History is clear: Nations with strong allies thrive and those without them wither," Mattis said.

The nominee said Trump has shown himself to be open and inquisitive while discussing NATO with him. Asked how he, a retired four-star general, would negotiate his relationship with Trump's pick for national security adviser, retired three-star general Michael Flynn, Mattis said that debate of policy issues "isn't always tidy" but he didn't expect problems.

Asked about the possibility that Trump's Cabinet nominees may differ with him on Russia, incoming press secretary Sean Spicer said that the president-elect was "not asking for clones" in selecting his senior advisers. Still, he said, "at the end of the day, each one of them is going to pursue a Trump agenda and a Trump vision."

*[With Trump as commander in chief, 'America is in uncharted territory']*

Democratic lawmakers expressed hope that Mattis, forged by the military establishment and boasting

experience across administrations of both parties, would act as a restraint on some of Trump's impulses.

Repeatedly, the retired general referred to the need to improve military readiness, blaming years of budget cuts for an erosion to American technology and manpower. Trump has promised to increase defense spending.

Mattis, who comes from a service that has led pushback to efforts to integrate women into combat positions, also signaled openness to allowing female service members to serve in all jobs as long as they meet established requirements.

Sen. Kirsten Gillibrand (D-N.Y.), a strong supporter of gender integration, pointed to comments Mattis made after his retirement questioning the wisdom of placing women serving in all combat roles. Mattis responded that he has no plans to oppose women in any roles within the military. He said that he had hundreds of women serving among his 23,000 Marines during the invasion of Iraq in 2003.

"I'm coming in with the [understanding] that I lead the Department of Defense and if someone brings me a problem then I'll look at it, but I'm not coming in looking for problems," he said. "I'm looking for a way to get the department so it's at the most lethal stance."

Anne Gearan, Karoun Demirjian, Joby Warrick, Kelsey Snell and Ed O'Keefe contributed to this report.

#### Read more:

Documents detail Mattis's lucrative speaking engagements and financial ties to defense contractors

Experts back Mattis as defense secretary, but say a general shouldn't run the Pentagon again for years

Trump team pulls Mattis from hearing focused on his need for a waiver to be Pentagon chief



## This former British spy was identified as the Trump dossier source. Now he is in hiding.

By Karla Adam

Christopher Steele, who wrote reports on compromising material Russian operatives allegedly collected on U.S. President-elect Donald Trump, is a former officer in Britain's MI-6, according to people familiar with his career. (Reuters)

Christopher Steele, who wrote reports on compromising material Russian operatives allegedly collected on U.S. President-elect

Donald Trump, is a former officer in Britain's MI-6, according to people familiar with his career. Former British spy named as author of reports on Donald Trump in Russia (Reuters)

LONDON — Even as the FBI and others dig into claims that Russia has a trove of compromising details on President-elect Donald Trump, another hunt was suddenly underway. This one seeks

the former British intelligence officer who reportedly had a key role in drafting the classified dossier — and has now gone into hiding.

On Wednesday, Christopher Steele was named as the former MI6 agent behind the 35-page packet making the explosive — and unsubstantiated — allegations that Russia has embarrassing material on Trump. Steele, however, had apparently caught wind that his

identity could be made public, and hit the road. But not before arranging for his neighbor to look after his cats.

*[Decision to brief Trump on allegations brought a secret and unsubstantiated dossier into the public domain]*

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The claims in the dossier are still being evaluated by U.S. intelligence experts and others. Russia denied it has a gotcha file on Trump, who had visited Russia in the past to explore business deals and stage the 2013 Miss Universe Pageant in Moscow. But the Kremlin's spymasters have a long history of compiling secrets that can be used later as political leverage.

Trump has called the entire episode a "fake news" smear campaign. On Thursday, Trump tweeted that the report was "false and fictitious" and "illegally circulated." But Trump also put his own interpretation on his conversation with Director of National Intelligence James R. Clapper Jr., who said in a statement that he spoke with Trump Wednesday evening and told him the intelligence community "has not made any judgment that the information in this document is reliable."

According to British media reports, Steele, 52, fled his home in Runfold, a village about 40 miles southwest of London. The Wall Street Journal named Steele as the author of the dossier on Wednesday evening.

Before leaving his residence, Steele rang his next

door neighbor Mike Hopper and asked if he could look after his three cats. Steele moved in about 18 months ago with his wife and four kids, his neighbor said.

"He has asked me to do that sort of thing before, so I didn't take it as anything different. I was just about ready to go to work, and he called me and asked me to come in, gave me the key to the house.... He said that the family would be away for a while, would I mind looking after the animals?" Hopper said in an interview with The Washington Post.

Steele didn't say where he was going, or when he would be back, Hopper said.

Steele is the director of Orbis Business Intelligence, a London-based intelligence firm. Chris Burrows, his business partner, told the Wall Street Journal that he wouldn't "confirm or deny" that the company wrote the report.

The business's website says the company was launched in 2009 by former British intelligence professionals.

The firm is located in an upscale area in London, not far from Buckingham Palace, and has a "global network of senior associates." On Thursday

afternoon, there were half a dozen journalists milling outside.

"We provide strategic advice, mount intelligence-gathering operations and conduct complex, often cross-border investigations," the firm says on its site.

Neither Steele nor Burrows could be reached for comment.

While Steele's name was first published in the United States, the British media — not usually known for their restraint — held off for several hours.

In Britain, there is a long-standing tacit agreement between the government and media whereby the media receives a notice — known officially as a "Defense and Security Media Advisory Notice" but more commonly called a "D-Notice" — and agrees not to publish certain information relating to national security. The system has been in place for decades and is purely voluntary.

The British media received such a notice last night, just after 6.30 p.m. local time.

"In view of media stories alleging that a former SIS officer was the source of the information which allegedly compromises President-elect Donald Trump would you and

your journalists please seek my advice before making public that name," wrote Air Vice-Marshal Andrew Vallance, secretary of the Defense and Security Media Advisory Committee, the body that issued the media notice.

"Irrespective of whether or not the stories are true, the public disclosure of that name would put the personal security of that individual directly at risk," he wrote.

But after Steele's name started appearing in the U.S. media, "it then became increasingly difficult to hold that line," Vallance said in an interview.

He said his committee sent around another notice advising the British media to hold off until 10 p.m., thus allowing time for the former agent to "make arrangements for personal security."

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## How Tillerson testimony injects doubt into Trump foreign policy

The Christian Science Monitor

January 12, 2017 —President-elect Donald Trump noted Wednesday that he'd been listening to the confirmation hearing of secretary of State nominee Rex Tillerson — and he enthused about what he'd heard from his choice to lead America's relations with the world.

But after a full day of testimony before the Senate Foreign Relations Committee, it was clear that Mr. Tillerson does not see eye-to-eye with the man who would be his boss on a number of top-of-the-agenda issues he'd be dealing with as the nation's top diplomat.

Nuclear proliferation? Mr. Trump wants the US to build up its nuclear arsenal and has suggested Japan and South Korea should acquire their own nuclear weapons. "I don't agree," Tillerson said, adding that he would not advocate "more nuclear weapons on the planet."

TPP? Tillerson said he does not oppose the vast Asia-Pacific trade deal that Trump repeatedly has rejected during the campaign.

Crimea and Ukraine? The nominee said he would have sent arms to Ukraine to fend off Russia's

aggression, and echoed the Western perspective that Russia's seizure of the Crimean peninsula is illegitimate. Trump doesn't criticize Russia over Ukraine and suggests he could accept Vladimir Putin's Crimea grab.

Climate change? Trump has called it a "hoax" and vowed to pull the US from the Paris climate accords. Tillerson said he believes climate change is real, and suggested some international measures to counter it are warranted.

Those differences and others raised plenty of eyebrows among the senators Tillerson faced.

Yet while foreign policy experts say some degree of differing views between the president and the secretary of State are not unusual, some add that there's a big difference in this case: Neither Trump the real estate mogul nor Tillerson the retired CEO of ExxonMobil has a foreign-policy track record.

That leaves senators who must vote up or down on Tillerson's confirmation scratching their heads over just what foreign policy the US is likely to get from the Trump administration, analysts add.

"These kinds of discrepancies happen pretty frequently, and sometimes the secretaries of State in these circumstances are shunted aside and curtailed in their power," says Norman Ornstein, a political scientist and government scholar at the American Enterprise Institute in Washington. "And sometimes even a secretary with deep experience in government and foreign affairs will win some and lose some — with the recognition that it's up to the president to make the final choice."

#### Testing the limits

Others say that given how Trump has moved around on many key foreign policy issues, it's not surprising that Tillerson would carve out positions that would veer off from some of the president-elect's more unorthodox views.

"This is a unique case, Trump has said a lot of things that he's eventually backed off from, so I don't think we should be too surprised that his nominee [for secretary of State] would be going back toward the mainstream of American foreign policy," says Lawrence Korb, a former Pentagon official and a foreign policy analyst at the Center for American Progress in Washington.

"I think he's going as far as he thinks he can with his views on all these issues without alienating the guy who picked him for the job," Dr. Korb says.

Those "shunted aside" in recent history include Colin Powell, Dr. Ornstein says, noting that President George W. Bush's first secretary of State became an "outlier" over Iraq, "and foreign policy ended up being run more by Bush and [Vice-President Dick] Cheney after that."

Alexander Haig, President Reagan's first secretary of State, clashed with everyone on the Reagan foreign-policy team — including the president — and was out in less than two years. "Al Haig thought the president had delegated all foreign policy to him, and he proceeded accordingly," Ornstein says. "It did not end well."

Korb cites the case of Cyrus Vance, President Carter's secretary of State, who resigned after the failed attempt to use the military to rescue the Iran hostages. "He was opposed to that, he thought negotiations were getting somewhere, and so he did the honorable thing and resigned," he says.

#### Revisiting 'uncharted territory'



Things worked out differently for George Shultz, Mr. Reagan's second secretary of state, Korb says. Anxious to see more progress on arms control, Secretary Shultz threatened to resign – and Reagan moved on arms-reduction accords, not wanting to lose Shultz and have to name another secretary of State.

More recently, both John Kerry and Hillary Clinton fit in the category of some victories and some defeats, most diplomatic analysts agree. Secretary Clinton notably pressed for a more robust Syria policy, but when she failed she closed the daylight between her and the president.

What makes the current situation so different is that neither the president-elect nor his choice for secretary of State has foreign-policy experience, which makes it harder to divine whose views would likely carry the day.

## NATIONAL REVIEW ONLINE

John Kerry was an extremely successful secretary of state in one important sense: He served his president faithfully, and faithfully imposed his president's policies on the State Department.

As for the rest, Kerry ends his career a perfect symbol of Obama's foreign policy (talk a lot, and carry a small stick) and of the disastrous mess Obama is leaving behind: allies doubtful, enemies emboldened, Russia resurgent, China hostile, terrorist safe havens from one end of the Muslim world to the other, the worst global refugee crisis since World War II, the Middle East in flames, the terrorist empire of Iran all but assured of nuclear weapons and regional hegemony – and this could just be the prelude to much worse on the horizon.

If ever we needed a truly monumental secretary of state, that time is now. The last time America had a truly monumental secretary of state was when James A. Baker III served in that role in the Bush 41 administration, building the Gulf War coalition while presiding over the peaceful liquidation of the Soviet empire. The secretary of state Baker most admired was Henry Kissinger, an even more monumental secretary of state, who held that position in the 1970s, extricating the U.S. from Vietnam while laying the foundations for peace between Israel and Egypt and for America's preeminent position in the Middle East, which lasted until Obama started throwing it away. In the last century, the only other secretary of state who deserves placement in that company is Dean Acheson, Harry

“The term we can use here is the same one that applies to so much about this presidency, and that's ‘uncharted territory,’” says Ornstein. “Unless you count deals for building hotels and golf courses overseas and deals with foreign governments for oil drilling, this is a president and a secretary of State with zero experience in foreign policy.”

Even if Trump ends up being a president who leaves much about foreign policy to his top advisers, Tillerson may find that his views matter relatively little.

“Trump seems to have pretty strong positions on trade and Russia, but other than that it could be that he'll simply opt out of other foreign policy areas,” Ornstein says. “But even then, Tillerson could find he has little influence” in three-way policy debates with the national security adviser – with an office just down

the hall from the president – and the secretary of Defense, he adds.

### Moderation on Iran?

Still, some analysts are hearing in the Senate testimony of Trump's foreign policy nominees – Tillerson and the Defense secretary nominee, retired Gen. James Mattis – the makings of a team that pulls Trump back from the extremes. General Mattis appeared before the Armed Services Committee Thursday.

One example: the Iran nuclear deal, Korb says.

“From what I heard from both of them in their testimony, I don't think we're going to see any tearing up of the Iran deal,” Korb says. “I think if Trump really wants to go off the reservation on some things – and I'd include Iran there – I'd expect

these guys to say, ‘Look boss, we just can't do it.’”

Ornstein of the American Enterprise Institute is less sure – and in particular he's convinced from what he heard from Tillerson on Russia that Trump and Tillerson see eye-to-eye on scuttling Russia sanctions as soon as possible.

“When Tillerson said sanctions would remain in place until we've conducted a full review, that told me one thing – that very shortly after Jan. 20 sanctions will be removed,” he says.

“That will allow ExxonMobil to go ahead with its multibillion-dollar projects in Russia, and Trump to be thrilled at the wonderful things Putin says about him,” Ornstein says. “But I think we all need to realize that a lot of headaches are going to come from that.”

## Loyola : Rex Tillerson – Good Choice

Truman's secretary of state, who negotiated the pillars of America's eventual victory in the Cold War: NATO, the Pacific alliances, Bretton Woods, the World Bank, and the IMF.

I call these men “monumental” not just because of the dramatic, positive changes they brought to America's position in the global order, but also because their style of diplomacy carried with it all the weight of America's moral and material power. They were candid advisers of unquestioned loyalty to their presidents; they had a strategic vision for advancing American interests in a tumultuous world; they had the practical sense to steer the State Department along the required course, in stages; they chose their words on America's behalf carefully, in full appreciation of the fact that words have (or should have) serious consequences when they come from the secretary of state; and they were able negotiators, inured to leverage and hard bargaining.

These are the qualities a secretary of state needs to be successful. Excellence in each of them makes for a monumental secretary of state. In his confirmation hearing this week, Rex Tillerson, President-elect Trump's nominee to the post, showed great promise in all of them.

Tillerson did not have an easy eight hours before the Senate Foreign Relations Committee. Several senators expressed concerns about his positions on Russia, Iran sanctions, and climate change, and his potential conflicts of interest. Owing to Trump's favorable comments on Vladimir Putin, and

Tillerson's own direct dealings with the Russian government as head of Exxon, the most serious concern seemed to be Russia, followed closely by Exxon's reported lobbying against Iran sanctions. Senators were also looking for daylight between Tillerson's position and Trump's, as often happens with nominees who weren't previously close to their new boss.

Though a few senators seemed to remain unconvinced, even those on the fence would admit that Tillerson is upstanding, thoughtful, and serious enough to represent the United States. Senator John Cornyn (R., Tex.) introduced Tillerson as an “inspired choice” for secretary of state, and nothing has come to light that would lead one to think otherwise.

The nominee who emerged in the hearings was someone with a clear instinct for speaking softly, and seldom, and carrying a big stick. As he said in his opening statement: “To achieve the stability that is foundational to peace and security in the 21st century, American leadership must not only be renewed, it must be asserted.”

### RUSSIA

Tillerson ran into a buzzsaw in the form of Senator Marco Rubio (R., Fla.). Rubio asked Tillerson whether he would support legislation imposing mandatory sanctions on people responsible for cyberattacks against the United States. Tillerson objected that a mandatory-sanctions package “leaves the executive branch no latitude or flexibility in dealing with the broad array of cyber threats. I think it is

important those be dealt with on a country-by-country basis, taking all other elements into consideration in the relationship. So giving the executive the tool is one thing. Requiring the executive to use it without any other considerations, I would have concerns about.” Rubio then asked whether Tillerson would support canceling the recent Obama executive order imposing sanctions on Russians responsible for the DNC hack. Tillerson answered that the new administration would have to do a comprehensive review of cyber strategy.

There are several points in Tillerson's favor here: First, while the Congress has broad powers to regulate foreign policy, the execution of foreign policy – including the timing and precise targeting of sanctions – is clearly the president's prerogative. Second, the problem of attribution is quite complicated, especially in the case of Russia, which uses hordes of informal hacker militias. Also, what makes cyberattacks difficult to respond to is that they often boil down to fairly straightforward cases of the very same espionage that the U.S. conducts continuously against friend and foe alike, and which we have long openly claimed the right to conduct.

Regardless, Rubio characterized Tillerson's answer as “troubling” and then dialed up the pressure. “Do you think Vladimir Putin is a war criminal?” he asked. “I wouldn't use that term,” Tillerson replied. Rubio pounced. He described Russia's recent indiscriminate bombing in Aleppo, as well as Russia's earlier war against Chechnya, in which he

said 300,000 civilians died, when Putin was prime minister. "Based on this information and what's publicly in the record," Rubio asked, "you're not prepared to say Vladimir Putin and his military violated the rules of war and conducted war crimes?" Tillerson answered, "Those are very, very serious charges to make and I would want to have much more information before reaching a conclusion."

On Russia, Tillerson said what he needed to say. "We are not likely to ever be friends, because our value systems are so different."

Rubio didn't let up. "Mr. Tillerson, do you believe that Vladimir Putin and his cronies are responsible for ordering the murder of countless dissidents, journalists, and political opponents?" Tillerson answered as before, that he didn't have sufficient information to make such a claim and didn't want to reach a conclusion only on the basis of unclassified information. "None of this is classified," Rubio shot back, "these people are dead." Tillerson finally seemed annoyed: "Your question was people who were directly responsible for that. I'm not disputing these people are dead."

Senator Robert Menendez (D., N.J.) continued in a similar vein to Rubio's, saying it was "amazing" that Tillerson and Trump had yet to discuss the issue of Russia. Senator Bob Corker (R., Tenn.) intervened to relieve the pressure. If you were shown sufficient classified and other evidence that these atrocities took place, Corker essentially asked, would you consider them war crimes? "Yes, sir," answered Tillerson.

Someone might have also pointed out that there is a difference between asking a nominee to describe how he sees a problem or a strategy, and asking a nominee to take a public position on a sensitive issue that he may not be able to walk back once in office, before he has had a chance to deliberate with colleagues and allies. The former is a proper subject for a committee hearing. The latter, on the other hand, is something that should only come out of full deliberation within the government, and is arguably inappropriate in a confirmation hearing. It's like asking a Supreme Court nominee which way he will rule in a case that will be before him in a few weeks, based on a one-sided capsule summary. For a sitting secretary of state to label Saudi Arabia a human-rights violator or accuse Russia of war crimes may be entirely justified, and even a moral imperative, but it also risks a rupture in relations, with potentially damaging consequences

for vital American interests, including that of human rights. It would be irresponsible for a nominee to take such a position without appropriate deliberation.

On Russia, Tillerson said what he needed to say. "We are not likely to ever be friends, because our value systems are so different." He made clear that aggressive moves by Russia require proportionate responses, to send the message that Russian aggression won't be tolerated.

#### EXXON, RUSSIA, AND IRAN

Exxon's business operations in Russia and Iran also led senators to question whether the new secretary might not be too soft on human-rights violators and state sponsors of terrorism. Of particular concern were indications that Exxon had lobbied against sanctions on Russia and Iran. On Russia sanctions, Tillerson explained that, to his knowledge, Exxon had only expressed concerns that sanctions were being structured in a way that would put American companies at a disadvantage to European ones. More troubling for senators was Tillerson's claim that "to my knowledge, Exxon never directly lobbied against sanctions" against Iran. According to lobbying disclosure forms, Exxon lobbied on the Iran Sanctions Enabling Act of 2009 and the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA), the most powerful of all the Iran sanctions. Exxon maintains that it "provided information of the impact of the sanctions, but did not lobby against the sanctions," but Senator Menendez responded that Exxon would not have needed to report such activity as lobbying.

The issue might linger until it is unambiguously cleared up, and Exxon should be as forthcoming as possible. Meantime, it bears recalling that a company as large as Exxon has far-flung lobbying activities, and routinely lobbies on issues large and small, all around the world and at every level of government. Senior management often engages in strategic lobbying against major legislation, but sometimes lobbying on legislation – even significant legislation like Iran sanctions – is done on the initiative of lower-level department heads without the knowledge of senior management.

#### CLIMATE CHANGE

A lot of controversy surrounds Exxon on the subject of climate change. For many environmentalists, Exxon is like the Death Star in *Star Wars*. One of the most egregious and troubling examples of climate-alarmist

persecution against climate realists is related to Exxon's internal documents showing risks of warming from manmade carbon dioxide. Despite environmentalists' charges, Exxon's public position has been carefully qualified, going so far as to admit the risks of manmade climate change.

Tillerson was pressed on this by several senators. He explained: "I came to my personal position over about 20 years as an engineer and scientist, and understanding the evolution of the science. And I came to the conclusion a few years ago that the risk of climate change does exist, and that the consequences of it could be serious enough that action should be taken. The type of action seems to be where the largest areas of debate exist in the public discourse." Pressed for further clarification by Senator Corker, Tillerson said, "The increase in the greenhouse-gas concentrations in the atmosphere [is] having an effect. Our ability to predict that effect is very limited."

It is virtually impossible to improve on this answer. It concedes to the climate alarmists the major propositions that seem justified, namely that climate change is a concern, and that human activity is having some impact on it. It also puts uncertainty where the alarmists have utterly failed (though they refuse to admit it) to establish sufficient certainty for a conclusive policy analysis: whether the risk is clear enough to compel any particular action today, given scientists' extremely limited ability to quantify the relationship between CO2 increases and temperature increases precisely enough to support an informed choice among policy alternatives.

Should the U.S. remain engaged in international climate talks? Tillerson didn't hesitate: "The U.S. should have a seat at the table, because the problem of climate change requires a global response." It should also have a seat at the table to ensure that international negotiations on climate change receive periodic injections of reality and reason, if only to temper against needlessly counterproductive policies. Here again, Tillerson said the right thing: "I am an engineer by training. I seek to understand the facts, follow where they lead, and apply logic to our international affairs."

#### A BALANCE-OF-POWER SECRETARY

Tillerson's explanation of Russia's increasingly aggressive projections of power abroad was illuminating: "It was in the absence of American leadership that this door was left open and unintended signals were

sent. We backtracked on commitments we made to allies. We sent weak or mixed signals with 'red lines' that turned into green lights." A subsequent exchange with Senator Ben Cardin (D., Md.) made clear Tillerson's intuitive sense of deterrence and how to manage the balance of power, something that has been woefully missing in American strategy and diplomacy for far too long.

TILLERSON: I think the real question was the taking of Crimea which led to actions by Russia which I mentioned. The next action being coming across the border of eastern Ukraine with both military assets and men. That was the next illegal action. I think the absence of a firm and forceful response to the taking of Crimea was judged by the leadership in Russia as a weak response.

CARDIN: What would you have done after we were surprised by what they did in taking over Crimea, what should the U.S. leadership have done in response to —

TILLERSON: I would have recommended that the Ukraine take all of its military assets available, put them on the eastern border, provide assets with defensive weapons that are necessary just to defend themselves, announce that the U.S. is going to provide them intelligence and that either NATO or U.S. will provide air surveillance over the border to monitor movements.

CARDIN: Your recommendation is a more robust supply of military?

TILLERSON: Yes, sir. I think what Russian leadership would have understood is a powerful response that indicated, yes, you took Crimea, but this stops here. . . . That's the type of response Russia expects. If Russia acts with force – the taking of Crimea was an act of force. . . . So it required a proportional show of force to indicate to Russia that there will be no more taking of territory.

The exchange demonstrates a willingness to counter Russian aggression with American power. Tillerson's use of the phrase "proportional show of force" shows an intuitive sense that stability depends

on maintaining and protecting the balance of power through the application of negotiating leverage. History has not tired of demonstrating that pacifism is no way to keep the peace, and that diplomacy does not consist principally in talking. The often-heard assertion that force should be only a last resort, to be used only when diplomacy fails, is utterly false. That way of thinking often

guarantees that diplomacy will fail, as we saw with Obama's surrender to Iran's nuclear-weapons program. For diplomacy to be successful, national power, including military power, has to work hand in hand with negotiations, from beginning to end.

## PROJECTING POWER FOR GOOD

International negotiation is hard. You have to be able to consider carefully the pros and cons of various courses of action on the basis of rational cost-benefit analysis, while creating value by understanding the true needs of people from totally different cultures, all in the context of multidimensional multilateral negotiations that are sometimes just tacit. That is a skill you can almost never learn in the course of public service, which is why a long career in public service is not the best preparation to be secretary of state, as you can clearly see when you compare the performance of John Kerry with that of James Baker and Dean Acheson. Kerry spent his life in the Senate, while both Baker and Acheson were accomplished business attorneys for many years before entering public service. Tillerson will be one of the most accomplished secretaries of state that the private sector has ever produced.

As an engineer and a businessman, rather than a lawyer, Tillerson he lacks the exquisite precision of a

James Baker. That's an argument for filling the traditional position of "counselor to the secretary of state" with a lawyer in the Baker mold, someone who can help Tillerson craft public statements and positions with due regard to the multitude of considerations and audiences that are affected by the State Department's pronouncements. What matters is that Tillerson is a man of few words, who knows that words matter and that words have consequences.

This was evident in what was perhaps Tillerson's strongest moment in the hearings, namely his second exchange with Senator Rubio. Rubio pressed him to characterize Saudi Arabia as a human-rights violator, citing among other things the ban on women driving. Tillerson shot back:

In terms of, when you designate someone or label someone, the question is, is that the most effective way to have progress continue to be made in Saudi Arabia? Or any other country? So my interest is the same as yours. Our interests are not different, Senator. There seems to be some misunderstanding that somehow I see the world through a different lens. And I do not. I share all of the same values that you share and want the same things for people the world over in terms of freedoms. But I'm also clear-eyed and realistic about dealing in cultures. These are centuries-long cultures, of cultural differences. It doesn't mean we

can't affect them and affect them to change. Over many years I've been traveling to the kingdom; while the pace is slow, slower than any of us wish, there is a change under way in the kingdom of Saudi Arabia. How and if they ever arrive to the same value system we have, I can't predict that. However, it is moving in the direction we want it to move. What I wouldn't want it to do is take precipitous action that suddenly causes the leadership in the kingdom of Saudi Arabia to have to interrupt that. I would like for them to continue to make that progress.

The exchange between Rubio and Tillerson was encouraging for another reason: It was a revival of a longstanding debate about American foreign policy *entirely within the conservative-internationalist camp*, to which both Rubio and Tillerson belong. The debate, in fine, is this: Admitting the importance of a globally engaged foreign policy and a willingness to project American power for the cause of both vital American interests and human rights, what is the right balance between realism and idealism? Henry Kissinger's whole career can be thought of as a meditation on that question, though he is usually thought of (usually incorrectly) as a callous realist. Likewise Dean Acheson and James Baker: Their penchant for tactical realism made them extremely effective secretaries, but often obscured the idealism of their long-range strategies.

The fact that we're having this debate within the GOP camp is good news in and of itself. For one thing, it represents the marginalization of the callous and dangerous isolationism of Senator Rand Paul (R., Ky.). It also represents the migration of the conservative

*nationalist* sentiment back to its natural home with the conservative *internationalists*.

It also represents an uplifting contrast with the moral cowardice of the Obama administration, that moral cowardice that is a peculiar province of intellectuals, which believes itself evenhanded in treating allies and enemies alike, and which retreats from the exercise of American power because it believes that power itself is bad. Rex Tillerson readily dismisses that approach: "Quite simply, we are the only global superpower with the means and the moral compass capable of shaping the world for good."

— Mario Loyola, a contributing editor at NR, is a senior fellow at the Wisconsin Institute for Law and Liberty and at the Classical Liberal Institute of New York University School of Law. He has served as an adviser at the Pentagon and in the U.S. Senate.

## The New York Times

Charlie Savage

WASHINGTON

— In its final days, the Obama administration has expanded the power of the National Security Agency to share globally intercepted personal communications with the government's 16 other intelligence agencies before applying privacy protections.

The new rules significantly relax longstanding limits on what the N.S.A. may do with the information gathered by its most powerful surveillance operations, which are largely unregulated by American wiretapping laws. These include collecting satellite transmissions, phone calls and emails that cross network switches abroad, and messages between people abroad that cross domestic network switches.

The change means that far more officials will be searching through raw data. Essentially, the government is reducing the risk that the N.S.A. will fail to recognize that

a piece of information would be valuable to another agency, but increasing the risk that officials will see private information about innocent people.

Attorney General Loretta E. Lynch signed the new rules, permitting the N.S.A. to disseminate "raw signals intelligence information," on Jan. 3, after the director of national intelligence, James R. Clapper Jr., signed them on Dec. 15, according to a 23-page, largely declassified copy of the procedures.

Previously, the N.S.A. filtered information before sharing intercepted communications with another agency, like the C.I.A. or the intelligence branches of the F.B.I. and the Drug Enforcement Administration. The N.S.A.'s analysts passed on only information they deemed pertinent, screening out the identities of innocent people and irrelevant personal information.

Now, other intelligence agencies will be able to search directly through raw repositories of communications intercepted by the N.S.A. and then

apply such rules for "minimizing" privacy intrusions.

"This is not expanding the substantive ability of law enforcement to get access to signals intelligence," said Robert S. Litt, the general counsel to Mr. Clapper. "It is simply widening the aperture for a larger number of analysts, who will be bound by the existing rules."

But Patrick Toomey, a lawyer for the American Civil Liberties Union, called the move an erosion of rules intended to protect the privacy of Americans when their messages are caught by the N.S.A.'s powerful global collection methods. He noted that domestic internet data was often routed or stored abroad, where it may get vacuumed up without court oversight.

"Rather than dramatically expanding government access to so much personal data, we need much stronger rules to protect the privacy of Americans," Mr. Toomey said. "Seventeen different government agencies shouldn't be rooting

through Americans' emails with family members, friends and colleagues, all without ever obtaining a warrant."

The N.S.A. has been required to apply similar privacy protections to foreigners' information since early 2014, an unprecedented step that President Obama took after the disclosures of N.S.A. documents by the former intelligence contractor Edward J. Snowden. The other intelligence agencies will now have to follow those rules, too.

Under the new system, agencies will ask the N.S.A. for access to specific surveillance feeds, making the case that they contain information relevant and useful to their missions. The N.S.A. will grant requests it deems reasonable after considering factors like whether large amounts of Americans' private information might be included and, if so, how damaging or embarrassing it would be if that information were "improperly used or disclosed."

The move is part of a broader trend of tearing down bureaucratic



barriers to sharing intelligence between agencies that dates back to the aftermath of the terrorist attacks of Sept. 11, 2001. In 2002, the Foreign Intelligence Surveillance Court secretly began permitting the N.S.A., the F.B.I. and the C.I.A. to share raw intercepts gathered domestically under the Foreign Intelligence Surveillance Act.

After Congress enacted the FISA Amendments Act — which legalized warrantless surveillance on domestic soil so long as the target is a foreigner abroad, even when the target is communicating with an American — the court permitted raw sharing of emails acquired under that program, too.

In July 2008, the same month Congress passed the FISA Amendments Act, President George W. Bush modified Executive Order 12333, which sets rules for surveillance that

domestic wiretapping statutes do not address, including techniques that vacuum up vast amounts of content without targeting anybody.

After the revision, Executive Order 12333 said the N.S.A. could share the raw fruits of such surveillance after the director of national intelligence and the attorney general, coordinating with the defense secretary, agreed on procedures. It took another eight years to develop those rules.

The Times first reported the existence of those deliberations in 2014 and later filed a Freedom of Information Act lawsuit for documents about them. It ended that case last February, and Mr. Litt discussed the efforts in an interview at that time, but declined to divulge certain important details because the rules were not yet final or public.

Among the most important questions left unanswered in

February was when analysts would be permitted to use Americans' names, email addresses or other identifying information to search a 12333 database and pull up any messages to, from or about them that had been collected without a warrant.

There is a parallel debate about the FISA Amendments Act's warrantless surveillance program. National security analysts sometimes search that act's repository for Americans' information, as do F.B.I. agents working on ordinary criminal cases. Critics call this the "backdoor search loophole," and some lawmakers want to require a warrant for such searches.

By contrast, the 12333 sharing procedures allow analysts, including those at the F.B.I., to search the raw data using an American's identifying information only for the purpose of foreign intelligence or

counterintelligence investigations, not for ordinary criminal cases. And they may do so only if one of several other conditions are met, such as a finding that the American is an agent of a foreign power.

However, under the rules, if analysts stumble across evidence that an American has committed any crime, they will send it to the Justice Department.

The limits on using Americans' information gathered under Order 12333 do not apply to metadata: logs showing who contacted whom, but not what they said. Analysts at the intelligence agencies may study social links between people, in search of hidden associates of known suspects, "without regard to the location or nationality of the communicants."

**The  
New York  
Times**

## Rudy Giuliani's Cybersecurity Role Reflects Diminished Place in Trump World

Michael D. Shear

Rudolph W. Giuliani, the former mayor of New York, will advise President-elect Donald J. Trump on cybersecurity issues. Kevin Hagen for The New York Times

WASHINGTON — For a brief moment, it looked as if America's mayor just might become America's diplomat.

But for Rudolph W. Giuliani, the bombastic former mayor of New York City, a wild year of being one of President-elect Donald J. Trump's most passionate surrogates did not, in the end, land him the high-profile administration job he has long coveted.

Instead, Mr. Trump announced on Thursday that he would enlist Mr. Giuliani to share his "expertise and insight as a trusted friend" on the issue of cybersecurity. Mr. Giuliani, who has spent the last 16 years as a private security consultant, will "from time to time" assemble meetings between Mr. Trump and corporate executives who face cyberthreats, the transition team said.

"We've let our defense fall behind," Mr. Giuliani told reporters on Thursday during a conference call. "Our offense is way ahead of our defense."

Mr. Giuliani put on a happy face during the call, declaring it a "great privilege" to be taking on the role.

But the announcement — almost an afterthought, coming the day after lawmakers grilled Rex W. Tillerson, Mr. Trump's nominee to be secretary of state, in his confirmation hearing — reflected how far Mr. Giuliani had fallen in the Trump universe.

He remains a close friend of Mr. Trump's, according to associates. But he will not be moving to Washington, as he once hoped, and instead of having his political career rejuvenated after his failed run for president in 2008, he will continue to run his consulting firm.

From the start of Mr. Trump's campaign, Mr. Giuliani was there: loudly defending the candidate against scandals, attacking Hillary Clinton and President Obama, lashing out at the news media, and boldly asserting that Mr. Trump would be the solution to the nation's problems on race, terrorism, the economy, gender issues, health care and just about everything else.

At the Republican National Convention, where Mr. Trump secured his party's nomination, Mr. Giuliani waved his arms, shouted, clenched his fists and thundered against Mr. Trump's Democratic

opponent. "Hillary Clinton is for open borders," Mr. Giuliani claimed, warning ominously of "operatives who are terrorists, who are going to come to Western Europe and here and kill us."

It was a classic Giuliani performance that lit up the crowd in Cleveland at a high point for Mr. Trump. And months later, when the release of an "Access Hollywood" tape revealed Mr. Trump speaking graphically about assaulting women, Mr. Giuliani was one of the few people to publicly defend the candidate.

Mr. Trump rewarded that loyalty by seriously considering Mr. Giuliani for a series of posts in the administration. Transition officials informally discussed with Mr. Giuliani the positions of attorney general, secretary of homeland security, and director of national intelligence. Mr. Giuliani wanted none of them.

What he did want was secretary of state, and his decision to make that plain as day to anyone who asked might have helped scuttle his chances. Some transition officials were also concerned that Mr. Giuliani, 72, might not have the stamina for the globe-trotting job.

In the end, Mr. Giuliani removed his name from consideration in mid-

December after the drawn-out public audition, shortly before Mr. Trump announced he had chosen Mr. Tillerson.

Now, the ill-defined cybersecurity post may be Mr. Giuliani's best hope of adding some Trump administration luster to his private security business. But his previous forays into the national and international security arena have been less than a success.

After leaving the mayor's office, he received a multimillion-dollar signing bonus to join a Houston-based law firm with oil industry connections, but spent a majority of his time working on a fast-growing international security business called Giuliani Partners.

In 2004, Mr. Giuliani pushed President George W. Bush to choose Bernard Kerik, his former police commissioner and an associate at Giuliani Partners, as homeland security secretary. Mr. Kerik's nomination was abruptly pulled after it was revealed that he had employed an unauthorized immigrant as a nanny. Mr. Giuliani's influence with the Bush team evaporated, and Mr. Kerik was later sentenced to four years in prison on federal tax charges.

**The  
New York  
Times**

## C-Span Online Broadcast Interrupted by Russian Network

Jonah Engel Bromwich

Representative Maxine Waters, Democrat of California, in an image from C-Span on Thursday. C-Span

At 2:30 p.m. on Thursday, Representative Maxine Waters was on the floor of the House of

Representatives, arguing for the importance of the Securities and Exchange Commission.

"At this time," Ms. Waters, Democrat of California, said, "with a bill that would basically take our cop on the block, the S.E.C., and literally obliterate —"

Alas, politics junkies, news editors and anyone else who was watching the broadcast online did not learn how that sentence ended. Ms. Waters was cut off. Instead, they heard the jangling music of a feed from RT, a state-run Russian television network that has been accused of helping its government interfere in the American election.

Some on social media immediately assumed that the interruption, which lasted about 10 minutes, had nefarious implications.

C-Span, in a statement, had a simpler explanation: It was probably a technical error. C-Span's television broadcast continued uninterrupted.

Noting that RT is among the news feeds it regularly monitors, it said: "We don't believe we were hacked.

Instead, our initial investigation suggests that this was caused by an internal routing error. We take our network security very seriously and will continue with a deeper investigation, which may take some time."

RT America, which is broadcast by cable companies within the United States, did not respond to an email requesting comment on Thursday afternoon.

A recent declassified intelligence report accused Russia of interfering in the election and said that RT "aimed at undermining viewers' trust of U.S. democratic procedures."

C-Span — a private company that, according to its website, is available in 100 million American homes — receives no government money but broadcasts all live congressional proceedings, providing a direct feed of the daily stuff of politics to Americans who find themselves interested in what their representatives are doing.

Howard Mortman, a network spokesman, said he could not provide numbers for C-Span's online viewership at the time of the interruption.

C-Span's newsroom monitors many other channels for breaking news, including domestic networks like CBS and CNN as well as various international networks. Its statement suggested that a routing error had caused the RT feed it regularly monitors to be broadcast accidentally.

Mr. Mortman said the network's early explanation for the interruption came from an internal analysis. He said that he was not aware of any previous such interruption.

Timothy Burke, the video director at Deadspin, who regularly monitors 20 to 30 online news feeds from his home in Tampa, Fla., was among the first to comment on Twitter about the sudden interruption. He said he had assumed "somebody just flipped a wrong switch somewhere."

Had Mr. Burke and others who were watching C-Span online at the time not been interrupted, they would have heard Ms. Waters mention Russia and President-elect Donald J. Trump several times before she ended her turn on the floor.

In a phone interview Thursday, she was perplexed. She said no one had satisfactorily explained "how this happened or why it happened, or if it's happened before."

"I just think it's strange," Ms. Waters said. "At a time when our intelligence agencies are very confident and basically have confirmed that Russia hacked the D.N.C. and other political interests, and then we have, while I'm on the floor of the House, talking about Trump and Russia, I get interfered with and interrupted by Russia Today."

"It's strange. It's odd," she said.

## The Washington Post

### Cash : Trump is right to want changes to the intelligence community

By Steven A. Cash

*Steven A. Cash, a counsel in the D.C. office of the Day Pitney law firm, has served as a Senate Select Committee on Intelligence staff member and counsel, as chief counsel to Sen. Dianne Feinstein (D-Calif.) and as a CIA lawyer and operations officer.*

President-elect Donald Trump has indicated that he intends to dramatically downsize the Office of the Director of National Intelligence. He would be right to do so.

Even before the attacks of Sept. 11, 2001, there was concern that the structure of the U.S. intelligence community was fundamentally flawed. A single person, by statute, held two roles: head of the intelligence community (meaning the then-13 agencies and sub-departments, including the National Security Agency, FBI, Defense Intelligence Agency and, yes, CIA, that made up the community) and head of the CIA. Many saw this as inherently dysfunctional. How could one person credibly lead — and sometimes adjudicate disputes among — this multitude of agencies and also be the head of one of them? How could we expect to find one person with the temperament, interest and ability to do two such different jobs? And weren't these each full-time jobs, requiring the energy and attention of two people?

One simple possible solution drew on the analogy of an admiral of a

fleet. Such an officer is responsible for guiding the overall activity of a group of warships, assigning roles and responsibilities and leading the captains of those ships. But this admiral does not have his own ship. He is not first among equals, a kind of player-coach. He stands apart and at the head of his fleet.

Please provide a valid email address.

In 2002, Sen. Dianne Feinstein (D-Calif.) introduced the Intelligence Community Leadership Act. A few months later, it was co-sponsored by Sen. Mitch McConnell (R-Ky.). The bill established a director of national intelligence (DNI), but unlike the legislation that eventually created the position, this version was concise. It basically took the existing "dual-hatted" functions and divided them into two categories: managing the community and managing the CIA. The new DNI got the first category, and the CIA director got the second. The DNI got his own general counsel (to ensure community-wide consistency in legal matters) and inspector general (to focus on community-wide issues). Nothing else significant changed. The bill was 33 pages long, had only two titles and largely consisted of legislative language moving existing provisions into the two titles.

Some joked that all the new DNI would need to carry out his duties was a conference table, 14 nice chairs (one for each intelligence

community member, plus one for him) and a nice coffee maker (caffeine being the lifeblood of all government meetings). Like an admiral, he would preside over disputes among his captains, lead and direct them, and then let them each command their own ships. He would hold them accountable for their performance, reward their successes and punish their failures. He would manage the fleet budget. He would not, however, drive his own ship.

The bill went nowhere. The Senate Select Committee on Intelligence never held hearings, issued a report or marked up legislation. Instead, the DNI concept became a post-Sept. 11 talking point. It eventually ended up as part of a bill before a non-intelligence committee and passed as the Intelligence Reform and Terrorism Prevention Act of 2004. This bill was 236 pages long and, while it did create a DNI, this DNI would need much more than a table and some coffee cups. The bill created three "centers," imposed myriad requirements and established a huge enterprise.

In the years that followed, the DNI establishment continued to grow. It eventually occupied a large Virginia office building and took on a host of responsibilities, including functions best characterized as operational or analytic. This result was no fleet admiral, but a new, ponderous ship and another captain (one with a fancier uniform).

Was the DNI a disaster? No. As so often happens, structural mistakes are mitigated by personal action. A series of DNIs, starting with John Negroponte and ending with the current occupant, James R. Clapper Jr., struggled mightily against the burdens of the growing bureaucracy. Tellingly, the term "DNI" (referring to a person) has come to be largely replaced by "ODNI," Office of the DNI (referring to a huge institution). The DNIs have succeeded; it is the ODNI that has failed. But we cannot rely on the happenstance of having excellent DNIs leading a fundamentally flawed system. Former senator Daniel Coats (R-Ind.), just announced as the president-elect's nominee for DNI, may be the right person to right-size the operation, but he faces a monumental task.

So what should be done? A simple place to start would be to go back and look at what was contemplated in that first bill. Clapper said as much in hearings last week — that he thought it would be helpful "that some attention be given to, in our case, the legislative underpinnings that established the DNI in the first place."

If we follow Clapper's advice and the president-elect's stated approach, we may be able to get what we needed in the first place: a slim, trim DNI. An admiral to lead a fleet.

## Editorial : Tillerson doesn't seem to realize speaking up for human rights is part of the job

<https://www.facebook.com/washingtonpostopinions>

AT LEAST 4,800 people have been killed by Philippine security forces and unidentified gunmen in a lawless anti-drug campaign since President Rodrigo Duterte took office just six months ago, according to Human Rights Watch. The Obama administration has repeatedly criticized what it calls the "extrajudicial killings." But Rex Tillerson, the oil executive nominated to be secretary of state by President-elect Donald Trump, told the Senate Foreign Relations Committee on Wednesday that he was not ready to judge whether the Duterte government is guilty of human rights violations.

Saudi Arabia continues to deny women fundamental rights and imprison dissidents advocating peaceful reforms. But Mr. Tillerson, who said he has been traveling to the Middle East's largest oil producer for decades, said he would "need to have greater information" to determine if it

violates human rights.

Aleppo, Syria, is another puzzle for the prospective secretary of state. Human rights groups documented the bombing of hospitals, food markets and other civilian targets, including a U.N. aid convoy, by Russian and Syrian warplanes during the recent siege; the Obama administration called the attacks war crimes. But Mr. Tillerson said he didn't "have sufficient information" to concur.

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It might be concluded, as the nominee himself suggested, that he lacks information and will have more to say once he studies government reports. But in his more candid moments, Mr. Tillerson suggested a more plausible — and disturbing — explanation: that he believes that speaking out on human rights is incompatible with maintaining ties with U.S. allies. The

Philippines has "been an ally, and we need to ensure they stay an ally," he said. As for Saudi Arabia, he mused, "when you designate someone or label someone, the question is, is that the most effective way to have progress continue to be made in Saudi Arabia or any other country?"

Those are legitimate concerns, and U.S. administrations have grappled with them for decades. But no recent one has concluded that the answer is for the State Department to remain silent on human rights. The State Department has submitted annual public reports on countries' rights records to Congress since 1961. While some secretaries have curbed their tongues about some countries (see: John F. Kerry on Egypt), almost all have recognized that the public voicing of concerns about repression, torture and other abuses is a vital part of diplomacy — and often an effective tool for changing practices and saving lives.

To his credit, Mr. Tillerson readily acknowledged the repressive nature of Vladimir Putin's regime and

endorsed the Magnitsky Act, which mandates sanctions against human rights violators in Russia. Like Defense Secretary nominee James N. Mattis, he described Russia as an adversary and called for strong support for America's NATO allies, positions that are at odds with public statements of Mr. Trump. But Mr. Tillerson was unwilling to commit himself to maintaining sanctions against Russia while it continues to occupy Crimea and eastern Ukraine, saying only that the "status quo" should be preserved while the new administration probes Moscow's intentions.

It's logical that an incoming secretary of state would want to avoid calling Mr. Putin a war criminal immediately before attempting to negotiate with him. But serving as secretary of state is fundamentally different from operating as an oil executive focused on smoothing relations with clients of all sorts. Failing to speak up about human rights is more damaging to U.S. interests than offending the likes of Mr. Duterte.

## Ignatius : Why did Obama dawdle on Russia's hacking?

<https://www.facebook.com/davidignatiusbooks>

natiusbks

Opinion writer January 12 at 7:44 PM

"Something is rotten in the state of Denmark," mutters Marcellus as ghosts and mad spirits haunt Elsinore castle in the first act of Shakespeare's "Hamlet."

After this past week of salacious leaks about foreign espionage plots and indignant denials, people must be wondering if something is rotten in the state of our democracy. How can we dispel the dark rumors that, as Hamlet says, "shake our disposition"?

I'd suggest four questions to clear the haze of allegation and recrimination that surrounds President-elect Donald Trump and our intelligence agencies a week before his inauguration. Getting answers may take months — but that's the best way to avoid a Shakespearean tragic ending.

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Question 1: Did Trump's campaign encourage Russia's alleged hacking to hurt his rival Hillary Clinton and help him, and does Russia have any leverage over him? Trump finally conceded at his news conference Wednesday that "as far as hacking, I think it was Russia," but he insisted he has "no dealings with Russia" and "no loans with Russia." He didn't answer a question about whether he or anyone from his staff had contact with Russia during the campaign.

The country needs to know what's true and what's false. The Post and other news organizations spent months trying to check out a dossier about possible Russia-Trump contacts prepared by a former British intelligence officer. The press couldn't confirm alleged meetings during the campaign. The FBI and other intelligence agencies have had the dossier, too, since late summer. Their investigation remains open, it appears.

The announcement culminates months of vigorous internal debate over whether and how to respond to Russia's unprecedented election-year provocations, ranging from the hacks of the Democratic National Committee to the targeting of state electoral systems. These are the measures Obama is taking to

punish Russia over election interference (The Washington Post)

(The Washington Post)

A full investigation could establish who did what, and when. In a case where a foreign intelligence service allegedly ran a covert action against the United States' political system, aborting the inquiry would be scandalous.

Question 2: Why did the Obama administration wait so long to deal with Russia's apparent hacking? This is the Hamlet puzzle in our drama. Like the prince of Denmark, President Obama delayed taking action even as evidence mounted of dastardly deeds. The first stories about Russian hacking broke in the summer. In September, the "Gang of Eight" — the top congressional leadership on intelligence — was getting detailed briefings on the hacking. The FBI by then had obtained the British ex-spy's dossier.

The intelligence community issued a statement Oct. 7 charging that "Russia's senior-most officials" had sought to "interfere with the U.S. election process." Given that, why didn't Obama do more?

The White House probably feared that further action might trigger a

process of escalation that could bring even worse election turmoil. Trump was barnstorming the country claiming that the election was rigged and warning he might not accept the outcome. Did the administration worry that the Russians would take additional steps to hurt Clinton and help Trump, and might disrupt balloting itself? We need to know.

Question 3: What discussions has the Trump team had with Russian officials about future relations? Trump said Wednesday that his relationship with President Vladimir Putin is "an asset, not a liability." Fair enough, but until he's president, Trump needs to let Obama manage U.S.-Russia policy.

Retired Lt. Gen. Michael T. Flynn, Trump's choice for national security adviser, cultivates close Russian contacts. He has appeared on Russia Today and received a speaking fee from the cable network, which was described in last week's unclassified intelligence briefing on Russian hacking as "the Kremlin's principal international propaganda outlet."

According to a senior U.S. government official, Flynn phoned Russian Ambassador Sergey Kislyak several times on Dec. 29,



the day the Obama administration announced the expulsion of 35 Russian officials as well as other measures in retaliation for the hacking. What did Flynn say, and did it undercut the U.S. sanctions? The Logan Act (though never enforced) bars U.S. citizens from correspondence intending to influence a foreign government about "disputes" with the United States. Was its spirit violated?

## THE WALL STREET JOURNAL

### COMMENTS

Perhaps you've heard that the dark night of fascist conformity is about to descend on America in the form of the Trump Administration. We'll let you know when it arrives. But meantime the news at this week's various confirmation hearings was how often the nominees disagreed with the President-elect who nominated them.

Take Donald Trump's choice to run the Pentagon, retired Marine Corps Gen. James Mattis, who spent three hours Thursday in front of the



The Editors

James Mattis, President-elect Donald Trump's nominee for defense secretary, has called Russia the "most dangerous" short-term threat to U.S. interests and raised the question of whether President Vladimir Putin is "delusional." Trump, meanwhile, has praised Putin's savvy and talked of repairing U.S.-Russia relations.

This isn't the only issue on which Mattis is at odds with his prospective boss, and Mattis isn't the only Trump nominee to have such differences. But the questions have special relevance for the man who has been selected to lead the world's most powerful military and largest bureaucracy -- not to mention the top recipient of congressional dollars.

## The New York Times

Board

Pete Gamlen

James Mattis retired from the Marine Corps in 2013 as a four-star general with a folk-hero reputation, moved west and never imagined serving in government again, he said. But his testimony on Thursday

The Trump campaign didn't immediately respond to a request for comment.

If the Trump team's contacts helped discourage the Russians from a counter-retaliation, maybe that's a good thing. But we ought to know the facts.

Question 4: Finally, what's the chance that Russian intelligence has gamed its covert action more subtly than we realize? Applying a

## Editorial : Mattis on Moscow

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Senate Armed Services Committee. Mr. Trump has gone out of his way to praise Vladimir Putin and suggest the U.S. and Russia can find a new and better relationship.

Gen. Mattis offered a more skeptical view. "I'm all for engagement, but we also have to recognize reality and what Russia is up to," he told the Senators. "There are a decreasing number of areas where we can engage cooperatively and an increasing number of areas in which we will have to confront Russia."

He added, rightly in our view, that Mr. Putin "is trying to break the North Atlantic alliance" and that

counter-intelligence lens, it's worth asking whether the Russians hoped to be discovered, and whether Russian operatives fed the former MI6 officer's controversial dossier deliberately, to sow further chaos.

These questions need to be answered — not to undermine Trump, but to provide a factual base to help the country recover from an attack on its political system. As Trump rightly says, "fake news"

Russia ranks among the main threats to the U.S. The general vowed to continue the new military deployments on NATO's eastern front and said he supports a permanent U.S. presence in the three Baltic states on the northwest Russian border.

In other examples, Rex Tillerson, Mr. Trump's nominee for Secretary of State, said that as Exxon CEO he supported the Pacific free trade deal, which Mr. Trump wants to kill. Mike Pompeo, the CIA nominee, disavowed harsh interrogation techniques, though Mr. Trump said in the campaign that he might revive

threatens our democracy. Truth will protect it.

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waterboarding against terrorist detainees.

Presidents get the last word on policy. But these differences ought to reassure Americans that Mr. Trump is assembling a cabinet of serious men and women who know their own mind. And whatever one thinks about Mr. Trump's views, he doesn't seem to mind advisers who are willing to disagree with him. Presumably those advisers have enough self confidence that they won't be shrinking violets when they debate the hard questions of governance.

## Editorial : Will General Mattis Stand Up to His Boss?

At his confirmation hearings Thursday, in addition to getting Mattis's views on strategy and policy, senators should ask Mattis how he intends to navigate these issues. On Russia, for example: Has Mattis changed his personal opinion of Putin in the last year and a half? If not, in what ways does he intend to challenge his future boss on Russia policy? Finally, what does he see as a proportional response to the Russian hacking in the presidential race?

Trump has also criticized the new rule allowing women into combat positions. There is speculation that he may work to overturn protections for LGBTQ troops. Mattis, likewise, has written that he disapproves of civilian leaders pushing a "progressive agenda" that turns the military into a social experiment. He should explain in detail any recent

reforms he would attempt to roll back.

Then there are Mattis's views on several of President Barack Obama's initiatives, such as the so-called pivot to Asia, meant to solidify diplomatic-military relationships with allies and blunt potential threats from China. It remains more of a plan on paper than a fact on the water. Mattis should be asked what changes in naval forward posture he would call for, and whether the Obama administration's response to China's "fake island" building -- a few freedom-of-navigation operations and flyovers -- has been too mild.

Obama also set in motion a modernization of the U.S. nuclear arsenal that could cost up to \$1 trillion. Trump has tweeted that he, too, wants the U.S. to upgrade its nuclear weapons capability. Mattis,

however, has said it's time to discuss dropping the intercontinental ballistic missiles that make up the land leg of the "nuclear triad" to reduce "false alarm danger." What will he advise Trump to do?

There is no doubt that James Mattis is qualified to be secretary of defense, and senators should make him eligible by waiving the rule prohibiting retired generals from serving for at least seven years. At the same time, they should not squander their opportunity to find out, as best they can, how he sees his obligations to the country when his definition of the national interest differs from the president's.

To contact the senior editor responsible for Bloomberg View's editorials: David Shipley at davidshipley@bloomberg.net.

## Editorial : James Mattis: Toughness and Restraint at the Pentagon

The Editorial

before the Senate Armed Services Committee suggests the most consequential chapter of his career lies ahead.

As President-elect Donald Trump's nominee to head the Defense Department, General Mattis has the potential to act as a restraint in an administration led by an impulsive and uninformed leader. General

Mattis's performance at the hearing, in which he answered questions directly and thoughtfully, felt like a brief reprieve from a chaotic presidential transition.

It was encouraging that he had no qualms in stating views at odds with positions Mr. Trump campaigned on, including America's relationship with Russia and the future of the

Iran nuclear deal. It's to Mr. Trump's credit that he would appoint a strong-minded defense secretary who is likely to challenge assumptions held in the White House.

Mr. Trump's unrestrained praise of President Vladimir Putin of Russia and his disregard for America's longstanding military alliances have

been disconcerting. Pointing to history, General Mattis said that American efforts to engage constructively with Russia have tended to fail. "I think right now the most important thing is that we recognize the reality of what we deal with with Mr. Putin, and we recognize that he is trying to break the North Atlantic alliance," General Mattis said.

Mr. Trump rattled American allies last year when he suggested that those that weren't contributing enough to the North Atlantic Treaty Organization would hear the following message from his administration: "Congratulations, you will be defending yourself." General Mattis called NATO "the most successful

military alliance, probably in modern world history, maybe ever." He added: "My view is that nations with allies thrive, and nations without allies don't."

Mr. Trump has vowed to "tear up" the nuclear agreement the Obama administration and other world powers brokered with Iran, calling it a "bad deal." General Mattis, who is hawkish on Iran, said it was as "an imperfect arms control agreement. It's not a friendship treaty." But honoring it is imperative, he said, because "when America gives her word, we have to live up to it and work with our allies."

General Mattis was vague when asked about policies adopted during the Obama administration that opened up all combat roles to

women and allowed gay and transgender troops to serve openly. Regarding women, he implied he had no interest in revisiting that decision, saying only: "If someone brings me a problem, then I'll look at it." When confronted with his past statements expressing concerns that the presence of gay and transgender troops could erode military readiness, General Mattis seemed to repudiate earlier comments, saying, "Frankly, I've never cared much about two consenting adults and who they go to bed with." But he reiterated unspecified concerns about "the readiness of the force."

The Senate voted Thursday to give General Mattis a waiver from the law that bars former military officers

from leading the Pentagon for seven years after retirement. The House is expected to vote as early as Friday. In written testimony, General Mattis had addressed the issue sensibly, calling civilian control of the military a "fundamental tenet of the American military tradition" under which civilian leaders are tasked with weighing when the use of military force is warranted. While the seven-year rule exists for a good reason, it makes sense to make an exception for General Mattis.

## THE WALL STREET JOURNAL

Strassel

### Strassel : Dumpster Diving for Dossiers

Kimberley A.

Updated Jan. 12, 2017 7:23 p.m. ET

Washington and the press corps are feuding over the Trump "dossier," screaming about what counts as "fake news." The pity is that this has turned into a story about media ethics. The far better subject is the origin of the dossier itself.

"Fake news" doesn't come from nowhere. It's created by people with an agenda. This dossier—which alleges that Donald Trump has deep backing from Russia—is a turbocharged example of the smear strategy that the left has been ramping up for a decade. Team Trump needs to put the scandal in that context so that it can get to governing and better defuse the next such attack.

The more that progressives have failed to win political arguments, the more they have turned to underhanded tactics to shut down their political opponents. (For a complete account of these abuses, see my book, "The Intimidation Game.") Liberals co-opted the IRS to crack down on Tea Party groups. They used state prosecutors to launch phony investigations. They coordinated liberal shock troops to threaten corporations. And they—important for today's hysteria—routinely employed outside dirt diggers to

engage in character assassination.

This editorial page ran a series in 2012 about one such attack, on Frank VanderSloot. In 2011 the Idaho businessman gave \$1 million to a super PAC supporting Mitt Romney. The following spring, the Obama re-election campaign publicly smeared Mr. VanderSloot (and seven other Romney donors) as "wealthy individuals with less-than-reputable records."

This national shaming, by the president no less, painted a giant target on Mr. VanderSloot's back. The liberal media slandered him daily on TV and in print. The federal bureaucracy went after him: He was ultimately audited by the IRS and the Labor Department. About a week after the Obama attack, an investigator contacted a courthouse in Idaho Falls demanding documents dealing with Mr. VanderSloot's divorces, as well as any other litigation involving him. We traced this investigator to an opposition-research chop shop called Fusion GPS.

Fusion is run by a former Wall Street Journal reporter, Glenn Simpson. When we asked how he could justify dumpster-diving into the divorce records of private citizens, he said only that Mr. VanderSloot was a "legitimate" target. He refused to tell us who'd paid him to do this slumming, and federal records didn't show any payments to Fusion from prominent

Democratic groups or campaigns. The money may well have been washed through third-party groups.

Why does this matter? Guess who is behind that dossier against Mr. Trump: Fusion GPS. A Republican donor who opposed Mr. Trump during the primaries hired Fusion to create a file on "the real estate magnate's past scandals and weaknesses," according to the New York Times. After Mr. Trump won the GOP race, that donor pulled the plug. Fusion then seamlessly made its product available to "new clients"—liberals supporting Hillary Clinton. Moreover, it stooped to lower tactics, hiring a former British spook to help tie Mr. Trump to the Russians. (Fusion GPS did not respond to a request for comment.)

No media organization has so far been able to confirm a single allegation in the dossier. Given Fusion's history and tactics, trying arguably isn't worth the effort. Truth was never its purpose.

The point of the dossier—as with the dredging into Mr. VanderSloot's personal life, or the smearing of the Koch brothers, or Harry Reid's false accusation that Mitt Romney didn't pay taxes—was to gin up the ugliest, most scurrilous claims, and then trust the click-hungry media to disseminate them. No matter how false the allegations, the subject of the attack is required to respond, wasting precious time and losing credibility. Mr. Trump should be

focused on his nominations, his policies, disentangling himself from his business. Instead his team is trying to disprove a negative and prevent the accusations, no matter how flimsy, from seeping into voters' minds.

Opposition research and false claims are an equal opportunity game. But it says something about the brass-knuckle approach of the left that it would go so far as to write a dossier suggesting that Mr. Trump is a Manchurian candidate—and then to foist that report into the hands of intelligence officials.

Mr. Trump can expect plenty more of this to come. In winning the election, he blocked the left's ability to use some of its favorite intimidation tactics. It no longer controls an accommodating federal bureaucracy. It no longer runs a Justice Department willing to threaten political opponents and turn a blind eye to liberal abuse.

So the left will increasingly rely on campaigns of delegitimation designed to force opponents onto a back foot, push them off task, or even bully them out of the public arena. In the absence of a winning policy argument, this is, in their minds, the best they've got. Republicans had better be ready for it.

Write to kim@wsj.com.

## THE WALL STREET JOURNAL

Updated Jan. 12, 2017 6:58 p.m. ET

What would Robert L. Bartley do? That's the question I often ask when confronted with a quandary on

### Lipsky : Did BuzzFeed Make Such a Bad Call?

Seth Lipsky

journalistic ethics—like the decision by Ben Smith, the editor of BuzzFeed, to publish the entire 35-page memo of unverified dirt and innuendo on Donald Trump.

Bartley was editor of The Wall Street Journal in the closing

decades of the 20th century, the last great season of old-school newspaper journalism. He commanded a global editorial page, with editions in Europe and Asia as well as America.

The contretemps that has me thinking of Bartley erupted Wednesday, after BuzzFeed's publication of the Trump memo touched off what the New York Times called a "war with and within the media," which engulfed the

president-elect's first press conference.

Mr. Trump, speaking in front of the assembled press, mocked CNN, which had disclosed the existence of the memo, as "fake news." He called BuzzFeed "a failing pile of garbage." It seems to be a kind of teaching moment in the new-media age.

What Bartley would have advised young Mr. Smith is conjecture, as the great man died in 2003, three years before BuzzFeed was founded. But I know what he told me as young editor, when I had a hot story that was sourced on gossamer.

It was the early 1990s. The story had been filed to the Jewish Forward, which I was editing, by its Washington reporter, David Twersky. It was about the Bush family's business entanglements in the Middle East. The particulars are lost on me, but not my sense of

indecision on what to do.

How the Forward needed a scoop—and Twersky, who died in 2010, later got some. He broke the news that a member of President-elect Clinton's transition team had served on the national committee of the Venceremos Brigade, which the FBI deemed a Cuban intelligence front. Also the story that Lani Guinier, Mr. Clinton's nominee to head the Justice Department's Civil Rights Division, had argued in legal journals that the Civil Rights Act required the election of minorities. Mr. Clinton withdrew her nomination.

But Twersky couldn't verify his bulletin on the Bushes' business, enticing though it was. So while it was being readied for the press, I pulled a proof, went out, and obtained a pint of whiskey, which, at 9:30 at night, I employed to knock on the front door of Bartley's townhouse.

The editor came to the door. When I explained my purpose and handed him the whiskey, he brightened up and invited me in. He gestured for me to sit on the living room couch while he fetched glasses and ice.

As he read the page proof, top to bottom, he emitted his characteristic cackle at each Twersky morsel. Then he looked up and pronounced: "I certainly wouldn't publish this in The Wall Street Journal."

"That's what I feared . . ." I began to say, my mind racing over how to remake the Forward's front page.

"But," Bartley interjected, "that doesn't mean you shouldn't publish it in the Forward." It was, he said, just the kind of thing that small papers—our circulation was 28,000—were made to cover.

Twersky's story went to press—and it sank like a stone. Bartley's point, though, has stayed with me over the years. Each newspaper has its own mission, and no one can decide

what is right for a paper to publish except its own editor.

Ben Smith, who started in newsrooms I ran at the Forward and the New York Sun, is one of his generation's brightest journalists. How, he concluded, could a publication called "BuzzFeed" sit on a memo that CNN waved around but shrank from disclosing?

BuzzFeed didn't confect the memo, after all; it has been circulating in Washington. It wasn't a war secret. The only party to this whole affair that didn't know about it, it seems, was the public. So maybe some good will come of its publication.

Certainly America is starting to get an appreciation of the world Mr. Trump has to confront every day. My guess is that Bob Bartley is cackling at the spectacle from whichever circle of the Divine Comedy is reserved for our wisest editors.

*Mr. Lipsky is editor of the New York Sun.*

**THE WALL  
STREET  
JOURNAL**

## Justice Department Watchdog to Probe FBI's Handling of Clinton Email Case

Devlin Barrett

Updated Jan. 13, 2017 7:49 a.m. ET

The Justice Department's inspector general has launched an investigation into how the head of the Federal Bureau of Investigation and his deputy handled probes into Democratic presidential candidate Hillary Clinton—another tumultuous development for the nation's premier law-enforcement agency, which has come under withering criticism from both parties for its handling of politically sensitive cases.

The inspector general, Michael Horowitz, said Thursday that he would probe whether FBI Director James Comey violated government rules and policies when he issued public statements and sent messages to Congress about the investigation into Mrs. Clinton's use of a private email server while she served as secretary of state.

The announcement ensures that one of the most bitterly contested questions of the recent election will live on for at least a few more months—whether Mrs. Clinton's chances were irreparably damaged by the FBI director's statements at the end of a campaign.

It also sets the stage for the re-examination of a turbulent period in the campaign's final, hard-fought stretch when politics, ethics and law enforcement collided, as allegations surfaced about both candidates and

the FBI faced uncomfortable pressures from inside and outside the agency about how to handle them.

Mr. Comey, who has been buffeted by political criticism in the months since the election, said he was grateful for the review by the inspector general. He said Mr. Horowitz "is professional and independent and the FBI will cooperate fully with him and his office," adding, "I hope very much he is able to share his conclusions and observations with the public because everyone will benefit from thoughtful evaluation and transparency regarding this matter."

The inspector general, an in-house watchdog for the Justice Department, will issue a report on his findings, but Mr. Horowitz doesn't have the power to punish anyone on his own. He can only make recommendations to others for disciplinary action or criminal charges if he decides they are merited. Any impact from his probe may be felt in the political realm, potentially causing a headache for President-elect Donald Trump as he seeks to put in place his new administration and repair troubled relations with the intelligence agencies.

The FBI confronted its first big burst of campaign-related scrutiny in July, when Mr. Comey made a lengthy public statement about the Clinton email case, saying he had decided not to recommend criminal charges but sharply criticizing what he called

extremely careless behavior surrounding Mrs. Clinton's email use.

Then in October, less than two weeks before Election Day, Mr. Comey sent a letter to Congress indicating the FBI had recently discovered a laptop with emails that might be related to the Clinton probe and that agents were going to examine them. Two days before polls closed, Mr. Comey sent a second letter saying the emails on the laptop hadn't changed the FBI's conclusions about the case from July.

All those statements will be reviewed by the inspector general to see if they violated the policies and procedures of the FBI or the Justice Department. The Justice Department has longstanding rules to avoid any overt investigative moves or statements that could be seen as trying to sway voters' minds before an election, rules that Mr. Comey's critics say were trampled in the Clinton matter.

Brian Fallon, a former spokesman for the Clinton campaign, called the announcement "highly encouraging and to be expected given director Comey's drastic deviation from Justice Department protocol. A probe of this sort—however long it takes to conduct—is utterly necessary in order to take the first step to restore the F.B.I.'s reputation as a non-partisan institution."

The Trump transition team didn't immediately respond to the announcement.

The investigation will examine the role of the FBI's deputy director, Andrew McCabe, in various Clinton probes, particularly whether he should have recused himself from those matters because a longtime ally of Mrs. Clinton, Virginia Gov. Terry McAuliffe, gave hundreds of thousands of dollars to the political campaign of Mr. McCabe's wife in 2015.

Mr. McAuliffe, the McCabes and FBI officials have all denied wrongdoing in that matter, saying they behaved ethically and honestly. Attempts to reach Mr. McCabe on Thursday for comment were unsuccessful.

The probe will examine whether the FBI did anything improper in releasing documents just before the election about a long-closed investigation into then-President Bill Clinton's grant of a pardon to fugitive financier Marc Rich. The documents were released following requests under the Freedom of Information Act, but the Clinton campaign questioned the timing.

And the inquiry will examine whether FBI or Justice Department personnel improperly disclosed details of investigations.

The inspector general has had a strained relationship with the FBI in recent years. Mr. Horowitz has complained to Congress about what he said was the FBI's refusal to fully



cooperate with requests for information from his office.

The new internal investigation was welcomed by members of Congress who have pressed Mr. Horowitz to investigate many of the issues.

Sen. Charles Grassley (R., Iowa), chairman of the Senate Judiciary Committee, welcomed the probe. But he voiced disappointment that Mr. Horowitz wasn't also examining the decision by Attorney General Loretta Lynch to meet privately with Mr. Clinton just days before Mr. Comey's announcement that charges wouldn't be pursued.

"It's in the public interest to provide a full accounting of all the facts that led to the FBI and Justice Department's decision-making regarding the investigation," Mr. Grassley said.

In recent days, Mr. Comey has been pressed by Democratic lawmakers on what they see as contradictions between his behavior in the Clinton case and a separate, long-undisclosed investigation into possible ties between advisers to Mr. Trump and Russian government operatives.

At a recent hearing, Sen. Angus King of Maine, who caucuses with the Democrats, responded sharply

when Mr. Comey declined to say whether the FBI was investigating any possible ties between Russia and the Trump camp and saying the bureau doesn't confirm or deny ongoing investigations.

"The irony of your making that statement here, I cannot avoid," Mr. King said.

When the FBI received the allegations about the Trump advisers, about a month before the election, the bureau viewed them as little more than opposition research, an official said, compared with the more solid allegations regarding Mrs. Clinton's email arrangements.

Inspectors general at agencies like the Justice Department are appointed by the president with Senate confirmation, and they can only be removed by the president. The goal is to give them independence to investigate matters within their departments.

Among the issues Mr. Horowitz will examine is whether the head of the Justice Department's Office of Legislative Affairs, Peter Kadzik, improperly disclosed nonpublic information to the Clinton campaign during the race, and whether he should have recused himself from those issues because of his personal relationship with Mrs.

Clinton's campaign chairman, John Podesta.

In an interview with The Wall Street Journal shortly after the investigation was announced Thursday, Mr. Kadzik denied doing anything improper. "There was nothing confidential. It was all public," Mr. Kadzik said.

Regarding Mr. McCabe, Mr. Comey's deputy, the inspector general will explore whether Mr. McCabe should have recused himself from FBI investigations involving Mrs. Clinton. The Wall Street Journal reported in October that Mr. McCabe's wife, while a candidate for state senate in Virginia in 2015, received hundreds of thousands of dollars from the political-action committee of Mr. McAuliffe, a close ally of Mrs. Clinton.

Following advice from the FBI's ethics office, Mr. McCabe recused himself from a probe into Mr. McAuliffe but didn't withdraw from investigations into the Clinton Foundation or Mrs. Clinton's email arrangement, officials have said.

Jill McCabe was the third-biggest recipient of money from Mr. McAuliffe's PAC in 2015, and a spokesman for the governor has said his only reason for supporting

her was that he thought she would be a good state senator. The FBI has said Mr. McCabe oversaw the Clinton probe only months after the completion of his wife's campaign.

Within some parts of the FBI, Mr. McCabe's role in the Clinton cases has been much debated.

In 2015, Mr. McAuliffe's political-action committee gave Jill McCabe's campaign for state senate \$467,500. The Virginia Democratic Party, over which Mr. McAuliffe also exerts great influence, gave her another \$207,788. That means entities directly under Mr. McAuliffe's control or influenced by him gave her more than a third of all the campaign funds she received in the unsuccessful bid.

Mr. McAuliffe is a longtime ally, fundraiser and close friend of Bill and Hillary Clinton. Within the FBI, the donations made some agents distrustful of Mr. McCabe, particularly when he was later promoted to a job overseeing the Clinton email probe and the then-nascent probe into the Clinton Foundation.

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**The  
New York  
Times**

and Matt Apuzzo

## Comey Letter on Clinton Email Is Subject of Justice Dept. Inquiry

Adam Goldman,  
Eric Lichtblau

days before the election in which he said that he was closing it again.

WASHINGTON — The Justice Department's inspector general said Thursday that he would open a broad investigation into how the F.B.I. director, James B. Comey, handled the case over Hillary Clinton's emails, including his decision to discuss it at a news conference and to disclose 11 days before the election that he had new information that could lead him to reopen it.

The inspector general, Michael E. Horowitz, will not look into the decision not to prosecute Mrs. Clinton or her aides. But he will review actions Mr. Comey took that Mrs. Clinton and many of her supporters believe cost her the election.

They are: the news conference in July at which he announced he was not indicting Mrs. Clinton but described her behavior as "extremely careless"; the letter to Congress in late October in which he said that newly discovered emails could potentially change the outcome of the F.B.I.'s investigation; and the letter three

The inspector general's office said that it was initiating the investigation in response to complaints from members of Congress and the public about actions by the F.B.I. and the Justice Department during the campaign that could be seen as politically motivated.

For Mr. Comey and the agency he heads, the Clinton investigation was politically fraught from the moment the F.B.I. received a referral in July 2015 to determine whether Mrs. Clinton and her aides had mishandled classified information. Senior F.B.I. officials believed there was never going to be a good outcome, since it put them in the middle of a bitterly partisan issue.

Whatever the decision on whether to charge Mrs. Clinton with a crime, Mr. Comey, a Republican former Justice Department official appointed by President Obama, was going to get hammered. And he was.

Republicans, who made her use of a private email server a centerpiece of their campaign against Mrs. Clinton, attacked Mr. Comey after he decided there was not sufficient evidence she had mishandled

classified information to prosecute her.

The Clinton campaign believed the F.B.I. investigation was overblown and seriously damaged her chances to win the White House and resented Mr. Comey's comments about Mrs. Clinton at his news conference. But the campaign was particularly upset about Mr. Comey's two letters, which created a wave of damaging news stories at the end of the campaign, when Mrs. Clinton and her supporters thought they had put the email issue behind them.

In the end, the emails that the F.B.I. reviewed — which came up during an unrelated inquiry into Anthony D. Weiner, the estranged husband of a top Clinton aide, Huma Abedin — proved irrelevant to the investigation's outcome.

The Clinton campaign said Mr. Comey's actions quite likely caused a significant number of undecided voters to cast ballots for President-elect Donald J. Trump.

F.B.I. officials said Thursday that they welcomed the scrutiny. In a statement, Mr. Comey described Mr. Horowitz as "professional and independent" and promised to cooperate with his investigation. "I

hope very much he is able to share his conclusions and observations with the public because everyone will benefit from thoughtful evaluation and transparency," Mr. Comey said.

Brian Fallon, the former press secretary for the Clinton campaign and the former top spokesman for the Justice Department, said the inspector general's investigation was long overdue.

"This is highly encouraging and to be expected, given Director Comey's drastic deviation from Justice Department protocol," he said. "A probe of this sort, however long it takes to conduct, is utterly necessary in order to take the first step to restore the F.B.I.'s reputation as a nonpartisan institution."

Mr. Horowitz has the authority to recommend a criminal investigation if he finds evidence of illegality, but there has been no suggestion that Mr. Comey's actions were unlawful. Rather, the question has been whether he acted inappropriately, showed bad judgment or violated Justice Department guidelines. It is not clear what the consequences would be for Mr. Comey if he was

found to have done any of those things.

The Justice Department and the F.B.I. have a longstanding policy against discussing criminal investigations. Another Justice Department policy declares that politics should play no role in investigative decisions. Both Democratic and Republican administrations have interpreted that policy broadly to prohibit taking any steps that might even hint at an impression of partisanship.

Inspectors general have investigated F.B.I. directors before, but rarely. The most high-profile example was the investigation of William S. Sessions, who was fired by President Bill Clinton after an internal inquiry cited him for financial misconduct. In recent years, the inspector general has investigated accusations of wrongdoing by the F.B.I. involving

some of its most sensitive operations, including a number of surveillance and counterterrorism programs.

As part of the review, the inspector general will examine other issues related to the email investigation that Republicans have raised. They include whether the deputy director of the F.B.I., Andrew G. McCabe, should have recused himself from any involvement in it.

In 2015, Mr. McCabe's wife ran for a State Senate seat in Virginia as a Democrat and accepted nearly \$500,000 in political contributions from Gov. Terry McAuliffe, a key ally of the Clintons. Though Mr. McCabe did not assume his post until February 2016, months after his wife was defeated, critics both within the agency and outside of it felt that he should have recused himself.

The F.B.I. has said Mr. McCabe played no role in his wife's campaign. He also told his superiors she was running and sought ethics advice from F.B.I. officials.

Mr. Horowitz said he would also investigate whether the Justice Department's top congressional liaison, Peter Kadzik, had improperly provided information to the Clinton campaign. A hacked email posted by WikiLeaks showed that Mr. Kadzik alerted the campaign about a coming congressional hearing that was likely to raise questions about Mrs. Clinton.

Investigators will be helped in gathering evidence by a law that Congress passed just last month, which ensures that inspectors general across the government will have access to all relevant agency records in their reviews.

The law grew out of skirmishes between the F.B.I. and the Justice Department inspector general over attempts by the F.B.I. to keep grand jury material and other records off limits. The new law means Mr. Horowitz's investigators should have access to any records deemed relevant.

Mr. Trump has not indicated whether he intends to keep Mr. Comey in his job. When he cleared Mrs. Clinton of criminal wrongdoing during the campaign, Mr. Trump accused him of being part of a rigged system.

Although the president does not need cause to fire the F.B.I. director, a critical inspector general report could provide justification to do so if Mr. Trump is looking for some.



## Justice Department inspector general to investigate pre-election actions by department and FBI

<https://www.facebook.com/sarihorwitz>

The Washington Post's Matt Zapotosky explains why the Department of Justice is opening a new inquiry into FBI Director James B. Comey and how he handled the probe of Hillary Clinton's email practices. (Peter Stevenson/The Washington Post)

The Washington Post's Matt Zapotosky explains why the Department of Justice is opening a new inquiry into FBI Director James B. Comey and how he handled the probe of Hillary Clinton's email practices. Justice Department opens new inquiry into Comey letter (Peter Stevenson/The Washington Post)

The Justice Department inspector general will review broad allegations of misconduct involving FBI Director James B. Comey and how he handled the probe of Hillary Clinton's email practices, the inspector general announced Thursday.

The investigation will be wide-ranging, encompassing Comey's various letters and public statements on the matter and whether FBI or other Justice Department employees leaked nonpublic information, according to Inspector General Michael E. Horowitz.

The inspector general's announcement drew praise from those on both sides of the political aisle and again put a spotlight on Comey, who emerged as a controversial figure during the 2016

race. Democrats, including Clinton, have blamed the FBI director for the Democratic candidate's loss, arguing that the renewed email inquiry and Comey's public missives on the eve of the election blunted her momentum.

*[The attorney general could have ordered FBI Director James Comey not to send his bombshell letter on Clinton emails. Here's why she didn't.]*

Comey has also been criticized for months by former Justice Department officials for violating the department's policy of avoiding any action that could affect a candidate close to an election. President-elect Donald Trump has notably declined to commit to keeping the FBI director.

Brian Fallon, a former Clinton campaign spokesman, praised the investigation Thursday.

"This is highly encouraging and to be expected given Director Comey's drastic deviation from Justice Department protocol," Fallon said. "A probe of this sort, however long it takes to conduct, is utterly necessary in order to take the first step to restore the FBI's reputation as a non-partisan institution."

Lawmakers and others had called previously for the inspector general to investigate the FBI's actions regarding the Clinton probe ahead of the election, alleging that Comey violated long-standing policies with his communications about the case and that information seemed to have leaked inappropriately — perhaps to former New York City

mayor Rudolph W. Giuliani, a Trump supporter.

Horowitz said Thursday that he will explore the circumstances surrounding the actions of Comey and others, though he will not relitigate whether anyone should have faced charges.

"The review will not substitute the OIG's judgment for the judgments made by the FBI or the Department regarding the substantive merits of investigative or prosecutive decisions," Horowitz said in his statement, using an abbreviation for the Office of the Inspector General.

Comey said in a statement: "I am grateful to the Department of Justice's IG for taking on this review. He is professional and independent and the FBI will cooperate fully with him and his office. I hope very much he is able to share his conclusions and observations with the public because everyone will benefit from thoughtful evaluation and transparency regarding this matter."

The FBI's probe into whether Clinton mishandled classified information by using a private email server when she was secretary of state has long been controversial and politically charged.

Perhaps most notably, Comey on Oct. 28 — after previously announcing publicly that he was recommending no charges in the case — sent a letter to congressional leaders telling them that agents had resumed the Clinton probe after finding potentially relevant information in an

unrelated case. That investigation involved disgraced former congressman Anthony Weiner, the estranged husband of top Clinton aide Huma Abedin.

*[Computer seized in Weiner probe prompts FBI to take new steps in Clinton email inquiry]*

The day before, senior Justice Department leaders had warned Comey not to send the letter, because it violated two long-standing department policies — discussing an ongoing investigation and taking any overt action affecting a candidate so close to an election.

Comey has notably declined to talk about any possible investigations of Trump or his campaign, as recently as this week rebuffing requests from legislators to confirm that agents were looking into any such matters.

"I don't — especially in a public forum, we never confirm or deny a pending investigation," Comey said this week.

The inspector general did not say he would investigate Comey's comments on Trump or any matters related to Russian interference in the election.

Comey sent a second letter to Congress on the Clinton case, just days before the election, declaring that the investigation was complete and that he was not changing the decision he had made in July to recommend no charges. But the damage — in the minds of Clinton supporters, at least — had been done.

Horowitz wrote that he will explore "allegations that Department or FBI policies or procedures were not followed" in connection with both letters. When he is finished, his office will probably issue a lengthy report detailing what it has found, as it has done in other high-profile matters, though it is also possible he could recommend criminal charges for anyone found to have broken the law. The probe could take a significant amount of time.

Horowitz wrote that his inquiry will extend back to at least July — when Comey announced he was recommending the Clinton case be closed without charges.

He wrote that he will explore "allegations that Department and FBI employees improperly disclosed non-public information" — potentially a reference to Giuliani, who seemed to claim at one point he had insider FBI knowledge. Horowitz also said he would explore whether FBI Deputy Director Andrew McCabe should have been recused from the case. McCabe's wife, Jill McCabe, ran for a Virginia Senate seat and took money from the political action committee of Virginia Gov. Terry McAuliffe, a fierce Clinton ally.

The FBI asserted at the time that Andrew McCabe had checked in with ethics officials and followed agency protocols. And, when his wife was first recruited to run, he was not yet deputy director. He was elevated to that post in February

2016, after his wife was out of politics.

Through an FBI spokesman, McCabe declined to comment. Giuliani said in an interview Thursday night that he had talked only to former FBI officials, who relayed some agents' general displeasure with Comey's recommendation that Clinton not be charged. He said he did not talk to current agents with knowledge of any probes, and he would cooperate with the inspector general investigation.

Horowitz wrote that he would delve more deeply into the FBI publishing, just days before the election, 129 pages of internal documents from a years-old probe into former president Bill Clinton's pardon of fugitive Democratic donor Marc Rich. And he said he would also probe whether Peter Kadzik, the Justice Department's assistant attorney general for legislative affairs, "improperly disclosed non-public information to the Clinton campaign and/or should have been recused from participating in certain matters." Kadzik used to be the lawyer for Clinton campaign chairman John Podesta, and WikiLeaks released hacked emails showing communications between the two men about the State Department's review of Clinton emails for Freedom of Information Act purposes.

In an interview, Kadzik, who said he was speaking in his personal

capacity, called the inspector general's investigation "disheartening." He noted that the information he gave Podesta about a hearing and a court document already was public and that it came before the FBI opened its criminal investigation.

Of whether he should have recused himself from any involvement in that criminal probe, Kadzik said, "It's not as if I had any decision-making authority or role in the criminal investigation."

Kadzik declined to say whether he would cooperate with the inspector general's probe.

"My answer is, I wish the inspector general would have talked to me first," he said.

Notably absent from the list of matters being considered is Attorney General Loretta E. Lynch's controversial meeting in June with former president Clinton aboard her plane on the tarmac of the Phoenix airport. The half-hour conversation, which Lynch has said she regrets, created the appearance to some that the attorney general was politically compromised. Some officials say it left a leadership vacuum and probably prompted Comey to give his controversial July news conference, at which he announced he was recommending no charges for Clinton but criticized her and her aides as "extremely careless."

*[How everyone looks bad because Bill Clinton met with Loretta Lynch]*

The tarmac meeting could be encompassed in the investigation of possible leaks of information, and Horowitz wrote that his investigators would consider "other issues that may arise during the course of the review."

Sen. Charles E. Grassley (R-Iowa), chair of the Senate Judiciary Committee, took note of the omission.

"It's good to hear that the Inspector General agreed to my request to look at multiple concerns that I raised throughout the investigation," Grassley said in a statement. "Conspicuously absent, though, is any specific reference to the Attorney General's failure to recuse herself from the probe, particularly after her meeting with former President Clinton. It's in the public interest to provide a full accounting of all the facts that led to the FBI and Justice Department's decision-making regarding the investigation."

*Anne Gearan and Karen DeYoung contributed to this report.*

#### Read more:

Justice officials warned FBI that Comey's decision to update Congress was not consistent with department policy

'He's got to get control of the ship again': How tensions at the FBI will persist after the election

## THE WALL STREET JOURNAL

ET 227 COMMENTS

### Editorial : James Comey's Best Service

Updated Jan. 12, 2017 7:28 p.m.

It's no secret that the United States is a house divided in 2017, and that Americans of different political persuasions agree on little when it comes to Washington. But there's at least one tall exception to this state of affairs, and his name is James B. Comey.

The FBI director was on Capitol Hill Tuesday, testifying to the Senate Intelligence Committee on what the bureau knows about Russian cyber espionage efforts in the 2016 election. Asked whether the FBI is investigating alleged links between the Russian government and advisers to Donald Trump, Mr. Comey answered gamely that, "especially in a public forum, we never confirm or deny any investigation." To which Maine's Angus King replied: "The irony of you making that statement here, I cannot avoid."

Mr. King and the Democrats with whom he caucuses won't soon

forgive Mr. Comey for his letter to Congress 11 days before November's election, informing Members that the bureau was investigating new evidence regarding Hillary Clinton's emails. Mr. Comey exonerated Mrs. Clinton the weekend before the election, but not after her poll numbers had taken a hit.

In the liberal mythology about how Mrs. Clinton lost a supposedly unlosable election to an ostensibly unelectable opponent, Mr. Comey looms large. No matter that Mrs. Clinton has mountains of ethical baggage and chose not to campaign in Wisconsin.

Then again, Republicans are also unlikely to forgive Mr. Comey for his political jujitsu act in July, when he summoned the press corps to hear a long statement that exonerated Mrs. Clinton, on the eve of her presidential nomination, for mishandling classified emails. The FBI director never informed his boss, Attorney General Loretta Lynch, about his intentions.

In that memorable performance, Mr. Comey invented a previously unknown legal distinction between "gross negligence" and "extreme carelessness" to acquit the presumptive nominee of an indictable offense, and then insisted that no reasonable prosecutor would press charges against her. Such a pronouncement is the job of prosecutors, not the FBI.

Mr. Comey also offered unnecessary immunity agreements to Mrs. Clinton's advisers Cheryl Mills and Heather Samuelson, agreed to destroy their computers after initial examination, and interviewed Mrs. Clinton only as the investigation was wrapping up.

Mr. Comey has a long history of apparently political decisions, a point we underscored when President Obama nominated him for the FBI job in 2013. That includes his prosecution of Frank Quattrone, a post-Enron exercise for which the investment banker was ultimately vindicated, as well as Mr. Comey's appointment of his close friend Patrick Fitzgerald to pursue the

unpopular political targets of Scooter Libby, Karl Rove and Dick Cheney even after he knew that none of them had leaked the name of a CIA analyst to the media.

Liberals didn't mind these prosecutorial excesses because they didn't like Mr. Comey's targets. Only when he turned on one of their own did they figure out, too late, the way the FBI director operates. Because both parties dislike him does not make Mr. Comey an honest arbiter who is above politics. His actions reveal that he is willing to violate Justice Department procedure and standards for his own political purposes.

There may be a temptation among some in the Trump Administration to want Mr. Comey to remain in office, on the theory that they benefitted politically from his October letter. But if the FBI director has demonstrated anything in the last year, it's that he has lost the trust of nearly everyone in Washington, along with every American who believes the FBI must maintain its



reputation as a politically impartial federal agency.

The Justice Department's Inspector General said Thursday that he plans to investigate how Mr. Comey and his deputy,

Andrew McCabe, handled the Clinton probe, which means the 2016 election melodrama will continue into the new Administration.

The best service Mr. Comey can render his country now is to resign. Failing that, Jeff Sessions should invite him for a meeting after he is confirmed as Attorney General and ask him to resign. If Mr. Comey

declines, Donald Trump can and should fire him in the best interests of the nation's most important law enforcement agency.

## THE WALL STREET JOURNAL

Radnofsky

# Republicans Face Hurdles to Health-Law Pledge

Kristina Peterson and Louise

was repealed the legislation supplanting it would be ready.

Jan. 12, 2017 6:19 p.m. ET

WASHINGTON—President-elect Donald Trump and GOP leaders on Capitol Hill pledged this week to move swiftly to not only repeal but also replace the Affordable Care Act. It will be a difficult promise to keep.

Republicans' legislative maneuvering to repeal and replace the health law involves two party leaders, four congressional committees, dozens of GOP proposals groomed over six years, one unpredictable president-elect and a vice president-elect emerging as a clear center of power on policy for the incoming administration.

The GOP also has to contend with strict parliamentary rules that mean Republicans can dismantle much of the law on their own only if they remain almost perfectly unified. After that, they will need Democratic support to pass a substantial replacement.

Similar dynamics ensured it took Democrats more than a year to pass the act in 2010. Mr. Trump this week said he would submit his own plan to "essentially, simultaneously" repeal and replace it once his Health and Human Services secretary is in office.

Mr. Trump's public assurances that Republicans will promptly deliver a new health-care system have nudged GOP lawmakers to describe a quicker legislative timeline. This week, House Speaker Paul Ryan (R., Wis.) said the House would bring replacement legislation "concurrently" with repeal. "We are completely in sync," with the administration, Mr. Ryan said Thursday.

In the Senate, lawmakers who have expressed public unease over the idea of repealing the law without a replacement in hand said Mr. Trump's stance had accelerated discussions over how to put a new health-care system in place. Previously GOP leaders had been vague about how long after the law

"There is a growing movement to speed up replacement and to vote on it," said Sen. Rand Paul (R., Ky.) "Most Republicans are acknowledging that waiting a year or something to have a replacement bill is a mistake."

But it isn't clear that Republicans will be able to accelerate the legislative process to meet such a tight deadline. And Mr. Trump's pronouncements may be creating high expectations that Republicans on Capitol Hill will have a hard time meeting, given the pace of legislating, said Sarah Binder, a senior fellow at the Brookings Institution.

"He's trying to create demand for Congress to move quickly," she said. That could leave the public to "blame Republicans if they can't deliver," she said. "It's the opposite of creating [political] cover."

Early Thursday morning, the Senate narrowly approved a budget resolution that starts the process of repealing much of the health law. Once approved by the House, which is likely on Friday, the measure will direct two House and two Senate committees to prepare by Jan. 27 proposals for rolling back much of the law.

The House is expected to come forward first with the legislation undoing the health law, though Senate committees said they are conferring frequently with their colleagues across the Capitol. The bill's tax provisions, such as the requirement that individuals buy coverage or pay a penalty, are under review by the House Ways and Means Committee. The Energy and Commerce Committee is handling most components related to Medicaid and the insurance exchanges, staff at both committees said.

The committees are intended to streamline debate about pet replacement proposals cultivated by lawmakers, which include a plan backed by key House committee chairmen and Mr. Ryan in 2016, a separate plan developed by House conservatives at the Republican

Study Committee, and dozens of ideas floated by individual GOP members over the years.

"This is the U.S. House of Representatives. There are 435 voices and every one of us thinks we're important. Of course we are, but that's why the committee process is going to be so important in this," said Rep. Michael Burgess (R., Texas), who heads the Energy and Commerce health subcommittee.

Republicans are hoping to include in the legislation, referred to as "repeal plus," some measures that will start to build their new health-care system, but there are especially complicated rules limiting its contents.

Republicans, who hold 52 seats in the Senate, are relying on a procedural shortcut tied to the budget that enables them to pass the repeal bill with just a simple majority. Nervous centrist senators, including the chairman of the Senate Committee on Health, Education, Labor and Pensions, Republican Lamar Alexander of Tennessee, could still withhold their support for a far-reaching repeal package. His counterpart at Senate Finance Committee, Orrin Hatch (R., Utah), has said colleagues should pursue "the largest possible down payment on the Obamacare replacement with the budget reconciliation bill."

In order for anyone to take advantage of that shortcut, known as "reconciliation," most measures need to be related to the budget. That could exclude some provisions related more directly to the insurance market, including, crucially, the Affordable Care Act's requirements that insurers sell coverage to everyone at similar prices regardless of their medical history. Those provisions are popular; insurers have warned of widespread chaos in the insurance markets if they remain in place without other supporting provisions.

As a result, most of what Republicans want to do to overhaul the country's health-care system will require 60 votes and bipartisan support in the Senate. Democrats, who have been unified in opposing

the GOP effort to repeal the health law, have said they will look at what Republicans propose replacing it with, but also know that the threat of chaos puts an unusually powerful weapon at their disposal.

"From a policy perspective, they can't repeal the law and keep in place the provisions that are overwhelmingly popular with a majority of Americans," Senate Minority Leader Chuck Schumer (D., N.Y.) said on the Senate floor. "That's why they're in such a pickle."

Recently, GOP lawmakers in both chambers have suggested that they may seek to construct a new health-care system with a series of bills, rather than a single, sweeping package.

"We plan to take on the replace challenge in manageable pieces with step-by-step reforms," Senate Majority Leader Mitch McConnell (R., Ky.) said Thursday.

One dynamic that remains murky is how much of the health-law legislation will be dictated by Mr. Trump or Mr. Pence, or by Rep. Tom Price (R., Ga.), their nominee to lead the Department of Health and Human Services.

Mr. Trump indicated on Wednesday that he would be submitting his own plan for repealing and replacing the law. Republicans also want the administration to attempt to use executive action to void some of the law's provisions, such as the penalty for individuals who go without coverage. Mr. Pence, who served as governor of Indiana and before that a House member, is considered to have connections across the board.

Currently, GOP Hill staffers' primary contact with the Trump administration is Andrew Bremberg, a former aide to Mr. McConnell who previously worked at the Health and Human Services Department, where colleagues knew him for his willingness to take bold steps.

—Richard Rubin contributed to this article.

# Health Care's Bipartisan Problem: The Sick Are Expensive and Someone Has to Pay

Anna Wilde Mathews and Louise Radnofsky

Jan. 12, 2017 10:29 a.m. ET

Congress has begun the work of replacing the Affordable Care Act, and that means lawmakers will soon face the thorny dilemma that confronts every effort to overhaul health insurance: Sick people are expensive to cover, and someone has to pay.

The 2010 health law, also known as Obamacare, forced insurers to sell coverage to anyone, at the same price, regardless of their risk of incurring big claims. That provision was popular. Not so were rules requiring nearly everyone to have insurance, and higher premiums for healthy people to subsidize the costs of the sick.

If policyholders don't pick up the tab, who will? Letting insurers refuse to sell to individuals with what the industry calls a "pre-existing condition"—in essence, forcing some of the sick to pay for themselves—is something both parties appear to have ruled out. Insurers could charge those patients more or taxpayers could pick up the extra costs, two ideas that are politically fraught.

The problem hits people who don't have access to coverage through an employer or government program such as Medicare. For Congress, addressing the cost of covering sick people who buy their own plans "is the absolute key challenge they have to deal with," says health-care economist Gerard Anderson, who says he generally supports the health act. Whether it is the government or healthy insurance-buyers that pay that tab, "somebody has to subsidize their cost for them to afford health insurance."

A small number of high-cost patients have long generated a large proportion of health spending. The 10% of people with the highest costs accounted for about two-thirds of health spending, according to the Kaiser Family Foundation, a health-care research nonprofit, when it quantified the phenomenon in 2013.

Consumers such as Connie Brown, who is no fan of the health law, nonetheless count on getting help to defray expenses. The 53-year-old was previously treated for breast cancer and her daughter Alexandra Hulme, 18, has arthritis. The two get coverage under the Affordable Care Act, or ACA. Mrs. Brown, of Washington, Iowa, has a \$990-a-

month plan covering both of them, including the \$8,800-monthly medication she says ensures her daughter can walk.

"There's no way I could pay for that" medication bill without insurance, says Mrs. Brown, a substitute in an elementary school who pays about \$200 monthly for coverage after a federal tax credit pegged to her income.

She says she feels she has too few choices of plans under the ACA and isn't worried about losing insurance if it is replaced. "They'll have something else in place" for people with health issues, she says.

Protections for people with pre-existing conditions are well-liked. Democrats included them in the health law. Since the November elections, Republicans including President-elect Donald Trump have said they want to preserve a pathway to insurance for people with health conditions—a population that includes as many as 133 million non-elderly Americans, according to a recent estimate by President Barack Obama's administration.

Senate Republicans took the first step toward repealing the ACA early Thursday. The party faces tricky strategic decisions about how to fashion a replacement, and the discussions remain fluid. The most detailed plan with the broadest backing, a set of health-policy proposals issued by House Republican committee chairmen last June, says "no American should ever be denied coverage or face a coverage exclusion on the basis of a pre-existing condition."

The range of approaches under consideration includes a return to special insurance plans that states once used to cover high-risk patients, and a fresh rule that could penalize consumers who don't maintain coverage continuously. All will draw opposition and could create new costs or leave some uninsured.

Phil Blando, a Trump transition spokesman, says Mr. Trump "recognizes that many Americans are in desperate need of relief from the high cost of health care," adding that his administration "looks forward to working closely with Congress to quickly enact a health-care plan that provides patients with predictable health-plan choices and better coverage."

"There's no easy answer to any of this," says Scott E. Harrington, a health-care-management professor

at the University of Pennsylvania's Wharton School, who has been critical of aspects of the ACA. "People want low premiums, they want guaranteed access to insurance at rates that don't reflect their health status...when you try to figure out how to make it work, people don't like the solutions."

Last year, around 18 million people bought individual health policies, the Department of Health and Human Services estimates.

Before the federal health law, insurers in most states asked would-be customers about their health conditions before enrolling them. Those with a history of illness were routinely rejected, a share estimated at around 18% of applicants by the Kaiser foundation. Some were offered plans but had to pay extra or were told the insurer wouldn't cover care tied to their pre-existing conditions.

The practices froze out Teresa Carr, who lost her employer coverage after she left a pharmaceutical-industry job in 2007. Ms. Carr, a nurse who has multiple sclerosis, says she was turned down when she applied to buy insurance and was offered one plan that wouldn't pay for treatment related to her disease.

"They make you feel like you're a pariah," she says. "It was aggravating, exasperating."

Ms. Carr, 53, went without coverage for a few years. She stayed on her medication through its manufacturer's patient-assistance program and scraped to pay for doctor appointments and tests. Even after the ACA went into full effect in 2014, she didn't always have coverage. One year, she earned too little to qualify for the ACA's financial subsidies, which kick in for people making an income that is at least at the federal poverty level, so the coverage cost was out of reach. For 2017, she was able to buy a plan, but the Fort Myers, Fla., resident says she worries about whether she will still have access to coverage in the future if the ACA is replaced.

In the past, a few states, such as Washington and New York, tried simply forcing insurers to take on all consumers. The result: market meltdowns known as "death spirals." Insurers, facing new enrollees in need of expensive treatments, raised premiums for everyone. Healthier people dropped out. As they left, insurers raised rates further, pushing out more

people until only a small group with the biggest health needs hung on. Insurers pulled out.

"You in essence wiped out the individual market," says Alan Murray, chief executive of CareConnect, a New York insurer and a unit of Northwell Health.

One of the ACA's provisions to prevent such a scenario was the mandate that nearly everyone must obtain coverage. The law imposed a penalty on those who didn't get insurance, in hopes it would prod the healthy to sign up and help subsidize the sick.

In many places, not enough healthy people bought plans. Many complained of too-high premiums and designs that forced them to pay thousands of dollars in deductibles. Programs in the law that were supposed to ease the risk for insurers fell short. Many insurers rang up losses.

Companies such as UnitedHealth Group Inc. and Aetna Inc. responded by withdrawing from many of the ACA's marketplaces, saying that to continue was unsustainable. States including Alaska and Oklahoma now have just one ACA insurer. About 32% of U.S. counties are in that situation in 2017, up from 7% last year, according to a Kaiser analysis.

The mandate "failed to create a sufficient incentive for healthy people to buy coverage," says Sam Glick, a partner with consulting firm Oliver Wyman, a unit of Marsh & McLennan Cos. The penalty "was too small."

One alternative is a "continuous coverage" rule. A proposal included in the House Republicans' 2016 health-overhaul blueprint suggests insurers can't charge a person more for a health condition—but only if that person has maintained coverage over time. For those who go without insurance and then decide to buy a plan, insurers could charge more based on health status.

The goal of a continuous-coverage standard would be the same as the ACA's insurance mandate, to push healthy people to buy and keep plans. "It does benefit the individual consumer, because it helps keep premiums low," says Steve Parente, a professor at the University of Minnesota who has advised Republicans. But, he notes, "the consequences could be much higher than what the individual mandate would be" for people with

health risks who try to get plans after dropping out.

People who have a gap in coverage for reasons such as a falloff in income—or who can't afford an individual plan after losing a job that provided insurance—might find themselves unable to buy into the market later, says Eric A. Cioppa, superintendent of the Maine Bureau of Insurance. "If you can charge for the health status, you can literally make it unaffordable," he says. On the other hand, "if you set up a system without any guardrails, people wait until they get sick and buy insurance."

Some states tried a targeted approach to covering costly sicker people before the ACA. They set up special insurance plans, known as "high-risk pools," for people who were too unhealthy to buy coverage in the regular individual market. Before the ACA passed in 2010, 35

states had such plans, but they had mixed results.

A main problem was cost. To make the high-risk insurance at least somewhat affordable, states typically had to inject funds. When money fell short, some pools imposed limits on coverage or sign-ups. The one in Florida, where Ms. Carr lives, stopped enrollment in 1991, though unmet demand at one point was estimated to be as high as 20,000 people.

Some consumers who have used them aren't eager to return. John Rhody, 52, enrolled in an Oklahoma high-risk pool in 2013 after his coverage from a former employer ran out and before the ACA's provisions fully kicked in. He had been rejected for insurance because he was diagnosed with ulcerative colitis in 1985, and, in 2002, had his colon removed, with a further operation in 2005.

Mr. Rhody considered the \$480-a-month premium too high for coverage that was narrow in its benefits and required hefty paperwork that was slow to process. He also objected on principle, saying he had done everything in his power to stay healthy. "Why was I even lumped in with this group?" he said. "I'm in phenomenal shape, I took the step of being cured of my ailment."

The House GOP policy outline offers a new version of state high-risk pools, which would be available as a fallback for people with health conditions who are priced out of standard coverage. Republican lawmakers in the outline indicated they are willing to put at least \$25 billion over 10 years toward the high-risk pools, to cap premiums for enrollees and to allow as many people to sign up as necessary.

State insurance officials say significant federal backing will be

important to ensuring the high-risk plans can accommodate demand, given the steep cost of the likely enrollees. "My top priority from the high-risk-pool point of view," says Louisiana Insurance Commissioner Jim Donelon, "would be an adequate amount of federal funding available as a safety net."

Alaska recently enacted its own new program to help subsidize the coverage of people with high-cost health conditions, taking over the insurer's cost for carrying them in standard ACA plans. The state is seeking federal aid to support the effort.

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## The New York Times

### Editorial : Donald Trump Keeps It in the Family

The Editorial Board

Jared Kushner on Capitol Hill on Monday. Cliff Owen/Associated Press

President-elect Donald Trump's decision to appoint his son-in-law, Jared Kushner, as a senior White House adviser very likely violates a federal anti-nepotism law, and shows again how little he seems to care about the legal and ethical obligations of the office he is about to assume.

The language of the law is clear: No federal official, including the president, may hire or appoint a relative, including a son-in-law, to "a civilian position in the agency in which he is serving or over which he exercises jurisdiction or control."

There's a good reason for anti-nepotism laws, versions of which are also on the books in most states. Government officials seek informal advice and counsel from relatives all the time, but when they

appoint or hire those people, they undermine the public's faith that important posts are being filled with the best possible candidates. And when relatives get security clearance to view classified information and sit in on high-level meetings, it upends delicate dynamics, as senior staff members keep their mouths shut rather than contradict a trusted relative of their boss. Even if Mr. Kushner is technically subordinate to others on the White House staff, he is always first and foremost Mr. Trump's son-in-law.

The scope of Mr. Kushner's responsibilities is not clear, but it could be extremely broad. He was by Mr. Trump's side throughout much of the campaign, an influential voice with impressive contacts. At one point he arranged a meeting between Mr. Trump and the Israeli prime minister, Benjamin Netanyahu.

Lawyers for Mr. Trump and Mr. Kushner have argued that the appointment is legal because the

law applies only to executive branch agencies, and the White House is not an agency. The law, under this reasoning, would bar Mr. Trump from appointing Mr. Kushner to a job in, say, the State Department, not to a senior advisory position in the White House.

But Congress, which passed the measure in 1967 partly in response to President John F. Kennedy's appointment of his brother Robert to be attorney general, was aiming to curb the negative effects of nepotism throughout government. Concerns about nepotism are, if anything, stronger in a White House appointment, where multiple close advisers and fragile hierarchies can easily become snarled by family allegiances.

In addition to being related to Mr. Trump, Mr. Kushner, a 36-year-old real estate investor who is married to Mr. Trump's eldest daughter, Ivanka, lugs behind him other significant liabilities. Among these are a complete lack of experience in politics or government, and a

boatload of conflicts arising from his family's vast real-estate holdings.

As recently as November, Mr. Kushner met with major Chinese investors over the redevelopment of his family's flagship property, a Midtown Manhattan skyscraper he purchased in 2007 for \$1.8 billion. Mr. Kushner has said he will sell off his interest in that building and other top investments and resign as the chief executive of the family business, Kushner Companies — but like Mr. Trump, he is keeping those assets within his family, creating what one lawyer called a "shell game."

Mr. Trump has already mocked concerns over his own conflicts of interest, saying that if the president does it, it can't be a conflict. After riding into office on promises to "drain the swamp," he now appears equally untroubled by the real dangers posed by nepotism, and uninterested in following a sensible law.

## The Washington Post

### Gerson : Trump has stacked the deck against himself

By Michael Gerson

Opinion

writer January 12 at 7:50 PM

On the first day of his presidency, Donald Trump will face a serious governing challenge of his own creation.

He has promised a tax cut that will, by one estimate, reduce federal revenue by \$7 trillion over 10 years. He has promised an infrastructure

initiative that may cost an additional trillion. He has promised to rebuild the military. He has effectively promised not to make changes in Social Security and Medicare. And he has promised to move swiftly toward a balanced federal budget.

Taken together, these things can't be taken together. Trump has made a series of pledges that can't be reconciled. If he knew this during the campaign, he is cynical. If he is only finding out now, he is

benighted. In either case, something has to give.

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Congress and the country normally get a first glimpse of presidential priorities in the administration's initial budget — hashed out internally, translated into legislative-speak by experts and published in a hefty book.

It makes for stupefying reading. It is a useful document nonetheless. The budget book throws an ocean of campaign pledges against the rocky shore of fiscal reality. Proposals and pledges must be forced into a pie chart. Anyone's gain, it turns out, is someone's loss.

Here are some of the most memorable campaign promises Republican presidential candidate Donald Trump has made since he declared his candidacy in June

2015. Here are some of the most memorable campaign promises Republican presidential candidate Donald Trump has made in seven months on the trail. (Sarah Parnass/The Washington Post)

(Sarah Parnass/The Washington Post)

The first time is the hardest. It is the equivalent of a final exam on the first day of class.

But not really on the first day. Under the law, Trump has until Feb. 6 to submit a budget to Congress. He can ask for an extension but not an exemption.

A new president's first speech to a joint session of Congress is less a State of the Union address than a statement of budget priorities. And if the president's party controls both houses of Congress (as Barack Obama's did at the start of his presidency), many of the proposals we hear on that night will become laws. Rather than being dead on arrival, the

Trump budget will be alive and taking a Zumba class.

Finishing the budget will require a series of major decisions, beginning with what "replace" means in the "repeal and replace" of the Affordable Care Act. Anything involving a sufficient, refundable tax credit to buy private insurance (a feature of many Republican plans) is not cheap. The primary goal of most Republican health-care policy wonks is not to save money. It is to retain the gains of Obamacare — including insurance coverage for an additional 20 million people — without overregulating the health-care sector and destabilizing insurance markets. And to make the purchase of health insurance by younger people attractive rather than compulsory.

Members of Congress looking for leadership from the new administration have (at least) two problems.

First, the congealing organizational chart of the Trump administration is

flat and (so far) dysfunctional. A number of people have been given the highest level of White House jobs without a clear indication of who is in charge. By some accounts, Trump likes this sort of management chaos around him. But it is not conducive to policy creation.

Some senior Trump advisers have gone public to influence the policy process — or perhaps to create the impression that a process actually exists. Kellyanne Conway, for example, recently said, "We don't want anyone who currently has insurance to not have insurance." That type of assurance is difficult to make, because Trumpcare doesn't seem to exist.

Second, Trump himself is unfocused and erratic. He is dismissively impatient with policy meetings. He wants others to sweat the details, allowing him to focus on bigger things. Such as Meryl Streep's Golden Globe remarks. This looks less like delegation than

a vacuum. How do you build a decision-making structure around a vacuum, without inviting a constant, bitter staff struggle to fill it? Is incoming chief of staff Reince Priebus capable of taking control of access to Trump and building an orderly policy process?

To some extent, every presidential transition is chaotic. But not every incoming administration fires its initial transition team after winning and essentially starts over. Or has a president-elect who seems to view public policy as a distraction from his social media calling. It is not too late for a structure to emerge that is capable of making sound decisions and choices. But it would take a president-elect who wants it to happen.

*Read more from Michael Gerson's archive, follow him on Twitter or subscribe to his updates on Facebook.*

## The New York Times

Mark Landler

President-elect Donald J. Trump during a news conference at Trump Tower in Manhattan on Wednesday. Human Rights Watch places Mr. Trump's rise in the context of a populist movement sweeping the Western world. Damon Winter/The New York Times

WASHINGTON — Human Rights Watch on Thursday released its annual report on threats to human rights around the world, and for the first time in the 27 years it has done these surveys, the United States is one of the biggest. The reason: the rise of Donald J. Trump.

Eight days before Mr. Trump is to be sworn in as president, the human-rights advocacy group declared that his path to power, in a campaign marked by "misogynistic, xenophobic and racist rhetoric," could "cause tremendous harm to vulnerable communities, contravene the United States' core human rights obligations, or both."

This is not the first time Human Rights Watch has cast the United States as a bad actor. After the terrorist attacks in September 2001, it took the administration of President George W. Bush to task for waterboarding and other interrogation

techniques widely considered to be torture.

But Kenneth Roth, the organization's executive director, said in an interview: "This is a more fundamental threat to human rights than George Bush after 9/11. I see Trump treating human rights as a constraint on the will of the majority in a way that Bush never did."

Mr. Roth cited a familiar list of policies Mr. Trump embraced during the campaign: mass deportations of unauthorized immigrants, a ban on Muslims' entering the United States, and an openness to reintroducing techniques like waterboarding. Mr. Trump has since expressed second thoughts about torture, after a meeting with Gen. James N. Mattis, his nominee for defense secretary, who told him it was ineffective.

Mr. Trump's seeming change of heart did not console Mr. Roth, because the president-elect said he would still consider ordering the use of these techniques "if that's what the American people want." Mr. Roth said this suggested to him that Mr. Trump would place himself, and his interpretation of the public will, above laws or treaties forbidding torture.

Human Rights Watch places Mr. Trump's rise in the context of a

## Human Rights Group Portrays U.S. as Major Threat, Citing Trump

populist movement sweeping the Western world, most notably in the British vote to leave the European Union. Beyond the West, the report explores the rise of authoritarian leaders in Turkey and Egypt and the growing appeal of strongmen in Russia and China.

"I wouldn't say Trump is a trendsetter as much as riding the populist wave," Mr. Roth said.

Populist leaders are less susceptible to "naming and shaming," the traditional way human rights groups pressure countries engaged in abuses, he said. Some leaders — like the new Philippine president, Rodrigo Duterte, who has ordered the execution of thousands of suspected drug dealers — revel in their flouting of rules and norms.

Mr. Trump's nominee for secretary of state, Rex W. Tillerson, said during his confirmation hearing on Wednesday that human rights should remain a priority for the United States. But he declined to condemn President Duterte's drug war in the Philippines.

"America and the people of the Philippines have a longstanding friendship," he said. "And I think it's important that we keep that in perspective in engaging with the government of the Philippines, and

they have been an ally, and we need to ensure they stay an ally."

Mr. Trump's rise poses another problem for Human Rights Watch. Much of its advocacy has focused on pressing the United States to use its influence to curb human-rights abuses abroad. If the Trump administration is not receptive to these efforts, Mr. Roth said, the United States will cease to play that role.

Even now, Human Rights Watch regularly faults the Obama administration. The report notes that the United States lifted a ban on the sale of lethal arms to Vietnam even though the country had made little progress in protecting human rights and that it continued to give military aid to Egypt's authoritarian government.

As it confronts the populist wave in the United States and Europe, Mr. Roth said, Human Rights Watch is shifting its emphasis from the White House and foreign governments to the public. In Washington, officials said, it also planned to lobby Congress more aggressively.

"Our recommendations are not so much to governments as to people," Mr. Roth said. "We're trying to issue a wake-up call to Western publics to stand up."

## The New York Times

### Kelly : Forget a Wall. There's a Better Way to Secure the Border.

Stephen R. Kelly

DURHAM, N.C. — At his confirmation hearing on Tuesday, Gen. John F. Kelly, who is

President-elect Donald J. Trump's pick to lead the Department of Homeland Security, threw cold

water on his future boss's plan to build a wall along the Mexican border. "A physical barrier in and of

Matthew Hollister



itself will not do the job," he said, adding that the real problem is not illegal immigration, but the flow of drugs, gangs and possibly terrorists across the border.

Instead, General Kelly, the former head of the Pentagon's Southern Command, called for greater cooperation between law enforcement agencies in both countries. In fact, we already have a model for such cooperation — but it's along our northern, not southern, border.

The best example of this extraordinary cooperation is a bill President Obama quietly signed last month. It gives final American approval to an agreement that opens up numerous land and sea ports of entry in Canada to armed American customs agents, who will "preclear" travelers bound for the United States long before they get to the border.

That gun-shy Canadians would allow pistol-packing, uniformed American officials to work with enhanced powers on Canadian soil protecting the United States demonstrates a key point that General Kelly clearly understands — the best way to secure our border is not to wall off our continental neighbors, as the president-elect has promised to do with Mexico, but to actively engage them.

Our 5,525-mile boundary with Canada, the

world's longest between two countries, has long been a proving ground for innovative wall-free programs that bolster security while also facilitating legitimate trade and travel.

Since 1952 American customs and immigration officials have been clearing United States-bound travelers at a growing list of Canadian airports. This "preclearance" was mainly seen as a way to relieve congestion at busy American air hubs, where serpentine lines at customs booths had become the norm.

After the Sept. 11 attacks, however, policy makers saw another benefit to preclearance: stopping bad guys before they even reached our border, which contributes to the "layered-defense" General Kelly mentioned in his testimony.

But American customs agents' authority wasn't as broad as the United States would have liked. Canadian officials would not allow the agents to carry their sidearms. Nor could they search or question travelers who decided at the last minute to withdraw from screening. And screening was used only with air travelers, a small portion of the 400,000 people who cross the Canadian border daily. As one former Customs and Border Protection official once described it, preclearance was "customs light."

The new agreement, which is reciprocal and awaits expected

Canadian parliamentary approval, allows customs officials to carry weapons in Canada in places where their Canadian counterparts are also armed. It also allows American officials to grill travelers who don't like the way their questioning is going before they withdraw from a preclearance area. And it applies to train stations, ferry terminals and cargo facilities in addition to airports.

The guns issue in particular was a major concession by Canada, which strictly regulates firearms and looks askance at American gun culture.

But preclearance is only the latest example of our border cooperation with Canada. A program called Shiprider, for example, allows Coast Guard personnel to ride on Canadian law enforcement vessels in the lakes and rivers that make up 40 percent of the border. Canadian police officers in turn ride on Coast Guard vessels. Smugglers and potential terrorists who used to evade capture by sailing across the maritime boundary can now be stopped because officers with arrest powers from both countries are aboard.

Our southern border presents similar opportunities. One innovative example is a 2015 United States-Mexico agreement that permits customs agents to inspect cargo in each other's country. In one pilot program, Customs and Border Protection agents posted in

Tijuana, Mexico, scrutinized northbound trucks loaded with fresh produce. This enhanced border security because American agents could detect hazards like drugs or agricultural pests before they entered the United States. And by preclearing trucks away from the border, they relieved congestion at the crossings themselves.

But as with Canada, getting to this preclearance agreement required a major concession by Mexico. Allowing armed American customs agents to work in Mexico was not considered a possibility when I was a diplomat there from 2004 to 2006. But to make this cargo preclearance deal work, the Mexican Congress swallowed its reservations and amended its firearms law to allow Customs and Border Protection agents to carry their weapons.

As General Kelly, who will oversee our borders if confirmed, seems to believe, walling off the entire southern boundary at great cost sends a hostile message that could snuff out the very cooperation needed to make our borders truly secure.

Innovative and road-tested alternatives clearly exist. The Trump administration should give them a hard look before laying its first brick.

## THE WALL STREET JOURNAL

COMMENTS

Donald Trump will have a busy first day repealing President Obama's executive orders, and here's a suggestion to lighten the work load and win some goodwill in the bargain: Don't revoke the Deferred Action for Childhood Arrivals immigration order.

DACA is the 2012 order granting temporary safe harbor for illegal immigrants who arrived as minors with their parents. That order is distinct from the 2014 Deferred Action for Parents of Americans (DAPA) order, which exempts from deportation some four million illegal immigrants.

Mr. Trump should repeal DAPA, a sweeping usurpation of Congress's power to write immigration laws. The Fifth Circuit Court of Appeals blocked DAPA at the request of 26 states, and the Supreme Court

voted 4-4 to uphold the injunction. DAPA was among Mr. Obama's most cynical executive actions, at once poisoning the chances for serious immigration reform while trying to pit minorities against Republicans for political purposes.

DACA is also an executive action, but its repeal now would harm innocent men and women. The order is limited to children brought illegally to the U.S. before the age of 16 who are attending school or have graduated, and who have continuously resided in the U.S. since at least 2007. About 741,000 immigrants have applied for DACA's reprieve, which lets them obtain work permits that must be renewed after two years for a nontrivial fee of \$465.

DACA applicants must undergo background checks, and they cannot have a felony or serious misdemeanor record. They can't collect federal benefits or vote.

DACA essentially offers the right to work and pay taxes in the U.S., and many applicants have served in the military. If DACA is repealed, Homeland Security's tracking will end as tens of thousands slip into the shadows to avoid deportation to "home" countries where they are strangers.

The Fifth Circuit dismissed a legal challenge to DACA by Kansas Secretary of State Kris Kobach for lack of standing. We'd prefer if Congress codified DACA, and a bipartisan coalition of Senators wants to do so. This could be included if legislation moves this year to tighten immigration enforcement.

The main issue is fairness, as Mr. Trump has recognized. He told Time magazine in December that these young illegals were "brought here at a very young age. They've worked here, they've gone to school here." He added that "they're in

never-never land because they don't know what's going to happen" and "on a humanitarian basis, it's a very tough situation." He's right, which is why we hope he's willing to forbear on DACA while a legislative solution can be worked out.

No one doubts Mr. Trump's resolve to reduce illegal immigration, and repealing DAPA would honor that campaign promise. But minors brought to the U.S. illegally aren't responsible for that decision. Giving them a deportation reprieve would show that Mr. Trump's immigration policy is aimed at enforcing the law, not at punishing minorities or any ethnic group. We can't think of another early decision that would send a comparable message of inclusion and largeness of presidential spirit.

**Obama Surprises Joe Biden With Presidential Medal of Freedom**

Michael D. Shear

## Editorial : Trump's Immigration Chance

Jan. 12, 2017  
7:18 p.m. ET 48



## Krauthammer : What happened to the honeymoon?

Revue de presse américaine du 13 janvier 2017

<https://www.facebook.com/pages/Charles-Krauthammer/95978776589>

The shortest honeymoon on record is officially over. Normally, newly elected presidents enjoy a wave of goodwill that allows them to fly high at least through their first 100 days. Donald Trump has not yet been sworn in and the honeymoon has already come and gone.

Presidents-elect usually lie low during the interregnum. Trump never lies low. He seized the actual presidency from Barack Obama within weeks of his election — cutting ostentatious deals with U.S. manufacturers to keep jobs at home, challenging 40-year-old China policy, getting into a very public fight with the intelligence agencies. By now he has taken over the presidential stage. It is true that we have only one president at a time, and for over a month it's been Donald Trump.

The result is quantifiable. A Quinnipiac poll from Nov. 17 to 20 — the quiet, hope-and-change phase — showed a decided bump in Trump's popularity and in general national optimism. It didn't last long. In the latest Quinnipiac poll, the numbers have essentially returned to Trump's (historically dismal) pre-election levels.

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For several reasons. First, the refusal of an unbending left to accept the legitimacy of Trump's victory. It's not just the demonstrators chanting "not my president." It is leading Democrats pushing one line after another to delegitimize the election, as in: He lost the popular vote, it's James Comey's fault, the Russians did it.

Second, Trump's own instincts and inclinations, a thirst for attention that leads to hyperactivity. His need to dominate every news cycle feeds an almost compulsive tweet habit. It has placed him just about continuously at the center of the national conversation and not always to his benefit.

Demonstrators around the country hit the streets on Nov. 9 to protest the election of President-elect Donald Trump. Protests were reported in major cities including New York, Washington, Chicago and Los Angeles. Demonstrators around the country hit the streets on Nov. 9 to protest the election of President-elect Donald Trump. (Victoria Walker, Jenny Starrs/The Washington Post)

(Victoria Walker, Jenny Starrs/The Washington Post)

Trump simply can't resist playground pushback. His tweets gave Meryl Streep's Golden Globes screed priceless publicity. His mocking Arnold Schwarzenegger for bad "Apprentice" ratings — compared with "the ratings machine, DJT" — made Trump look small and Arnold (almost) sympathetic.

Nor is this behavior likely to change after the inauguration. It's part of Trump's character. Nothing negative goes unanswered because, for Trump, an unanswered slight has the air of concession or surrender.

Finally, it's his chronic indiscipline, his jumping randomly from one subject to another without rhyme, reason or larger strategy. In a week packed with confirmation hearings and Russian hacking allegations, what was he doing meeting with Robert Kennedy Jr., an anti-vaccine activist pushing the thoroughly discredited idea that vaccines cause autism?

We know from way back during the Republican debates that Trump himself has dabbled in this dubious territory. One could, however, write it off as one of many campaign oddities that would surely fade away. Not so, apparently.

This is not good. The idea that vaccines cause autism originally arose in a 1998 paper in the medical journal the Lancet that was later found to be fraudulent and had to be retracted. Indeed, the lead researcher acted so egregiously that he was stripped of his medical license.

Kennedy says that Trump asked him to chair a commission about vaccine safety. While denying that, the transition team does say that the commission idea remains open. Either way, the damage is done. The anti-vaccine fanatics seek any validation. This indirect endorsement from Trump is

immensely harmful. Vaccination has prevented more childhood suffering and death than any other measure in history. With so many issues pressing, why even go there?

The vaccination issue was merely an exclamation point on the scatter-brained randomness of the Trump transition. All of which contributes to the harried, almost wearying feeling that we are already well into the Trump presidency.

Compare this with eight years ago and the near euphoria — overblown but nonetheless palpable — at the swearing-in of Barack Obama. Not since JFK had any new president enjoyed such genuine goodwill upon accession to office.

And yet it turns out that such auspicious beginnings are not at all predictive. We could see it this same week. Tuesday night, there stood Obama giving a farewell address that only underscored the failure of a presidency so bathed in optimism at its start. The final speech, amazingly, could have been given, nearly unedited, in 2008. Why, it even ended with "yes we can."

Is there more powerful evidence of the emptiness of the intervening two terms? When your final statement is a reprise of your first, you have unwittingly confessed to being nothing more than a historical parenthesis.

Read more from Charles Krauthammer's archive, follow him on Twitter or subscribe to his updates on Facebook.

## The New York Times Obama Awards Biden Medal of Freedom

In a surprise ceremony, President Obama presented Vice President Joseph R. Biden Jr. with the country's highest civilian honor.

By THE ASSOCIATED PRESS and WHITEHOUSE.GOV. Photo by Doug Mills/The New York Times. Watch in Times Video »

WASHINGTON — President Obama surprised Vice President Joseph R. Biden Jr. on Thursday by bestowing the Presidential Medal of Freedom on him, calling Mr. Biden "my brother" in a tearful goodbye in the East Room of the White House.

Having called Mr. Biden and his wife, Jill, to the White House for a private farewell, the president instead brought him into a room filled with his friends, family and colleagues to present him with the honor, the nation's highest.

For the first time, Mr. Obama awarded the medal with distinction,

an added level of veneration that previous presidents had reserved for recipients like Pope John Paul II and Colin L. Powell, the former secretary of state.

"To know Joe Biden is to know love without pretense, service without self-regard, and to live life fully," Mr. Obama said during the televised ceremony, as Mr. Biden wiped tears from his eyes and dabbed at his nose with a handkerchief.

Moments later, as the president called up a military aide to read the proclamation, Mr. Biden appeared to break down, turning his back to the audience to compose himself. After Mr. Obama hung the medal around his neck, the vice president cried openly.

"Ricchetti, you're fired," Mr. Biden joked to his chief of staff, Steve Ricchetti. "I had no inkling."

Addressing Mr. Obama, who stood to his side, Mr. Biden said that he

had never met anyone who had "the integrity and the decency and the sense of other people's needs like you do."

The ceremony was an emotional conclusion to an improbable partnership that began in 2008 when Mr. Obama asked his former presidential rival to be his running mate. The two men became close during eight years in the White House.

"Mr. President, you got right the part about my leaning on Jill," Mr. Biden said, referring to the president's remarks about the couple's love. "But I've also leaned on you and a lot of people in this room."

It was not always clear that the odd-couple pairing would work, either politically or personally. Mr. Obama brought a cool and disciplined approach to politics, while his vice president was the hotheaded, passionate one.

Gaffes by Mr. Biden during the early part of the Obama administration annoyed the president and his aides. And the relationship between the two men was strained when Mr. Biden endorsed same-sex marriage in 2012, forcing the president's hand on the issue.

But their bond strengthened through the difficult re-election campaign and a second term in which they confronted several mass killings. And Mr. Biden's personal tragedy — the loss of his son Beau to cancer — brought them even closer together.

Last year, Mr. Biden seriously considered another run for president. But he concluded that his son's death had left him emotionally unable to mount an effective campaign.

The citation with the medal noted Mr. Biden's "charm, candor, unabashed optimism and deep and abiding patriotism," as well as his

"strength and grace to overcome great personal adversity." It called him one of the most "consequential vice presidents in American history."

Mr. Obama spoke emotionally about the relationship between his own family and the extended Biden clan, many of whom

had gathered for the ceremony. "My family is so proud to call ourselves honorary Bidens," he said.

Mr. Biden sought to return the compliment. He noted that the Constitution did not grant the vice president any inherent powers — "for good reason," he said. But he

said that Mr. Obama had made good on a pledge to make sure that Mr. Biden had a job that mattered.

"You have more than kept your commitment to me by saying you wanted me to help govern," Mr. Biden said, adding that he hoped the history books would record that

he was an asterisk in Mr. Obama's historic presidency.

"I can say I was part of a journey of a remarkable man who did remarkable things for this country," Mr. Biden said.



nist

Hold on to one image from President Obama's farewell address: the president using his handkerchief to wipe a tear from his eye as he thanked Michelle Obama for her grace and forbearance.

The first lady was holding back tears, too, as was her daughter Malia. Politics aside, it was a touching moment in the life of a family we have come to know so well — one of countless such moments, and images, that have changed this nation forever.

The White House is really a glass house, and for eight years we have watched the Obamas live their lives in full public view. We've seen a president age, his hair graying and his once-unlined face developing a wrinkle here, a furrow there. We've seen a first lady change hairstyles and model an array of designer gowns. We've seen two little girls grow into young women.

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We've seen it all before — except that we've never seen an African American family in these roles. Images of the Obamas performing the duties of the first family are indelible, and I believe they will be

## Robinson : The Obamas leave a vivid image that will never fade

<https://www.facebook.com/eugen.erobinson.column>

one of the administration's most important and lasting legacies.

Visuals are uniquely powerful. They rearrange and reorient our thinking in ways that are difficult to describe or even comprehend. They penetrate to our deepest levels of consciousness without being attenuated by the filter of language; they retain their specificity, their emotional sharp edges. They can make us laugh, cry, rage and weep without us quite knowing why.

President Obama paid homage to the first lady, his daughters and Vice President Joe Biden during his farewell address in Chicago. "You have made the country proud," he said to his wife as he wiped away tears. President Obama tells first lady Michelle Obama, "you have made the country proud." (Victoria Walker/The Washington Post)

(Victoria Walker/The Washington Post)

For eight years we have had the privilege of seeing a black family live in the White House. I still find that hard to believe.

We watched as the president, the first lady, Malia and Sasha walked across the South Lawn to board Marine One. We watched the president playing with the family dog, Bo. We watched Michelle Obama working in her garden. Those who live in Washington might have glimpsed the girls stopping by McDonald's on their way home from school, or the president and first

lady having a date night at one of their favorite restaurants.

We saw the Obamas host glittering state dinners. We saw them walk down the stairs of Air Force One onto red-carpeted tarmacs around the world. We saw President Obama channel the pride of the nation at moments of triumph, as when he announced the raid that killed Osama bin Laden. And we saw him become a conduit for our despair after the Newtown school massacre, the Charleston church killings and so many other senseless acts of gun violence.

Given this country's history of slavery and discrimination, the first black family to serve as first family had to be like a fortress, strong and unassailable. In that sense the Obamas were from central casting — so impeccable in education, elocution and etiquette that even the president's harshest political critics spoke of them as a family with genuine admiration.

We watched as Obama largely abandoned recreational basketball, the scourge of tendons and ligaments, for a more age-appropriate pastime. The golf course became, for him, the "third space" (besides home and family) that some men seem to need. According to a website that tries to keep track, Obama has played more than 300 rounds of golf during his tenure. Unlike other presidents, he almost never used these outings to butter up political adversaries or reward loyal allies. Instead, he stuck

mostly to a tight group of regulars, with a few luminaries, mostly professional athletes, tossed in.

When he wasn't working — and, reportedly, sometimes when he was — the president watched ESPN.

As a rule, Obama went upstairs to the residence every evening so the family could have dinner together. Then he would go back to work for a while before bedtime.

As Obama noted Tuesday night, one of his wife's great accomplishments was opening the doors of the White House as wide as possible to the American people. Every December, she and the president put themselves through a long march of holiday parties, including two for the media. At the end of the evening, having shaken hundreds of hands and posed for hundreds of smiling pictures, any normal human beings would have been homicidal, suicidal or both. But the Obamas were unfailingly sunny and gracious, making every single guest feel welcome in their home.

In their time in the White House, the Obama family expanded this nation's idea of what it can achieve. They gave us vivid images that will never fade. We owe them heartfelt thanks for being, at all times, the classiest of class acts.

*Read more from Eugene Robinson's archive, follow him on Twitter or subscribe to his updates on Facebook. You can also join him Tuesdays at 1 p.m. for a live Q&A.*



## Billionaire George Soros Lost Nearly \$1 Billion in Weeks After Trump Election

Gregory Zuckerman and Juliet Chung

Updated Jan. 13, 2017 4:10 a.m. ET

Billionaire hedge-fund manager George Soros lost nearly \$1 billion as a result of the stock-market rally spurred by Donald Trump's surprise presidential election.

But Stanley Druckenmiller, Mr. Soros's former deputy who helped Mr. Soros score \$1 billion of profits betting against the British pound in 1992, anticipated the market's

recent climb and racked up sizable gains, according to people close to the matter.

The two traders' divergent bets are a stark reminder of the challenges even acclaimed investors have faced following Mr. Trump's unexpected victory. Many experts had predicted a tumble for stocks in the wake of the election, but instead the Dow Jones Industrial Average has climbed about 9% since Election Day.

Stocks have fallen broadly in the past couple of sessions, hurt in part

by a reversal for smaller companies and the financial industry. A decline in both sectors helped push the Dow industrials down more than 150 points in the past two sessions.

For the past couple of years, hedge funds and other professional investors have complained that placid conditions made it difficult to generate trading profits. Brevan Howard Asset Management LLP and Moore Capital Management, both multibillion-dollar hedge-fund firms, are among those that managed to turn a losing year into a

winning one after the election, according to people familiar with them.

Last year, Mr. Soros returned to trading at Soros Fund Management LLC, which manages about \$30 billion for Mr. Soros and his family. Mr. Soros was lured back by perceived opportunities to profit from economic troubles he was anticipating in China, within the European Union and elsewhere, according to people familiar with the matter.



Mr. Soros was cautious about the market going into November and became more bearish immediately after Mr. Trump's election, according to people close to the matter. Mr. Trump has raised the possibility of tariffs on Chinese imports and other steps that could upend global trade, which had some money managers forecasting a move lower in stocks.

The stance proved a mistake—the stock market has risen over the past two months on expectations that Mr. Trump's proposed economic policies will boost corporate earnings and the overall economy.

As a result, some of Mr. Soros's personal trading positions incurred losses approaching \$1 billion, the people say. Mr. Soros adjusted his positions and exited many of his bearish bets late last year, avoiding further losses, the people added.

The broader portfolio held by Mr. Soros's firm performed better, thanks partly to gains achieved by his employees, posting profits before and after the election from long-held investments in sectors including financials and industrials, according to people familiar with the firm. Those gains, along with those achieved by some outside firms in which Mr. Soros's firm invests,

helped Soros Fund Management gain about 5% on the year.

Mr. Soros, chairman of the firm, continues to trade a portion of its cash in markets around the world, a strategy that can be quite volatile, the people said. In addition to Mr. Soros's trading, his firm employs about 250 traders, analysts and other executives who do their own investing. The firm also invests in private-equity funds and other outside firms.

Soros Fund Management was converted by Mr. Soros from a hedge-fund firm managing outside investors' money into a family office in 2011, partly to avoid additional regulatory scrutiny.

The firm is currently interviewing candidates for a vacant chief investment officer position. Some close to the firm say Mr. Soros could play a reduced trading role when someone is hired to fill the role. In recent years, the 86-year-old billionaire has focused on public policy and philanthropy. He was a large contributor to the super PAC backing Democratic presidential nominee Hillary Clinton and has donated to other groups supporting Democrats.

Mr. Soros, who was born in Hungary and came to the U.S. at the age of 26, found early success

on Wall Street, where he helped pioneer the hedge-fund industry.

He has gained attention for his support of liberal causes and for funding local prosecutor races and other activities. Mr. Druckenmiller, who left Mr. Soros's firm in 2000 and now invests his own money with his own firm, took a very different stance on the presidential election.

Days before the election, Mr. Druckenmiller predicted to a money manager that if Mrs. Clinton emerged victorious the stock market likely would rally initially but then would fall. Mr. Druckenmiller said if Mr. Trump won the election, the opposite result likely would occur—stocks first would tumble and then soar, according to the manager.

Mr. Druckenmiller's call was prescient.

Stock futures fell sharply on the evening of Mr. Trump's victory, but the market has since surged.

Mr. Druckenmiller has said on television that he exited bearish positions on the night of the election, for example, exiting long-term positions on gold.

He also became bullish on certain sectors of the stock market, and said he was shorting bonds globally

and expected the dollar to rally against the euro.

These trades have paid off as Mr. Druckenmiller's firm, Duquesne Family Office LLC, scored gains of more than 10% in 2016, the people say. As a private office, the firm doesn't have to disclose its assets under management.

Mr. Druckenmiller also was politically active during the campaign, donating to Ohio Republican Gov. John Kasich's candidacy. Overall, Mr. Druckenmiller gave about \$3.5 million to Republican candidates, according to the Center for Responsive Politics, while Mr. Soros gave more than \$20 million to Democratic candidates during the 2016 election cycle.

In October, Mr. Druckenmiller told Reuters that he backed Republican candidates for Congress in the hope of creating a "firewall" against Mrs. Clinton's likely economic policies, including more government control of health care. He also said Mr. Trump had an "unstable personality," and Mr. Druckenmiller added that he might not vote in the presidential election.

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## POLITICO Trump's inauguration to shatter Washington norms

By Josh Dawsey and Tara Palmeri

Donald Trump's inauguration is shaping up to be booming business for Washington. It's just not the type of business the president-elect may want.

Protesters distraught over Trump's victory will be flooding into Washington next weekend, creating a potent — and potentially tense — mix as they collide with the billionaire's die-hard supporters at hotels, restaurants, and on the National Mall. Like much of Trump's campaign, the festivities and crowd descending on Washington for the inauguration will not neatly fit into Washington's norms.

Story Continued Below

"These are unprecedented numbers," said Mike Litterst, a spokesman for the National Park Service, said about the protests. "We're trying to help the groups find suitable alternate locations."

The park service has credentialed at least 28 groups on the national mall and is expecting more than 350,000, according to an internal agency spreadsheet. That's compared to the five or six requests

from groups that they usually receive for inaugurations. The service has struggled to accommodate all of the protesters, which includes a large demonstration of about 200,000 women protesting Trump and others who will sing and fast, for next weekend, Litterst said.

Initially, it looked like Trump's inauguration could be a relatively low-key affair. After Trump won, a number of hotels, restaurants and party planners had a rash of cancellations, according to interviews with more than a dozen businesses.

Republicans in particular struggled to fill blocks of rooms at hotels, with an email last week going to Republican National committee members encouraging them to pass it along to anyone who still needed lodging. "At this time, we are pleased to extend the room block to guests and affiliates of RNC Members and state parties. Rooms will be available on a first come, first serve basis," the email obtained by POLITICO says.

Also, the inauguration committee is only hosting three balls, a departure from the usual eight or 10, with a

president who doesn't necessarily enjoy schmoozing and small-talk.

Yet many hotels and businesses say they are doing just fine — just with a different crowd.

The Embassy Row Hotel's main event next weekend is an all-women's disco, catering to the Women's March on Washington planned for next Saturday. The invitation to "dance, dance, dance" at the Dupont Circle luxury venue bills three women DJs and colored wireless headphones but has no mention of the president. The hotel is sold out.

Activists gather Jan. 11 in Washington to make signs for demonstrations against the upcoming inauguration of Donald Trump. | Getty

Some restaurants like the Foggy Bottom bistro Ris, are expecting business to boom with a mix of protesters and guests, said owner Ris Lacoste, who was initially worried about whether there would be a dip in diners. Lacoste said this year's event would have more protesters than she'd ever seen in Washington for an inauguration. "We're going to have all walks of life here," she said. "This one is very

divisive. We want all the business we can get."

Stacy Smith, general manager for the Hyatt Place hotel located just four blocks from the National Mall, said revelers and protesters are almost evenly splitting the 214 rooms. Calling the inauguration "a very unique event," Smith said the hotel's senior management will roam in the lobby to not only greet guests but to also diffuse tensions.

At the Courtyard by Marriott located on the Capitol Riverfront, hotel officials have hired outside security, worried about tense situations flaring up between Trump's friends and foes. They are also sold out.

"We've never seen anything like this for an inauguration," operations manager Jonathan Kebede said, noting they haven't felt a need to bring on additional security for other inaugurations.

To be sure, the traditional revelers are still coming, and some of Washington is behaving like usual. Lobbyists are throwing fetes overlooking the parade, hoping to lure new clients with views. Corporations like AT&T are throwing mix-and-mingles. One of the hot soirees is being hosted by



former ambassador Mary Ourisman at Cafe Milano, according to Sally Quinn, the Washington Post columnist and noted party host.

A representative for the Trump International Hotel, with its plush blue couches and cocktails starting at \$24, said the hotel is sold out. At the St. Regis Hotel, long a favorite of dignitaries where the Master of Ceremonies sabs a bottle of champagne every evening, the rooms are gone, a spokeswoman said. They are mainly filled with people celebrating the inauguration.

Liliana Baldassari, a spokeswoman for the Four Seasons, says rooms started at \$1,925

and went to \$20,000. Guests had to promise they'd stay five nights and were given a gold-encrusted, cast-leather stationary box. All the rooms are gone, she said, and revelers are already beginning to ship their long ballgowns.

"This inauguration really looks very similar to Obama's second inauguration and Bush's second inauguration," she said. "The Obama one was a very unique one because we were 75 percent sold prior to Election Day, and we had so many international guests."

Yet Quinn said many of her friends are skipping the parties -- she is attending a birthday party instead --

and many just want to leave town. Vivian Deuschl, a longtime D.C. hospitality consultant, said associations are having parties, "but you aren't having these glitzy, glamorous parties with the coveted invitations because the excitement is just not there."

"There are lot of venues in town that are in town that are normally full that are empty," said Philip Dufour, a D.C. party planner. "A lot of groups gave up holds on venues after the elections."

Philip Wood, general manager of the Jefferson Hotel, a boutique venue with 98 rooms, said there were many cancellations after the

election. "Everyone was like, 'What the hell happened,'" he said. Soon, the rooms were filled again.

This time, he's having a bipartisan cocktail party, hoping not to inflame tensions.

"We're concerned about the guest privacy," he said. "We have guests that are sympathetic to the two different parties staying with us. When alcohol is involved sometimes voices get raised, so we'll be watching carefully."

## The New York Times

### Wyden : Why Americans Care About Trump's Tax Returns

Ron Wyden

The portents were already not good. In this election, Mr. Trump engaged in a profoundly cynical campaign that bulldozed faith in our government institutions. Now, in the most bizarre presidential transition in memory, he has combined praise of Russia's "very smart" president, Vladimir V. Putin, with exceptional secrecy over his taxes and business dealings amid persistent reports about his associates' connections to Russia.

In this environment, every claim takes on an air of credibility. It is no surprise, then, that the sensational and unverified accusations published online this week stirred a media frenzy. I cannot comment on these reports, or on whether there is any truth to their contents.

This is not the real issue, for what we know is bad enough. Mr. Trump is preparing to take office without having cleared the lowest ethical bar required to lead our nation.

Mr. Trump does not care about conflicts of interest. His proposal to separate himself from his business would have him continue to own his company, with his sons in charge. This arrangement "doesn't meet the standards," said the director of the nonpartisan Office of

Government Ethics, that "every president in the past four decades has met."

Other American institutions have not done enough to force Mr. Trump to be accountable. On Tuesday, the F.B.I. director, James B. Comey, refused to answer my question about whether the bureau had investigated ties between Trump associates and Russia that had been widely reported. Mr. Comey claimed that he did not speak about investigations, yet his actions of the past few months clearly contradict that statement.

Without transparency about the extent and nature of his business dealings, it will not be possible for the American public to track whether Mr. Trump is abusing his power, other than through leaks and unverified reports that will simply tear this government down cut by cut. The Republican-controlled Congress has not only failed to hold Mr. Trump accountable, but it has even taken steps to roll back existing ethics rules.

With the notable exception of my colleague Orrin Hatch of Utah, Republican Senate leaders have attempted to rush Mr. Trump's cabinet picks through the Senate with a rubber stamp. By scheduling eight confirmation hearings in one

week, in many cases even before the Office of Government Ethics had finished its vetting, Republican leaders have put political expediency ahead of their duty.

Meanwhile, leaders in the House attempted to neuter the independent Office of Congressional Ethics — a move that was opposed by Mr. Trump, apparently a fan of oversight for anyone but himself — and they succeeded in passing a law that would allow political retribution against individual federal employees, by cutting their salaries to \$1. This heralds a return to the days when public lands and public policies were up for sale to special interests at the bidding of powerful congressmen.

Americans expect better of their elected officials. But Mr. Trump has done nothing to live up to the responsibilities of his office.

When negative news stories surface, he goes on the attack. This week, Mr. Trump said that the release of the unconfirmed memo was a smear akin to "something that Nazi Germany would have done and did do." This bluster was not only antagonistic toward the intelligence agencies that serve this country, but deeply insulting to victims of the Holocaust.

My parents lived in Nazi Germany. They saw institutions being corrupted and turned against them, merely because they were Jews. My father was kicked out of school for being Jewish. He and my mother spent years living in fear of the knock on the door. They were fortunate to escape to America and to make good lives here, but we lost family in Kristallnacht.

Mr. Trump's brush with rumor and innuendo is nothing like their experience. It is something he has brought on himself by running a campaign of disinformation rather than making full disclosure to the American people. He must ensure that a Trump administration will not return us to the days of Richard M. Nixon, or, worse, the scandal-ridden term of Warren G. Harding.

To do so, Mr. Trump must face the fact that independent nonpartisan bodies like the Office of Government Ethics are not out to get him; they are here to help him govern according to the rule of law. Mr. Trump chose to run for president, he won and is about to assume office as the most powerful man in the world. His responsibility now is the American people, not his family, his companies or his own bottom line.

## THE WALL STREET JOURNAL

### Forecasters See Upside Risks to Their Economic Outlooks at Highest in More Than Two Years

Josh Zumbrun

Updated Jan. 12, 2017 10:03 a.m. ET

The election of Donald Trump has economic forecasters thinking hard about something that hasn't been a problem for a while: upside risks.

Each month, The Wall Street Journal's survey of academic, financial and business economists

asks for estimates of gross domestic product, inflation, unemployment and a range of other key economic indicators. Forecasters are also asked to assess whether the risk to their forecast is to the upside or the downside. In other words, what's more likely: that growth overperforms or disappoints?

In the most recent survey, 64% of respondents said the risk was to the upside, the highest in over two years, and a reversal from the mood of recent years, which was focused on potential risks from a global economic slowdown.

"Policy changes, if done right, could boost growth substantially," said Stephen Stanley, chief economist of Amherst Pierpont Securities.

On that list of potentially growth-expanding policy changes, most forecasters would include: business-friendly regulatory changes, tax cuts for businesses and consumers, and major spending on U.S. infrastructure.

The key caveat is that phrase "if done right."

"There is a good chance Congress will greatly dilute or delay Trump's fiscal stimulus program and disappoint Wall Street and Main Street," said Bernard Baumohl, chief global economist of the Economic Outlook Group.

It is hardly unusual for new presidents to have lofty goals, but to confront challenges implementing their policies. This can owe to their own missteps or to factors largely beyond their control in Congress, to the global economy, or even to aging U.S. demographics.

In anticipation of Mr. Trump's presidency, economic forecasts have already risen. The average forecast is for GDP growth of 2.4% in 2017 and 2.5% in 2018. That is a 0.2 percentage point increase for 2017 and 0.5 percentage point for 2018.

Forecasts also call for slightly higher inflation and interest rates over the next two years, and a somewhat lower unemployment rate by the end of 2018. The odds of a recession over the next year have declined for six months in a row and are now 16% from as high as 22% last summer, according to survey respondents.

"A possible boost from a less onerous regulatory environment could increase GDP, but there is nearly equal downside risk in potential trade wars and geopolitical factors," said Constance Hunter, chief economist of KPMG.

Why assess risks like this? Sometimes, forecasters will be focused on a specific risk. For example, in recent years, Europe's debt crisis has repeatedly flared up. European bond yields have climbed

and the continent's banks have come under pressure. In most circumstances, one wouldn't expect a few tough quarters for European banks to have a big effect on the U.S. economy, unless they blow up into a crisis. Thus a banking crisis that might materialize but probably won't would be an example of a downside risk.

Outside the world of forecasting, it is unusual to contemplate upside risks. For most purposes, it is a welcome surprise to have more growth than expected rather than less. But they are called risks for a reason, and being too pessimistic about what will happen can have consequences, too.

With the unemployment rate already low—so low that many believe the U.S. is near a state of full employment—a major bout of

government spending and tax cuts could cause the economy to overheat. Inflation could stir, concerns about financial bubbles could grow, and Federal Reserve Chairwoman Janet Yellen could raise interest rates sharply in response.

"Janet Yellen has already put the Congress on notice that fiscal stimulus at full employment could require a response from the Fed," said Scott Anderson, chief economist of Bank of the West.

The Journal surveyed 67 economists from Jan. 6 to Jan. 10, though not every economist answered every question.

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## In its final days, the Obama administration is cracking down on companies

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The Obama administration in its waning days is taking companies to task in a way that it generally did not in its early years — it is getting corporations to plead guilty and charging executives in connection with crimes.

On Friday, the Justice Department is expected to announce that Takata will plead guilty to criminal misconduct related to the installation of faulty air bags in tens of millions of cars, according to people familiar with the matter.

The move follows the arrest of a high-ranking Volkswagen executive last weekend and an admission of guilt by the automaker to criminal wrongdoing. Six executives were indicted this week on charges including defrauding the government and violating environmental regulations.

On Thursday, the Environmental Protection Agency accused Fiat Chrysler of installing software that enabled 104,000 diesel-engine vehicles to emit far more pollutants than emissions laws allow. The charges echo Volkswagen's scandal, though the extent of criminal wrongdoing remains unclear. Fiat Chrysler says the software, the use of which was not disclosed to the EPA, meets necessary regulations.

In its early years, the Obama presidency was grappling with the collapse of big financial firms, whose behavior almost toppled the global economy. Hardly any executive of a global bank faced

criminal charges, though the lack of prosecutions may have been in part because proving criminal intent in the trading of complex financial instruments is difficult, some officials noted.

Some current and former Justice officials say that the flurry of activity this week is the culmination of an approach that took hold a few years ago — when the department codified a requirement that companies under investigation turn over information about their employees.

The new policy directive was released in September 2015 by Deputy Attorney General Sally Q. Yates, who said holding executives accountable is "one of the most effective ways to combat corporate misconduct." The memo, some officials said, put corporations on notice that the government would be seeking information about individuals.

Recently, companies have been pressing government investigators for resolution before the Trump administration takes charge and officials handling their cases leave, people familiar with the matter said. That is probably why some high-profile cases are being resolved in the days before President-elect Donald Trump is sworn in, they said, speaking on the condition of anonymity to freely discuss cases.

"There's absolutely been a marked shift away from out-of-court deals with companies where no individuals were prosecuted to plea agreements with companies and individual indictments," said University of Virginia law professor

Brandon Garrett, author of "Too Big to Jail: How Prosecutors Compromise with Corporations."

"Companies know that it's going to take some time for there to be a new attorney general," he added. "If they want to put criminal cases behind them quickly, they know now is the time to settle."

Yates acknowledged in her 2015 memo addressed to attorneys across the country that investigations into companies are complicated. Corporate decisions can span executives and departments, and it may be difficult to determine "if someone possessed the knowledge and criminal intent necessary to establish their guilt beyond a reasonable doubt."

Analysts agree that proving the guilt of individuals is enormously difficult. But some critics say the Obama administration could have been more aggressive in pursuing high-ranking executives.

The EPA has accused another car company of using software to cheat emissions tests. The EPA has accused another car company of using software to cheat emissions tests. (Jhaan Elker/The Washington Post)

(Jhaan Elker/The Washington Post)

"In far too many cases in recent years, the Justice Department has been willing to allow companies to buy their way out of criminal liability and has not prosecuted individuals," said David Uhlmann, who was head of the Justice Department's environmental crimes section from 2000 to 2007. "But what has

happened in the Volkswagen case is not new so much as it is the Justice Department getting back to basics and handling corporate crime the way it has in the past and always should."

The penalties levied against Volkswagen, including the indictments of the six executives, is likely to give automakers pause. The wrongdoing at Volkswagen was especially egregious, analysts note, because it involved high-level managers who actively deceived regulators for a decade, according to the Justice Department.

"Other automakers are certainly dotting their I's, crossing their T's and double-checking every single fact and figure with relation to internal emissions testing," said Michael Harley, an executive analyst at Kelley Blue Book. "The scrutiny on every manufacturer is going to be tougher than it ever has been before."

Fiat Chrysler chief executive Sergio Marchionne worked to distance Thursday's allegations against the company from those Volkswagen pleaded guilty to earlier this week. He said the issue stems from a "difference of opinion" over how facets of the software are disclosed to regulators and that it was not designed to operate differently in emissions testing than on the open road.

"There has never been any intent in putting the software on these vehicles to defraud anybody," Marchionne told CNBC on Thursday. "We think that the software is compliant with current legislation."

EPA officials disagreed. The agency said that software found on certain truck models allowed the vehicles to emit lower emissions in testing than they were shown to release in other driving conditions. The agency has expanded its testing for technology designed to evade regulators since the Volkswagen scandal came to light.

Agency officials said that it was unclear whether Fiat Chrysler intended for the software to deceive regulators but that the company has not provided another explanation for why it was installed.

**THE WALL  
STREET  
JOURNAL**

Updated Jan. 12, 2017 8:09 p.m. ET

Federal Reserve Chairwoman Janet Yellen is starting the year leading a central bank largely unified in expectations of a gradual series of interest-rate increases, though they aren't hinting when they are likely to move next.

The harmony reflects a return to normal monetary policy in a stable economy after years of contentious debates over the unconventional tools used by the Fed during and after the recession.

Five of the 12 regional Fed presidents have said in the past week they see between two and four quarter-percentage-point rate increases this year, and most of them said they were comfortable with the possibility of three. That fits with projections the Fed released last month and reflects a shared view that the recovery is on track, with low unemployment, moderate growth and rising inflation.

"I see three modest hikes as appropriate for the coming year, assuming the economy stays on track," said Philadelphia Fed President Patrick Harker, in a speech in Malvern, Pa., on Thursday.

**THE WALL  
STREET  
JOURNAL**

Updated Jan. 12, 2017 11:17 p.m. ET

U.S. regulators accused Fiat Chrysler Automobiles NV of using software on its diesel-powered Jeeps Cherokees and Ram pickups that allowed them to spew illegal amounts of pollution into the air, the latest broadside from the

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The Fiat Chrysler announcement came one day after the Justice Department indicted six Volkswagen executives over their alleged roles in the German automaker's emissions scandal. The company also pleaded guilty to three criminal charges, a rare admission of wrongdoing, and paid a \$4.3 billion fine to settle criminal and civil investigations.

The current consensus contrasts sharply with the debates detailed in transcripts of the Fed's 2011 policy meetings, released Thursday.

In 2011, the recession had ended but the recovery was sluggish and fitful. Fed officials were experimenting with new and largely untested tools, including holding interest rates near zero for the year and buying bonds to lower long-term interest rates.

While they agreed to let their second bond-purchase program expire, they were divided over whether they might have to launch another round to spur a weak economy. They did later launch a third round.

In August 2011, three officials dissented against the Fed's statement that it expected to hold rates near zero through at least mid-2013—the most negative votes that then-Chairman Ben Bernanke had faced as Fed chief. The dissenters didn't want to promise to hold rates so low for so long, but another official intended to dissent if they didn't include the pledge.

Mr. Bernanke offered various alternatives designed to reduce the number of dissents. Ultimately, none was successful, but the extent to which Mr. Bernanke went to try to bring the dissenters on board was previously unknown.

The guilty plea was particularly noteworthy as it is a punishment previous automakers had been able to escape. General Motors and Toyota paid steep fines for their handling of product safety problems that led to motorists' deaths, but neither admitted to criminal wrongdoing, and no executives were charged. The GM settlement was announced just over a week after Yates issued her policy.

The severe penalties levied against Volkswagen and, in particular, individual employees signals to companies that the Justice Department intends to pursue and

prosecute corporate decision-makers more intently than in years past, said Carl W. Tobias, a University of Richmond law professor.

"There has been discussion from the president-elect and others that they plan to not overregulate, if you will, but this seems so clearly detrimental to public health that they may have to rethink that," Tobias said.

Brady Dennis contributed to this report.

## Federal Reserve Shows Greater Unity on Path for Interest Rates

Shayndi Raice

"It would be very unpleasant to have three dissents, but I guess if that's where we end up, that's where we end up," Mr. Bernanke said at the time.

The Fed ended up leaving rates near zero until December 2015, when it raised its benchmark federal-funds rate by a quarter percentage point to between 0.25% and 0.5%. Officials left the rate there until last month, when they voted unanimously to lift it by another quarter point.

At their mid-December meeting, the officials' projections showed the policy question for this year was going to be when to raise rates, not whether. Their median forecast was for three quarter-point moves this year.

Chicago Fed President Charles Evans said Thursday three moves were "entirely plausible" if the economy was strong enough. Atlanta Fed President Dennis Lockhart reiterated a view that he expected about two increases. Dallas Fed President Robert Kaplan, also Thursday, agreed that three rate rises would be justified if the economy continued its progress. St. Louis Fed President James Bullard stuck with his position that he expects just one rate increase. Cleveland Fed President Loretta Mester said last week that a

projection of three increases is "very reasonable."

The officials Thursday largely offered an upbeat view of the economy. Several mentioned winding down the Fed's \$4.5 trillion balance sheet as interest rates return to more normal levels. Some also noted they saw little risk of recession right now.

"A cyclical recovery has largely been completed" and a "gradual rate increase path" is likely for the year, Mr. Lockhart said.

The current consensus comes after a year in which Fed officials had to continually adjust their plans in response to unforeseen events. They started 2016 thinking they would raise rates four times this year. In the end they only moved once, in December.

Officials could change their views again. Several Fed officials said theirs could shift this year depending how much fiscal stimulus Congress enacts.

—Michael S. Derby, Katy Burne, Adam Creighton, Dan Molinsky and Joshua Zumbrun contributed to this article.

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## Fiat Chrysler Used Emissions-Cheating Software, EPA Says

Chester Dawson and Mike Spector

government over emission standards.

The Environmental Protection Agency, with little more than a week before President Barack Obama leaves office, delivered a violation notice to Fiat Chrysler accusing it of using illegal software in 104,000 vehicles. The accusation could cost the company \$4.63 billion in fines, the EPA has estimated.

Officials stopped short of saying Fiat Chrysler's software was designed to cheat emissions tests. They said they were continuing to investigate why the car maker failed to disclose the software and whether it was intended to fool regulators.

The agency targeted model years ranging between 2014 and 2016, and sidelined production of similarly-equipped 2017 model-year

vehicles. It said the vehicles are safe and legal for owners to drive and not currently subject to any recall.

Shares of the auto maker were down 10% as of 4 p.m. trading on Thursday.

The allegations, coming on the heels of criminal sanctions against Volkswagen AG, could undermine Fiat Chrysler's attempts to revive its image among car buyers after a

series of regulatory lapses and recover financially after emerging from a 2009 bankruptcy filing.

Car makers already are under pressure from President-elect Donald Trump over producing vehicles in Mexico, reigniting worries about government meddling that emerged during the Obama administration's bailout of Detroit auto makers.

Fiat Chrysler's chief executive denied the car maker subverted emissions rules or violated regulations, saying the dispute involved a difference of opinion with the EPA about the calibration of its vehicles' emission-control devices.

"We have done nothing, in our view, that is illegal," CEO Sergio Marchionne said on a conference call. The characteristically blunt executive accused regulators of "grandstanding" and trying to "lynch companies" over differences of opinion.

He said he found the timing so close to the end of Mr. Obama's tenure odd. "It's unadulterated hogwash," he said of the threat of a potential several-billion-dollar fine.

Fiat Chrysler said it would survive any fine resulting from the investigation, but such a financial burden could wipe out several years' worth of profits and challenge its ability to meet debt obligations. Potential fines are nearly equal the company's cumulative earnings over the past four years.

The auto maker's net debt load equaled €6.5 billion (\$6.9 billion) as of the end of September. London-based brokerage Evercore ISI estimates the debt declined to €4.7 billion at the end of 2016.

Mr. Marchionne has worked to revive the American arm of the Italian-U.S. auto maker targeted by the EPA, investing in truck production and planning to pay off burdensome debts.

Mr. Marchionne said he hopes to resolve the emissions issue with the incoming administration, which has expressed a more pro-business view on regulations. Mr. Trump recently praised the company's announcement that it is investing \$1 billion in two U.S. factories, raising hopes Detroit car makers can work with the new administration.

Republicans on Capitol Hill, while expressing concern, signaled skepticism about the EPA's allegations ahead of political leadership changes. "There is much we do not know about the details of this investigation," said Tim Murphy (R., Pa.) and John Shimkus (R., Ill.), who head separate House Energy and Commerce subcommittees, in a joint statement. "It is important that we develop a better understanding about the facts of this case."

The EPA's move came a day after six current and former Volkswagen AG executives were criminally charged in the German auto giant's long-running emissions cheating on

nearly 600,000 diesel-powered vehicles in the U.S.

Volkswagen separately pleaded guilty to criminal wrongdoing and agreed to pay \$4.3 billion in penalties stemming from the deception, which involved installing so-called defeat-device software on cars that allowed them to pollute less during government emissions tests than on the road. That was on top of up to \$17.5 billion Volkswagen agreed to pay in previous civil settlements.

"This is a clear and serious violation of the Clean Air Act," said EPA Assistant Administrator Cynthia Giles of the allegations against Fiat Chrysler, adding the auto maker failed to disclose eight so-called auxiliary emission-control devices on the 3.0-liter diesel engine-powered vehicles when getting them certified. "AECs that are not disclosed are illegal."

Officials accused Fiat Chrysler of illegal activity and said it could cost the company \$44,539 in fines for each affected vehicle.

Mr. Marchionne rejected any similarity between the EPA's allegations against his company and the Volkswagen emissions scandal, but said that controversy seems to have become a turning point for regulators pitting Washington against car makers. "There appears to be an incredibly belligerent view against the auto industry filtering through from the EPA."

Erik Gordon, a University of Michigan Ross School of Business professor, questioned Mr. Marchionne's suggestion the company might be treated better under the Trump administration. "FCA's response is combative," he said. "The EPA is not supposed to be fair and equitable. It is supposed to enforce the law."

The fallout could create a similar feeding frenzy of litigation and investigations stemming from Volkswagen's failures. New York Attorney General Erich Schneiderman said he was "deeply troubled" by the EPA's claims and would begin probing Fiat Chrysler, pointing to his office's work investigating Volkswagen as precedent for going after companies allegedly flouting pollution laws.

Mr. Marchionne in recent years conducted an unsuccessful search for a deep-pocketed buyer, urging industry consolidation to better address costs.

The EPA's allegations, meanwhile, come on top of other skirmishes between Fiat Chrysler and U.S. officials, including allegations of questionable sales practices. Fiat Chrysler has also previously paid penalties for recall lapses covering millions of vehicles and safety-reporting failures.

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## The New York Times Editorial : Making an Example of Volkswagen

Oliver Schmidt in 2014. Formerly Volkswagen's top emissions compliance executive in the U.S., he has been charged with defrauding the government and violating the Clean Air Act. Joe Wilssens/European Pressphoto Agency

For too long, big corporations and financial institutions have been able to pay fines for their misdeeds and settle civil cases while escaping criminal indictment. Now, in the final days of the Obama administration, the Department of Justice has delivered a strong message to multibillion-dollar companies and their executives: No one is "too big to jail."

On Wednesday, Volkswagen pleaded guilty to criminal charges

related to its emissions-cheating scandal, including conspiracy to commit wire fraud and to violate the Clean Air Act, customs violations and obstruction of justice. The company agreed to pay the United States \$4.3 billion in fines. This is on top of the \$16 billion it has agreed to pay American diesel car owners. The total is likely to go higher: The company still faces criminal investigations by attorneys general in 42 states, the District of Columbia and Puerto Rico.

In addition, federal prosecutors announced criminal charges against six Volkswagen executives. One, Oliver Schmidt, was arrested in Florida last week; the other five are believed to be in Germany. Charges include conspiracy to defraud the United States, defraud customers and violate the Clean Air Act.

On Thursday, the Environmental Protection Agency accused Fiat Chrysler of installing software that allowed 104,000 diesel vehicles to evade emission standards.

Over a period of years, VW equipped millions of diesel cars with software that lowered emissions of nitrogen oxides to legal limits during testing, to hide the fact that those emissions grossly exceeded limits during normal use. In effect, it sold "clean diesel" cars to unsuspecting customers, knowing that the vehicles, when on the road, were spewing pollutants that can cause respiratory illnesses.

Rather than own up when the fraud was revealed, VW obfuscated and lied. When an environmental group released a study on the emissions discrepancy to the Environmental Protection Agency in 2014, VW said the study was flawed. After the

E.P.A. announced in September 2015 that it had discovered the cheating software, VW's chief executive, Martin Winterkorn, resigned but denied any wrongdoing. VW offered hollow apologies and promises to fix the devious devices. Meanwhile, employees were directed to destroy incriminating emails.

Germany is conducting its own investigation into VW, and questions remain about the role played by other senior executives and board members. And VW, which clearly has little regard for public health, continues to claim its trickery is legal in Europe. The American case against VW sends an important signal to executives that they can be held responsible for crimes committed on their watch.



## Editorial : If Trump keeps stoking vaccine fears, he will endanger children's lives

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**PRESIDENT-ELECT** Donald Trump's transition team tried to tamp down the report from leading vaccine skeptic Robert F. Kennedy Jr. that Mr. Trump had asked him to lead a new panel on the safety of childhood inoculations. The president-elect, we were told, is only exploring the possibility of forming a government commission on autism. But by even entertaining the idea, Mr. Trump — who has his own troubling history when it comes to vaccine safety — gives new life to debunked conspiracy theories tying autism to vaccines. That in turn endangers children's lives.

Mr. Trump met Tuesday with Mr. Kennedy, a longtime opponent of

mandatory vaccination laws who once characterized the shots children receive to guard against illness as a holocaust. The meeting at Trump Tower, which Mr. Kennedy told reporters was requested by Mr. Trump, caused immediate and understandable concern in the medical community.

"It gives it a quasi-legitimacy that I frankly find frightening," William Schaffner, a professor of preventive medicine and infectious diseases at Vanderbilt University, told the New York Times. Theories about a link between vaccines and conditions such as autism have been thoroughly discredited in numerous scientific studies that have established — without any question — the safety of vaccines.

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Yet Mr. Trump, 10 days away from taking the oath of office for president, thought it important enough to meet with a leading proponent of conspiracy theories about vaccines, someone who, by the way, holds a law — not a medical — degree. Mr. Trump's past comments about vaccines — "massive combined inoculations to small children is the cause for big increase in autism," he tweeted in 2012 — betray an ignorant distrust of vaccines.

If Mr. Trump wants to make attacking autism a priority, he should be applauded. But he needs to go about it responsibly. Experts will tell him that the diagnosis of autism is more prevalent than in the past not because there is an "epidemic," as he once claimed, but because the definition of autism spectrum disorder has grown more inclusive. And they will assure him there is no connection to vaccines. He will endanger the health of millions of children if he fans doubts about vaccine safety.