

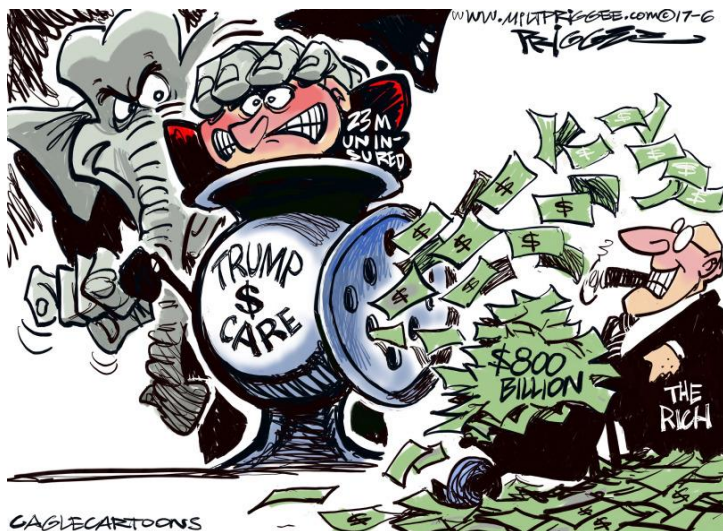
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FRANCE - EUROPE3

Macron Invites Trump to Paris for Bastille Day	3
Editorial : The EU fires a warning shot at Google and other Internet giants	3
Google Slapped With \$2.7 Billion EU Fine Over Search Results (UNE)	3
Bershidsky : Google Is Fighting a Losing Battle With the EU	4
Euro Rallies on ECB Chief's Upbeat Comments	5
ECB's Draghi Hints at Possible Winding Down of Eurozone Stimulus (UNE)	5
Draghi Sparks Selloff in Global Bonds	6
Hedge Fund Activists See More Opportunities in European Companies	7
European Cities Are Just Saying 'No' to Scandal-Tinged Diesel Vehicles	7
Massive cyberattack hits Europe with widespread ransom demands	8
Cyberattack Hits Ukraine Then Spreads Internationally (UNE)	9
Angela Merkel Opens Way for Vote on Gay Marriage in Germany	10
Angela Merkel Eases Resistance to Same-Sex Marriage in Germany	10
U.K. Orders Inquiry Into Cladding After Grenfell Tower Fire	11

INTERNATIONAL..... 11

Can Americans Believe the President About Syrian Chemical Weapons?	12
U.S. Has Seen Chemical Weapons Activity in Syria, Pentagon Says	12
U.S. Warns Syria Over Chemical Weapons	13
Chemical weapons activity monitored at Syrian air base, U.S. officials say	14
Leon Hadar : Give Trump a Chance in the Middle East	15
Editorial : A Way Out of the Qatar Mess	16
Persian Gulf rivals converge on Washington to argue their cases	17
How a 91-year-old imam came to symbolize the feud between Qatar and its neighbors (UNE)	17
Eli Lake : Obama Choked on Russia Long Before the 2016 Election	19
Editorial : Expect a Coverup	19
North Korea at the top of agenda as South Korea's new president comes to D.C.	20
Trump Welcomes South Korean Leader as Options on the North Wane	21
With Modi in Washington, China and India 'Jostle' on Their Border	22
Friedman : Trump Is China's Chump	22
'Goodbye, Weapons!' FARC Disarmament in Colombia Signals New Era	23
Police Officers in Helicopter Attack Venezuela's Supreme Court	24
Brazil President Michel Temer Vows to Fight Charges	25
Ignatius : What happens when the whole world becomes selfish	25
With 3 Words, Supreme Court Opens a World of Uncertainty for Refugees (UNE)	26

ETATS-UNIS.....27

Inside the GOP's surprise health care flop	27
Vote Delayed as G.O.P. Struggles to Marshal Support for Health Care Bill (UNE)	28
Jeffrey Sachs: America can save \$1 trillion and get better health care	29

Holtz-Eakin : The Senate health-care bill will give us better care and a better economy	30
Trump, Senate leaders attempt to regroup after postponing vote to overhaul Obamacare (UNE).....	30
Short on Backers, GOP Delays Vote on Health Bill (UNE).....	31
Who's afraid of Trump? Not enough Republicans — at least for now. (UNE).....	32
On Senate Health Bill, Trump Falters in the Closer's Role (UNE).....	34

Galston : Tear Up the GOP Health Bill and Start Over	34
Bruni : The Misery of Mitch McConnell	35
Editorial : The Health Care Hoax Has Been Exposed, Senator McConnell.....	36
Editorial : The GOP's Schumer Option	36
Bernstein : Republicans Won't Blame Trump If Health Bill Fails.....	37
Parini : Why isn't Obama hitting back at Trump?.....	37
Gorsuch asserts himself early as force on Supreme Court's right (UNE)	38

FRANCE - EUROPE

**The
New York
Times**

Macron Invites Trump to Paris for Bastille Day

Aurelien Breeden

PARIS — They have had their differences, but when President Emmanuel Macron of France and President Trump spoke by telephone on Tuesday about the threat of a new chemical weapons attack by Syria, Mr. Macron seized the opportunity and invited Mr. Trump to Paris for Bastille Day.

It was not immediately clear whether Mr. Trump would accept the invitation, which was also extended to his wife, Melania, according to a statement from the Élysée Palace. But the traditional military parade in Paris on this Bastille Day, July 14, will also commemorate the 100th anniversary of America's entry into World War I to fight alongside the French, British and other Allies.

While relations between French and American leaders have been marked by friendship and friction since then, Mr. Macron and Mr. Trump got off to a rocky start.

During the French presidential election, Mr. Trump did little to conceal his preference for Mr. Macron's chief opponent, Marine Le Pen of the far-right National Front.

And when the two presidents met for the first time, in Brussels during a NATO summit meeting on May 25, they engaged in the now-famous extended handshake. Even though they kept smiling, their knuckles turned white from the powerful grip. Later that day, at another gathering, Mr. Trump seized Mr. Macron's hand.

And after Mr. Trump announced that the United States would withdraw from the Paris agreement on climate change, Mr. Macron strongly defended the accord. "I can assure you," he said in English, "France will not give up the fight." He capped off those remarks with a twist on the Trump campaign slogan: "Make our planet great again."

In February, during the presidential campaign, he posted a video inviting American climate scientists to move to France since "your new president" is "extremely skeptical about climate change."

But during the final stages of the contest against Ms. Le Pen, Mr. Macron avoided attacking the American president directly. Since then, he has been more optimistic

about Europe's ability to work with Mr. Trump than some of his European counterparts, like the German chancellor, Angela Merkel.

"In terms of the fight against terrorism, he has the same drive for efficiency that I do," Mr. Macron said in an interview with a group of European newspapers last week. He added, "I don't share some of his choices, above all on the climate issue."

They are to meet again at the Group of 20 summit meeting in Hamburg, Germany, which begins on July 7 — a week before Bastille Day.

**Los
Angeles
Times**

Editorial : The EU fires a warning shot at Google and other Internet giants

Alphabet Inc.'s most successful product — the Google search engine — may now be its most problematic. On Tuesday, the European Commission's top antitrust regulator levied a \$2.7-billion fine against Alphabet and Google for the way the search engine handles requests for information about products.

Specifically, Commissioner Margrethe Vestager said that Google skewed its results to bury links to rival companies' comparison shopping sites while prominently featuring its own service, Google Shopping. Google responded that it's simply trying to give users what they want and denied "favoring ourselves, or any particular site or seller." It has a lot at stake: Google has integrated many different offerings into its search engine, including its mapping and travel services. The principle advanced by Vestager, however, is a good one: Giant online companies should not be able to take advantage of their dominance in one field to hurt competitors in another.

It's a lesson that Microsoft laid out — involuntarily — for the tech

companies that would follow in its wake. The software company built a near monopoly in the market for personal computer operating systems, then integrated a series of unrelated products into its Windows operating system, including a Web browser and a digital media player. Those moves helped destroy what had until then been the leading browser maker while draining market share from the pioneering maker of streaming software, bringing down the wrath of the U.S. Department of Justice in the late 1990s.

If Alphabet fails to comply with the commission's order, it could face a huge additional penalty.

Google's argument echoes the one Microsoft made: It integrated Google Shopping, which offers links to products at sites that advertise on Google, into its search engine because that gave users quicker access to the information they were seeking. And in the United States, the key question in antitrust law is whether a company's behavior hurts users, not whether it hurts the company's competitors.

European regulators focus more on competitors, but they really are two sides of the same coin. If competitors are unfairly closed out, the public can miss out on the very real benefits that vigorous competition provides.

At the same time, it's undeniable that the public has welcomed virtual monopolies in search, social media and other services in the Internet era. A large part of the appeal of sites like Facebook, Twitter and Snapchat is that so many people use them. There's a network effect for social media apps in particular — the more people who use the service, the more valuable it becomes to them.

Meanwhile, start-ups come out of nowhere to create whole new categories of must-have apps and products online. That means dominant companies have to innovate too, or else they can easily change from today's thing to yesterday's (see: MySpace, Yahoo). And often, that innovation involves finding a better way to do something that a competitor is doing.

The challenge for regulators is to provide the big companies space to

try new things without running roughshod over the market, closing out other companies and reducing consumer choice, which will ultimately lead to less innovation. A good place to start is by focusing on cases where there is evidence of intentional undermining of competitors — where a dominant company alters the platform it provides not just to feature its own services, but to make it harder to find or use its rivals'.

European and U.S. regulators also need a common approach to protecting competition and innovation. Otherwise, the risk is that incompatible regulatory schemes will effectively fence off parts of the Internet, requiring companies to offer different products and services in different parts of the world.

If Alphabet fails to comply with the commission's order, it could face a huge additional penalty: daily fines of up to 5% of its average worldwide revenues. That's a powerful warning to Internet giants not to innovate in ways that discriminate against their competitors. Regulators need to be careful, though, not to stop them from innovating at all.

**THE WALL
STREET
JOURNAL**

Google Slapped With \$2.7 Billion EU Fine Over Search Results (UNE)

Natalia Drozdik Schechner
and Sam

BRUSSELS—The European Tuesday fined Alphabet Inc.'s Union's antitrust regulator on GOOGL -2.47% Google a record

€2.42 billion (\$2.71 billion), saying its search engine stacks the deck in favor of its own comparison-shopping service.

The move, which follows more than seven years of investigations, threatens far-reaching ramifications not just for Google, but for the design of products and services from other increasingly dominant tech giants.

If the ruling sets a precedent that sticks, Google and other large tech firms may be forced to rethink how they plan to profit from some of their most popular offerings.

Antitrust experts and tech executives say that question arises in areas where tech giants have introduced major innovations—like Google's search engine—that become gateways to the internet. EU regulators worry that tech firms, by inserting themselves into such a key role of funneling and directing consumer traffic, could take unfair advantage.

In her announcement of the Google decision, EU antitrust chief Margrethe Vestager stressed that dominant companies have special "responsibilities" not to hinder competition. "They are not allowed to abuse their power in one market to give themselves an advantage in another," she said.

Google General Counsel Kent Walker said "we respectfully disagree with the conclusions announced today." The company said it will review the decision and consider an appeal.

How Google ends up changing its business model to comply with the EU ruling "could eventually apply to any way that Amazon, Facebook or anyone else offers to search for products or services" depending on "what sort of bottleneck they impose on the process,"

said Michael A. Carrier, a law professor at Rutgers University.

Tuesday's fine is the latest broadside by European authorities against Silicon Valley, at a time when tech firms face few regulatory challenges in the U.S. or elsewhere. The EU has already indicated it is looking at the same potential issue in relation to some of the newest innovations Silicon Valley is pushing, including voice-activated digital assistants, which often provide a sole answer in response to a query.

At the heart of the EU's case is what regulators believe is Google's outsized control over internet traffic. Google handles about 92% of global internet searches, according to research firm StatCounter. For product-related searches, such as "gas grill" or "smartphones," Google often returns a series of ads atop its search results that link to retailers' sites. Merchants pay Google each time a user clicks on their respective ad.

Comparison-shopping sites operate similarly, charging merchants for clicks, but they say their traffic has plummeted in recent years as Google expanded its own shopping service. Links to those shopping sites typically appear much lower in Google search results, which the EU says gives Google an illegal advantage.

Google says users prefer links that send them directly to a merchant's site to buy a product, rather than another comparison-shopping site. Mr. Walker said the company believes its service benefits users and helps European merchants compete against e-commerce giants Amazon and eBay Inc. He added that regulators also erred in not considering Amazon and eBay as competitors to Google, pointing to a 2016 study by marketing firm

BloomReach that said more than half of internet users start their shopping searches on Amazon.

The EU's fine is more than double what had been the bloc's previous record penalty for a company it found had abused its market position—a €1.06 billion fine on Intel Corp. in 2009. While the penalty is larger than many had expected, it's one Alphabet can easily afford, considering its \$92 billion in cash and liquid securities on hand.

As part of its decision, the EU ordered Google to treat rival comparison-shopping services equally in its search results, but it left it up to Google to figure out how. Google has 90 days to comply with the order to change its services, or faces penalties of up to 5% of average daily global revenue for each day it doesn't comply.

That could mean no more shopping ads in Europe. More likely, analysts said, Google will propose rebuilding the service. EU regulators may require Google to retool the system in a way that would allow results from competing comparison-shopping sites to get mixed in and be as easy to click through as Google-hosted ads.

Losing those ads would deliver a hit to Google revenue. Company executives have repeatedly highlighted the ads in recent quarters as a growth driver for its core search-ad business. Such ads now account for roughly 52% of clicks on retailers' Google search ads, up from about 25% three years ago, according to digital-marketing firm Merkle Inc.

Google will need to comply with the order regardless of any appeals or court action. Google has three months to pay Brussels. If it chooses to appeal, it has the option of transferring a bank guarantee pending the outcome of the appeal.

The fine and broad remedy order mark an escalation in Brussels' fight over whether the Mountain View, Calif., firm has used its dominance as a cudgel to promote its own services at the expense of competitors.

They are also the first to come from multiple probes the commission has opened into Google. Three have resulted in formal charges: on comparison shopping, on Google's Android mobile operating service and on its AdSense advertising service. Google has rejected accusations it breaches EU competition law and said it disagrees with the concerns in other areas.

News Corp., owner of The Wall Street Journal, is an interested third party in the shopping case, meaning it can participate in the investigation. The company has also formally complained to the EU about Google's handling of news articles in search results.

The EU's decision in the shopping case could expedite its probes into Google's conduct with other services. Ms. Vestager said the finding of Google's dominance in search in the shopping case would be a starting point for a legal review in other search services.

Tuesday's move also highlights its divergence with U.S. regulators in their approach to Google. The Federal Trade Commission closed a probe into Google's search practices in 2013 after the company agreed to voluntary changes. Some firms have been lobbying U.S. regulators to reopen the case.

—Jack Nicas contributed to this article.



Bershidsky : Google Is Fighting a Losing Battle With the EU

Leonid Bershidsky

The unexpectedly large fine the European Commission has slapped on Google -- 2.4 billion euros (\$2.7 billion) -- is evidence that the search giant's relationship with European regulators is now a vicious circle of escalation. Google's reluctance to give up any revenue from its fastest-growing ad format may lead to significant, unpredictable losses in its biggest market outside the U.S.

The case in which Competition Commissioner Margrethe Vestager announced the fine on Tuesday is seven years old. It began when the U.K. shopping comparison engine Foundem complained to the

commission that Google was promoting its own rival service, then called Google Product Search and later renamed Google Shopping, to the detriment of competitors. The case grew as other European and U.S. companies jumped on the bandwagon. Google thought its troubles were over in 2014 when it almost agreed on a settlement with Vestager's predecessor Joaquin Almunia -- but the complainants were acutely unhappy with the proposed document. They didn't want to buy ads that Google promised to place at the top of the search results page, insisting instead that Google display "organic" results.

One could argue whether such a thing as "organic" search is even possible with a proprietary algorithm, but that was moot -- the complainants were on the warpath, so Google decided to fight it out. Vestager apparently responded to the challenge by spending countless hours of her staff's time studying terabytes of evidence to make a solid case. In the process, the commission's investigation expanded with one case dealing with AdSense ads and another with the Android mobile operating system.

Google is nothing if not rational. It would have agreed to a compromise had the stakes been lower. But so-called product listing ads -- the kind

displayed in the Google Shopping modules that appear to the right of search results if your query looks like you're trying to buy something -- have been growing faster in recent years than Google's traditional text ads. In the first quarter of this year, they accounted for more than half of retail search ad clicks, and advertiser spending on them rose 32 percent year-on-year. Making these ads less prominent or removing them from search results altogether would have resulted in a sharp revenue drop. Vestager is aware of that, and the size of the fine reflects her intention to drive home to Google that noncompliance won't be worth it.

If the commission deems that Google hasn't changed its behavior within 90 days, it will start charging an additional daily fine of up to 5 percent of Google's global daily revenue, currently about \$12.5 million. Besides, Vestager said on Tuesday that Google's competitors were now liable to sue it in national courts using the commission's decision as justification for further rewards.

The economics of continuing the fight aren't really in Google's favor now. Its parent company, Alphabet, made \$8.1 billion of revenue in Europe, the Middle East and Africa in the first quarter of the year. That's a third of its revenue and probably a higher share of net income, given that it barely pays any taxes in Europe (according to Google's 2016 annual report, the "foreign tax differential" reduced its effective tax rate by 11 percentage points). If Europe accounts for 40 percent of the company's net income, it delivered \$2.2 billion to Alphabet in the first quarter. Vestager's fine alone eats up more than that. The maximum daily noncompliance fine would destroy almost two quarters' profit in a year.

And then there are almost certain further penalties from national courts. It's worth losing some -- not all -- of the product listing ad revenue to avoid such an outcome.

Google has announced that it "respectfully disagrees" with the commission's decision and intends to look into appealing it. That's a difficult path to take -- just ask Microsoft, which fought the commission with all it could and lost all of its appeals in eight years of litigation. In fact, the commission has a strong record in abuse of monopoly position cases. From 2000 to 2011, the EU's General Court did not fully annul a single one of the 14 commission decisions that were appealed to it, though it canceled parts of four decisions. It has revised only two out of 11 fines. In subsequent years, not a single large fine has been overturned.

It's possible that Intel, hit with a 1.06 billion euro fine last year for offering rebates to computer makers for buying most of their chips from it, and not from competitor AMD, will shoot a hole in that record in 2018. After losing in the General Court, Intel appealed the commission's

decision in the European Union's highest court, the Court of Justice. Last fall, one of that august body's Advocates General -- advisers whose briefs are mostly followed by the judges -- delivered an opinion in Intel's favor. This preliminary success is encouraging to Google. But then, the case against Intel appears weaker: It's harder to prove that its rebates hurt the competition or consumers than to demonstrate that Google's preferential display of its own product listings took traffic away from competitors.

Google's case isn't easy to argue. Its market position in Europe is unquestionably dominant. It has, and uses, the power to promote offerings from retailers who pay it. It hasn't seen fit to promote other comparison services.

As a consumer, I'm actually on Google's side: I've found that Google shopping works better than the competition. No one is really limited to using the service that is displayed the most prominently on the first search result page; I've gone to check out some others and was underwhelmed.

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But from a risk-reward perspective, Google should probably stand down and agree a remedy with Vestager's office, in this and the other two cases. By playing nice for a change, Google can, among other things, reduce the likelihood of new investigations. Its tax arrangements in Europe are highly suspect. It promotes its own restaurant and travel listings over those of rivals. It's a big fat target, and the commission is unlikely to leave it alone if it plays the insolent American cowboy. Yes, there's always this element of anti-Americanism to punitive European rulings against big U.S. companies -- but then it's usually worth it to go local in large markets such as Europe and try to play by the rules, even if they don't always seem fair.

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THE WALL STREET JOURNAL

Euro Rallies on ECB Chief's Upbeat Comments

Chelsey Dulaney

The euro notched its biggest daily rise against the dollar in a year on Tuesday after upbeat comments from European Central Bank President Mario Draghi fueled speculation that the central bank could soon unwind its quantitative easing program.

The euro surged 1.4% to \$1.1340, its biggest one-day percentage gain since last June.

In a closely watched speech at the ECB's annual economic-policy conference, Mr. Draghi said the ECB's stimulus will be gradually withdrawn as the eurozone economy improves.

"As the economy continues to recover, a constant policy stance will become more [stimulative], and the central bank can accompany the recovery by adjusting the parameters of its policy instruments," Mr. Draghi said.

The ECB is widely expected to announce in September or October that it will start to wind down its bond purchases in 2018. Expectations for tighter monetary policy from the ECB have driven the euro up nearly 8% against the dollar this year, making it the best-performing developed-market currency.

Meanwhile, the dollar was mixed as investors digested comments from

Federal Reserve officials and developments in Washington.

The WSJ Dollar Index, which measures the U.S. currency against 16 others, fell 0.4% to 88.35. The dollar slid against the euro and oil-linked currencies such as the Swedish krona but rose against the Japanese yen and many emerging-market currencies.

In a speech Tuesday, Federal Reserve Chairwoman Janet Yellen reiterated her view that interest rates will continue to rise gradually.

Investors have been watching speeches from Fed officials closely after the central bank stuck to its projection for one more interest-rate

increase in 2017 at its meeting earlier this month despite a recent slowdown in inflation.

"We would be worried if expectations were slipping, as that could make low inflation endemic," Ms. Yellen said on Tuesday.

Senate Republicans' decision to delay voting on a bill to replace much of the Affordable Care Act added to pessimism surrounding the dollar, analysts said. The delay reignited worries about the Trump administration's ability to push through its policy proposals, which helped drive the dollar to a 14-year-high after the November election.

THE WALL STREET JOURNAL

ECB's Draghi Hints at Possible Winding Down of Eurozone Stimulus (UNE)

Tom Fairless

SINTRA, Portugal—The euro soared to its biggest one-day gain against the dollar in a year and eurozone bond prices slumped after European Central Bank President Mario Draghi hinted the ECB might start winding down its stimulus in response to accelerating growth in Europe.

Any move by the ECB toward reducing bond purchases would put it on a similar policy path as the

Federal Reserve, which first signaled an intent to taper its own stimulus program in 2013. But the ECB is likely to remain far behind: The Fed has been raising interest rates gradually since December 2015, while the ECB's key rate has been negative since June 2014.

Mr. Draghi's comments, made Tuesday at the ECB's annual economic policy conference in Portugal, were laced with caution and caveats. But investors interpreted them as a cue to buy

euros and sell eurozone bonds, a reversal of a long-term trade that has benefited from the central bank's €60 billion (\$67.15 billion) of bond purchases each month.

"All the signs now point to a strengthening and broadening recovery in the euro area," Mr. Draghi said.

Following Mr. Draghi's comments, the euro jumped 1.4% against the dollar, the largest daily percentage rise since June 2016, to end U.S.

trading at \$1.1340. It is the euro's highest level against the greenback since August 2016.

The yield on government debt in countries such as Germany and Italy also rose sharply. Bond yields rise as prices fall.

The €2.3 trillion bond-buying program has had a large impact on financial markets, and Tuesday's moves indicate that investors are girding for the day it ends. The bond purchases helped drive down

borrowing costs, which economists say aided growth and investment.

Until now, the ECB's top officials have carefully avoided discussing the future of their bond-buying program, also referred to as quantitative easing, which is due to continue through December. They worry that such a discussion could lead to a repeat of the turmoil in financial markets four years ago, known as the taper tantrum, when the Fed signaled it would wind down its QE. That might upset the region's economic recovery.

On Tuesday, though, Mr. Draghi appeared to shift course. He argued that leaving the ECB's policy unchanged as the euro area's recovery strengthened would amount to increasing its stimulus—a hint that policy makers will instead start to reduce their bond purchases rather than maintain the status quo.

"Today Draghi moved his first step towards indicating that ECB monetary policy will become less [stimulative] in 2018," said Marco Valli, an economist with UniCredit in Milan.

Pressure has been mounting on the ECB to change course as evidence accumulates that its aggressive stimulus is bearing fruit and as political uncertainty in the region fades following Emmanuel Macron's

election as French president.

"Political winds are becoming tailwinds," Mr. Draghi said. "There is newfound confidence in the reform process, and newfound support for European cohesion, which could help unleash pent-up demand and investment."

The eurozone has notched 16 straight quarters of economic growth, creating more than six million jobs, and business- and consumer-confidence indicators have risen to multiyear highs.

The change comes as the Fed signals it will continue to raise interest rates over the coming years. Fed officials indicated earlier this month they are on course to raise borrowing costs once more in 2017, after increasing the bank's benchmark rate twice this year to the current range between 1% and 1.25%. The U.S. central bank also plans to begin reducing the amount of bonds it holds.

Earlier this month, the ECB took a tiny step toward ending its stimulus by signaling it probably wouldn't cut interest rates any further below zero. Many analysts expect the central bank to announce in September or October that it will start early next year to taper, or wind down, its QE program.

Mr. Draghi didn't directly address the question of timing. He instead emphasized the positive developments in the eurozone, including quickening economic growth and reduced political uncertainty.

Michael Schubert, an economist at Commerzbank in Frankfurt, said the latest remarks were "another sign suggesting that the central bank is moving towards an exit" from its stimulus.

Still, the ECB chief stressed that moves to stop bond purchases would "have to be made gradually," and only when the path of growth and inflation was "sufficiently secure."

Some analysts called for caution. "We don't think we should be surprised by" Mr. Draghi's comments, economists at Bank of America Merrill Lynch wrote in a research note. "What he said today is also consistent with a very slow exit."

If so, that would disappoint officials in Northern Europe, who have been pressing for a swift end to the ECB's monetary stimulus. In Germany, Europe's largest economy, officials have called for years for an end to policies they complain hurt savers and pensioners.

The dilemma for ECB officials is that while eurozone growth is accelerating, outpacing the U.S. in the first quarter, the area's inflation rate remains weak. It slid to 1.4% in May, some way below the ECB's target of just under 2%.

Nevertheless, Mr. Draghi said fears of deflation, a destructive cycle of price and wage declines, had passed. These worries played into the ECB's decision to launch QE in the first place.

"Deflationary forces have been replaced by reflationary ones," he said.

Mr. Valli of UniCredit said the ECB might reduce its monthly bond purchases to €40 billion in the first half of next year, followed by a further reduction to €20 billion a month in the second half of the year. That would be a slower pace of stimulus reduction than many analysts expect.

However, the ECB is expected to face a challenge if it wants to extend QE much beyond the middle of next year. The central bank is soon expected to start running short of bonds to buy, particularly German debt, due to self-imposed constraints in the design of QE.

THE WALL STREET JOURNAL

Draghi Sparks Selloff in Global Bonds

Min Zeng

European Central Bank President Mario Draghi sparked a broad wave of selling in government bonds of the developed world, highlighting investors' vulnerability when major central banks pivot toward a less accommodative monetary policy.

The center of the selling was government bonds in the eurozone. The yield on the 10-year German bund, the benchmark for the eurozone's debt markets, posted the biggest one-day rise since Dec 2015, according to Tradeweb. Yields rise as bond prices fall.

The selling pressure spread to government bonds in Denmark, Sweden, the U.K. and the U.S., pushing up the yield on the benchmark 10-year Treasury note from its 2017 low set Monday. The yield on the benchmark 10-year Treasury note settled at 2.198%, up from 2.135% on Monday.

Mr. Draghi hinted Tuesday that the ECB might start winding down its large monetary stimulus as the eurozone economy picks up speed, even as he warned against an abrupt end to years of easy money.

The comment surprised many investors because Mr. Draghi appeared to be more hawkish compared with his comment earlier this month, fueling anxiety that the value of government bonds would fall when the central bank starts reducing its monthly large bond purchases.

"It is the risk that policy accommodation may be removed sooner than previously thought, spelling trouble for investors," said Christopher Sullivan, chief investment officer at the United Nations Federal Credit Union.

The yield on the 10-year German bund rose to 0.37%, the highest close since May 24, compared with 0.249% Monday, according to Tradeweb.

Italy's bond market was the hardest hit with the 10-year bond yield soaring to 2.052% from 1.893% Monday, according to Tradeweb.

The ECB's large bond buying program, along with that from the Bank of Japan, has been a big factor pushing down global government bond yields to their historically low levels over the past few years. The buying has helped keep a lid on the U.S. Treasury

bond yields even as the U.S. labor market is approaching full employment and the Federal Reserve has raised interest rates four times since Dec. 2015.

Tuesday's selling reminds bond investors the broad ripples from central bank policies as these banks are becoming a large presence in the world's major government debt market. As the world's financial markets are increasingly correlated and with trading increasingly automated, a selloff or rally in one market easily transmits into other peers.

Investors remember the 2013 taper tantrum in the Treasury market. The 10-year Treasury yield soared after bond investors were spooked by then Fed Chairman Ben Bernanke's comments that the central bank may start reducing bond buying soon. The selloff rippled to other bond markets, pushing up long-term borrowing costs for consumers and businesses and undercut the growth momentum.

The German government bond market led a broad selloff in 2015 when concerns grew over the ECB's bond buying program, showing how vulnerable these haven bond markets—among the world's most

liquid assets—have become due to unconventional monetary policy. Critics have said that the bond buying program has distorted bond market signals, and investors are finding it hard to put a price tag on bonds' valuation.

Brian Brennan, portfolio manager at T. Rowe Price, said the risk of a tantrum type of selloff is low at the moment. Still, Mr. Brennan said government bonds are rich in valuation and investors tend to "frontrun" central bank policies, which leaves bondholders vulnerable when sentiment sours.

Central bankers have been careful in managing market expectations to avoid another bond market rout that would hurt the broader economy. Fed Chair Janet Yellen said Tuesday that the central bank intends to "very gradually and predictably" shrink its balance sheet, another step in its plan to normalize interest rate policy.

Officials from the ECB and BOJ have been cautious too. So far, top ECB officials have avoided discussing the future of their bond purchases after December, when the program is currently set to end.

Mr. Draghi said Tuesday that the ECB's stimulus policies are working and will be slowly withdrawn as the

economy accelerates. However, he warned that "any adjustments to our stance have to be made gradually,

and only when the improving dynamics that justify them appear sufficiently secure."

THE WALL STREET JOURNAL

Hedge Fund Activists See More Opportunities in European Companies

Laurence Fletcher

Activist hedge fund Third Point LLC's \$3.5 billion stake in Nestlé threatens to make life awkward for the world's largest packaged-food company. Several funds in Europe's nascent market for shareholder activism are already creating a nuisance for the region's companies for much less money.

A number of managers have recently made trades in which they've snapped-up shares in a European company controlled by a larger owner—often one trying to buy up the remaining shares of that company.

Using tactics ranging from letters to the board to threats of legal action, funds often allege unfair or abusive practices by the majority owner that they say could depress the value of their stakes. One possible outcome is that the bigger owner, either on merit, or simply to put matters to bed, buys out the investor at a favorable price.

Hedge funds' calls for change are often strengthened because rules in some European countries can offer minority shareholders greater protection than they may be afforded elsewhere.

"The bet by the activist is that the bidder has got so much face invested in the company, are they really not going to pay an extra few percent?" said a senior executive at one of Europe's largest hedge

funds, which runs more than \$10 billion in assets.

Elliott Advisors, the European affiliate of Paul Singer's Elliott Management Corp., is involved in a number of such battles. These include a dispute with Japanese electronics maker Hitachi Ltd., the majority owner of Italian rail signaling firm STS Ansaldo.

STS didn't immediately respond to a request for comment.

The hedge fund, which this year set up a website to put forward its case, has highlighted what it says "appears to be the collusive nature" of Hitachi's purchase. "Hitachi has vigorously contested this claim at each possible occasion. No evidence of collusion has ever been provided," said a Hitachi spokesman.

Paris-based activist CIAM, already involved in a long-running legal dispute with Walt Disney Co. over its actions in relation to Euro Disney, has this month filed a criminal lawsuit over the way Altice NV has used the assets of telecoms company SFR Group, which it majority owns. Last month CIAM wrote to SFR's board, expressing concerns about a fee it said would be paid to use Altice's brand. A spokesman for Altice said this issue had been "answered in a precise and complete manner without raising any comment" from CIAM.

"Majority shareholders often consider that minority shareholders

don't exist," said Catherine Berjal, CEO of CIAM, speaking more broadly. "We have to remind them that they do." She said the proportion of her portfolio focused on minority rights trades had risen in recent years.

Reade Griffith, who is founding partner at London-based Polygon Global Partners LLP and who runs \$850 million in event-driven assets, said minority-rights trades was an area he currently sees as particularly attractive.

"European regulatory regimes are generally more protective of minority shareholders than you see in U.S. We keep a particularly close eye on changes in the ownership stakes of majority shareholders as part of our investment process," said Mr. Griffith.

While individual situations will vary, these trades can be particularly attractive when markets are rising and the economy is improving, as has been the case in a resurgent Europe since the start of the year. A large investor trying to buy a majority stake or the entire company may be a signal to a hedge fund that the target company's underlying business is improving more quickly than the market realizes.

Meanwhile, rules in Europe, while fragmented across countries, tend to give smaller shareholders more protection than in the U.S. Thresholds at which minority shareholders can be forcibly

'squeezed out' of a company tend to be higher.

"A rising economy, in which people and companies are more confident about what's going on and where financing is readily available, is a perfect environment for squeezeouts," said Christopher Rossbach, managing partner of London-based investment company J. Stern & Co. Squeezeouts is a term sometimes used to describe these trades.

Europe could see more of such trades because the different rules in different countries make for greater opportunities for arbitrage, he said. "Investors are getting better at understanding and standing up for their rights," he said.

In Europe—traditionally seen as hard work for little return for activists—campaigns are on the rise, helped by cheap valuations and a greater willingness among institutional investors to cooperate with activists.

Last year 61 companies in mainland Europe were publicly subjected to activist demands, according to data firm Activist Insight, up from 48 the previous year and 28 in 2014. So far this year, as of June 26, 35 companies have already been targeted.

—David Benoit contributed to this article.

The Washington Post

European Cities Are Just Saying 'No' to Scandal-Tinged Diesel Vehicles

William Boston

BERLIN—Large European cities from Munich to Madrid are banning or restricting diesel vehicles amid mounting alarm over toxic emissions, presenting a major challenge to European car makers who sell millions of them.

National governments have been slow to react to a string of scandals that have exposed diesel engines as far bigger polluters than advertised. But these cities, goaded by environmental groups, are emerging as the leaders of an antidiesel movement that is forcing Europe's car industry to rethink its future.

Among the cities considering or seeking a ban on diesel vehicles or an environmental tax are BMW AG's BMW +1.01% hometown Munich, and Stuttgart, which hosts Daimler

AG DMLRY 0.36% and Porsche SE . POAHY -0.18% Their message to Europe's car makers: If you can't clean diesel, we will.

"Cities are sending a signal to the public and manufacturers that there is a preference for clean vehicles," said Ray Minjares, a researcher at the International Council on Clean Transportation. The group uncovered emissions cheating by German car maker Volkswagen AG that has drawn attention to the issue over the past two years.

The scandal, which has since spread to other auto makers, started in the U.S. But less than 5% of U.S. cars are diesels, compared with half of all new European cars sold—some 85 million on the road.

The European Union took center stage after it set aggressive targets

to reduce carbon-dioxide emissions to fight climate change.

European auto makers, especially the Germans, bet big on diesel as their main tool to reduce carbon-dioxide emissions. Diesel burns more efficiently than gasoline, so it gets better mileage and emits less carbon dioxide. The industry pushed it and won support from European governments, which have subsidized diesel through lower taxes since the 1990s.

Climate change isn't the only issue. A study co-authored by Mr. Minjares concluded that just one pollutant from diesel engines caused 107,600 premature deaths world-wide in 2015. Around 80% of them were in Europe, China and India.

But car makers will be hard-pressed to shift from diesel and still meet

European greenhouse-gas targets. Demand for electric cars is still less than 2% of global auto sales. All sales of new electric vehicles, including plug-in hybrids, accounted for just 1% of the 14.6 million new cars sold in the EU last year.

German car makers and unions are worried about the impact on their livelihoods. More than half the European sales of Germany's top brands, including BMW, Mercedes-Benz, Audi and Porsche, sport diesel engines.

Dieter Zetsche, CEO of Daimler, which owns Mercedes, said this week that "driving bans are a political response, but will not lead to real change because they can't really be implemented."

Germany's largest industrial union, IG Metall, also objects, in part

because they say bans would disproportionately hurt poorer drivers. Car makers, it says, should make older engines cleaner while politicians should promote electric vehicles and invest in technology to improve traffic flows.

"Such a sweeping demand is nonsense," Roman Zitzelsberger, head of IG Metall's southwestern Germany chapter, said this week.

The German auto industry is offering a trade off: It has offered to update software on middle-age diesel vehicles on the road in Germany to bring them in line with modern emissions standards if bans are dropped. But nearly half of the 15 million diesel cars on the road in Germany are too old to fix.

The mayors driving the movement say they have little choice. As traffic hubs, they suffer some of the world's most toxic air. And since the Volkswagen scandal discredited "clean diesel," a barrage of court orders is forcing them to address the issue.

In car-crazy Germany, where Rudolf Diesel invented the eponymous engine, Stuttgart will begin next year to ban all but the most modern diesels, around 90% of them. Munich, which is considering a similar step, must present a plan by week's end to drastically cut the city's chronic pollution, in response to a court ruling.

Paris, which prohibits any diesel vehicle made before 1997 from

driving in the city, will extend the ban in July to diesel vehicles made before 2001. That will affect nearly a fifth of the nation's heavy goods vehicles and a smaller percentage of passenger vehicles.

London Mayor Sadiq Khan is creating an ultralow-emission zone with a system of prohibitive road tolls. "The air in London is lethal," Mr. Khan said in April as he unveiled plans to steeply raise the toll on the most polluting vehicles starting in 2019.

Oslo, the Norwegian capital, enacted a diesel ban in January as winter smog smothered the city, fining violators nearly \$180. The ban, in effect from 6 a.m. to 10 p.m.,

was lifted once winds picked up and the air cleared.

The strategy is gaining traction beyond Europe. Mexico City joined Paris, Athens, and Madrid at a mayors' conference in December in a pledge to ban all diesel vehicles from their cities by 2025. Seoul plans to ban diesel made before 2006 from driving in the city's central districts.

"It is correct and important to discuss driving bans," Dieter Reiter, Lord Mayor of Munich, said this month.

**The
Washington
Post**

Massive cyberattack hits Europe with widespread ransom demands

MOSCOW — A new wave of powerful cyberattacks hit Europe and beyond on Tuesday in a possible reprise of a widespread ransomware assault in May. Affected were a Russian oil giant, a Danish shipping and energy conglomerate, and Ukrainian government ministries, which were brought to a standstill in a wave of ransom demands. The virus even downed systems at the site of the former Chernobyl nuclear power plant, forcing scientists to monitor radiation levels manually.

Cyberattacks also spread as far as India and the United States, where the pharmaceutical giant Merck reported on Twitter that "our company's computer network was compromised today as part of global hack." The New Jersey-based company said it was investigating the attack.

Cyber researchers say that the virus, which was linked to malware called Petrwrap or Petya, used an "exploit" developed by the National Security Agency that was later leaked onto the Internet by hackers. It is the second massive attack in the past two months to turn powerful U.S. exploits against the IT infrastructure that supports national governments and corporations.

The onslaught of ransomware attacks may be the "new normal," said Mark Graff, the chief executive of Tellagraft, a cybersecurity company.

"The emergence of Petya and WannaCry really points out the need for a response plan and a policy on what companies are going to do about ransomware," he said. WannaCry was the ransomware used in the May attack. "You won't want to make that decision at a time of panic, in a cloud of emotion."

Here is what you need to know about ransomware: software that locks down your files and demands payment to release them. Here is what you need to know about ransomware: software that locks down your files and demands payment to release them. (Sarah Parnass, Dani Player, Daron Taylor/The Washington Post)

(Sarah Parnass, Dani Player, Daron Taylor/The Washington Post)

The attack mainly targeted Eastern Europe but also hit companies in Spain, Denmark, Norway and Britain. Victims included the British advertising and marketing multinational WPP and a shipping company, APM Terminals, based at the port of Rotterdam.

But the damage was worst in Ukraine.

Researchers at Kaspersky Lab's Global Research and Analysis Team, in Russia, estimated that 60 percent of infected computers were in Ukraine and 30 percent in Russia.

The hacks targeted government ministries, banks, utilities and other important infrastructure and companies nationwide, demanding ransoms from government employees in the cryptocurrency bitcoin.

[NSA links WannaCry ransomware attack to North Korea]

The hacks' scale and the use of ransomware recalled the massive cyberattack in May in which hackers possibly linked to North Korea disabled computers in more than 150 nations using a flaw that was once incorporated into the National Security Agency's surveillance tool kit.

Cyber researchers have tied the vulnerability exploited by Petya to

the one used by WannaCry — a weakness discovered by the NSA years ago that the agency turned into a hacking tool dubbed EternalBlue. Petya, like WannaCry, is a worm that spreads quickly to vulnerable systems, said Bill Wright, senior policy counsel for Symantec, the world's largest cybersecurity firm. But that makes it difficult to control — or to aim at anyone in particular, he said.

"Once you unleash something that propagates in this manner, it's impossible to control," he said.

Although Microsoft in March made available a patch for the Windows flaw that EternalBlue exploited, Petya uses other techniques to infect systems, said Jeff Greene, Symantec government affairs director. "It's a worm that has multiple ways to spread," he said, which could explain why there are victims who applied the EternalBlue patch and still were affected.

The initial infection was in Ukraine and spread to Europe, said Paul Burbage, a malware researcher with Flashpoint, a cyberthreat analysis firm. Petya differs from WannaCry in that it does not appear to reach out to the Internet and scan for vulnerable systems, he said. It limits itself to the computers linked to the same router, he said.

The ransomware used in the attacks is a variant of Petya called GoldenEye, which was sold on underground forums used mainly by Russian-speaking criminal hackers, he said.

The ransomware hit Europe in the early afternoon. Ground zero was Ukraine. Breaches were reported at computers governing the municipal energy company and airport in the capital, Kiev, the state telecommunications company Ukrtelecom, the Ukrainian postal

service and the State Savings Bank of Ukraine.

Grocery store checkout machines broke down, ATMs demanded ransom payments, and the turnstile system in the Kiev metro reportedly stopped working.

The mayhem reached high into the government. Ukrainian Deputy Prime Minister Pavlo Rozenko on Tuesday tweeted a picture of a computer screen warning in English that "one of your disks contains errors," then adding in all capital letters: "DO NOT TURN OFF YOUR PC! IF YOU ABORT THIS PROCESS, YOU COULD DESTROY ALL YOUR DATA!"

[The next ransomware attack will be worse]

"Ta-Dam!" he wrote. "It seems the computers at the Cabinet of Ministers of Ukraine have been 'knocked out.' The network is down." His spokeswoman published a photograph showing demands for a ransom in bitcoin to release data encrypted by the virus.

Suspensions in Ukraine quickly fell on Russia, which annexed Crimea in 2014 and has been blamed for several large-scale cyberattacks on Ukraine's power infrastructure. But no proof of the attack was presented, and Russian companies, like the oil giant Rosneft, also complained of being hit by a "powerful hacking attack." Photographs leaked to the news media from a Rosneft-owned regional oil company showed computers displaying ransomware demands similar to those in Ukraine.

The virus also brought havoc to Western Europe. A.P. Moller - Maersk, a Danish transport and energy conglomerate, announced that "Maersk IT systems are down

across multiple sites and business units due to a cyber attack."

The company was trying to determine exactly

how broad the attack was. "We are assessing the situation, and of course the safety of our employees and our operations alongside our

customers' business — these are our top priorities," Maersk spokeswoman Concepción Boo Arias said.

The New York Times

Sheera Frenkel

Computer systems from Ukraine to the United States were struck on Tuesday in an international cyberattack that was similar to a recent assault that crippled tens of thousands of machines worldwide.

In Kiev, the capital of Ukraine, A.T.M.s stopped working. About 80 miles away, workers were forced to manually monitor radiation at the old Chernobyl nuclear plant when their computers failed. And tech managers at companies around the world — from Maersk, the Danish shipping conglomerate, to Merck, the drug giant in the United States — were scrambling to respond. Even an Australian factory for the chocolate giant Cadbury was affected.

It was unclear who was behind this cyberattack, and the extent of its impact was still hard to gauge Tuesday. It started as an attack on Ukrainian government and business computer systems — an assault that appeared to have been intended to hit the day before a holiday marking the adoption in 1996 of Ukraine's first Constitution after its break from the Soviet Union. The attack spread from there, causing collateral damage around the world.

The outbreak was the latest and perhaps the most sophisticated in a series of attacks making use of dozens of hacking tools that were stolen from the National Security Agency and leaked online in April by a group called the Shadow Brokers.

Like the WannaCry attacks in May, the latest global hacking took control of computers and demanded digital ransom from their owners to regain access. The new attack used the same National Security Agency hacking tool, Eternal Blue, that was used in the WannaCry episode, as well as two other methods to promote its spread, according to researchers at the computer security company Symantec.

The National Security Agency has not acknowledged its tools were used in WannaCry or other attacks. But computer security specialists are demanding that the agency help the rest of the world defend against the weapons it created.

"The N.S.A. needs to take a leadership role in working closely with security and operating system

Cyberattack Hits Ukraine Then Spreads Internationally (UNE)

Nicole Perlroth, Mark Scott and

platform vendors such as Apple and Microsoft to address the plague that they've unleashed," said Golan Ben-Oni, the global chief information officer at IDT, a Newark-based conglomerate hit by a separate attack in April that used the agency's hacking tools. Mr. Ben-Oni warned federal officials that more serious attacks were probably on the horizon.

The vulnerability in Windows software used by Eternal Blue was patched by Microsoft in March, but as the WannaCry attacks demonstrated, hundreds of thousands of groups around the world failed to properly install the fix.

"Just because you roll out a patch doesn't mean it'll be put in place quickly," said Carl Herberger, vice president for security at Radware. "The more bureaucratic an organization is, the higher chance it won't have updated its software."

Because the ransomware used at least two other ways to spread on Tuesday — including stealing victims' credentials — even those who used the Microsoft patch could be vulnerable and potential targets for later attacks, according to researchers at F-Secure, a Finnish cybersecurity firm, and others.

A Microsoft spokesman said the company's latest antivirus software should protect against the attack.

The Ukrainian government said several of its ministries, local banks and metro systems had been affected. A number of other European companies, including Rosneft, the Russian energy giant; Saint-Gobain, the French construction materials company; and WPP, the British advertising agency, also said they had been targeted.

Ukrainian officials pointed a finger at Russia on Tuesday, although Russian companies were also affected. Home Credit bank, one of Russia's top 50 lenders, was paralyzed, with all of its offices closed, according to the RBC news website. The attack also affected Evraz, a steel manufacturing and mining company that employs about 80,000 people, the RBC website reported.

In the United States, the multinational law firm DLA Piper also reported being hit. Hospitals in Pennsylvania were being forced to cancel operations after the attack hit

computers at Heritage Valley Health Systems, a Pennsylvania health care provider, and its hospitals in Beaver and Sewickley, Penn., and satellite locations across the state.

The ransomware also hurt Australian branches of international companies. DLA Piper's Australian offices warned clients that they were dealing with a "serious global cyber incident" and had disabled email as a precautionary measure. Local news reports said that in Hobart, Tasmania, on Tuesday evening, computers in a Cadbury chocolate factory, owned by Mondelez International, had displayed ransomware messages that demanded \$300 in bitcoins.

Qantas Airways' booking system failed for a time on Tuesday, but the company said the breakdown was due to an unrelated hardware issue.

The Australian government has urged companies to install security updates and isolate any infected computers from their networks.

"This ransomware attack is a wake-up call to all Australian businesses to regularly back up their data and install the latest security patches," said Dan Tehan, the cybersecurity minister. "We are aware of the situation and monitoring it closely."

A National Security Agency spokesman referred questions about the attack to the Department of Homeland Security. "The Department of Homeland Security is monitoring reports of cyberattacks affecting multiple global entities and is coordinating with our international and domestic cyber partners," Scott McConnell, a department spokesman, said in a statement.

Computer specialists said the ransomware was very similar to a virus that emerged last year called Petya. Petya means "Little Peter," in Russian, leading some to speculate the name referred to Sergei Prokofiev's 1936 symphony "Peter and the Wolf," about a boy who captures a wolf.

Reports that the computer virus was a variant of Petya suggest the attackers will be hard to trace. Petya was for sale on the so-called dark web, where its creators made the ransomware available as "ransomware as a service" — a play on Silicon Valley terminology for delivering software over the internet, according to the security firm Avast Threat Labs.

That means anyone could launch the ransomware with the click of a button, encrypt someone's systems and demand a ransom to unlock it. If the victim pays, the authors of the Petya ransomware, who call themselves Janus Cybercrime Solutions, get a cut of the payment.

That distribution method means that pinning down the people responsible for Tuesday's attack could be difficult.

The attack is "an improved and more lethal version of WannaCry," said Matthieu Suiche, a security researcher who helped contain the spread of the WannaCry ransomware when he created a kill switch that stopped the attacks.

In just the last seven days, Mr. Suiche noted, WannaCry had tried to hit an additional 80,000 organizations but was prevented from executing attack code because of the kill switch. Petya does not have a kill switch.

Petya also encrypts and locks entire hard drives, whereas the earlier ransomware attacks locked only individual files, said Chris Hinkley, a researcher at the security firm Armor.

The hackers behind Petya demanded \$300 worth of the cryptocurrency Bitcoin to unlock victims' machines. By Tuesday afternoon, online records showed that 30 victims had paid the ransom, although it was not clear whether they had regained access to their files. Other victims may be out of luck, after Posteo, the German email service provider, shut down the hackers' email account.

In Ukraine, people turned up at post offices, A.T.M.s and airports to find blank computer screens, or signs about closures. At Kiev's central post office, a few bewildered customers milled about, holding parcels and letters, looking at a sign that said, "Closed for technical reasons."

The hackers compromised Ukrainian accounting software mandated to be used in various industries in the country, including government agencies and banks, according to researchers at Cisco Talos, the security division of the computer networking company. That allowed them to unleash their ransomware when the software, which is also used in other countries, was updated.

The ransomware spread for five days across Ukraine, and around the world, before activating Tuesday evening.

"If I had to guess, I would think this was done to send a political message," said Craig Williams, the senior technical researcher at Talos.

One Kiev resident, Tetiana Vasyliieva, was forced to borrow money from a relative after failing to withdraw money at four automated teller machines. At one A.T.M. in Kiev belonging to the Ukrainian branch of the Austrian bank Raiffeisen, a message on the screen said the machine was not functioning.

THE WALL STREET JOURNAL

German lawmakers Tuesday cleared the way for a vote this week to legalize same-sex marriage after Chancellor Angela Merkel dropped her opposition to it, a move that frustrated some conservatives in her own party but deprived her opponents of a possible campaign issue.

Ms. Merkel said at an event hosted by a women's magazine Monday night that she believed the question of whether people of the same sex could marry should at some point be voted on in parliament, despite her center-right party's platform defining marriage as the union of a man and a woman.

"I would like to lead this discussion toward a situation in which one can vote one's conscience," Ms. Merkel said in response to a question from an audience member who described himself as gay. "I hope that, despite the campaign, this discussion will be held with great respect and dignity, also for those who have a problem with this decision."

Though no bill to legalize same-sex marriage has been voted on, several have already been submitted to parliament, allowing supporters to respond quickly to the chancellor's

Ukraine's Infrastructure Ministry, the postal service, the national railway company, and one of the country's largest communications companies, Ukrtelecom, had been affected, Volodymyr Omelyan, the country's infrastructure minister, said in a Facebook post.

Officials for the metro system in Kiev said card payments could not be accepted. The national power grid company Kievenenergo had to switch off all of its computers, but the situation was under control, according to the Interfax-Ukraine news agency. Metro Group, a German company that runs wholesale food stores, said its

operations in Ukraine had been affected.

At the Chernobyl plant, the computers affected by the attack collected data on radiation levels and were not connected to industrial systems at the site, where, although all reactors have been decommissioned, huge volumes of radioactive waste remain. Operators said radiation monitoring was being done manually.

Cybersecurity researchers questioned whether collecting ransom was the true objective of the attack.

"It's entirely possible that this attack could have been a smoke screen,"

said Justin Harvey, the managing director of global incident response at Accenture Security. "If you are an evildoer and you wanted to cause mayhem, why wouldn't you try to first mask it as something else?"

Correction: June 27, 2017

An earlier version of this article referred incorrectly to the occupation of Justin Harvey. He is the managing director of global incident response at Accenture Security, not the chief security officer for the Fidelis cybersecurity company.

Angela Merkel Opens Way for Vote on Gay Marriage in Germany

Anton Troianovski

BERLIN—

shift. On Tuesday, Ms. Merkel's challenger for the chancellorship in the September election, Martin Schulz of the center-left Social Democrats, demanded a vote by the end of the week, when the lower house of parliament adjourns for the summer.

Ms. Merkel's Christian Democrats criticized the swiftness of Mr. Schulz's move but signaled they wouldn't try to block a vote. The chancellor repeated in a closed-door meeting with her party's lawmakers Tuesday that they shouldn't feel bound by the party line, a person who was in the meeting said.

The unexpected flurry of events means that Germany, the European Union's most populous country, is now on its way to legalizing same-sex marriage after years of opposition by Ms. Merkel's party.

The vote is expected to pass the Bundestag, the lower house of parliament, where parties that support same-sex marriage control more than half the seats. Because the Social Democrats are the junior partners in Ms. Merkel's governing coalition, they had so far refrained from acting unilaterally.

"There are many countries in Europe in which this is already legal reality," Thomas Oppermann, the

Social Democratic leader in parliament, said Tuesday. "This will now happen in Germany."

Around a dozen EU countries, including France, Spain and Belgium, allow same-sex marriage.

Ms. Merkel was under pressure to update her views on the issue because all her potential coalition partners after the September election—the Social Democrats, the environmentalist Greens, and the business-friendly Free Democrats—had voiced their support for same-sex marriage, which polls show a broad majority of Germans approve.

The chancellor's move was the latest example of her ideological flexibility and her willingness to move her conservative party to the center, analysts said. Conservatives in her party, which for years was dominated by Catholics from the western part of the country, have been frustrated by the way Ms. Merkel has strayed from core party dogma, abandoning nuclear energy, ending mandatory military service, and accepting refugees, among other changes.

"If politicians now plan to approve the possibility of 'marriage' between two people of the same sex, it will depart fully from the traditional, church understanding of marriage,"

a lawmaker in Ms. Merkel's party, Martin Patzelt, said in a statement. "I believe that changing this position is strategically motivated."

Ms. Merkel told lawmakers in their closed-door meeting Tuesday that she had discussed the change in position on same-sex marriage with other party elders before she made her Monday comments, the person who was in the meeting said. She said she would have preferred to have held a vote after the Sept. 24 election, the person said.

But her dropping opposition to gay marriage means the parties opposing Ms. Merkel as she seeks a fourth term will have one less issue to campaign on.

"This confirms her strategy: 'I don't want unnecessary disputes,'" said Gero Neugebauer, a political scientist in Berlin. "It takes a point away from the Social Democrats."

Appeared in the June 28, 2017, print edition as 'Germany Opens Path To Vote on Gay Marriage.'

The New York Times

Angela Merkel Eases Resistance to Same-Sex Marriage in Germany

Alison Smale

BERLIN — The emotional issue of same-sex marriage moved swiftly to the center of Germany's national election campaign on Tuesday after Chancellor Angela Merkel softened her resistance, saying for the first time that she would allow members of her party to vote as they saw fit on the issue.

Ms. Merkel's statement came after decisions by her current coalition

partners, the Social Democrats — along with two other parties that may be part of her government after elections in September — made their support contingent on backing for same-sex marriage.

The chancellor's conservative Christian Democratic Union and its Bavarian sister party, the Christian Social Union, which is strongly Roman Catholic, have favored a "family values" approach, but opinion polls increasingly suggest

that a clear majority of German voters of all ages are in favor of same-sex marriage.

The chancellor continues to face resistance from her conservative camp — her party's chief whip in Parliament, Michael Grosse-Brömer, said on Tuesday, "There is no need for an overly hasty decision."

Ms. Merkel's challenger from the Social Democrats, Martin Schulz, demanded that the chancellor allow a parliamentary vote, and that is

likely to come this week; if it does, the measure is almost certain to pass.

Ms. Merkel is known as a tactical politician who is not averse to shifting her party's stance on important issues if she thinks it will gain her votes, and she appeared to be bowing to political pressure in allowing lawmakers to cast their ballot as a "vote of conscience."

Ms. Merkel's comments came on Monday during a relaxed interview

with journalists from Brigitte, one of Germany's best-selling glossy magazines for women, when she was asked by an audience member about the growing demands to recognize same-sex marriage.

The chancellor prevaricated, reciting the familiar factors, including Christian belief, that influenced people's positions on the issue, and she lamented the over-politicization of the debate.

But, she added, "I would like to lead the discussion more into a situation where it is a question of conscience rather than something I push through with a majority vote."

Support for same-sex marriage in Germany is widespread. In a YouGov poll conducted in May, 66 percent of 1,099 respondents favored permitting same-sex marriage, and a narrower majority, 57 percent, favored allowing adoption by gay couples.

Germany recognized civil unions for gay and lesbian couples in 2001. Over the years, and via several court decisions, those couples have

won a series of court rulings, including the ability to inherit goods and property. But they have not, so far, won the right to adopt.

Peter Ramsauer, a former cabinet minister and a legislator for the Christian Social Union in Bavaria, rejected outright the need for a vote.

"Germany has more paramount issues to address," Mr. Ramsauer said, warning his Christian Democratic Union partners to "be careful not to destroy the last conservative values."

But Stefan Kaufmann, an openly gay legislator for the Christian Democrats, said that he hoped Parliament would vote on the issue this week. "This is a sign that my party is changing," Mr. Kaufmann said, estimating that about 40 percent of his Christian Democratic colleagues favored allowing same-sex marriage.

Ms. Merkel, when asked Monday evening about gay adoption, cited what she said was a recent meeting with a lesbian who invited the chancellor to visit her and her

partner's home in Ms. Merkel's parliamentary constituency in northern Germany, where the couple has raised at least eight foster children.

The chancellor said she had not had time to take up the invitation, but she used it as a way to illustrate that it may often be better for children to live permanently with a loving couple no matter what their sex, rather than moving from home to home in foster care.

The Federal Anti-Discrimination Agency of Germany backed Ms. Merkel's change in approach. "This is not a controversial issue," Christine Lüders, the director of the agency, said. "I think this position was long overdue, and gays and lesbians should not have to wait for several months until after the election. The vote for marriage equality can be held this week."

Axel Hochrein, a board member of the Lesbian and Gay Federation in Germany, attributed Ms. Merkel's shift to the pressure from other established parties.

"This shows that the political and social pressure on the government had become so big that she had to react," Mr. Hochrein said. "With three possible coalition partners now declaring that the opening of marriage must be in the coalition contract, perhaps she wants to solve the problem before it appears after the election."

Volker Beck, a well-known campaigner for gay rights and a Green Party lawmaker in Parliament, argued that Ms. Merkel had been compelled to shift after the Greens, the Social Democrats and the Liberal Democrats all said there could be no coalition without gay marriage.

"This means she has nothing to win on the issue," Mr. Beck said. "Before getting trapped in this 'lose lose' situation, she has decided to step aside and say 'O.K., let's just decide in Parliament on the question of conscience, everyone is free to vote.'"

The New York Times

U.K. Orders Inquiry Into Cladding After Grenfell Tower Fire

Ceylan Yeginsu

LONDON — Britain's prime minister on Tuesday ordered an investigation into cladding and insulation on high-rise towers across the country, as the authorities struggled to contain the risk from construction materials that leave tall structures vulnerable to catastrophic fires.

The government announced that 120 high-rise buildings, in 37 areas, had used cladding and insulation similar to those installed at Grenfell Tower, the West London apartment building that was consumed by flames on June 14 in Britain's deadliest fire in decades. All 120 buildings fell short in safety tests — "a 100 percent failure rate," according to a spokesman for Prime Minister Theresa May. Hundreds of other tall buildings are still being tested.

The cladding on the buildings will almost certainly have to be replaced. Such work has already begun on a complex of towers in the Salford area near Manchester. Last week, the London borough of Camden ordered the evacuation of 4,000 residents of a five-tower complex, Chalcots Estate, where the buildings were covered in the same flammable cladding used on Grenfell Tower.

Anxiety about the building materials appeared to be spreading to other countries, even though the United States and most countries in Europe had restrictions on the kind of cladding used on Grenfell Tower. The German city of Wuppertal on Tuesday evacuated about 80 people from an 11-story apartment tower "for fire safety reasons" after "flammable material was found," a local official said.

Arconic, the American company that sold the combustible material used at the London housing project, said on Monday that it would no longer sell the paneling for use in high rises. On Tuesday, the company's stock dropped 9 percent on the New York Stock Exchange, and is down 21 percent since the fire.

Whirlpool, which in 2014 acquired the manufacturer of the refrigerator that started the fire, has urged owners of the fridge model to check their units.

The human toll of the fire, which killed at least 79 people, continued to be felt on Tuesday, as the authorities identified a 5-year-old boy, the youngest victim known so far.

The boy, Isaac Paulous, who was identified from his dental records,

died from smoke inhalation, the inquest at Westminster Coroner's Court found. He is among 19 victims to have been formally identified in the fire. The boy choked to death as he and his family tried to escape the flames in their 18th-floor apartment.

Isaac's family described him as "kind," "energetic" and "generous."

"He was such a good boy, who was loved by his friends and family," they said in a written statement. "We will miss him forever, but we know God is looking after him now and that he is safe in heaven."

His mother, Genet Shawo, told The Times of London that her hand had slipped from her son's as neighbors tried to lead the family to safety.

Among other newly identified victims were Mohamednur Tuccu, 44, whose body was recovered outside the building, close to a sports center; Khadija Saye, 24, and her mother, Mary Mendy, 52, who died from "inhalation of fire fumes and burns," according to a preliminary report.

"It can't really be explained in enough detail how complex an investigation this is in terms of identification, and in terms of recovery of bodies on a dangerous

site that my team are not allowed to enter because the building is being shored up," Dr. Fiona Wilcox, the coroner who conducted the inquests, said in a statement on Monday.

The blaze that engulfed Grenfell Tower on June 14 started with a faulty fridge on the fourth floor and spread to the top of the building within minutes. British police officers said the building's insulation and exterior cladding had failed safety tests conducted by investigators after the fire.

Residents of the building, who had warned for years about fire hazards there, have said the disaster could have been prevented, and they blame the local council for the Royal Borough of Kensington and Chelsea, which owns the building, for using cheap, flammable materials during a renovation completed last year that cost 10 million pounds, or \$12.8 million. The council's chief executive was forced out last week.

INTERNATIONAL

Can Americans Believe the President About Syrian Chemical Weapons?

Calamur

Krishnadev

The White House said Monday night that Syria's Assad regime was potentially preparing for a chemical-weapons attack that "would likely result in the mass murder of civilians, including innocent children."

"If ... Mr. Assad conducts another mass murder attack using chemical weapons," the statement from the White House press secretary said, "he and his military will pay a heavy price."

The New York Times, which called the statement "highly unusual," noted: "Several military officials were caught off guard by the statement from President Trump's press secretary, but it was unclear how closely held the intelligence regarding a potential chemical attack was." By Tuesday, the Defense Department appeared to have gotten on the same page as the president. Captain Jeff Davis, a Pentagon spokesman, said the U.S. has seen "actions suggestive of intent to use chemical weapons" at the al-Shayrat airbase for several days. That's the same airbase the Trump administration said was used by the Assad regime to launch a chemical-weapons attack in April against civilians in Idlib Province. In that incident, President Trump responded almost immediately, launching more than 50 cruise missiles at the base near the city of Homs.

Monday's White House statement said the activities "are similar to preparations the regime made before" the April attack. Nikki Haley, the U.S. ambassador to the U.N., tweeted:

The White House insisted Tuesday "all relevant agencies—including State, DoD, CIA and ODNI—were involved in the process" leading up to the statement "from the beginning." But as *BuzzFeed News* reported Tuesday, the manner in which the White House released its statement—the Pentagon's clarification notwithstanding—only raises more questions about what the White House was referring to. Here's more:

[F]ive US defense officials reached by BuzzFeed News Monday night said they did not know where the potential chemical attack would come from, including one US Central Command official who had 'no idea' about its origin. The officials said they were unaware the White House was planning to release its statement; usually such statements are coordinated across the national security agencies and departments before they are released.

In Damascus, Ali Haidar, the minister for national reconciliation, rejected the White House's claim. He told the Associated Press the statement suggested a "diplomatic battle" at the U.N. against Syria. Russia, which backs the Assad regime, also rejected the allegation. "I am not aware of any information about a threat that chemical weapons could be used," Dmitri Peskov, the Kremlin spokesman, said. Assad's record on this issue is clearly damning, however: During the more than six-year civil war in his country, he has used chemical weapons multiple times despite an agreement involving the U.S. and Russia that aimed to remove his ability to do so; and he has found other ways to kill hundreds of

thousands of his people. Syria and Russia have repeatedly rejected overwhelming evidence that Assad's forces carried out the chemical-weapons attack in April, instead blaming rebels for the deaths. So it's hardly unexpected that they would both reject any evidence the White House presents for its latest claim—even if it is accurate.

But the saga of the statement so far highlights the White House's own credibility problems—and why Russia and Syria are in a position to exploit them.

It's plausible, as the *Times* suggests, that the White House made its announcement based on intelligence that was not widely shared within the administration. Neither the *Times* nor *Buzzfeed* identified which specific officials had been surprised by the Monday night statement; maybe those officials weren't in a position to know about it ahead of time anyway. On the other hand, it's no less plausible that this White House would make a pronouncement without consulting the relevant national-security agencies—despite the administration's claims to the contrary—and that the president has once again left his own government scrambling to catch up and coordinate. We've seen this happen on several significant occasions since Trump's inauguration: He repeatedly described NATO as "obsolete" and appeared to make U.S. support for its partners in the alliance conditional upon their military expenditures, only to have James Mattis, his defense secretary, undertake a European tour in an attempt to reassure allies of America's commitment. He publicly alluded to military action against

North Korea, in apparent contradiction of the public statements of his own secretary of state.

There has been even more confusion over Qatar, a U.S. ally with which Saudi Arabia and other Arab nations severed links this month over its alleged support of terrorism. Trump lauded that stand. The U.S. State Department took a dramatically different approach, with the department spokeswoman declaring herself "mystified" about what the Gulf countries expected to achieve. Similar contradictions have surfaced with regard to Russia, which Trump wants closer relations with but which Mattis has said "we are going to have to confront;" and Syria, where the Trump administration's stated policy preferences have ranged from political solutions to regime change.

What do all these contradictions amount to? They could signal mere inexperience; they could show internal policy debates being played out in public. But the more troubling possibility lies in what my colleague James Fallows has called Trump's "credibility crisis." The president's willingness to disregard and distort facts, Fallows wrote, invites the question: "If an administration will lie about facts where the contradictory evidence is in plain sight, how can we possibly believe them on anything else?"

When the president releases a late-night threat of military action, which his own Defense Department won't comment on publicly until the following morning, that question becomes all the more urgent.

The New York Times

U.S. Has Seen Chemical Weapons Activity in Syria, Pentagon Says

Michael D. Shear, Helene Cooper

and Eric Schmitt

WASHINGTON — President Trump has drawn a new red line for President Bashar al-Assad of Syria, with American officials describing preparations at a Syrian air base for a chemical weapons assault as they sought Tuesday to bolster Mr. Trump's threat to deter an attack.

But the administration elaborated little on the president's unexpected, 87-word statement a night earlier that warned that Mr. Assad would "pay a heavy price" if he again released toxic gas on rebel-held territory, leaving lingering questions in Washington and in the Middle

East about Mr. Trump's intentions in Syria.

American officials have declined to rate their level of confidence about whether a chemical attack is imminent or to say whether the administration has pursued diplomatic channels to stop it. Military officials, who were initially caught off guard by Monday night's White House statement, would not discuss what options they were considering. Conversations with allies about the chemical weapons intelligence have been kept largely secret.

In previous administrations, debates about how best to deter atrocities have played out publicly around the world. President George W. Bush

took months to argue his case — later proved to be flawed — about the existence of weapons of mass destruction in Iraq. President Barack Obama offered detailed explanations about his deliberations on how to respond when Mr. Assad used chemical weapons to kill 1,400 people in 2013.

On Tuesday, White House officials said only that Mr. Trump's statement spoke for itself.

That silence added to the uncertainty about whether a new military confrontation with Syria was looming just two months after Mr. Trump fired dozens of Tomahawk missiles at a Syrian base, Al Shayrat airfield, after a chemical weapons attack that killed dozens.

Mr. Assad's government vigorously denied the accusation of preparations for an attack, calling Mr. Trump's statement a provocation. And in Russia, a close ally of Syria's, a senior lawmaker accused the United States of using the declaration about chemical weapons to plan an attack on Syria.

As if to punctuate his contempt for the Trump administration's warning, Mr. Assad visited a Russian air base near Latakia in the western part of the country on Tuesday, accompanied by Gen. Valery V. Gerasimov, the Russian military's chief of staff. The Syrian news media, which reported the visit, distributed a video clip of Mr. Assad climbing into the cockpit of a Russian Sukhoi Su-35 parked at the

base, where Russia has conducted many of its bombing operations to support the government's side in the six-year civil war.

الرئيس .. بالفيديو شاهد
حميميم قاعدة في الاسد
Video by
الروسية العسكرية
المركزي العربي الاعلام

In Washington on Tuesday, American officials explained only briefly what had prompted the White House effort at deterrence. Capt. Jeff Davis, a Pentagon spokesman, told reporters that what looked like active preparations for a chemical attack had been seen at Al Shayrat. One Pentagon official said an aircraft shelter at the base that had been hit by an American Tomahawk missile in April was being used for the preparation.

Monday's statement caught military officials by surprise, with one at the United States Central Command, which oversees combat operations in the Middle East, saying at the time that he had "no idea" what it was referring to.

The highly classified nature of the intelligence — and the likelihood that it involved information provided by an American ally — kept the assessment and the potential administration response closely held, two American officials said.

A White House spokeswoman, Sarah Huckabee Sanders, said on Tuesday that relevant agencies, including the Pentagon, the State Department, the C.I.A. and the Office of the Director of National Intelligence, had been involved in issuing the statement. But White House officials repeatedly declined to provide details

about the timing or content of the deliberations.

"Not going to comment further," Sean Spicer, the White House press secretary, said in response to several emailed questions.

An American defense official said that Defense Secretary Jim Mattis had been aware of the movements at Al Shayrat and that the White House statement was coming.

Secretary of State Rex W. Tillerson "was aware of" the White House statement and had informed his Russian counterpart, Foreign Minister Sergey V. Lavrov, on Monday morning about the American concerns, said Heather Nauert, a State Department spokeswoman. But she said she could not share evidence of the Syrian preparations because it was "an intelligence matter."

Representative Adam B. Schiff of California, the ranking Democrat on the House Intelligence Committee, said the administration had briefed him before the White House issued its statement. But he declined to comment on what had caused the concern that Syria might be readying a chemical strike.

"If further use of chemical weapons can be discouraged, I think that's worthwhile," Mr. Schiff said in a telephone interview.

Neither White House nor Pentagon officials said an attack, or retaliation, was imminent in Syria, where the United States is backing Syrian fighters combating Islamic State militants on an increasingly complex battlefield.

THE WALL
STREET
JOURNAL

Grove

The U.S. military stepped up preparations on Tuesday for a possible strike against the Syrian regime after Washington said it picked up signs that President Bashar al-Assad was preparing to use chemical weapons again.

The White House set the stage for a new showdown with Mr. Assad and his allies with an unusual warning late Monday that the Syrian regime would pay a "heavy price" if it launches another chemical-weapons attack on its own people.

The statement came after the U.S. learned Syria had armed a warplane with chemical weapons that could be used at any time, U.S. officials said on Tuesday.

U.S. officials said they hoped the blunt public threat would deter Mr.

"The Department of Defense remains focused on operations to defeat ISIS," Maj. Adrian Rankine-Galloway, a Defense Department spokesman, said in a statement, using an acronym for the Islamic State. "Nevertheless, the continued brutality of the Assad regime and his use of chemical weapons presents a clear threat to regional stability and security, as well as the national security interests of the United States and our allies."

The United States has closely monitored the Syrian air base since the Pentagon carried out the cruise missile strikes in April, using a combination of satellite imagery, electronic signals intercepts and on-the-ground spying.

In recent days, American and allied intelligence agencies detected activities at the base that were consistent with how the Syrian military prepared for using chemical weapons in the past, including preparation of aircraft and munitions. French officials said that during a telephone conversation Tuesday, Mr. Trump talked with President Emmanuel Macron about the need to work toward "a common response" to any chemical attack in Syria.

In Damascus, Ali Haidar, the Syrian minister for national reconciliation, was quoted by The Associated Press as saying that the government did not have chemical weapons. He accused the White House of releasing the statement to pave the way for a "diplomatic battle" against Syria at the United Nations.

Officials in Russia called the accusations "unacceptable."

"I am not aware of any information about a threat that chemical weapons could be used," Dmitri S. Peskov, the Kremlin spokesman, said on Tuesday.

Foreign Minister Mohammad Javad Zarif of Iran, Mr. Assad's only regional ally, also rejected the Trump administration's warning, describing it as a ploy.

"Another dangerous U.S. escalation in Syria on fake pretext will only serve ISIS, precisely when it's being wiped out by Iraqi & Syrian people," Mr. Zarif tweeted.

Mr. Trump has taken a different approach to the use of chemical weapons in Syria than Mr. Obama did. After the 2013 attack, Mr. Obama declined to strike the Syrian government, despite having declared the use of chemical weapons a "red line." Instead, he agreed to a deal, proposed by Russia, for the government to dispose of its chemical weapons stockpiles and manufacturing capabilities.

But American officials suspect that Syria kept some of its means to produce chemical weapons.

"What's driving this is that Assad is so short of manpower that when he goes on the offensive out east, he's tempted to use chemical weapons and other strategic weapons elsewhere to prevent territorial loss," said Andrew J. Tabler, a Syria analyst with the Washington Institute for Near East Policy.

"I believe that the goal is at this point not just to send Assad a message, but to send Russia and Iran a message that if this happens again we are putting you on notice," Ms. Haley said.

Russia and Iran responded to the White House warning with their own criticisms of American involvement in the Middle East.

Dmitry Peskov, the Kremlin spokesman, said Moscow considers "such threats to a lawful government unacceptable," according to Russian news agencies.

On Twitter, Iran's Foreign Minister Javad Zarif suggested that the U.S. threats would detract from the fight against Islamic State, also known as ISIS. "Another dangerous U.S. escalation in Syria on fake pretext will only serve ISIS, precisely when it's being wiped out by Iraqi & Syrian people," he tweeted.

In Syria, Mr. Assad visited a Russian air base on Tuesday, where he was filmed climbing into the cockpit of a Russian warplane. A Syrian government official denied that the regime has chemical weapons.

The U.S. warnings come amid a recent rise in battlefield confrontations between the Syrian regime and American forces battling Islamic State in Syria, and the confrontations threaten to widen into a more serious clash with the regime.

Over the past six weeks, U.S. forces have shot down a Syrian regime warplane, and two Iranian-made drones viewed as threats to American forces and Syrian fighters they are working with in the country. The U.S. also has carried out airstrikes on Syrian government forces and their Iranian-backed allies in southern Syria, drawing the

U.S. military's firepower away from its focus on Islamic State.

The new standoff was triggered by surveillance of the Shayrat airfield that the U.S. said was used in April to launch the earlier chemical weapons attack. The strike Mr. Trump ordered in April targeted that airfield.

Images of dead and dying children as a result of that April attack spurred outrage at the time, and Mr. Trump cited the images in saying the attack had changed his view of the conflict and Mr. Assad.

For the first time since the April strike, U.S. officials said Tuesday they had new intelligence showing the Syrian regime had moved a warplane into a shelter associated

with chemical weapons at the Shayrat airfield.

Capt. Jeff Davis, a Pentagon spokesman, said the U.S. has seen "actions suggestive of intent to use chemical weapons." The U.S. has been tracking developments at Shayrat for several days and indications that Syria is preparing to use chemical weapons have become "more compelling" in the last 24 hours, he said Tuesday morning.

The U.S. cruise missile strike on Shayrat in April hit aircraft hangars, fuel depots, radar and ammunition bunkers. The U.S. said it destroyed about 20 planes in that attack, but the airfield was quickly back in operation.

The U.S. didn't target any suspected chemical weapons depots at the airfield in April because of fears that a strike could release the deadly weapons into the air. At the time, some outside analysts criticized the U.S. for not hitting the base harder.

Soon after the strike, Mr. Trump responded on Twitter to criticism that the U.S. didn't hit the runways more forcefully, writing, "The reason you don't generally hit runways is that they are easy and inexpensive to quickly fix (fill in and top)!"

Pentagon officials have said they have the ability to carry out a quick airstrike in the region if Mr. Trump orders another strike. But there were few indications on Tuesday that the

U.S. was poised to launch a pre-emptive strike.

Mr. Trump is scheduled to travel next week to Europe to visit Poland and attend a meeting of the Group of 20 world powers in Hamburg, Germany, where he may also sit down separately with Russian President Vladimir Putin for the first time since taking office.

The Kremlin spokesman, Mr. Peskov, said Tuesday that a meeting on the sidelines of the Hamburg summit may take place but that full-fledged bilateral talks weren't yet planned, Interfax reported.

**The
Washington
Post**

Chemical weapons activity monitored at Syrian air base, U.S. officials say

that

BEIRUT — The United States said Tuesday that it has observed Syrian chemical warfare personnel visiting known production facilities, suggesting that President Bashar al-Assad's government is preparing fresh strikes on the rebel-held north of the country.

The White House warned late Monday that the Assad government would pay a "heavy price" for any such strikes, indicating publicly for the first time that it believes the Assad government is capable of launching new chemical attacks.

Marine Maj. Adrian Rankine-Galloway, a Pentagon spokesman, said Tuesday that the activity was centered at least in part on one aircraft hangar at the central Shayrat air base. U.S. Tomahawk cruise missiles hit the base in an April 7 barrage of strikes that marked the first American military intervention against Assad's forces in six years of war.

Those strikes came after Assad's military dropped sarin nerve agent on the northern town of Khan Sheikhoun, killing scores of civilians and leaving hospitals overflowing with hundreds more casualties.

The Syrian government was supposed to have surrendered its chemical weapons to international inspectors after a 2013 sarin attack on the Damascus suburbs killed almost 1,000 people and drew the Obama administration to the brink of military action.

That a significant stockpile remained was "one of the worst-kept secrets in international diplomacy," a European official said Tuesday, speaking on the condition of

anonymity because of the sensitivity of the issue.

[White House says Syria's Assad preparing another chemical attack, warns of "heavy" penalty]

A U.S. intelligence analyst said Tuesday that U.S. officials have been monitoring the movements of senior personnel from "Branch 450" of the Syrian Scientific Studies and Research Center in recent weeks as those figures have visited known and suspected chemical weapons production facilities.

Syrian military defectors have described Branch 450 as a unit that prepares and transports chemical weapons to facilities that deploy them. They said the unit's orders usually come from Assad's inner circle.

On Monday, satellite imagery showed a Syrian aircraft parked near a building associated with chemical weapons at Shayrat, said the analyst, who spoke on the condition of anonymity because he was not authorized to speak publicly.

The United States struck the base in April after it was used to launch a chemical attack on Khan Sheikhoun. Bombs containing sarin hit the town early in the morning, leaving hundreds of people, the youngest still in diapers, writhing in pain and foaming at the mouth. Doctors and rescue workers reported at least 74 deaths and 600 people injured.

Ali Haidar, Syria's minister for national reconciliation, denied that the government possesses chemical weapons and accused the White House of waging a "diplomatic battle" against Syria at the United Nations, the Associated Press reported.

In Washington on Tuesday, Nikki Haley, the U.S. ambassador to the United Nations, told a congressional panel that Monday's unusual late-night White House statement was a direct warning to the Assad regime.

"It is very much letting them know we are not going to give you a pass on killing men, women and children," Haley said.

[Syria's bloodiest battle is yet to come]

Asked whether the focus on Assad's targeting of civilians represents a widening of the U.S. mission in fighting terrorism in Syria and Iraq, Haley replied, "I don't think we have to pick one or the other."

"ISIS is always going to be our priority, but I think we should always be realistic about the dangers of Assad," she said. ISIS is another name for the Islamic State.

Navy Capt. Jeff Davis, a Pentagon spokesman, said the White House statement was released Monday night as part of a "fast-moving train." The government wanted to issue the warning quickly after concerns were raised that an aircraft at Shayrat may have been loaded with chemical weapons, he said. The airfield remains under observation.

European leaders rallied behind the White House as news of the Syrian preparations emerged. In London, British Defense Secretary Michael Fallon said his government would support U.S. military action to prevent a chemical weapons attack, although it had not seen the intelligence upon which the American statements were based.

French President Emmanuel Macron's office said he and President Trump agreed in a phone

call Tuesday that they would work together on a common response in the event of a new chemical attack.

[U.S. aircraft shoots down Syrian government jet]

In Moscow, Kremlin spokesman Dmitry Peskov told reporters that Russia has no information about an impending chemical attack and warned that any retaliation against the Assad government would be "unacceptable."

The Russian military intervened to shore up Assad's crumbling armed forces in 2015, and Moscow has never accepted the U.S.-led coalition's conclusion that the Syrian government was responsible for the chemical attack on Khan Sheikhoun.

Peskov said Tuesday that "it is impossible, unlawful and absolutely wrong from the point of view of achieving a final Syrian settlement to put the blame on al-Assad without holding an inquiry."

Separately Tuesday, the U.S.-led coalition said it is investigating reports that airstrikes targeting Islamic State infrastructure in the eastern city of Mayadin also killed scores of civilians. The coalition said the missions Sunday and Monday were "meticulously planned and executed to reduce the risk of collateral damage and potential harm to non-combatants."

[Mattis: After Raqqa, the Syrian battlefield will only get more complicated]

But monitoring groups said the strikes also destroyed an underground prison holding at least 57 people arrested for breaking the Islamic State's hard-line laws.



Leon Hadar : Give Trump a Chance in the Middle East

In the aftermath of the terrorist attacks on Sept. 11, 2001, the United States, starting with the decision to oust Iraq's Saddam Hussein launched a military campaign aimed at challenging the political status quo in the Arab world and transform U.S. policy in the Middle East.

The underlying assumption to what amounted to be a revolutionary change in American foreign policy was that only a process of political and economic reform in the Arab world along liberal-democratic lines — abetted by regime change and nation-building — would be able to deliver a blow to the forces of radicalism like those that helped perpetrate the 9/11 attacks.

"The place is so dysfunctional, any stirring of the pot is good," said foreign-policy expert Fareed Zakaria, expressing his support for President George W. Bush's military campaign to liberate Iraq and advance the "freedom agenda" in the Middle East. Indeed, this line reflected the consensus among fellow pundits in Washington. Though it was resisted by veteran national security figures who argued that these goals were not realistic and that an attempt to achieve them would harm U.S. interests, the neoconservative strategists in the Bush administration ended up winning the policy debate. Bye, bye to the old order in the Middle East. We were about to enter the new Middle East.

But the desire to fix the desert didn't begin with Bush.

Even before 9/11, the United States tried to challenge, and in some cases, overthrow Middle Eastern regimes that were seen as posing threat to U.S. interests.

Even before 9/11, the United States tried to challenge, and in some cases, overthrow Middle Eastern regimes that were seen as posing threat to U.S. interests. Although American leaders occasionally marketed these exercises in regime change in Wilsonian terms, in reality, they were driven by strategic and economic interests — not by a determination to promote American values. During the Cold War and in its immediate aftermath under presidents George H.W. Bush and

The Islamic State is believed to have moved most of its leadership to Mayadin in Syria's Euphrates Valley southeast of Raqqa, the group's besieged de facto capital, according to U.S. intelligence officials.

Bill Clinton, Washington was determined to deter those players who were trying to challenge the status quo in the Middle East.

Hence, the United States had no problem allowing Saddam Hussein to remain in power after the Gulf War — as long as his regime ceased to threaten the interests of the United States and its allies in the region and play by the rules of the old Middle East. Baathist Iraq may have wished to harm American interests, but a U.S. strategy of containment helped deter the regime in Baghdad from challenging Washington. And the strategy actually worked. After all, Iraq wasn't behind the 9/11 attacks and, as we discovered later, it didn't have weapons of mass destruction.

Similarly, Washington's attitudes toward the ayatollahs in Iran was less of a reflection of American hostility toward the radical Islamist ideology of the regime in Tehran and more of a response to its anti-American policies. After all, the United States was allied with Saudi Arabia, which has been a leading exporter of militant Islamism but at the same time has rallied behind U.S. policies in the region.

Core U.S. interests

This traditional American policy proved to be very costly but has helped secure core U.S. interests in the Middle East that enjoyed bipartisan support in Washington during the Cold War. Republican and Democratic administrations set as their goals in the Middle East the containment of Soviet expansionism in the region; maintaining the access of the Western economies to the energy resources in the Persian Gulf; and protecting the security of Israel while trying to advance peace between the Jewish state and its Arab neighbors.

But under the influence of neoconservative ideologues in the administration of the second President Bush and later of the liberal internationalists who advised President Barack Obama, this traditional interest-based American policy was rejected in favor of a radical ideological crusade to remake the Middle East — whether through direct U.S. military intervention to promote political change or by accommodating

Omar Abu Layla, director of the Deir Ezzor 24 news network, said many of the civilian dead were buried in mass graves.

"All the people in that prison were civilians, arrested because they showed their opposition," he said.

revolutionary movements challenging the political status quo.

The Bush policies to force Saddam Hussein from power and bring democracy to Mesopotamia, and the ensuing effort to expand that revolutionary agenda to the rest of the Middle East ended up removing the main obstacle to Iranian expansionism in the Persian Gulf and turning Iraq into an Iranian semi-protectorate while strengthening Hezbollah in Lebanon and helping bring Hamas to power. No one would have been surprised if the ayatollahs were to decide to name the main boulevard in Tehran after George W. Bush.

Obama's policies of accommodation — allowing Iran's drive to expand regional power; hailing the so-called Arab Spring; forcing Egypt's Hosni Mubarak, a long-time U.S. ally, from power and welcoming his Muslim Brotherhood successors; and deposing a somewhat friendly dictator, Libya's Muammar al-Qaddafi — continued to wreak instability across the Middle East, helping create an environment conducive to Iran's expansionism and the rise of the Islamic State.

According to former Secretary of State Condoleezza Rice, all the mess that Washington helped create in the Middle East, were just the "birth pangs of a new Middle East." While her intentions and of those of her colleagues in Washington were good, it now seems that they helped pave the road to a new but hellish Middle East.

Harvard's Stephen Walt, in a response to my recent commentary, agrees that the Middle East policies pursued by the last two American presidents were "costly failures," but he doesn't seem to share my view that they were a radical break with American foreign policy pursued by Republican and Democratic administrations since World War II; after all, as Walt writes, "Bill Clinton's track record in the region is hardly something to be proud of."

But Walt finds fault with my "embrace" of what I consider to be an attempt by the Trump administration to reverse Washington's disastrous policies that have created chaos in the region in the form of failed states and bloody civil wars, helping

Lamothe and Nakashima reported from Washington. Anne Gearan in Washington, Thomas Gibbons-Neff in Garmisch, Germany, and David Filipov in Moscow contributed to this report.

strengthen the hands of radical Shiite and Sunni forces and in the process damaging core U.S. national interests.

It's a low bar for success

After 16 years of pursuing policies that helped turn some of the countries in the Middle East into hell on earth and ignited the world's worst refugee crisis since 1945 — while eroding U.S. global power and credibility and producing isolationist and protectionist sentiments at home — one is almost compelled to ask: Could another American president adopt policies that would be able to inflict more damage to the Middle East and U.S. interests than those pursued by the last two presidents?

Walt apparently thinks that could happen. After occupying the White House for four months, he writes, President Donald Trump is "making the Middle East worse."

So, let's see: Has Washington taken any steps toward regime change or increased efforts at nation-building in the Middle East since Trump entered into office? Has this administration tried to depose more Middle Eastern regimes or occupy another Arab country? Has it failed at yet another Palestinian-Israeli "peace process"? Were American lives and treasure misused in trying once again to make the Middle East safe for democracy? Did he draw a "red lines" in the sands of the Middle East only to erase them later?

Or are U.S. allies in the Middle East — those governments that actually maintain formal security ties with the United States, including Turkey, Jordan, Egypt, and Israel; and Gulf partners like Saudi Arabia — more secure and confident in American leadership and commitments under Trump than under Presidents Obama and Bush?

Clearly, the various steps that Trump has taken in the Middle East since entering office don't amount to a coherent grand strategy.

Clearly, the various steps that Trump has taken in the Middle East since entering office don't amount to a coherent grand strategy. But his administration has abandoned the fantasies and wishful thinking masquerading as idealist principles

that guided the policies of his two predecessors. So far, he is dealing with the Middle East as it is, and for that sin being bashed by neoconservative and liberal internationalists alike — the very people who comprise the intellectual driving force behind the disastrous policies of the last 16 years.

A return to realism

It's not a Trump doctrine yet. But the new administration's muddling through in the Middle East sends a few clear signals: No more support for democratic promotion and nation-building efforts in the region. A willingness to work with dictators, monarchs, and theocrats — whether in Egypt, Turkey, Saudi Arabia, or Jordan — who maintain stable regimes and are willing to cooperate with the United States in advancing common interests. One can be assured that Trump will not hail freedom protesters in Tehran if and when a second Green Revolution erupts there. In Syria, Washington will focus on the defeat of the Islamic State, working with Russia in the battle for Raqqa, and allowing President Bashar al-Assad to remain in power.

Idealism is dead. Even the search for Israeli-Palestinian agreement ceases to be framed in that light; no longer is it about ending the Israeli occupation and winning self-determination for oppressed Palestinians. A regional peace between Israel and the Arab states is in the strategic interest of the United States. If the Israelis and the Palestinians want to make a deal, Trump is willing to help them

achieve that goal.

Some are concerned that the Trump administration is taking sides in the sectarian feud between Sunni and Shiite Islam, or between Saudi Arabia and Iran. Walt, for his part, suggests that U.S. strategic interests in the region would be advanced if the United States didn't jump "deeper into bed" with Israel and the Arab Sunni states and reached out to Iran, as though abandoning old friends is the way you win new ones.

But Iran is an anti-American, anti-status quo power, and it makes sense for the new administration in Washington to treat its intentions with suspicion. The strategic bottom line is that Iran and its Shiite partners are stronger today than they were 16 years ago, a reality that Obama recognized in reaching the nuclear deal with Iran. To put it in simple terms, his message was that in the aftermath of the Iraq War fiasco, the United States and the American people were not ready to go to war with Iran.

Why would we make friends with Iran?

Which begs the question: Why is it exactly in the interest of the United States to encourage its formal military allies in the region — which regard Tehran as a threat to their interests — to seek closer relationship with a more powerful Iran, and ensure that they "would have to think seriously about what they could do to remain in our good graces," as Walt writes?

While the notion of a U.S.-Iran diplomatic détente is something to look forward to, it is nothing more than wishful thinking at this stage.

While the notion of a U.S.-Iran diplomatic détente is something to look forward to, it is nothing more than wishful thinking at this stage. It assumes that a closer U.S. relationship with Tehran and Iran's integration into the global economy would strengthen the hands of the so-called moderates there and ignite a process of political liberalization. Once upon a time, at the height of the globalization era, that is exactly what we expected would happen in China. It didn't. And there is no reason to discount the possibility that a more economically and powerful Iran would adopt an even more nationalist and anti-American posture.

At the same time, providing military and diplomatic support to the Arab Sunni allies shouldn't be considered as a signal that the Trump administration is planning to intervene militarily in a possible war between Saudi Arabia and Iran. It can be seen as part of a strategy to contain Iran and to prevent it from expanding its power in the region. It's a strategy that may fail, but makes more sense at this stage than accommodating Iran.

Walt does make a good point that for most of the post-1945 era, U.S. policy in the Middle East was predicated on the existence of a global external threat in the form of the Soviet Union, and that no such challenge to U.S. interests exists in the Middle East today (which

explains perhaps why we should work together in the region with our former Russian adversaries).

I too have argued that Washington's policymakers should have taken the opportunity of the end of the Cold War in order to reassess American military and diplomatic commitments in the Middle East, and adjust it to the new global and regional realities, by pursuing a policy of "constructive disengagement" from the region.

Instead, Washington doggedly continued to embrace its old posture, dragging the United States into two Iraq wars and the ensuing military and diplomatic mess that it finds itself in today. Unlike old generals, old foreign-policy doctrines sometimes don't even fade away.

I wish that post-Cold War reassessment of America in the Middle East had taken place in the 1990s. But it didn't. Instead, we broke it, we bought it, and now we own it, at least for a while. But President Trump's realpolitik approach to the region does provide an opportunity to start cutting American losses in the region while maintaining strategic commitments and credibility there. That could help establish a stable balance of power in the region, including between Arab Sunnis and Iran and perhaps even create the conditions for Israeli-Arab peace. This in turn could lead to constructive U.S. disengagement from the region. It may not work. But we need to give it a try.

The New York Times Editorial : A Way Out of the Qatar Mess

The dangerous dispute between Qatar and other Arab gulf states, chiefly Saudi Arabia, has gone on for three weeks, diverting attention from fighting the Islamic State and other serious challenges. It shows little sign of resolution. The Saudis and the United Arab Emirates provoked the row by breaking diplomatic relations with Qatar and imposing an effective embargo, ostensibly because of Qatar's coddling of terrorists and other issues.

Senator Bob Corker now suggests a way to end the impasse and force some sort of reconciliation: halt arms sales throughout the region. As chairman of the Senate Foreign Relations Committee, Mr. Corker, a Tennessee Republican, must give preliminary approval to major arms sales, along with the panel's senior Democrat, Senator Ben Cardin, and the Democratic and Republican leaders of the House Foreign Affairs Committee.

In a letter to Secretary of State Rex Tillerson on Monday, Mr. Corker said that recent disputes among the gulf states "only serve to hurt efforts to fight ISIS and counter Iran." Future arms sales approvals would thus be held up until he receives "a better understanding of the path to resolve the current dispute and reunify" the regional group, the Gulf Cooperation Council.

This would give Mr. Tillerson a new tool for resolving the crisis, though the impact may not be immediate. The Trump administration is already moving forward with a plan to send \$510 million in precision-guided munitions to Saudi Arabia for use in the Yemen civil war against Iranian-backed Houthi rebels and with a \$12 billion deal for Qatar to buy F-15 jets. But the Saudis and the emirates might eventually come looking for more weapons to prosecute that war, at which point the United States should say no. The war is a humanitarian

catastrophe that urgently needs a political settlement.

President Trump himself is also partly responsible for the mess, having encouraged the Saudis by siding against Qatar when the embargo was declared early this month, even taking credit for the decision. He appeared unconcerned by the fact that Qatar hosts two American military bases crucial to the anti-ISIS effort. And he later added fuel to the conflict by accusing Qatar of funding terrorism at a "very high level" soon after Mr. Tillerson called for calm.

The Saudis and the emirates might have tried to work out their differences with Qatar instead of acting unilaterally and only later outlining what steps could be taken to get the embargo lifted. The demands they finally made public on Friday were obviously intended to humiliate Qatar rather than to serve as the basis for negotiations. Among them were that Qatar shut down the

news network Al Jazeera, abandon ties with Islamist organizations, provide details about funding for political dissidents and close a Turkish military base.

There is no question that Qatar needs to crack down harder on extremists and terrorist financing. But so do Saudi Arabia, the emirates and other gulf states, whose anger may have less to do with terrorism than with Qatar's ties to Iran — Saudi Arabia's main rival.

Mr. Tillerson, who has close relationships in the region from his days as chief executive at ExxonMobil, has tried to mediate the dispute with little success. On Tuesday, he held separate meetings with the foreign ministers of Qatar and Kuwait. Afterward, there were hints Qatar had agreed with the Americans on tougher antiterrorism efforts, including embedding United States Treasury officials in its central bank to pursue terrorist financiers. But the Saudi foreign

minister signaled a tough line, saying his country's demands were not negotiable. Nothing good can

come of this dispute if it is allowed to persist.

**The
Washington
Post**

Persian Gulf rivals converge on Washington to argue their cases

Players on all sides of the Persian Gulf diplomatic crisis were in Washington on Tuesday, making their cases to a divided administration that has been unable to stop the turmoil in the strategic region.

Qatari Foreign Minister Mohammed bin Abdulrahman al-Thani met with Secretary of State Rex Tillerson just days after his government dismissed a list of demands from Saudi Arabia, the United Arab Emirates, Bahrain and Egypt as an illegal attempt to limit Qatar's sovereignty and control its foreign policy.

As Thani and Tillerson conferred behind closed doors at the State Department, Saudi Arabian Foreign Minister Adel al-Jubeir told reporters at his country's embassy here that the demands were nonnegotiable.

"We've made our point. We've taken our positions," and the Qataris know "what they have to do," said Jubeir, whose government has led the others in breaking relations with Qatar and limiting the isolated Persian Gulf peninsula's air, land and sea access lanes.

Later in the day, Tillerson met with Kuwaiti Minister of State Mohammad Abdullah al-Sabah. Kuwait is trying to mediate the dispute between the fellow members of the Gulf Cooperation Council, or GCC, a loose confederation of six gulf states.

[Key senator threatens arms sales to Persian Gulf countries over Qatar dispute]

Jordan's King Abdullah II, on a private visit to Washington, also plans to hold official meetings. His country is not a GCC member and is anxious to stay

out of the dispute, but it is economically beholden to investments from oil-rich Saudi Arabia and worried that the conflict is draining attention from the fight against the Islamic State.

"We hope all the parties will continue to talk to one another in good faith," Tillerson said before his meeting with the Qatari foreign minister. The secretary has spent much of his time over the past three weeks trying to mediate, cajole and shame the sides into a resolution, to no apparent avail. Late last week, the State Department issued a sharply worded statement suggesting that the Saudis were using terrorism allegations against Qatar as a cover for long-standing political grievances.

Saudi Arabia and the others have accused Qatar of support for terrorists and incitement against their governments. They have demanded, among other things, that Qatar expel designated terrorists, shut down the Qatari-funded Al Jazeera media organization, downgrade relations with Iran, and cancel a defense agreement with Turkey that has brought about 100 Turkish military personnel to Qatar.

"It's very simple," Jubeir said. "It's up to the Qataris to amend their behavior. And once they do, things will be worked out. But if they don't, they will remain isolated. We don't have to deal with them."

The United States is a strategic partner of all involved. Saudi Arabia and the United Arab Emirates are close counterterrorism allies and major purchasers of U.S. defense items. Bahrain is home to the U.S. Navy's 5th Fleet.

Qatar hosts the regional headquarters of the U.S. Central Command, with more than 10,000 American service members stationed at an air base that is used to launch U.S. operations in Syria, Iraq and Afghanistan.

Along with Defense Secretary Jim Mattis, Tillerson has repeatedly called for negotiations among the parties and warned that the dispute threatens U.S. military and economic interests, as well as posing a humanitarian danger to Qatar. That position was buttressed Monday by Sen. Bob Corker (R-Tenn.), chairman of the Senate Foreign Relations Committee, who said he would not approve action on any administration requests for arms sales to GCC members until the dispute is resolved.

President Trump, on a visit to Saudi Arabia last month — the first stop on his maiden overseas trip in office — heralded agreements for the Saudi purchase of \$110 billion in U.S. weapons and indicated he considers Saudi King Salman the leader of the Arab world. In a series of tweets and public comments since the GCC dispute began within days of his departure, Trump has clearly sided with Riyadh, saying the blockade of Qatar's border with Saudi Arabia and restrictions imposed by other countries on air and sea access were "hard, but necessary."

Four of the six GCC countries, all of which are Sunni Arab monarchies, have diplomatic and economic relations with Iran's Shiite government. Despite the tensions between them, Iran has a major commercial and business presence in the emirate of Dubai. Qatar and Iran share the world's largest natural gas field.

But Saudi Arabia and Bahrain broke relations with Iran early last year after protesters ransacked Saudi diplomatic missions in Tehran.

"When we said downgrade relations" with Iran, Jubeir said, "we said don't deal with the Revolutionary Guards," the powerful branch of the Iranian military responsible only to the country's religious leaders, "and don't deal with Iranian intelligence."

Asked about contradictions within the Trump administration, he said, "I think the issue of the mixed messages, you should address to the administration, not to me. ... I can't comment about the motives of the U.S. government."

The United States has agreed with some of the allegations that terrorist financing emanates from Qatar, although both the Obama and Trump administrations have said that Qatari cooperation with counterterrorism efforts has improved. Saudi Arabia, Egypt and the others are also strongly opposed to Qatari support for the Muslim Brotherhood, the transnational Muslim political organization that they — and many in the Trump administration — consider a terrorist movement.

While some gulf officials have privately said there is room for negotiation in the non-terrorism demands, the public position of their governments remains unyielding. If the demands are not met in full, UAE spokesman Omar Ghobach told the BBC on Tuesday, "the whole idea would be to ultimately simply disengage from Qatar. ... We'd no longer be interested in bringing Qatar back into the gulf and the Arab fold," he said.

**The
Washington
Post**

How a 91-year-old imam came to symbolize the feud between Qatar and its neighbors (UNE)

DOHA, Qatar — The preacher at the center of Qatar's worst-ever diplomatic crisis is a raspy-voiced 91-year-old who wears spectacles and no longer stands to give sermons. Yet, to Qatar's Arab neighbors, Yusuf al-Qaradawi is a uniquely dangerous man.

The Qatar-based cleric and TV star has never been charged in a terrorist attack, but he was labeled a terrorist this month in a formal declaration by Saudi Arabia and three of its allies. Since then,

Persian Gulf states have banned Qaradawi's books, blocked his broadcasts and even sought to remove his name from public buildings.

Qaradawi's offense: inflammatory words, amplified on a Qatar-owned TV network in a beguiling style likened by one Arab official to a "twisted version of 'The Daily Show.'"

As part of the widening diplomatic feud that began June 5, the Saudi-led bloc is demanding that Qatar

take action against 59 individuals and a dozen organizations with alleged ties to terrorists or extremist groups, including al-Qaeda-linked militants in Syria and North Africa. In a long list of new demands revealed in a draft proposal Friday, the countries also ordered Qatar to shut down the Al Jazeera news network and scale back relations with Iran.

But the bigger objective may well be to silence figures such as Qaradawi, who ranks No. 19 on the gulf Arabs' "terrorist" list but surpasses all

others in his ability to sway Muslim opinion, according to former and current U.S. officials and Middle East analysts.

The Trump administration is seeking to serve as mediator in a dispute that officials acknowledge is less about support for groups such as al-Qaeda and the Islamic State than about Qatar's friendly ties with Iran and support for the kind of activist Islam embodied by the Muslim Brotherhood movement. To many in the gulf region, no one better -

exemplifies the problem than - Qaradawi, a man whose beatific smile and folksy speaking style belie a history of defending suicide bombings in Israel and condoning violence against U.S. troops in Iraq, current and former U.S. officials say.

U.S. officials also have criticized Qatar for being slow to shut down financial networks used by Islamist militants, although analysts say the gas-rich kingdom is hardly alone in its support for groups with extremist views.

The Egyptian-born Qaradawi has long been regarded as an agitator by Saudi Arabia, the United Arab Emirates, Bahrain and Egypt, the four countries that severed ties with Doha this month.

For decades, the imam's sermons and popular TV show "Sharia and Life" have been beamed into tens of millions of Muslim households, infused at times with harsh criticism of the gulf monarchies as well as support for the Hamas organization and the Muslim Brotherhood, which all four countries have labeled a terrorist organization. Qaradawi has long been regarded as an intellectual leader of the Brotherhood, which won control of the Egyptian government in a democratic election in 2012 and is regarded by Qatar as moderate.

[How the Qatar standoff is ripping families apart]

"Qaradawi is one of the most public figureheads of the radical wing of the Muslim Brotherhood," said Matthew Levitt, a former counterterrorism official at the FBI and Treasury Department who closely tracked terrorist financial networks in the Middle East. "From the perspective of those who put together the list, this signals a desire for Qatar to take action — not just against terrorist financial networks but against those who support Islamic extremism more broadly."

The feud in the Persian Gulf

Qatar has defended its most famous cleric and rejected as "baseless" the allegation that it harbors extremists. Qatari officials in interviews noted that the 59 alleged terrorist supporters include several figures regarded as political or military opponents of the four countries, such as former members of Egypt's ousted Muslim Brotherhood government. Others, officials said, are foreigners with tenuous ties to the kingdom, and still others are believed to be dead.

More galling to the Qataris was the absence of any mention of support for extremists by the countries leveling the accusations. Saudi Arabia, in particular, has a long history of promoting its own rigidly

austere, Wahhabist version of Islam, one that has been embraced by extremist movements around the world.

"Our position on countering terrorism is stronger than many of the signatories of the joint statement," Qatar's Foreign Ministry said in a statement.

The International Union of Muslim Scholars, a Qatar-based theological organization that was founded by Qaradawi and often speaks on his behalf, specifically rejected the inclusion of Qaradawi on the terrorist list, calling the accusations against him "without evidence or proof."

For some of the other names on the list, there is less dispute. Even Qatari officials privately acknowledge that illegal fundraising has occurred. They point to a few prosecutions but say a lack of conclusive evidence has hampered efforts to obtain convictions.

At least six names on the list are under U.S. terrorist sanctions, including Abd al-Rahman al-Nu'aymi, a Qatari national and founding member of the Qatar-based Eid Charity. Nu'aymi was accused by U.S. officials in 2013 of being a "terrorist financier and facilitator" who supplied money to al-Qaeda-linked groups in Syria, Iraq and Yemen.

A Qatari government official, insisting on anonymity to discuss the diplomatically sensitive allegations, noted that his government had frozen the assets of several Qatari nationals on the list — even ones who had been acquitted by Qatari courts of aiding terrorist causes — and restricted their foreign travel.

But the official rejected accusations that some Qatari organizations on the list illegally raised money. He noted that three of the groups work in partnership with United Nations relief agencies, and that another, the Qatar Volunteer Center, is a tiny operation run by a mother of six who raises about \$2,700 a month, partly through bake sales, the official said.

"She sells cupcakes," he said. "She has no relation to terrorism."

The dispute puts the White House in an increasingly difficult spot as arbiter between gulf neighbors who, despite the increasingly bitter fraternal rivalry, are all strategic allies of the United States. Washington's relationship with Qatar has itself been notoriously complex; the two countries cooperate closely on military matters, even as they bicker over which individuals and groups they regard as terrorists. Qatar is home to the U.S. Central Command and serves as a

launchpad for U.S. airstrikes against the Islamic State.

[Qatar crisis highlights Trump's foreign-policy contradictions]

In recent weeks, President Trump has appeared to tilt toward the Saudis, siding with Riyadh in Twitter postings and remarks criticizing Qatar's record on terrorism, even as his aides publicly praised Doha for recent steps to crack down on terrorist financial networks. But the concerns about Qatar's role as a financial and ideological base for extremist groups have been shared by Democratic and Republican administrations for at least two decades. Leaked diplomatic cables from the Obama administration show U.S. officials lodging repeated complaints about Qatari organizations, charities and people, including Qaradawi himself.

In a November 2009 exchange, Joseph E. LeBaron, the U.S. ambassador to Qatar at the time, warned Qatari officials against naming the cleric to a high-ranking banking advisory board, citing his "highly public, regional role" as a supporter of Islamist groups such as Hamas, according to a State Department cable obtained by WikiLeaks. At the time, Qaradawi was banned from traveling to the United States or Britain because of alleged support for extremist causes, and the State Department had formally listed the Union of Good — a charity umbrella group chaired by Qaradawi — as a foreign terrorist organization.

But Qatari Minister of State Ahmed al-Mahmoud pushed back against the complaints, saying Qatar "cannot censor Qaradawi's opinions," according to the State Department's account of the meeting.

"As a friend," Mahmoud was quoted as saying, "I can tell you that we cannot regard him as a terrorist."

Regional renown

It wasn't so long ago that Qatar's neighbors also expressed admiration of the preacher who some dubbed the "global mufti."

In Saudi Arabia, Qaradawi was honored in 1994 with a prestigious award: the King Faisal International Prize, recognizing exceptional service to humanity in religious scholarship or the secular sciences. And in 2000, in neighboring Dubai, he was given an international award as the "Islamic Personality of the Year."

Qaradawi remains popular in many parts of the gulf, where he is remembered as the spiritual "Dear Abby" who dispensed advice on "Sharia and Life" — his weekly show

on Al Jazeera — on topics ranging from the Arab Spring to female masturbation. Millions of Muslims worldwide still regard him as a preeminent Sunni scholar and the unofficial intellectual leader of the Muslim Brotherhood.

[These maps show how Qatar's crisis signals turbulence for Qatar Airways]

That's why Qatari officials tend to regard the accusations against Qaradawi as purely political — a reflection, they say, of the cleric's criticism of Saudi Arabia's Wahhabi strain of Islam as well as domestic worries about his popularity. Qatari officials and many U.S. analysts point to Qaradawi's relatively moderate positions on issues such as democracy and interfaith harmony and strong condemnation of the Islamic State, both the organization and its brutal acts.

But Qaradawi's more incendiary statements have drawn condemnation from Western governments as well as Qatar's gulf rivals. In 2012, France joined Britain and the United States in refusing entry to Qaradawi, in part because of his statements defending the use of suicide bombers to attack Israelis.

In the past, he has condoned Iraqi resistance against U.S. troops and has suggested that the murder of 6 million Jews by Nazi Germany was "divine punishment" for historical transgressions. He has repeatedly called for the destruction of Israel, including the killing of civilians.

"Qaradawi has used his TV program to promote a fatwa encouraging suicide bombers, as well as to defend the killing of American soldiers in Iraq as a 'religious obligation,'" Yousef al-Otaiba, the UAE's ambassador to Washington, wrote in an essay published last week in the Wall Street Journal.

What's most important from where the world meets Washington

Whatever sway he possesses is undoubtedly fading. Qaradawi has retired from television, and his sermons and public pronouncements are less frequent. But his status as Qatar's most venerated imam appears secure.

On June 5, the day that the diplomatic break occurred, Qatar's emir, Tamim bin Hamad al-Thani, hosted a number of the country's preeminent Islamic leaders in Doha at a dinner marking the breaking of the daily Ramadan fast. Qaradawi, in his black clerical robe and prayer cap, was photographed sitting in a gilded chair next to the monarch. The two embraced in what appeared to be a choreographed exchange, said David Weinberg, a former

House Foreign Affairs Committee staffer who is a Persian Gulf specialist at the Foundation for Defense of Democracies, a Washington think tank.

"Qaradawi had pride of place: sitting next to the emir, getting kisses from Tamim, and being held by him, all in front of the cameras," Weinberg said.

Four days later, Qatar's neighbors posted their "terrorist" list, naming Qaradawi as among those who "aim to destabilize the region."

Bloomberg

Eli Lake : Obama Choked on Russia Long Before the 2016 Election

"I feel like we sort of choked." That

is the killer quote in an extraordinary Washington Post investigation into how Barack Obama responded to intelligence last year that Russia was running a sophisticated influence operation against the 2016 elections.

It's attributed to a former senior Obama administration official, but it captures the view of many Democrats and now many opportunistic Republicans. President Donald Trump got in on the action on Monday morning when he tweeted: "The real story is that President Obama did NOTHING after being informed in August about Russian meddling."

It's tempting to grant Trump this point, despite Trump's own insistence during his campaign that there was no evidence Russia meddled in the election at all. Obama was the commander-in-chief when Moscow hatched this operation. It was his duty to defend our election.

But this isn't entirely fair. To start, by the time the CIA had gathered the intelligence in August about how President Vladimir Putin himself was trying to elect Trump over Hillary Clinton, the servers of the Democratic National Committee and other leading Democrats were already breached. Obama's government did inform state election officials about the prospect of hacking of voter rolls and helped make them more resilient. In the end, the Russians spread fake news and distributed the messages they hacked. They had the good fortune of a Republican candidate willing to amplify the pilfered emails. But there is no evidence that Russia changed the vote tallies or took voters off the registration rolls.

What's more, Trump himself had in the final weeks of the election suggested the vote itself would be rigged. Had Obama been more public in warning about the Russian influence operation, he would risk undermining the legitimacy of the election in the eyes of Trump's supporters, essentially aiding

Russia's plan to undermine it before any votes were cast.

Rather than asking why Obama didn't do more to stop Russian meddling, the better question is why President Vladimir Putin thought he could get away with this interference in the first place. In every respect, the U.S. is more powerful than Russia. It has a much larger economy. Its military is superior. Its cyber capabilities are greater. Its diplomatic position is stronger. So why did Putin believe he could treat America like it was Estonia?

The answer is that Obama spent the first six years of his presidency turning a blind eye to Russian aggression. In his first term, Obama pursued a policy of "reset" with Moscow, even though he took office only five months after Russia had occupied two Georgian provinces in the summer of 2008. In the 2012 election, Obama mocked his Republican opponent, Mitt Romney, for saying Russia posed a significant threat to U.S. interests. Throughout his presidency, Obama's administration failed to respond to Russian cheating on arms-control agreements. His diplomacy to reach an agreement to temporarily suspend progress on Iran's nuclear program made the U.S. reliant on Russian cooperation for Obama's signature foreign policy achievement.

In the shadows, Russian spies targeted Americans abroad. As I reported in 2011 for the Washington Times, Russia's intelligence services had stepped up this campaign of harassment during the reset. This included breaking into the homes of NGO workers and diplomats. In one case, an official with the National Democratic Institute was framed in the Russian press on false rape charges. In 2013, when the Obama administration appointed Michael McFaul to be his ambassador in Moscow, the harassment got worse. McFaul complained he was tailed by cameramen from the state-owned media every time he left the Embassy for an appointment. He asked on Twitter how the network seemed to always know his private schedule.

The Washington Post reported that these incidents continued throughout the Obama administration. In June 2016, a CIA officer in Moscow was tackled and thrown to the ground by a uniformed guard with Russia's FSB, the successor agency of the KGB.

In 2011, the former Republican chairman of the Senate Select Committee on Intelligence, Christopher "Kit" Bond, told me: "It's not the intelligence committee that fails to understand the problem. It's the Obama administration."

This lax approach to Russia was captured in the memoir of Obama's former defense secretary, Robert Gates. He wrote that Obama at first was angry at his FBI director, Robert Mueller, and his CIA director, Leon Panetta, for recommending the arrest in 2010 of a network of illegal Russian sleeper agents the FBI had been tracking for years.

"The president seemed as angry at Mueller for wanting to arrest the illegals and at Panetta for wanting to exfiltrate the source from Moscow as he was at the Russians," Gates wrote. He quoted Obama as saying: "Just as we're getting on track with the Russians, this? This is a throwback to the Cold War. This is right out of John le Carré. We put START, Iran, the whole relationship with Russia at risk for this kind of thing?" Gates recounts that the vice president wanted to ignore the entire issue because it threatened to disrupt an upcoming visit from Russia's president at the time, Dmitry Medvedev.

After some more convincing, Obama went along with a plan to kick the illegal spies out of the country in exchange for some Americans. But the insight into the thinking inside his Oval Office is telling.

Eventually, Obama responded to Russian aggression after its stealth invasion of Ukraine in 2014. He worked closely with European allies to impose sanctions on Russia for their violation of Ukraine's sovereignty. But he never agreed to sell the Ukrainians defensive weapons. In the final years of his

presidency, as Wired magazine has recently reported, the Russians engaged in bold cyberattacks against Ukraine's electric grid. So far, the U.S. has not responded openly to that either.

Even after Russia's invasion of Ukraine, the Obama policy toward Russian aggression was inconsistent. As Foreign Policy magazine reported in May, Obama's State Department slow-rolled a proposal from the U.S. Mission to the United Nations to lay out a set of options to punish Russia's client Syria for its use of chlorine bombs against its own citizens in 2014. Russia and the U.S. forged the agreement in 2013 to remove chemical weapons from the country. In 2015, the Obama administration did nothing to deter Russia from establishing air bases inside Syria, preferring instead to support John Kerry's fruitless efforts to reach a cease-fire agreement with Russia in Syria. That inaction now haunts the U.S. as Russia declared its own no-fly zone this month in Syria, after U.S. forces shot down a Syrian jet.

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All of this is the context of Putin's decision to boldly interfere in the 2016 U.S. elections. Perhaps Putin would have authorized the operation even if Obama had responded more robustly to Russia's earlier dirty tricks and foreign adventures. But it's easy to understand why Putin would believe he had a free shot. Russia probed American resolve for years. When Obama finally did respond, it was too late to save Ukraine and too late to protect our election.

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**THE WALL
STREET
JOURNAL**

Editorial : Expect a Coverup

Holman W.
Jenkins, Jr

In the Sunday Washington Post's 7,000-word account of what President Obama knew about Russian election meddling and what

he did about it, one absence is notable. Nowhere in the Post's lengthy tick-tock is Mr. Obama presented with evidence of, or

described as worried about, Trump collusion with Russia.

Moscow intervened in the election eight ways from Sunday, but it's clearer than ever that what's occupied Americans for the past six months are baseless accusations about the Trump campaign.

Among the evidence on Mr. Obama's desk was proof that Vladimir Putin was personally directing the Russian espionage effort. For a variety of sensible reasons, though, the White House and U.S. intelligence also concluded that Russia's meddling was "unlikely to materially affect the outcome of the election."

President Obama made at least one inevitably political calculation: Hillary Clinton was going to win, so he would keep relatively mum on Russian interference to avoid provoking "escalation from Putin" or "potentially contaminating the expected Clinton triumph," in the Post's words.

Strangely missing from the Post account, however, is one Russian intervention, revealed by the paper's own earlier reporting, that may really have, in farcical fashion, elected Donald Trump.

This was FBI Director James Comey's ill-fated decision to clear Hillary Clinton publicly on intelligence-mishandling charges. His choice, it now appears, was partly shaped by a false intelligence

document referring to a nonexistent Democratic email purporting to confirm that then-Attorney General Loretta Lynch had vowed to quash any Hillary charges.

On April 23, the New York Times first alluded to the document's existence in an 8,000-word story about Mr. Comey's intervention.

On May 24, the Post provided a detailed description of the document and revealed that many in the FBI considered it "bad intelligence," possibly a Russian plant.

On May 26, CNN adumbrated that Mr. Comey "knew that a critical piece of information relating to the investigation into Hillary Clinton's email was fake—created by Russian intelligence—but he feared that if it became public it would undermine the probe and the Justice Department itself."

"In at least one classified session [before Congress]," CNN added, "Comey cited that intelligence as the primary reason he took the unusual step of publicly announcing the end of the Clinton email probe. . . . Comey did not even mention the other reason he gave in public testimony for acting independently of the Justice Department—that Lynch was compromised because Bill Clinton boarded her plane and spoke to her during the investigation."

Why has this apparently well-documented, and eminently documentable, episode fallen down the memory hole, in favor of a theory for which there is no evidence, of collusion by the outsider Mr. Trump?

The alternative history is incalculable, but consider: If Mr. Comey had followed established practice, the Hillary investigation would have been closed without an announcement, or the conflicted Ms. Lynch or an underling would have cleared Mrs. Clinton. How would this have played with voters and the media? Would the investigation's reopening in the race's final days, with discovery of the Weiner laptop, have taken place? Would the reopening have become public knowledge?

The noisy, obnoxious ways Russia meddled amounted to nothing. The public was able to discount them. It was only through a bumptious act of our own law-enforcement community, in a way the public didn't know at the time may have been influenced by planted Russian intelligence, that the Kremlin conceivably really may have affected an extraordinarily close race in the Electoral College.

What also emerges from the Post's tick-tock, as well as from public testimony by U.S. intelligence chiefs, is that Russia did not seek to

hide its meddling. The Russian goal was to sow confusion and bring disrepute on the U.S. leadership class. If so, any investigation of Russian meddling that fails to focus on the Comey actions will amount to a coverup.

Expect a coverup: The truth is absolutely unacceptable to the establishment that Special Counsel Robert Mueller represents. There is no appetite for the truth among Democrats: They cling to Mr. Comey's legal exoneration of Mrs. Clinton in the server matter.

There is no appetite among Republicans: Messrs. Comey and Mueller are Republicans, promoted in their careers by Republican presidents. There is no appetite in the Trump White House, which doesn't want its win tainted in history by a Russian dirty trick.

There is no appetite in the Kremlin: Mr. Putin knows that relations with the American superpower are slipping toward an all-out hostility that he can't afford.

In the U.S., to acknowledge the truth would be to complete the task Russia set itself in discrediting the U.S. leadership class.

A coverup is the only way to go.

**The
Washington
Post**

North Korea at the top of agenda as South Korea's new president comes to D.C.

SEOUL — When South Korea's new president visits the United States this week for his first meeting with President Trump, there will be no cozy dinners at Mar-a-Lago or rounds of golf in the Florida sunshine.

Instead, Moon Jae-in will be going to the White House for what is shaping up to be a challenging summit, with the leaders taking sharply different approaches to dealing with North Korea and a continuing disagreement over an American antimissile system deployed to South Korea.

"The summit should really be about drawing the big picture, but instead they will be focusing on areas of potential friction," said James Kim, a specialist in U.S.-South Korea relations at the Asan Institute for Policy Studies in Seoul. "A lot will hinge on how the two leaders get along and the chemistry between them."

Moon, a liberal who was elected president in a landslide in May following the impeachment of conservative Park Geun-hye amid a

bribery scandal, has been doing his best to appear conciliatory in the lead-up to the summit.

"President Trump and I have a common goal — that is the complete dismantlement of North Korea's nuclear program and the denuclearization of the Korean Peninsula," he told The Washington Post's Lally Weymouth in an interview last week. "I hope we will be able to show the world that the collaboration between our two countries is strong and will continue to grow stronger."

[*South Korea's new president: 'Trump and I have a common goal'*]

But his message was muddled when one of his top advisers delivered a very different statement in Washington.

If North Korea suspends its nuclear and missile activities, then Moon would ask the United States to scale back its joint military exercises with South Korea, Moon Chung-in, the president's special adviser for unification, foreign and security affairs, said at the Wilson Center.

"I think what he has in mind is, you know, we may scale down deployment of American strategic weapons over the Korean Peninsula," the adviser said.

South Korea's presidential Blue House has been trying to distance itself from the remarks, saying this was one of a range of options. But the remarks have fueled Washington's worst fears about the Moon administration, said Kim, of the Asan Institute.

Moon is a proponent of the "sunshine policy" of engagement with North Korea, named after the Aesop fable in which the wind and the sun compete to make a traveler take off his coat. The sun gently warms the traveler and succeeds, the moral of the fable being that gentle persuasion works better than force.

The policy was championed by former president Kim Dae-jung and continued by fellow progressive Roh Moo-hyun, whom Moon served as chief of staff.

Kim's 2001 summit with President George W. Bush was widely

considered a disaster, not least because of their sharply divergent views on dealing with North Korea. Kim had been awarded the Nobel Peace Prize the year before for holding the first inter-Korean summit — with then-North Korean leader Kim Jong Il — but Bush criticized this approach during their summit, rejecting any prospect of returning to talks with Pyongyang.

Moon has been espousing cooperation and engagement with North Korea, saying this month on the 17th anniversary of that inter-Korean summit that he was prepared to talk to Pyongyang if it stopped its nuclear tests and missile launches, but without other conditions.

[*On first day in office, South Korean president talks about going to North*]

On Saturday, Moon suggested there should be a unified Korean team for the Winter Olympics in South Korea next year. He also wants to reopen an inter-Korean industrial park where North Koreans work in Southern-owned factories on their

northern side of the border — even if it would violate international sanctions.

Although Trump has talked about meeting Kim Jong Un, the leader of North Korea, his administration has espoused a policy of “maximum pressure” on Pyongyang to make it give up its nuclear weapons program. It has been imposing new sanctions on North Korean leaders and warning that military action is one option for reining in the regime.

This pressure is likely only to increase with the death last week of Otto Warmbier, an Ohio man who was detained in North Korea for 17 months, 15 of which he spent in a coma.

The other key issue for the summit will be the Terminal High Altitude Air Defense system, or THAAD, which the Park administration agreed to deploy in South Korea to help guard against the North Korean threat. With Moon campaigning on a platform to review that agreement, the U.S. military rushed to get the radar system and two launchers in place before he was elected.

Since his election, Moon has expressed shock that four more launchers were brought to South Korea without his knowledge — even though a full antimissile battery comprises six launchers — and has ordered the deployment to be suspended while his government carries out an environmental review.

The system remains highly controversial in Seongju, the southern area where it is deployed.

“THAAD has turned our tranquil village upside down,” said Do Geum-nyon, an 81-year-old woman who was protesting last week.

“I can’t focus on my farming because I also have to come out to keep watch over the Americans,” she told the Yonhap News Agency.

The United States considers the deal an issue at the heart of the two countries’ 70-year-old military alliance, and analysts are warning of severe damage to relations if the Moon administration reverses the decision to deploy a missile battery aimed at keeping South Korea — as

well as the United States and Japan, its other ally in the region — safe.

The Trump administration has not yet nominated an ambassador to South Korea, although Victor Cha, who served on the National Security Council during the Bush administration, is thought to be the front-runner for the post.

[South Koreans elect liberal Moon Jae-in president after months of turmoil]

In many ways, the fact that a summit can take place at all is progress.

South Korea was in a state of limbo for about six months while Park was impeached, and South Koreans watched uncomfortably as Japanese Prime Minister Shinzo Abe and then Chinese President Xi Jinping went to Trump’s Florida resort for cordial dinners with the American president. Abe even took to the golf course with Trump.

South Koreans felt aggrieved this year when Trump called Xi and Abe — but not their acting president — over one of North Korea’s provocations.

Now, despite their political and policy differences, much will depend on how Trump, who places a premium on personal rapport, and Moon get along.

With this in mind, the Moon administration has sent emissaries to Washington to learn how Abe got into Trump’s good graces and to discover the pitfalls he needs to avoid.

“They know if Trump thinks you’re a good guy, he will listen to you, but if he thinks you’re a bad guy, there’s no argument you can make to win him over,” said one Washington think tank expert who was consulted by Hong Seok-hyun, Moon’s special envoy to the United States. “They want Moon to make a good first impression and get off on the right foot with him.”

One of Moon’s aides has suggested that the pair will get along well. “Trump doesn’t like flamboyant characters like himself,” he said on the condition of anonymity to discuss his boss. “They are yin and yang.”

**The
New York
Times**

Trump Welcomes South Korean Leader as Options on the North Wane

Mark Landler

WASHINGTON

— President Trump’s campaign to rein in North Korea is about to get a lot more complicated, as a progressive new leader in South Korea and fraying ties with China leave the United States with fewer partners to press Kim Jong-un on his nuclear or missile programs.

Mr. Trump will get a first taste of this less friendly landscape on Thursday, when he welcomes South Korea’s newly elected president, Moon Jae-in, to the White House for dinner and an Oval Office meeting the next day.

Mr. Moon campaigned on an independent-minded foreign policy and is more interested in engaging with the North than Mr. Trump’s hawkish advisers. He also halted the deployment of an American-made antimissile system in South Korea.

White House officials hope to defuse any tensions by trying to build good personal rapport between Mr. Trump and Mr. Moon, a 64-year-old human rights lawyer who served a previous South Korean leader, Roh Moo-hyun, known for clashing with the United States over North Korea.

As he tries to win over Mr. Moon, Mr. Trump already is pivoting to a harsher approach to China, according to administration officials. The United States has demanded that Beijing crack down on Chinese

banks and companies that do business with North Korea. And it plans to move ahead soon with tariffs on steel imports that are aimed partly at China.

In its latest human trafficking report, issued on Tuesday, the State Department also downgraded China to the worst category, along with Syria, Iran, Russia and North Korea. It said China was guilty of using forced labor from North Korea.

The tough new tone comes after Mr. Trump expressed disappointment with President Xi Jinping for his failure to do more to pressure North Korea to stop its provocative behavior. Mr. Trump earlier had soft-pedaled his grievances in return for Mr. Xi’s help on North Korea. But with China not stepping up, senior officials said, he will feel less constrained about confronting China on trade and other areas of dispute.

On Monday, before a meeting with Prime Minister Narendra Modi of India, Mr. Trump reiterated his sense of crisis about Pyongyang.

“The North Korean regime is causing tremendous problems,” he said, “and is something that has to be dealt with, and probably dealt with rapidly.”

With North Korea, as with other foreign policy challenges, Mr. Trump has tended to personalize the issue, emphasizing his rapport with leaders and his ability to strike deals.

The question is whether he will have better luck with Mr. Moon than he has had with Mr. Xi.

“This is going to be a more difficult relationship than we’ve had for a few years,” said Jeffrey A. Bader, a top Asia adviser to President Barack Obama. Mr. Moon, he predicted, would seek to restore trade with the North, and visit Pyongyang during his five-year term.

But, Mr. Bader added, “at the outset, he wants a good relationship with Trump.”

The White House clearly wants the same. The two-day visit, officials said, would include ceremonies, like a wreath-laying and a visit to the Korean War Veterans Memorial, that are intended to celebrate the alliance between the United States and South Korea.

Officials said they were encouraged by an interview with Mr. Moon in The Washington Post last week, in which he said he would not necessarily cancel the deployment of the antimissile system, known as the Terminal High-Altitude Air Defense, or Thaad. South Korea, he said, was conducting an environmental impact assessment on it.

The Trump administration, one senior official said, wants to avoid being interposed between the South and the North, which happened during previous periods when

Washington and Seoul clashed over how to deal with the North Korean government.

For some in the White House, Mr. Moon’s election was a political sea change in South Korea — a victory, particularly for young voters, who want a different kind of relationship with their northern neighbor. Some have even taken to calling it South Korea’s “Brexite.”

Popular sentiment in South Korea toward China has deteriorated in recent years, and Mr. Moon’s government is also likely to have a chilly relationship with Japan. That could complicate efforts by the Trump administration to coordinate regional pressure against the North.

For the next few weeks, the focus in Washington may switch from pressuring North Korea to pressuring China.

Some administration officials are pushing for the White House to announce punitive measures on steel imports even before a meeting of the Group of 20 nations in Hamburg, Germany, early next month. But the timing will depend on how quickly the administration is able to finalize a Commerce Department study of the global steel market.

China accounts for only 2 percent of steel exports to the United States, but its excess capacity drives down steel prices worldwide. Surplus

Chinese steel, shipped to other countries, ends up in America in other manufactured products.

The Trump administration has also shifted from cajoling to threats in its exchanges with the Chinese on

North Korea. At a recent high-level meeting in Washington, a person who was briefed on the session said, the Americans handed the Chinese a list of companies that were dealing with the North Koreans

and told them "to handle it — or else."

"Trump is being returned to the reality of China that everyone who has ever worked on China policy knows is the case," said Michael J.

Green, who served as a top Asia adviser to President George W. Bush.

The New York Times With Modi in Washington, China and India 'Jostle' on Their Border

Ellen Barry and
Yufan Huang

NEW DELHI — As Indians savored Prime Minister Narendra Modi's effusive welcome in the White House Rose Garden this week, another, less friendly image kept stubbornly interfering.

High in the hills of the Himalayas, Indian troops had halted a Chinese road-building project in a disputed border area, and Beijing was angry. News channels kept cutting to old video of troops bumping torsos, trying to force one another backward without escalating to slaps or punches, a tactic often described here as "jostling."

Beijing released a complaint against India on Monday, just as Mr. Modi walked into a meeting in Washington with Defense Secretary Jim Mattis. On Tuesday, Global Times, a state-run nationalist tabloid, warned India to back down in a harshly worded editorial, saying that its "capacity is nowhere near China's, and the so-called strategic support from the United States is empty, too, so it won't be of any help when it is needed."

The interruption of diplomatic ceremonies by border flare-ups is a regular feature of the Indian-Chinese relationship. To Indian analysts, the outburst conveyed Beijing's dissatisfaction with President Trump's plans to carry forward the United States-India strategic maritime partnership begun under President Barack Obama.

"They look at India as a critical swing state in Asia, and they see India now moving inexorably toward the U.S., which makes it very

difficult for China to carve out a Sinocentric Asia," said Brahma Chellaney, an analyst affiliated with the Center for Policy Research in New Delhi.

He said events of recent months — particularly India's refusal to participate in the "One Belt, One Road" project, the vast, strategic transportation network supported by China's president, Xi Jinping — have galvanized Chinese officials.

"Without India's entry," he said, "O.B.O.R. will never be complete."

Analysts on both sides could reel off examples of diplomatic visits that had been interrupted by border spats. In 2014, when Mr. Modi hosted Mr. Xi for his first visit in eight years, the two men were at an opulent riverfront banquet when news broke of a skirmish between their armies.

Mr. Chellaney said the incursions had been ordered by the Chinese side "to remind India that diplomacy is an opportunity for India to concede to Chinese demands, or else China will use its muscle."

Chinese analysts, not surprisingly, saw the current conflict the other way around: Some theorized that Mr. Modi had ordered his troops to cross the border to impress upon Mr. Trump that India could play a central role in containing Chinese ambitions.

Han Hua, an associate professor of international relations at Peking University in Beijing, called the timing "very strange."

"Given that these kinds of disputes always coincide with major international events, we could at

least say they have tactical purposes, if not strategic," she said.

India, a country famously wary of forming strategic alliances, has drawn significantly closer to the United States since Mr. Modi took office. China has the world's fastest-growing submarine fleet, and India was shocked into action in 2014, when a People's Liberation Army submarine docked in the Sri Lankan port of Colombo.

Last year, Washington and New Delhi signed a landmark agreement on defense logistics support that had been under discussion for nearly a decade, and the United States designated India a "major defense partner."

In Washington, Mr. Trump announced the sale to India of advanced surveillance drones that can be used to track Chinese naval movements, and which have not, until now, been shared with a non-NATO military. These steps are being watched closely by Beijing.

"They fear India getting too close to America," said Ashok Malik, a political analyst at the Observer Research Foundation. "They don't fear India by itself, or India getting too close to anyone else."

The confrontation occurred at the edge of the Chumbi Valley, a Chinese enclave that creates a wedge between Bhutan and the Indian region of Sikkim. The site, at an elevation of nearly 10,000 feet, is strategic because it offers access to a thin strip of Indian territory known as the Chicken Neck, which connects India's far northeast to the rest of the country.

Chinese troops were constructing roads in that region when Indian soldiers, with what analysts described as unusual assertiveness, forced them to stop. Beijing insists that the spot — unlike other places where the two sides have frequent standoffs — has a clearly delineated border that has long been accepted by both countries. In protest, China cut off access to a group of Indian pilgrims who must cross a Chinese pass on their way to Mount Kailash, which is considered sacred by Hindus and Buddhists.

Gen. V. P. Malik, a former chief of the Indian Army, said troops regularly scuffled at that spot.

"We believe that it is part of our territory, and I am sure they must think the same way on their side," General Malik said. "You know these nibbling tactics of the Chinese. They do it all the time, everywhere. They try to nibble things here and there."

In China, Global Times, which sometimes reflects government thinking, carried an unusually harsh warning to India.

"We must not just send them back to where they were before crossing the border, but also show no mercy in media reports," it said. "India is far from the point where it could be arrogant in front of China. Its G.D.P. is only a quarter of China's, its military budget is a third of China's. To remain friendly with China and cautiously manage the border issue would be its best option."

The New York Times Friedman : Trump Is China's Chump

Thomas L.
Friedman

HONG KONG — Having just traveled to New Zealand, Australia, South Korea, China, Taiwan and now Hong Kong, I can say without an ounce of exaggeration that more than a few Asia-Pacific business and political leaders have taken President Trump's measure and concluded that — far from being a savvy negotiator — *he's a sucker* who's shrinking U.S. influence in this region and helping make China great again.

These investors, trade experts and government officials are still stunned by an event that got next to no attention in the U.S. but was an earthquake out here — and a gift that will keep on giving America's allies pain and China gain for years to come. That was Trump's decision to tear up the 12-nation Trans-Pacific Partnership (TPP) free-trade deal in his first week in office — clearly without having read it or understanding its vast geo-economic implications.

(Trump was so ignorant about TPP that when he was asked about it in a

campaign debate in November 2015 he suggested that China was part of it, which it very much is not.)

Trump simply threw away the single most valuable tool America had for shaping the geo-economic future of the region our way and for pressuring China to open its markets. Trump is now trying to negotiate trade openings with China alone — as opposed to negotiating with China as the head of a 12-nation TPP trading bloc that was based on U.S. values and interests and that controlled 40 percent of the global economy.

It is hard to think of anything more stupid. And China's trade hard-liners are surely laughing in their sleeves.

"When Trump did away with TPP, all your allies' confidence in the U.S. collapsed," a senior Hong Kong official told me.

"After America stopped TPP, everyone is now looking to China," added Jonathan Koon-shum Choi, chairman of the Chinese General Chamber of Commerce, Hong Kong. "But China is very smart — just keeping its mouth shut."

Beijing is now quietly encouraging everyone in the neighborhood to join the Regional Comprehensive Economic Partnership, China's free-trade competitor to TPP, which, unlike TPP, lacks environmental or labor standards; China's Asian Infrastructure Investment Bank; and its One Belt, One Road development project.

Carrie Lam, the new chief executive of Hong Kong, told me that TPP countries like Australia are quickly reaching out to Hong Kong to forge closer and freer trade ties, now that the Americans have pulled TPP down. It's a "pity" that the Americans are leaving, she said, but "this will give our country this opportunity to lead." China is not just looking for growth, she added, but also for "influence."

Just to remind: TPP was a free-trade agreement that the Obama team forged with Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

It was not only the largest free-trade agreement in history, it was the best ever for U.S. workers, closing loopholes Nafta had left open. TPP included restrictions on foreign state-owned enterprises that dumped subsidized products into our markets, intellectual property protections for rising U.S. technologies — like free access for all cloud computing services — but also anti-human-trafficking

provisions that prohibited turning guest workers into slave labor, a ban on trafficking in endangered wildlife parts, a requirement that signatories permit their workers to form independent trade unions to collectively bargain and the elimination of all child labor practices — all to level the playing field with American workers.

Yes, like any trade deal, TPP would have challenged some U.S. workers, but it would have created opportunities for many others, because big economies like Japan and Vietnam were opening their markets. For decades we had allowed Japan to stay way too closed, because it was an ally in the Cold War, and Vietnam, because it was an enemy. Some 80 percent of the goods from our 11 TPP partners were coming into the U.S. duty-free already, while our goods and services were still being hit with 18,000 tariffs in their countries — which TPP eliminated.

That's why the Peterson Institute for International Economics estimated that U.S. national income would have grown by some \$130 billion a year by 2030 with TPP — not huge, just a nice boost for U.S. workers, businesses and diplomats.

"TPP would have encouraged C.E.O.s, logistics managers and others to place their bets on the world's single largest trading zone, one that would have been dominated by the U.S., the largest

and most developed economy in it," economics writer Adam Davidson observed in *The New Yorker*.

Countries like Japan, Vietnam, Malaysia and Singapore made big concessions to the U.S. to be part of TPP — precisely because they wanted America embedded in their own economies, as a hedge against Chinese economic domination. A young Vietnamese businessman I met at a Wharton economic forum in Hong Kong asked me, "Do we have to choose between Russia and China now?"

The other people we disappointed, explained James McGregor, author of *"One Billion Customers: Lessons From the Front Lines of Doing Business in China,"* are China's economic reformers: They were hoping that the emergence of TPP "would force China to reform its trade practices more along American lines and to open its markets. ... We failed the reformers in China."

Out here everyone gets it: China has Trump's number. Its officials were afraid of him at first — with his tough trade talk. But they quickly realized how easy it was to distract him with shiny objects, like promises to defuse the North Korea threat for him or by giving stale sector-specific trade concessions, such as for American beef exports to China — things China has promised multiple presidents before — that Trump could brag about.

Beijing watched Trump threaten to abandon America's adherence to the one-China policy if he did not get trade concessions — and then just fold the minute China's president, Xi Jinping, said he would not take a phone call from Trump unless he reaffirmed the "One-China" policy.

And China just invited Ivanka Trump and Jared Kushner on an official visit for early next year, red carpet and all. As my colleague Keith Bradsher reported, China, for the first time, has arrested Chinese labor-rights activists who were working undercover to investigate a Western supply chain — specifically, factories near Hong Kong that made shoes for Ivanka Trump and other brands. Moral of the story: *Take care of the emperor's daughter and everything will be fine.*

You have to admire the Chinese combination of toughness, patience and savvy. One day I hope America again will have a president with such attributes — not a sucker for flattery, not an ignorant ideologue who rips up treaties he hasn't even read, not a made-for-television negotiator who throws his best leverage out the window — the ability to negotiate with China as the head of a trading bloc controlling 40 percent of the world's economy — before he sits down at the table.

We may call him "Trump" in America, but here it's pronounced "Chump."

The New York Times

Daniels

'Goodbye, Weapons!' FARC Disarmament in Colombia Signals New Era

Nicholas Casey and Joe Parkin

MESETAS, Colombia — As United Nations inspectors slammed shut a shipping container filled with rifles, fighters from Colombia's largest rebel group cheered on Tuesday morning when their leader declared that they had laid down their arms after 52 years of guerrilla war.

It may yet be some time before every weapon the rebels fired in Colombia is accounted for. But the ceremony signaled to the country that the Revolutionary Armed Forces of Colombia, known by its Spanish initials as the FARC, would no longer threaten Colombians as it had for generations.

"Goodbye, weapons! Goodbye, war!" Rodrigo Londoño, the FARC leader known as Timochenko, shouted to the fighters.

The rebels have abandoned their battle camps for demobilization camps like the one in a lush stretch of countryside near Mesetas — temporary settlements of tents and

drywall buildings where the rebels have been slowly handing over their weapons, 7,132 at last count.

Some rifles will remain at the camps for security purposes until Aug. 1, the United Nations inspectors said, and rebel weapons caches were still being examined. But for the most part, the inspectors said, the disarmament is essentially complete.

The weapons have been packed for shipment out of the country, to be melted down and used to build monuments. Rank-and-file rebels will soon be free to trade their fatigues for civilian clothes and begin new lives. And the FARC is laying plans to become a political party, much like the parties that emerged from guerrilla groups in post-conflict El Salvador and Guatemala.

The Colombian government must now tackle a host of challenges under the complicated peace agreement with the FARC, which took years to negotiate. Special tribunals are to be established to

settle war-crimes cases, and farmers are to be given incentives to stop growing coca leaf. (The rebels largely controlled the cocaine trade in Colombia.)

"The goal of ending the war has essentially been met," said Cynthia J. Arnson, the director of the Latin America program at the Woodrow Wilson International Center for Scholars. "It's implementing the 300-plus-page document, with 100 different programs and strategies, that's going to be difficult."

Colombia's president, Juan Manuel Santos, was awarded the Nobel Peace Prize last year for the peace accords with the FARC, but the deal remains highly controversial in Colombia. Voters rejected the accords by a narrow margin in a referendum last year, with many Colombians arguing that the fighters, who were promised amnesty, had gotten off too easily.

After the referendum, Mr. Santos got the Colombian Congress to approve a revised deal with FARC without submitting it to another referendum.

But with his term scheduled to end next year, he has been under constant attack from conservatives, including critics who say that the FARC will not reveal all the weapons and cash it has hidden in the jungle, something analysts say is possible.

The ceremony on Tuesday offered Mr. Santos a chance to remind his country that peace with the FARC had been awaited by generations of Colombians.

"This is the best news for Colombia in 50 years — this is great news of peace," he said, adding that the country could now finally unify as a democracy. "Today we see the end of this absurd war."

At the FARC camp, in the Putumayo department of southern Colombia, about 460 fighters now spend their days contemplating the unarmed life ahead of them. They were glued to mobile phones this weekend, talking to families on Facebook and WhatsApp, which were unknown to most of the fighters before this year.

Shipping containers holding the decommissioned weapons sat on the camp's perimeter, watched and sealed by United Nations observers in baseball caps. Though Colombian Army Black Hawk helicopters occasionally flew overhead, the peace agreement forbids soldiers to enter the camp.

Many rebels complained about months of delay in getting building materials to the camp, leaving it looking like a construction site, and many fighters still slept outdoors in hammocks, as they had in the jungle during the war. If the camp-building process was so halting, they asked, how could they expect the rest of the peace deal to be carried out smoothly?

Disarming has proved difficult, too.

Naida López, 32, spent nearly two decades with the rebels, after the military killed her parents and she

ran away. She said it was hard for her, as an orphan, to give up the protection of her weapon and her comrades.

"For every guerrilla fighter, their weapon has always been their most loyal friend, which has always accompanied them," she said. "Some people have names for their rifle."

Like many of the rebels, Ms. López is afraid of what might happen now that the former guerrillas must depend on the state for protection. She mentioned the last time the FARC experimented with political participation, running candidates for office under the Patriotic Union party banner, only to face massacres by right-wing paramilitary groups that the government failed to stop. Those groups still exist.

"They could kill us one by one," Ms. López said.

The rebels have found consolation and warmth in visits to the camp by loved ones they have not seen in years. Omaira Solarte, 32, saw her parents at the end of May, 18 years after she joined the FARC.

"Before, it was difficult to talk to your family," she said. "You would give away your position to the enemy."

Ms. Solarte intends to join the FARC's planned political party in a few months and work as an activist in the countryside, perhaps promoting rural health care. But in the meantime, she is worried about conditions at the camp, where she says the government has not provided adequate medical treatment.

"If we get ill, we are left alone," she said. "If that's how things are now, how will it be when we don't have our guns?"

Gaitan Duke, 33, said he was looking forward to getting to know his country without a weapon slung over his shoulder, perhaps to visit relatives or some of the country's indigenous communities in the interior.

He repeated a mantra heard widely in the camp — that far from surrendering, the rebels were transforming themselves for a new, democratic fight.

"We are not demobilizing," he said. "We are laying down our weapons to become an open and legal political movement."

The New York Times

Casey

A rogue faction of the Venezuelan police attacked the country's Supreme Court in Caracas on Tuesday, dropping grenades from a helicopter, government officials said. It was a rare uprising by government personnel in a country that has been on edge from mass protests and economic crises.

A video shot from a window and posted on Twitter shows a helicopter swooping in a circle around a building as explosions are heard.

Another video posted on social media on Tuesday showed a uniformed man identified as Oscar Pérez, flanked by masked, heavily armed men in uniforms, taking responsibility for the operation. The speaker said he represented a coalition of military, police and civilian personnel who opposed what he called "this transitional, criminal government."

"We are nationalists, patriots and institutionalists," the man said. "This fight is not against other state security forces. It is against the impunity imposed by this government. It is against tyranny. It is against the death of young people fighting for their legitimate rights."

It was not clear if the assault resulted in any casualties or where the attackers were on Tuesday night. Despite Mr. Pérez's claims, it could not be determined how much support, if any, the attackers had. In any case, they did not come close to overthrowing the government.

Police Officers in Helicopter Attack Venezuela's Supreme Court

Ernesto Londoño and Nicholas

In pictures of the helicopter attack that circulated online, a man who looks like Mr. Pérez appeared to be piloting the aircraft as a second man, in a balaclava, held a sign that said, "Art. 350, Libertad."

Experts said it was a reference to Article 350 of the Venezuelan Constitution, which encourages people to "disown any regime, legislation or authority that runs counter to democratic principles and guarantees, or that undermines human rights."

Elsewhere in Caracas, opposition members of the National Assembly said they were being besieged by armed government supporters.

Ernesto Villegas, Venezuela's minister of communications and information, said on national television that President Nicolás Maduro had been briefed on "an act of violence" launched from a helicopter that belongs to a law enforcement agency.

Mr. Villegas characterized the event as an "uprising against the republic, the Constitution."

Mr. Maduro condemned the attack in a televised address, calling it part of a "coup plot."

He said the assailants had launched grenades, including one that did not explode, while a "social event" was taking place in the court complex. The gunmen fired from the helicopter into offices and then flew over the building, he said.

"They could have left several dozen deaths," Mr. Maduro said.

The president added that he had "activated the entire national armed

forces to defend people's right to serenity."

Mr. Maduro said "sooner or later, we will capture the helicopter and those who have committed this armed attack." His remark suggested the assailants were at large and in control of the aircraft.

Adding to the mystery around Mr. Pérez is a 2015 Venezuelan film called "Muerte Suspendida," or "Suspended Death," in which he plays a police officer and is listed as a producer.

The trailer tells the story of a kidnapping in which a gang armed with automatic rifles and rocket launchers captures a wealthy man at a gas station. The family pleads for the help of the police, who mount an ambitious rescue. Mr. Pérez appears at the end of the trailer, apparently part of the rescue team, emerging from water in scuba gear.

"A story based on true events," the trailer's opening says.

Venezuela has been shaken for weeks by large protests against the government, some of which have turned violent. It has resorted to increasingly heavy-handed tactics, including torture, to beat back demonstrations, according to accounts by detained demonstrators and human rights activists. More than 70 people have died.

The Supreme Court, the target of Tuesday's attack, has become a focus for the rallies, chiefly because its bench is stacked with allies of the president who are seen as doing his bidding.

On Tuesday, the court appeared to be chipping away at the power of

the attorney general's office, transferring many of its investigative abilities to Tarek Saab, a high-ranking official in Mr. Maduro's party. The move was seen at curbing the authority of Luisa Ortega, the attorney general, who has become famous during protests for openly opposing the president, the highest-ranking official to do so.

The protests themselves were set off by another ruling by the court that essentially dissolved the opposition-controlled National Assembly in March and transferred lawmaking power to the justices themselves. Mr. Maduro eventually ordered the court to reverse much of its ruling after an outcry both outside and within Venezuela, including a public rebuke by Ms. Ortega.

Attempted coups have shaken Venezuelan politics in recent decades. Hugo Chávez, who later became the country's president, made a failed attempt to seize power by force in 1992 when he was a lieutenant colonel in the army. The uprising was crushed by the military, and Mr. Chávez was jailed.

In 2002, a few years after Mr. Chávez was elected president, senior military officers who opposed the new socialist government's policies tried to overthrow Mr. Chávez.

But few in Venezuela saw Tuesday's attack as having any chances of immediately succeeding in its stated goals.

But these are anxious times for the country. For more than two years, Venezuelans have been reeling from the nation's worst economic crisis in generations. The price of oil,

which long bolstered the economy and paid for Mr. Chávez's social programs, has plummeted. Inflation

is at record levels, and supermarket shelves are empty.

THE WALL STREET JOURNAL

Paul Kiernan and Paulo Trevisani

Brazil President Michel Temer Vows to Fight Charges

BRASÍLIA—Brazilian President Michel Temer on Tuesday vowed to stay in power and fight the bribery charges filed against him, inflaming a bitter political divide in a country battered by successive corruption scandals.

Mr. Temer, who was charged by the country's attorney general on Monday with accepting about \$150,000 in bribes and agreeing to take about \$11.5 million more, maintained his innocence and rejected the accusations as "fictitious." He also disparaged the evidence—contained in a plea bargain by Joesley Batista, the former chairman of meatpacking giant JBS SA—saying it came from a "confessed bandit."

"They want to stop the country, stop the government, in a political act, with fragile and precarious charges," Mr. Temer said in a televised address, apparently referring to Attorney General Rodrigo Janot and his team of prosecutors. "It isn't a thing to be taken lightly. When you're going to attack the institution of the presidency, it's necessary to have the utmost caution and have robust evidence, proof. The charges can't be an insinuation."

The charges and the president's defiant response escalated a conflict that has raged in Brazil's capital since Mr. Batista's allegations became public in May. On one side are Mr. Temer and the mostly conservative career politicians who make up his main support base. On the other are prosecutors leading the most significant corruption purge in the country's

history, allied, at the moment, with opposition legislators seeking to force a Brazilian president from office for the second time in little more than a year.

The two sides will face off over the coming weeks in Congress, where two-thirds of legislators must vote to allow Mr. Temer to be put on trial before the Supreme Court for the case to go forward. If that happens, the president would be suspended from office for up to 180 days.

Many analysts believe Mr. Temer currently has the political support he needs to stave off prosecution. "But new facts could emerge and change the scenario," said Thiago Vidal, a political scientist at Brasília's Prospectiva consulting firm.

Mr. Janot is expected to file additional charges in coming days for obstruction of justice and criminal conspiracy, a move that would force legislators to vote multiple times to save the president from prosecution. In the document released Monday, he requested permission from the Supreme Court to investigate Mr. Temer for money laundering as well.

Some of Mr. Temer's supporters cast the charges as an antidemocratic push by the attorney general and prosecutors. "It's not those who have voted who are calling the shots anymore," Sen. Jander Barbalho said on Tuesday.

Opposition politicians seized on the charges, ridiculing Mr. Temer for becoming the first Brazilian president ever charged with a criminal offense while in office.

The distinction may be a fine one, however. President Dilma Rousseff

was impeached last year and ousted from office on charges of manipulating the budget—a move she criticized as politically motivated.

"Result of the 2016 coup: the country is left in the hands of the only [sitting] president charged with corruption," she said in a tweet Tuesday.

Other former presidents, including Luiz Inácio Lula da Silva and Fernando Henrique Cardoso, have encouraged Mr. Temer to call early elections and step down before his term concludes at the end of next year.

But the president and his staunchest allies say such a scenario would derail economic reforms, including an overhaul to the pension system, at a time when Brazil is emerging from its deepest recession on record.

"In the year I've been in office, we've worked to lower inflation, to reduce interest rates, to create jobs...and for the end of the recession," Mr. Temer said. "I don't know how God put me here, you know, facing such a difficult task, but surely it was for me to finish it."

Opposition politicians, and many analysts, argue that a successful pension reform is increasingly unlikely in light of Mr. Temer's legal troubles and 7% approval rating.

"The country won't stabilize without elections. There's no way," said José Guimarães, a Workers' Party congressman. "You will see when the charges land here, no lawmaker will stand up and make passionate speeches to defend Temer."

The charges against Mr. Temer are based largely on a taped conversation at the president's house in March with Mr. Batista. In it, the businessman is heard telling Mr. Temer of his various attempts to hamper investigations into his company, including by paying hush money to a jailed witness. Prosecutors say the president encouraged Mr. Batista continue the measures.

Federal police subsequently videotaped a close aide of Mr. Temer running out of a São Paulo restaurant with a bag containing about \$150,000 from Mr. Batista's company. Prosecutors say the aide was an intermediary and that the money was intended for the president.

Mr. Temer denied ever receiving illicit money, a defense his supporters echoed.

"This was a trap from Joesley Batista," said Alfredo Kaefer, a congressman from a small party aligned with Mr. Temer. "What type of man records a chat with another man?"

For many ordinary Brazilians, though, the meeting—which took place after 10 p.m. and wasn't recorded on Mr. Temer's agenda—was incriminating enough.

"I can't say for sure that he's corrupt," said 46-year-old Fatima Meira, an unemployed human-resources worker in São Paulo. "But he's mixed up with all those other people who are."

The Washington Post

Ignatius : What happens when the whole world becomes selfish

Here in the capital of Iraqi Kurdistan, the mood is "Kurdistan first" with the announcement of a referendum on independence in September. In neighboring Saudi Arabia, it's "Saudi first," as a brash young crown prince steers the kingdom toward a more assertive role in the region. In Moscow, where I visited a few weeks ago, it's "Russia first," with a vengeance. And so it goes, around most of the world.

The politics of national self-interest is on steroids these days. For global leaders, it's the "me" moment. The nearly universal slogan among

countries that might once have acted with more restraint seems to be: "Go for it."

The prime catalyst of this global movement of self-assertion is, obviously, President Trump. From early in his 2016 campaign, he proclaimed his vision of "America first" in which the interests of the United States and its companies and workers would prevail over international obligations.

Trump has waffled on many of his commitments since becoming president, but not "America first." He withdrew from the Paris agreement on climate change and the Trans-Pacific Partnership, to name two

multinational accords that Trump decided harmed American interests, or at least those of his political supporters.

President Trump announced on June 1 that the United States will withdraw from the Paris climate agreement. President Trump announced on June 1 that the United States will withdraw from the Paris climate agreement. (Reuters)

(Reuters)

Trump's critics, including me, have been arguing that this selfish stance is actually weakening America by shredding the network of global alliances and institutions on which

U.S. power has rested. But let's put aside this issue of self-inflicted wounds and focus instead on what happens when other leaders decide to emulate Trump's disdain for traditional limits on the exercise of power.

Nobody wants to seem like a chump in Trump world. When the leader of the global system proclaims that he won't be bound by foreign restraints, the spirit becomes infectious. Call the global zeitgeist what you will: The new realism. Eyes on the prize. Winning isn't the most important thing, it's the only thing.

Middle East leaders have been notably more aggressive in

asserting their own versions of national interest. Saudi Arabia and the United Arab Emirates defied pleas from Secretary of State Rex Tillerson to stop escalating their blockade against Qatar for allegedly supporting extremism. Their argument was simple self-interest: If Qatar wants to ally with the Gulf Arabs, then it must accept our rules. Otherwise, Qatar is out.

For the leaders of Iraqi Kurdistan, the issue has been whether to wait on their dream of independence. They decided to go ahead with their referendum, despite worries among top U.S. officials that it could upset American efforts to hold Iraq together and thereby destabilize the region. The implicit Kurdish answer: That's not our problem. We need to do what's right for our people.

Trump has at least been consistent. His aides cite a benchmark speech he made April 27, 2016, at the Mayflower Hotel in Washington, in which he offered an early systematic "America first" pitch. He argued that the country had been blundering around the world with half-baked, do-gooder schemes "since the end of the Cold War and the breakup of the Soviet Union."

Trump explained: "It all began with a dangerous idea that we could make Western democracies out of countries that had no experience or interest in becoming a Western democracy. We tore up what institutions they had and then were surprised at what we unleashed."

What's interesting is that this same basic critique has been made,

almost word for word, by Russian President Vladimir Putin. That's not a conspiracy-minded argument that Trump is Putin's man, but simply an observation that our president embraces the same raw cynicism about values-based foreign policy as does the leader of Russia. (It's an interesting footnote, by the way, that in the audience that day as Trump gave his framework speech was Russian Ambassador Sergey Kislyak.)

Who are the outliers in this me-first world? Perhaps the Europeans. Despite body blows to the European Union over the past few years, France and Germany, the two dominant players, retain the conviction that their destinies involve something larger than national self-interest. Fear and nationalism have

shaken Europe but not overwhelmed it. An enlightened center is holding at Europe's core.

China, too, manages to retain the image that it stands for something larger than itself, with its "one belt, one road" rhetoric of Chinese-led interdependence. The question, as Harvard University's Graham Allison argues in his provocative new book, "Destined for War," is whether the expanding Chinese hegemon will collide with the retreating American one.

The politics of selfishness may seem inevitable in Trump world. But by definition, it can't produce a global system. That's its fatal flaw.

The New York Times

With 3 Words, Supreme Court Opens a World of Uncertainty for Refugees (UNE)

Miriam Jordan

LOS ANGELES — Fouad Dagoum fled Sudan after his village was ransacked by militia members who captured, detained and tortured him until his body was limp.

Eventually, he escaped to Egypt, where he was parked for more than a decade until getting a green light to resettle in the United States with his wife, Azhar Ahmed, and daughter, Lames.

Two years ago, the family arrived in New Haven, where they knew no one. A refugee resettlement agency found them an apartment, signed them up for benefits, got them Social Security numbers and enrolled the daughter in school.

"It was hard," recalled Ms. Ahmed, 32. "When we arrive, we don't know anyone. We don't have friends. We don't speak English. But we are safe, and we got help."

About four out of 10 refugees who come to the United States have no family ties in the country, according to independent estimates. In some cities known for taking in refugees — like Boise, Idaho; New Haven; and Fayetteville, Ark. — those with no family ties are a majority.

On Monday, the Supreme Court threw into question whether such refugees, who are among the most vulnerable people seeking a haven after fleeing persecution or conflict, will be approved for resettlement in the United States.

In agreeing to hear two cases on President Trump's travel ban, the court introduced a new phrase to the fraught discussion of refugees and Muslim immigrants: "bona fide relationship."

Those who can show a "bona fide relationship" with a "person or entity" in the United States will not be affected by Mr. Trump's 120-day halt to refugee admissions or his 90-day ban on travel from six majority-Muslim countries, according to the court's order. Those refugees or travelers must be admitted, at least for now.

However, those who have no family, business or other ties can be prohibited, the court said.

The justices gave some examples of a bona fide relationship: visiting relatives in the United States, attending a university or taking a job offer.

On a conference call Monday, lawyers who have fought the Trump administration argued that other refugees and travelers should also be allowed in because, like Mr. Dagoum, they often have ties to a nonprofit organization that has been helping them even before they land in the United States.

"Anyone who has an existing relationship with a nonprofit, frankly tens of thousands of refugees," should be seen as having bona fide ties, said Becca Heller, director of the International Refugee Assistance Project.

Representatives of some resettlement agencies said they were awaiting guidance from the State Department. Heather Nauert, a State Department spokeswoman, said on Tuesday that the department would consult with the Justice Department on how to define "bona fide relationship," a process she expected to take two more days. Meanwhile, anyone already approved for travel to the United

States by July 6 would be allowed in, she said.

Mr. Trump, who hailed Monday's decision, has said he issued the ban to give his administration time to review its vetting procedures, while opponents contend that the move discriminates against Muslims. The justices will consider the constitutionality of the ban in the fall, but in their order Monday, they signaled that foreigners without American ties were the ones least likely to gain any protection from the court.

Although the administration has not said how it would interpret "bona fide relationship," it is conceivable that it will take a relatively narrow view of the phrase and decide that anyone without a family, university or employment connection can be barred.

That could lead to another round of lawsuits from opponents of the ban, the very situation that Justice Clarence Thomas warned of in a partial dissent in which he called the standard "unworkable."

"The compromise also will invite a flood of litigation until this case is finally resolved on the merits, as parties and courts struggle to determine what exactly constitutes a 'bona fide relationship,'" Justice Thomas wrote. He argued that all refugees and travelers from the six countries should be temporarily barred.

Stephen Yale-Loehr, an immigration law professor at Cornell University, said, "At the very least, there will be delays in refugees' coming to the United States until we get clarifications from the State Department or the federal court."

Clarity on that issue is crucial for the Lutheran Immigration and Refugee Service, which resettled about 13,300 refugees last year.

For example, its affiliate in Fayetteville relies on 13 local congregations whose members have been preparing for the new arrivals.

"They have been waiting for families for months," said Emily Crane Linn, resettlement director at the affiliate, Canopy Northwest Arkansas. "They have garages filled with furnishings for their apartments."

The first wave of refugees from any particular country rarely have family ties. Thus, a majority of those arriving from Syria and the Democratic Republic of Congo, two of the most common nationalities of refugees in recent years, are so-called free cases.

As the number of refugees from a country grows, they become sponsors of relatives applying to join them. Until then, the families require intense case management from resettlement agency staff, to show them where to buy groceries, how to ride the bus and how to perform other mundane tasks.

Dr. Heval Kelli, a Syrian refugee, moved to the United States with his family in 2001, knowing no one in his new country. He was greeted by members of a local Episcopal church when he arrived in Clarkston, Ga.

"They brought furniture and food, sat on the ground with us, took us shopping to Walmart," said Dr. Kelli, 34. "That was the first time I went to Walmart."

He eventually attended medical school at Morehouse and completed a residency at Emory, where he is now training to be a cardiologist.

Mr. Dagoum, who settled in New Haven, now works at a granite

company, packing and shipping marble and tiles. His wife is studying English at a local college.

Integrated Refugee and Immigrant Services, the nonprofit agency that helped Mr. Dagoum, serves mostly

people without family connections in the United States.

Linda Bronstein, a senior case manager at the agency, called these "classic refugee cases."

"All of a sudden, we're saying these refugees might not be allowed here," she said.

ETATS-UNIS

POLITICO Inside the GOP's surprise health care flop

Burgess Everett

Senate Republicans had no inkling of what they were walking into on Tuesday afternoon as they filed into the Mike Mansfield room on the Capitol's second floor.

Mitch McConnell's 51 colleagues, from his most junior members to his closest lieutenants, fully expected the Senate to vote this week on the Senate GOP's wounded Obamacare repeal bill. They knew the whip count was far worse than advertised but were ready for McConnell to either admit defeat or start a furious round of deal-making to try to win their support. They took McConnell at his word that a vote would occur, regardless of the result.

Story Continued Below

Then the Kentucky Republican shocked them all as he dispassionately informed them at the top of the meeting that the vote would be delayed, and that he would continue the painful exercise of trying to get 50 of the caucus's 52 votes for Obamacare repeal.

Never mind that McConnell and his team had previously made clear that they did not believe letting the bill hang out over the July 4 recess would improve the result of the perilous negotiations.

"It's different from what he said ... yesterday afternoon as late as 5:30 p.m.," said a Republican senator.

Senators left the meeting perplexed at what will come next, and people close to McConnell don't fully comprehend how his strategy will play out, according to interviews with senators, aides and Republican operatives.

Even Senate Majority Whip John Cornyn (R-Texas), McConnell's deputy and perhaps his closest ally, admitted that he was a "little bit" surprised at the decision. Cornyn had said the vote was on just minutes before.

"I understand it and support it. It's important that we succeed," Cornyn said of McConnell's move. "This is

more than just about health care, as important as that is. This is about keeping our promises and demonstrating our ability to govern."

If the bill failed, the GOP's base could abandon them for not following through on the party's years-long campaign against Obamacare. It would also be harder for Republicans to pay for a sweeping tax reform plan. President Donald Trump's agenda could be mortally wounded.

In recent days, McConnell spoke to White House aides, senators, political consultants and his sprawling Washington network built over decades in the Senate.

But he never tipped his hand on what might be coming.

Everyone in the Senate took him at his word that a vote would occur this week, which is why the decision to punt the bill was so surprising. But it's also true that McConnell has never been the type of leader to put a bill on the floor that he knows will fail.

McConnell made his choice because he still sees a narrow path to success. "He's not interested in coming back and having a failed vote," said a person close to McConnell.

It will be fraught with danger while trying to balance out the demands of senators from Medicaid expansion states and hard-line conservatives looking to gut Obamacare as much as possible. And his decision to delay the bill also carries great political risk because it draws out the Obamacare fight at least a couple more weeks. But he's decided it's a risk worth taking.

The episode was a stunning twist in the GOP's long-running saga to roll back Obamacare.

Before the House first pulled its bill from the floor back in March, McConnell vowed that the Senate could pass a repeal bill in a week. Then he had the Senate GOP meet nearly every day of the last two months once the House finally sent

him a bill in April. Now he's trying a new tactic.

Behind closed doors Tuesday, McConnell informed the senators of his goal to strike a new deal by Friday or Saturday, with plans to have the Congressional Budget Office analyze that proposal and to hold a vote soon after the recess.

CBO Director Keith Hall was also present for the meeting, and GOP senators quickly laid into the man who's been haunting them with projections of 22 million fewer insured and short-term premium increases, according to people in attendance. It seemed to be a genuine effort by Republicans to discredit the nonpartisan referee so that the GOP's final health care bill isn't derailed by the CBO.

"CBO could stand for 'Confusing But Obtuse,'" said Sen. Steve Daines (R-Mont.) afterward.

Sen. Tom Cotton (R-Ark.) asked Hall, who was hand-picked by Republicans in 2015, how he could project millions more would be covered by Medicaid expansion in future years, wondering aloud whether the CBO could predict what was essentially a political decision left to individual states and their governors.

"I'm from the biggest potential Medicaid expansion state. And if you think Texas is expanding, you're wrong," chimed in Sen. Ted Cruz (R-Texas), according to attendees of the closed-door meeting.

Cruz is one of those senators McConnell now must win over, but he may be easier than most. He's been working well with McConnell, once his high-profile adversary, and his attack on Hall was aimed at making his colleagues feel better about the GOP leader's bill.

McConnell and Trump must persuade all but two of the following currently opposed senators to reverse course: conservatives Mike Lee of Utah, Rand Paul of Kentucky and Ron Johnson of Wisconsin as well as the more centrist Susan Collins of Maine, Shelley Moore

Capito of West Virginia, Rob Portman of Ohio and Dean Heller of Nevada, and surprise opponents like Jerry Moran of Kansas.

"There's several things we've put on the table. And at this point there's not much give," Capito said. "I don't know how, or if, we can get there."

"Tinkering isn't going to work, from my perspective. There would have to be a major overhaul of the bill ... to win my support," Collins said.

A few hours before the change in schedule was announced Tuesday, negotiations were really just beginning, as Cruz visited with McConnell privately. Portman met later with Vice President Mike Pence at his hideaway.

White House officials said Tuesday morning they were still angling to make deals with individual senators, hoping to deploy the \$188 billion they have left over from the CBO score to pour into the bill and cut deals.

But one Republican aide involved in the process said that GOP leaders had not yet engaged in the horse-trading needed to push the bill across the finish line — a key reason McConnell called off the vote early in the week.

"The truth is, we're not even close. This is not, like, a couple of tweaks," the aide said.

McConnell has given the White House assurances he will bring the bill to a successful vote, and an anxious Trump has been told by top aides in the Oval Office that he could trust McConnell, according to one person familiar with the conversations.

Trump told aides and McConnell that he wanted to be involved in whipping votes, and two administration officials said he enjoyed doing so in the House.

But McConnell aides and advisers don't think Trump can help like he could in the House.

"Trump doesn't bring us any votes. He just doesn't," said one person

familiar with the majority leader's thinking.

As the whip count became more dire in recent days, the White House became increasingly concerned about the flailing Republican bill and began to ramp up its efforts and urgency toward what could be Trump's key domestic achievement. Some, like top congressional lobbyist Marc Short and chief of staff Reince Priebus, were not as determined to have a vote this week as McConnell initially was, according to people who spoke with them.

The New York Times Vote Delayed as G.O.P. Struggles to Marshal Support for Health Care Bill (UNE)

Thomas Kaplan and Robert Pear

WASHINGTON — Facing intransigent Republican opposition, the Senate majority leader, Mitch McConnell, on Tuesday delayed a vote on legislation to repeal the Affordable Care Act, dealing another setback to Republicans' seven-year effort to dismantle the health law and setting up a long, heated summer of health care battles.

Mr. McConnell faced resistance from across his conference, not only from the most moderate and conservative senators but from others as well. Had he pressed forward this week, he almost surely would have lacked the votes even to begin debate on the bill.

"We will not be on the bill this week, but we're still working toward getting at least 50 people in a comfortable place," said Mr. McConnell, who is known as a canny strategist but was forced to acknowledge on Tuesday that he had more work to do.

The delay pushes Senate consideration of the bill until after a planned recess for the Fourth of July, but it does not guarantee that Republican senators will come together. Opponents of the bill, including patient advocacy groups and medical organizations, plan to lobby senators in their home states next week. Senators are likely to be dogged by demonstrators. Democrats vowed to keep up the pressure, and some Republican senators have suggested that their votes will be difficult to win.

After meeting with President Trump at the White House, Mr. McConnell told reporters that if Republicans could not come to an agreement, they would be forced to negotiate a deal with Senator Chuck Schumer of New York, the Democratic leader.

Trump began working the phones over the weekend. On Tuesday afternoon, he hosted Paul and the two developed what Paul called a "good rapport," a significant development considering Paul is perhaps the firmest "no" vote against the GOP's repeal bill right now.

On Tuesday, Trump also invited the entire GOP caucus to the White House to make a personal pitch to a party that by the time of the meeting included at least eight senators who opposed the bill in its current form.

"Obviously, the White House must have played some role, or otherwise

we wouldn't all be trundling down there," said Sen. John McCain (R-Ariz.).

Still, the particulars of the Senate's procedures will always, ultimately, be up to McConnell.

Some saw his delay as a positive sign, considering that the GOP leader could have simply cut bait on the bill. Instead, he is willing to expend huge amounts of political capital on a bill that could easily cost the GOP seats in Congress as soon as next year.

"More time gives opportunity," said Sen. James Lankford (R-Okla.).

Others weren't so sure. After all, if the GOP follows McConnell's new timeline and strikes a deal heading into the recess, GOP senators will have nine days at home dealing with liberal activists, a new CBO score and more critical media coverage.

"Personally," said Senate Finance Chairman Orrin Hatch (R-Utah), "I'd just as soon work through the recess."

Yet on Tuesday, just five days after releasing the bill, Mr. McConnell had to bow to reality: Republican senators were not ready to move ahead with the bill.

At least a small number might never be — raising questions about whether Mr. McConnell will be able to win over the votes for passage.

"It's difficult for me to see how any tinkering is going to satisfy my fundamental and deep concerns about the impact of the bill," said Senator Susan Collins, Republican of Maine, who was among the lawmakers prepared to vote against taking up the bill this week.

Mr. McConnell and his leadership team are hoping to replicate the feat of Speaker Paul D. Ryan, who revived the House's repeal bill and pushed it to passage six weeks after it appeared to be dead.

"I would hope, by the end of the week, that we have reached basically a conclusion with regard to the substance and the policy of this," said Senator John Thune of South Dakota, a member of the Senate Republican leadership.

Then, he said, it is just a question of timing.

Democrats are unified against the repeal bill, but they were not celebrating on Tuesday.

"The mantra on our side is never to underestimate Mitch McConnell," said Senator Richard Blumenthal, Democrat of Connecticut.

Mr. Schumer said: "We know the fight is not over. That is for sure." Over the next few weeks, he said, Mr. McConnell "will try to use a slush fund to buy off Republicans, cut back-room deals, to try and get this thing done."

At least four Republican senators — Ms. Collins, Dean Heller of Nevada,

Ron Johnson of Wisconsin and Rand Paul of Kentucky — had said they would vote against the motion to begin debate, enough to ensure it would fail. Other Republicans also appeared reluctant about moving forward with the bill.

"I'm just grateful leadership decided, let's take our time, give this more thought and try and get this right," said Mr. Johnson, who had been critical of the desire by Republican leaders to hold a vote this week.

After Mr. McConnell's announcement, three other Republicans announced their opposition to the bill in its current form: Jerry Moran of Kansas, Shelley Moore Capito of West Virginia and Rob Portman of Ohio.

Ms. Capito and Mr. Portman, who announced their opposition together, expressed concern about how the bill would affect Medicaid and the opioid crisis, which has had devastating effects in their states.

The release of a Congressional Budget Office evaluation on Monday made it much more difficult for party leaders to win over hesitant Republican members. The budget office said the Senate bill would leave 22 million more people uninsured by 2026, and many people buying insurance on the individual market would have skimpier coverage and higher out-of-pocket costs.

The Senate Democratic whip, Richard J. Durbin of Illinois, said the report by the Congressional Budget Office "did more to strike a dagger to the heart of this Republican repeal than anything else."

In 2026, the budget office said, 15 million fewer people would have Medicaid coverage under the Senate bill than under the Affordable Care Act, and seven million fewer people would have

coverage they purchased on their own. Faced with deep cuts in Medicaid, the report said, state officials would face unpalatable choices: restrict eligibility, eliminate services, reduce payments to health care providers and health plans, or spend more of their own money.

Appearing in Washington, Gov. John R. Kasich of Ohio cited the 22 million projection and expressed bewilderment that fellow Republicans would be on board with the bill.

"And they think that's great?" he

asked. "That's good public policy? What, are you kidding me?"

Doctors, hospitals and other health care provider groups have come out strongly against the Senate bill, as have patient advocacy groups like the American Heart Association. But business groups were ramping up their support. In a letter on Tuesday, the U.S. Chamber of Commerce urged senators to vote for the bill.

The Senate bill "will repeal the most egregious taxes and mandates" of the Affordable Care Act, allowing employers to create more jobs, said Jack Howard, a senior vice

president of the group. The bill, he noted, would repeal a tax on medical devices and eliminate penalties on large employers that do not offer coverage to employees.

A separate letter expressing general support for the Senate's efforts was sent by a coalition of business and employer groups including the National Association of Home Builders, the National Restaurant Association and the National Retail Federation.

But Senate conservatives found themselves squeezed between business sentiment and their

conservative base. The Club for Growth, a conservative group, came out against the Senate measure on Tuesday. The organization's president, David McIntosh, noted that congressional Republicans had "promised to repeal every word" of the Affordable Care Act.

"Only in Washington does repeal translate to restore," he said. "Because that's exactly what the Senate G.O.P. health care bill does: It restores Obamacare."



Jeffrey Sachs: America can save \$1 trillion and get better health care

(CNN)US health care costs are out of sight, more than \$10,000 per person per year, compared with around \$5,000 per person in Canada, Germany and France. Obamacare expanded coverage without controlling costs. The Republican plan would ruthlessly and cruelly limit coverage without controlling costs.

Of the two options, Obamacare is vastly more just. The Republican plan is ghastly. But America has a much better choice: health for all at far lower costs.

This might seem like an out-of-reach goal or a political slogan, but it is neither. Every other rich country uses the same medical technology, gets the same or better health outcomes, and pays vastly lower sums.

Why the disparity? Health care in America is big business, and in America big business means big lobbying and big campaign contributions, the public interest be damned.

Health care is our biggest economic sector, far ahead of the military, Wall Street and the auto and tech industries. It is pushing 18% of national income, compared with 10% to 12% of national income in the other high-income countries.

In line with its economic size, it ranks first in total lobbying, with a recorded \$152 million in lobbying spending in 2017 and an estimated \$273 million in federal campaign contributions in the 2016 election cycle, divided roughly equally between the parties.

Both parties have therefore ducked the hard work of countering the health care sector's monopoly power. Health care spending is now at \$10,000 per person per year,

roughly twice or more the total of other high-income countries, or a staggering \$3.25 trillion a year.

We should aim to save at least \$1 trillion in total annual outlays, roughly \$3,000 per person per year, through a series of feasible, fair and reasonable measures to limit monopoly power. Our system would look a lot more like that of the other more successful and less expensive nations.

Here's a 10-point plan Congress should consider.

First, move to capitation for Medicare, Medicaid and the tax-exempt private health insurance plans. Under capitation, hospitals and physician groups receive an annual "global budget" based on their patient population, not reimbursement on a fee-for-service basis.

Second, limit the compensation of hospital CEOs and top managers. The pay of not-for-profit hospital CEOs and top managers, for example, could be capped at \$1 million per year.

Third, require Medicare and other public providers to negotiate drug prices on a rational basis, taking account of research and development incentives and the manufacturing costs of the medicines.

Fourth, use emergency power to override patents (such as compulsory licensing of patent-protected drugs) to set maximum prices on drugs for public health emergencies (such as for HIV and hepatitis C).

Fifth, radically simplify regulatory procedures for bringing quality generic drugs to the market, including through importation, by

simplifying Food and Drug Administration procedures.

Sixth, facilitate "task shifting" from doctors to lower-cost health workers for routine procedures, especially when new computer applications can support the decision process.

Seven, in all public and private plans, cap the annual payment of deductibles and cost-sharing by households to a limited fraction of household income, as is done in many high-income countries.

Eight, use part of the annual saving of \$1 trillion to expand home visits for community-based health care to combat the epidemics of obesity, opioids, mental illness and others.

Nine, rein in the advertising and other marketing by the pharmaceutical and fast-food industries that has created, alone among the high-income world, a nation of addiction and obesity.

Ten, offer a public plan to meet these conditions to compete with private plans. Medicare for all is one such possibility.

There really no mystery to why America's health industry needs a drastic corrective.

Visit the website of your local not-for-profit hospital system. There's a good chance the CEO will be earning millions per year, sometimes \$10 million or more. Or go to treat your hepatitis C with Gilead drug Sofosbuvir. The pills list for \$84,000 per 12-week dose, while their production cost is a little over \$100, roughly one-thousandth of the list price. Or go in for an MRI, and your hospital might have an \$8,000 billable price for a procedure that costs \$500 in a discount clinic outside your provider network.

All of these are examples of the vast market power of the health

care industry. The sector is designed to squeeze consumers and the government for all they're worth (and sometimes more, driving many into bankruptcy).

As a result, the sector is awash in profits and compensation levels, and the stock prices of the health care industry are soaring. In the meantime, human and financial resources are pulled away from low-cost (but also low-profit) disease prevention, such as low-cost community health workers and wellness counselors who work within the community, including household visits.

The health care sector is a system of monopolies and oligopolies -- that is, there are few producers in the marketplace and few limits on market power. Government shovels out the money in its own programs and via tax breaks for private plans without controls on the market power. And it's getting worse.

Every other high-income country has solved this problem. Most hospitals are government-owned, while most of the rest are not for profit, but without allowing egregious salaries for top management. Drug prices are regulated. Patents are respected, but drug prices are negotiated.

None of this is rocket science. Nor is the United States too dumb to figure out what Canada, the UK, France, the Netherlands, Germany, Japan, Sweden, Norway, Denmark, Finland, Austria, Belgium, Korea and others have solved. The problem is not our intelligence. The problem is our corrupt political system, which caters to the health care lobby, not to the needs of the people.

Holtz-Eakin : The Senate health-care bill will give us better care and a better economy

Douglas Holtz-Eakin is president of the American Action Forum and former director of the Congressional Budget Office.

The much-ballyhooed Senate Republicans' health-care reform — officially the Better Care Reconciliation Act of 2017 and better known as Obamacare repeal-and-replace — is now the center of public debate. Much of the discussion has focused on issues of timing — the “secretive” process by which the bill was developed, the putative “jamming” of the bill forward for a floor vote and now a delay of the vote until after the July 4 recess. But to begin: What's actually in the BCRA?

If you start from the perspective of the Affordable Care Act — that it should be illegal to be uninsured and that there should be no limit to the amount of taxpayer money subsidizing coverage — the BCRA is a sharp departure. But it makes sense to change course. After all, the single most amazing thing about the ACA is that it made it illegal to be uninsured, topped that off with hefty coverage subsidies and still failed miserably to hit its coverage goals.

The BCRA addresses the reality that the ACA infringed personal freedoms, was an economic burden (enacted when the United States was suffering the aftereffects of the Great Recession), was irresponsible budget policy and fell well short of its goals. The BCRA cuts \$700

billion in taxes and reduces the regulatory burden. Instead of worsening the country's already daunting debt outlook, it reforms two entitlement programs and reduces the 10-year deficit. Additionally, within the constraints of fiscal reality, it focuses Medicaid funding and individual insurance subsidies to offer coverage opportunities to the neediest Americans.

The starting point is stabilizing the broken ACA markets by providing subsidies to cover the out-of-pocket costs of low-income individuals for 2018 and 2019. The BCRA devotes \$50 billion to a short-term stabilization fund, part of \$86 billion dedicated to insurance markets in the first four years.

Individuals will be eligible for subsidies to purchase insurance, but those subsidies are restricted to those with incomes below 350 percent of the federal poverty line — tighter targeting than the ACA. In addition, the subsidies reflect not only the incomes of purchasers, but also their ages. This structure will attract younger individuals, assist older workers and help balance risk pools, which proved to be the Achilles' heel of the ACA.

The subsidies will be available to anyone under the income limit, thereby filling the ACA's Medicaid coverage gaps. Medicaid financing will move from the open-ended draw on taxpayer dollars that has fueled unsustainable growth to “per

capita allotments” — fixed amounts for each type of beneficiary. (There is also an option for states to elect a block grant.) This serves to put this piece of the social safety net on a sustainable financial path — in sharp contrast to Medicare, Social Security and the other financially challenged programs.

But this is not a budget-driven, slash-and-burn exercise. Compared with historical Medicaid growth, the allotments are generously over-indexed for inflation in the early years, with the inflation adjustment gradually slowed later on. This reflects an abundance of caution and is worlds away from any rhetoric that refers to “draconian” Medicaid cuts.

Critics will disagree and quickly point out that the nonpartisan Congressional Budget Office projected that the BCRA would reduce the number of insured people by 22 million over 10 years. But a closer look at those numbers reveals that this is in large part about the flaws of the ACA. In 2018, the BCRA makes no changes to Obamacare other than to stabilize the Obamacare markets and eliminate the individual mandate. Result? Fifteen million Americans immediately flee the individual, employer and Medicaid markets and choose to be uninsured.

Moreover, the CBO is required to compare the BCRA with current law. For Medicaid, that means it must assume that the financially

unsustainable entitlement will continue to swell to cover about 5 million more people, accounting for the bulk of the remaining 7 million uninsured. Not likely. For the individual ACA markets, it means the CBO assumes that enrollment rises by 30 percent over the next 10 years — a sharp contrast to the reality of insurer after insurer walking away.

Much of the criticism of the BCRA was directed at the legislative process. While hardly following a civics textbook, ultimately this will not matter. From the outset Democrats announced their opposition to any bill repealing Obamacare, thus ceding their right to shape such legislation. At that point, the die was essentially cast. The resulting legislation would inevitably migrate to the ideological midpoint of the Senate Republican caucus, regardless of whether there were four markups or 400. The BCRA as released is exactly what a committee process would have produced. Democrats' complaints that the bill was being rushed to a vote ring hollow. How much time do they need to vote no?

Finally, politics predictably forced Senate Majority Leader Mitch McConnell (R-Ky.) to delay a vote to buy time to make changes to the bill. But he should (and probably will) resist the temptation to make anything more than cosmetic changes. The BCRA that he has is the BCRA that should pass.

Trump, Senate leaders attempt to regroup after postponing vote to overhaul Obamacare (UNE)

Senate Republican leaders bowed to pressure from within their own ranks Tuesday and postponed a vote to overhaul the Affordable Care Act until after the Fourth of July recess, raising new doubts about their ability to fulfill one of the GOP's core promises.

The delay, which exposes lawmakers to a barrage of lobbying as they face their constituents over the holiday, has left a measure designed to pass swiftly this week teetering in the balance. Senate Majority Leader Mitch McConnell (R-Ky.) had little choice after the number of Senate Republicans who said they would not support a move to bring up the bill this week rose to five after a new budget analysis of the bill.

In an effort to bring reluctant Republicans along, President Trump convened a meeting of the Senate GOP Conference in the East Room of the White House on Tuesday afternoon, where members aired grievances about what has been a secretive and contentious process. But even amid the newfound harmony, it was clear that the legislation would still need changes to secure enough votes.

“The president got an opportunity to learn all the various positions on things that we've been discussing,” McConnell said after the gathering. “We all agreed that, because the markets are imploding, we need to reach an agreement among ourselves here as soon as possible and then move to the floor after the recess.”

The nonpartisan Congressional Budget Office released its analysis of the Senate GOP's health-care bill on June 26. Here are its key estimates for how the plan would impact Americans' health insurance coverage and costs. Here are the Congressional Budget Office's key estimates for how the Senate health-care plan would impact Americans' health insurance coverage and costs. (Jenny Starrs, Daron Taylor/The Washington Post)

(Jenny Starrs, Daron Taylor/The Washington Post)

Just how realistic a vote is after July 4 remains unclear. At least one senator who had publicly opposed the procedural vote McConnell had hoped to take Tuesday — Dean Heller (Nev.) — indicated that he was willing to reconsider his initial

opposition, if the bill was going to be reworked.

At the White House, Heller playfully but pointedly complained about a Trump-allied super PAC that was airing ads against him in Nevada. By Tuesday night, the group had decided to pull the ads, and Heller had signaled to McConnell that he would continue to engage — far from a “yes” vote, but open to discussing his concerns. Heller's willingness to deal prompted the super PAC to back down, said two Republicans familiar with the deliberations, although a Republican familiar with Heller said he had never closed the door on talks.

Nonetheless, huge hurdles remain.

Conservatives are blasting the plan for leaving in place too much of the Affordable Care Act, also known as

Obamacare, while a coalition of patient advocates, doctors and senior citizens' groups have joined Democrats in decrying its proposed cuts to the Medicaid program and rollback of taxes on the wealthy.

On Tuesday, Club for Growth President David McIntosh, who has clashed with Republican Party leaders in the past, issued a statement saying the proposal "restores Obamacare."

"Only in Washington does repeal translate to restore," McIntosh said. "And while it's hard to imagine, in some ways the Senate's legislation would make our nation's failing health-care system worse."

Progressive groups began laying the groundwork to attend senators' public events, while medical providers and groups representing Americans with chronic illnesses predicted that the bill could leave millions without access to adequate medical care. The Congressional Budget Office concluded Monday that the measure would cause an estimated 22 million more Americans to be uninsured by the end of the coming decade while reducing federal spending by \$321 billion.

See where the Senate health-care bill's subsidy cuts will affect Americans most

[CBO score of Senate health bill certainly doesn't ease McConnell's path to 50]

Atul Grover, executive vice president of the Association of American Medical Colleges, told reporters that he and other doctors "take it personally" that the bill would lock people out of insurance for six months if they go for 63 days without a health plan and try to sign up for one the next year.

"We're there at the bedside," he said, adding that none of his members would be willing to tell a patient: "I'm sorry about your stage-four cancer. Come back in six months, when your insurance kicks in."

[No, the government did not pay for Mitch McConnell's polio care. Charity did.]

With Vice President Pence ready to cast a tiebreaking vote on the measure, Republican leaders can lose only two of their 52 members to pass the bill, which no Democrat is

willing to support.

At the White House, the president sat between two of the bill's holdouts — Sens. Lisa Murkowski (Alaska) and Susan Collins (Maine) — and said Republicans are "getting very close" to securing the votes they need even as he acknowledged that they might fail.

"This will be great if we get it done," he said. "And if we don't get it done, it's just going to be something that we're not going to like — and that's okay. I understand that very well."

Collins described the meeting as productive, and said Trump was "really in listening mode."

She added: "He was taking in all of the comments. There were many senators who raised issues, and, as you can imagine, the issues really run the ideological gamut."

Members who publicly opposed the bill had faced a full-court lobbying press from party leaders, but they resisted it anyway. Within the past 2½ days, Sen. Ron Johnson (Wis.) has spoken with Trump, Pence, Health and Human Services Secretary Tom Price and House Speaker Paul D. Ryan (Wis.). Sen. Rand Paul (R-Ky.) spoke by phone with Trump on Monday and was scheduled to meet with him Tuesday before the vote was scuttled.

Johnson said he was "grateful" that the vote was postponed, adding that the "real deadline" would arrive when the Affordable Care Act's insurance markets collapse.

Other Republicans, such as Sen. Patrick J. Toomey (Pa.), acknowledged that the delay could just as easily jeopardize the bill's prospects. More time, he said, "could be good and it could be bad."

Organizers at numerous "Resistance" groups, chastened by their premature celebrations after the House's repeal effort seemed to stall, said that they will use the recess to ramp up pressure on Republicans. CREDO Action, which had organized 45,000 phone calls to Senate offices, planned to increase that number when senators went home. NARAL Pro-Choice America, Planned Parenthood, MoveOn and Daily Action were organizing their own phone banks, while Indivisible groups were organizing visits —

and perhaps sit-ins — at local offices.

All of that would supplement under-the-radar but attention-grabbing TV ad campaigns from AARP, Protect Our Care, and other progressive and industry groups. The goal, activists said, is to educate voters and break through to local media, which had not often covered the development of the Senate bill on front pages or in newscasts.

Senate Minority Leader Charles E. Schumer (D-N.Y.) said that although "the fight is not over," he is confident that Republicans will not succeed because their proposals remain unpopular with the public.

"The Republican bill is rotten at the core," Schumer said. "We have a darn good chance of defeating it, a week from now, a month from now, a year from now."

Senate leaders had been working with undecided senators to determine whether any skeptics could be won over with additional spending on priorities such as expanding incentives for health-savings accounts favored by conservatives or a fund to help battle opioid addiction favored by Sens. Rob Portman (R-Ohio) and Shelley Moore Capito (R-W.Va.). Leaders can add about \$188 billion in new spending to the bill without running afoul of Senate budget rules.

As of Tuesday afternoon, the leaders had not earned the votes of the two members, who issued a joint statement in opposition to the proposal.

"As drafted, this bill will not ensure access to affordable health care in West Virginia, does not do enough to combat the opioid epidemic that is devastating my state, cuts traditional Medicaid too deeply, and harms rural health-care providers," Capito said.

In a sign of how pervasive opposition to McConnell's plan was, Sen. Jerry Moran (Kan.), usually a reliable GOP vote, tweeted after the measure was delayed: "The Senate health care bill missed the mark for Kansans and therefore did not have my support."

Senate leaders had hoped to salvage the effort by using the CBO's estimates of deficit savings to allocate additional funding to try to ease some members' concerns.

But the release of the 49-page CBO report late Monday provided a formidable hurdle for the bill. No new senators immediately said they would back the legislation, and Johnson, Paul, Collins and Sen. Mike Lee (Utah) signaled that they would vote against starting debate on the bill in its current form. A fifth senator, Heller, had expressed his opposition last week and has not shown signs of changing his mind.

Several Republican senators said they devoted the bulk of Tuesday's meeting to questioning representatives from the CBO about their methods and estimates. Senators complained that the estimates provided in Monday's reports used old data about how many people were covered through the Affordable Care Act and how much their coverage cost. Others asked that CBO analysts start over with fresh numbers.

"They're using the March 2016 insurance market," said Sen. Roy Blunt (R-Mo.). "A lot of what they do is just guessing."

According to the CBO, two-thirds of 22 million Americans who would no longer have coverage by 2027 would be low-income people who rely on Medicaid. The rest would be people who otherwise would have private insurance. Among those who buy insurance through the ACA marketplaces, analysts found, the consumers who face the largest increases in premiums would be Americans between the ages of 50 and 64.

Next year, about 15 million fewer Americans would have insurance if the Senate bill became law than under the existing law, the CBO projected.

That figure, about 1 million fewer than the House bill, would be equivalent to all the residents in 16 states — Alaska, Delaware, Hawaii, Idaho, Kansas, Maine, Montana, Nebraska, New Hampshire, New Mexico, North Dakota, Rhode Island, South Dakota, Vermont, West Virginia and Wyoming — losing health coverage.

Mike DeBonis, Amy Goldstein, Ed O'Keefe, Paul Kane, Elise Viebeck, Robert Costa and David Weigel contributed to this report.

**THE WALL
STREET
JOURNAL**

Kristina Peterson

Short on Backers, GOP Delays Vote on Health Bill (UNE)

Stephanie Armour and

Senate Republican leaders abruptly postponed a vote Tuesday on a sweeping health-care bill until after Congress' July 4 recess, setting off a high-stakes lobbying sprint that

could determine the fate of the GOP's legislation to topple most of the Affordable Care Act.

Senate Majority Leader Mitch McConnell (R., Ky.), who worked for weeks in closed-door sessions to craft a bill, told lawmakers that a vote wouldn't happen until

Congress returns from recess the week of July 10.

The delay came after efforts stalled to tweak the legislation and garner support from the nine Republican senators who now oppose the bill. The Republican opposition was significant enough that even a routine procedural motion allowing the vote to proceed faced potential defeat.

In a test of his leadership, Mr. McConnell now will need to bridge a divide between conservative Republicans, who say the bill retains too many of the ACA's regulations to significantly lower premiums, and GOP centrists, who worry the legislation goes too far in cutting funding to Medicaid.

From now until Congress' return from the recess, there is likely to be a run of deal-making, arm-twisting and lobbying, with voters voicing their opinions in town-hall meetings, Republican leaders offering changes and organizations trying to sway senators on all sides.

The delay is a setback for President Donald Trump and Mr. McConnell, who had promised a vote this week. On Monday, Sen. John Cornyn of Texas, the second-ranking Senate Republican, tweeted that "I am closing the door" on a delay because "we need to do it this week." On Tuesday, asked if the door was back open, Mr. Cornyn tweeted, "Just a crack."

Still, Senate leaders took comfort from the experience of House Republicans, whose own health bill was initially declared dead. They were then able to regroup, bring it to the floor and pass it in May.

Senate Republicans say they must pass the legislation before Congress' August recess. If that doesn't occur, the path ahead would become more difficult and other parts of the GOP agenda would be at risk. Success, on the other hand, could boost momentum for other Republican priorities such as a tax overhaul.

Republican senators said the delay had become unavoidable, especially after the nonpartisan Congressional Budget Office found the bill would

result in 22 million more people uninsured than the ACA over the next decade.

"It's the only way forward. People have issues that need to be addressed," said Sen. Bob Corker (R., Tenn.) Tuesday, who has said he has some concerns about the bill but hasn't come out against it. "I read the CBO report this morning at about 4 a.m., and as you go through it, it raises questions and they're legitimate."

GOP leaders will try to hammer out a compromise in coming days. "The hope is that we can at least have an agreement on what we can get enough votes on this week and turn to it when we get back," said Sen. Marco Rubio (R., Fla.). "It's possible. I can't tell you if it's likely until we know more about what options are to address people's concerns."

Others were less optimistic. Sen. Shelley Moore Capito (R., W.Va.), who objected to the level of Medicaid cuts in the bill, said senators are "coming at it from all angles." She said she isn't sure "how or if" Republicans can come together behind a final version.

Democrats said Republicans' struggles reflected the bill's underlying problems, particularly the fact that it would reduce health coverage while giving a tax cut to the wealthy.

"While I'm glad that Senate Republicans have delayed the vote on their health plan, this isn't cause for celebration," said Sen. Al Franken (D., Minn.). "This bill, which has been misguided from the start, needs be thrown out."

Mr. McConnell's challenge is that the bill's GOP opponents come from both wings of his party, and appeasing one faction could harden the other side's resistance.

Conservative Sens. Mike Lee of Utah, Rand Paul of Kentucky, Ted Cruz of Texas and Ron Johnson of Wisconsin are pushing for more deregulation and lower premiums. Sen. Jerry Moran of Kansas also joined the bill's opponents on Tuesday, saying the sprint to a vote should be slowed down.

Centrist senators opposing the bill are especially concerned about cuts to the Medicaid program, including Sens. Susan Collins of Maine, Dean Heller of Nevada, Rob Portman of Ohio and Ms. Capito.

Mr. McConnell can only afford to lose two of the 52 Republicans in the chamber, with Vice President Mike Pence able to break a 50-50 tie. No Democrats are expected to support the health-care bill.

Securing the votes would be a major coup for Mr. Trump, who largely stayed on the sidelines of the Senate discussions until recently. After the vote was postponed Tuesday, the president summoned all Republican senators to the White House.

Key centrists—including Ms. Collins, Sen. Lisa Murkowski of Alaska and Sen. Cory Gardner of Colorado—were seated near the president. Mr. Trump opened the meeting with exhortations to get the bill passed, saying "we're getting very close."

He added, "We have really no choice but to solve the situation," arguing the ACA, sometimes called Obamacare, is collapsing, an assertion disputed by Democrats.

Mr. McConnell, speaking outside the White House, said "we made good progress" inside. He said the president had heard from conservative Republicans about their calls for insurance-market changes, and from others about the future of Medicaid.

"The one thing I would say is that I think everybody around the table is interested in getting to yes," he said, "because we know the status quo is simply unacceptable and unsustainable, and no action is simply not an option."

Separately, Mr. Pence had half a dozen meetings Tuesday afternoon, including with Messrs. McConnell and Portman, and hosted another four senators for dinner at the vice president's residence in the evening.

Both chambers have to pass the same legislation, and there are several paths to do that. The fastest way would be for the House to vote

on the version that passes the Senate. Rep. Mark Meadows (R., N.C.), chairman of the House Freedom Caucus, a group of three dozen conservative House Republicans, said Tuesday that amendments would need to be added to get enough Republicans there to support it.

"If it's predominantly the bill that's currently in the Senate without significant amendments, there would not be enough votes in the House or the Senate to pass it," Mr. Meadows said.

The Senate bill would strike down much of the ACA, including a requirement that most Americans have insurance or pay a penalty. It would provide smaller tax credits than the ACA's to help people buy insurance, and it would impose steep spending cuts to Medicaid as well as phasing out enhanced federal funding to the 31 states that expanded the program under the current health law.

Republican leaders hope the delay gives them time to reverse the defections and build support, but they acknowledge it could give opponents time to mobilize against the bill. "The politics of this doesn't get any easier the longer you wait," said Sen. John Thune (R., S.D.). But he added, "If we can make some changes that improve the policy in a way that makes it more likely that we can get 50 of our senators to vote for this, then this was a good judgment on behalf of the leader."

At the same time, some Republican governors continue to express concern.

Ohio Gov. John Kasich, a frequent critic of the GOP health efforts, said the Senate bill was "unacceptable." Echoing Democratic complaints, Mr. Kasich said the bill didn't provide adequate funding for resources such as Medicaid and tax credits that help low-income people obtain insurance, in exchange for tax breaks to the "already very wealthy."

**The
Washington
Post**

Who's afraid of Trump? Not enough Republicans — at least for now. (UNE)

Scrambling to line up support for the Republican health-care bill, President Trump got on the phone Monday with Sen. Mike Lee (R-Utah) and urged him to back the measure.

The president's personal plea was not enough. On Tuesday, Lee said he would vote against the bill. Senate GOP leaders later postponed the planned health-care vote because too many other Republican senators also opposed — for now, at least — legislation

that would deliver on Trump's campaign promise to scale back the law known as Obamacare.

Trump had hoped for a swift and easy win on health care this week. Instead he got a delay and a return to the negotiating table — the latest

reminder of the limits of his power to shape outcomes at the opposite end of Pennsylvania Avenue.

History suggests that presidents who have governed successfully have been both revered and feared. But Republican fixtures in

Washington are beginning to conclude that Trump may be neither, despite his mix of bravado, threats and efforts to schmooze with GOP lawmakers.

The president is the leader of his party, yet Trump has struggled to get Republican lawmakers moving in lockstep on health care and other major issues, leaving no signature legislation in his first five months in office. The confirmation of Supreme Court Justice Neil M. Gorsuch is his most-cited achievement to date.

Here's what happened after Senate Republican leaders on June 27 decided to postpone a vote on a health-care bill aiming to overhaul the Affordable Care Act. Here's what happened after Senate Republican leaders on June 27 decided to postpone a vote on a health-care bill aiming to overhaul the Affordable Care Act. (Video: Whitney Shefte, Rhonda Colvin, Malcolm Cook, Bastien Inzaurrealde/Photo: Bill O'Leary/The Washington Post)

(Whitney Shefte, Rhonda Colvin, Malcolm Cook, Bastien Inzaurrealde/The Washington Post)

"This president is the first president in our history who has neither political nor military experience, and thus it has been a challenge to him to learn how to interact with Congress and learn how to push his agenda better," said Sen. Susan Collins (R-Maine), who opposes the current health-care bill.

The Senate could pass a revised version of the bill once lawmakers return from their July 4 recess and pick up deliberations. Still, some Republicans are willing to defy their president's wishes — a dynamic that can be attributed in part to Trump's singular status as a disrupter within his party.

"The president remains an entity in and of itself, not a part of the traditional Republican Party," said Rep. Carlos Curbelo (R-Fla.), a moderate who represents a district Trump lost by 16 percentage points. "I handle the Trump administration the same way I handled the Obama administration. When I agree, I work with them. When I oppose, I don't."

['Repeal and replace' was once a unifier for the GOP. Now it's an albatross.]

In private conversations in Capitol Hill, Trump is often not taken seriously. Some Republican lawmakers consider some of his promises — such as making Mexico pay for a new border wall — fantastical. They are exhausted and at times exasperated by his hopscotching from one subject to the next, chronicled in his pithy and provocative tweets. They are quick

to point out how little command he demonstrates of policy. And they have come to regard some of his threats as empty, concluding that crossing the president poses little danger.

"The House health-care vote shows he does have juice, particularly with people on the right," Sen. Lindsey O. Graham (R-S.C.) said. "The Senate health-care vote shows that people feel that health care is a defining issue and that it'd be pretty hard for any politician to push a senator into taking a vote that's going to have consequences for the rest of their life."

Asked if he personally fears Trump, Graham chuckled before saying, "No."

Rep. Darrell Issa (R-Calif.), who has distanced himself from Trump on various issues, said few members of Congress fear permanent retaliation from the president.

"He comes from the private sector, where your business partner today isn't always your business partner tomorrow," Issa said. "Just because you're one way today doesn't mean you're written off. That's the 'Art of the Deal' side."

One senior Republican close to both the White House and many senators called Trump and his political operation "a paper tiger," noting how many GOP lawmakers feel free "to go their own way."

"Members are political entrepreneurs, and they react to what they see in the political marketplace," said the Republican, who spoke on the condition of anonymity to avoid alienating the White House.

John Weaver, a GOP consultant and frequent Trump critic, was more blunt in explaining why Trump has been unable to rule with a hammer. "When you have a 35 percent approval rating and you're under FBI investigation, you don't have a hammer," he said, referring to the probe of possible connections between the Trump campaign and Russia.

Trump's approval rating in Gallup's daily tracking poll stood Tuesday at 39 percent, with 57 percent of Americans disapproving of his performance. But a significant portion of those supporters, particularly in red states and districts, still strongly back Trump.

White House officials contest the suggestion that Trump does not instill fear among fellow Republicans in Congress, though argue that their strategy is not one of fear.

"Our legislative strategy isn't to scare people into passing bills," principal deputy White House press secretary Sarah Huckabee Sanders said in an email. "That doesn't work for any president. We helped negotiate and facilitate the major breakthroughs on health care in the House and are doing the same in the Senate."

The president's political shop, meanwhile, is laboring to force more Republicans to bend to his wishes.

[Senate leaders postpone vote to overhaul Obamacare as bill faces GOP rebellion]

America First Policies, a Trump-allied super PAC staffed by former aides, launched a negative advertising effort against Sen. Dean Heller (R-Nev.) after he spoke out against the bill Friday. Senate Majority Leader Mitch McConnell (R-Ky.) complained about the ads to White House chief of staff Reince Priebus, and the super PAC said Tuesday that it would pull the spots after Heller said he was open to further negotiations, according to two people familiar with the decision.

America First Policies has been mulling similar ads against other Republicans who have broken ranks, hoping to make lawmakers believe they will pay a price for betraying Trump and imperiling his agenda. The super PAC also is considering grass-roots campaigns across the country to mobilize Trump supporters in key states during the July 4 recess, as a way to ratchet up pressure on wavering lawmakers.

Trump allies have encouraged major GOP donors to reach out to senators who oppose the bill. Las Vegas casino moguls Sheldon Adelson and Steve Wynn have both spoken by phone with Heller to prod him along, according to people familiar with the discussions.

Trump has been hungry for a legislative policy victory on Capitol Hill, and he and his advisers see health care as the best chance for one this summer. The president is playing a less public role advocating for the legislation than he did leading up to this spring's vote on a House bill, when he used his relationship with conservative members of the House Freedom Caucus to eventually bring them to the table.

In the Senate talks, Trump has been working largely behind the scenes to lobby senators, with personal phone calls and other entreaties. Unlike the House, where rank-and-file Republicans may be likely to follow Trump's lead, the

Senate naturally is a more independent institution.

Many senators fashion their own political brands and have outsize egos, and some Republicans ran away from Trump in their reelection races last year.

Chris Whipple, author of "The Gatekeepers," a new history of White House chiefs of staff, said the tumult inside Trump's White House — and the president's lack of a coherent message or vision for his policy agenda — inhibits his ability to enforce party discipline in Congress.

"Nothing instills fear on Capitol Hill like success, and all this White House has been able to do is one failure after another," Whipple said. "There are just zero points on the board so far. Who's going to be afraid of that?"

[Both hungry for a win, Trump and McConnell are being tested by the health-care bill]

In the early years of Barack Obama's presidency, Democrats on Capitol Hill largely stayed in line — in part because they saw Obama as a powerful political force and believed there were risks in breaking with him. During negotiations over the Affordable Care Act, Rahm Emanuel, then the White House chief of staff, served as the enforcer, reminding Blue Dog Democrats that they owed him their loyalty because he helped recruit and elect them as head of the Democratic Congressional Campaign Committee.

Early in President George W. Bush's tenure, fellow Republicans in Congress saw his White House as a finely tuned machine that could not be crossed.

"You never wanted to get on the wrong side of the Bush White House because the staff was disciplined, dedicated and extremely loyal to the president," said Ryan Williams, a Republican operative. "If you crossed or undermined the president or his administration, the Bush die-hards would remember it forever."

Trump's lieutenants, by contrast, have struggled to force Republicans into line. In March, when House Republicans were slow to rally behind the health-care bill, White House chief strategist Stephen K. Bannon told Freedom Caucus members that they must stop waffling and vote for the legislation.

Bannon was immediately rebuffed by Rep. Joe Barton (R-Tex.), who has been in the House for more than three decades. Barton icily told Bannon that the only person who ordered him around was "my daddy"

— and that his father was unsuccessful in doing so, according to several Republicans with knowledge of the meeting.

In an interview Tuesday, Barton smiled wryly when asked about the incident.

"I will admit on the record that I took exception to a comment that he made," Barton said. "There is a separation of powers, and the

president has a role and the Congress has a role. That's all I'll say."

**The
New York
Times**

Martin

WASHINGTON — President Trump began his all-hands meeting with Republican senators at the White House on Tuesday by saying they were "very close" to passing a health care bill, just as efforts to fast-track a vote this week collapsed.

If Republicans do manage to broker a deal — as Senator Mitch McConnell of Kentucky, the majority leader, pledged to do during a lively East Room back-and-forth with the president — it is not likely to be because of Mr. Trump's involvement. Until Tuesday afternoon, the president was largely on the sidelines as the fate of one of his most important campaign pledges played out.

Mr. McConnell, who kept the president at a polite arm's length while he oversaw negotiations over the bill, asked Mr. Trump to arrange the meeting with all 52 Republican senators during a morning phone call, in part to show senators the White House was in fact fully engaged, according to two people with knowledge of the call.

When asked by reporters clustered on the blacktop outside the West Wing if Mr. Trump had command of the details of the negotiations, Mr. McConnell ignored the question and smiled blandly.

Mr. Trump and his staff played a critical role in persuading House Republicans to pass health care legislation in May, with the president personally calling dozens of wavering House members. But the Trump team's heavy-handed tactics have been ineffective in the Senate, and White House officials determined that deploying Vice President Mike Pence, a former congressman with deep ties to many in the Senate, was a better bet than unleashing Mr. Trump on the half-dozen Republicans who will determine the fate of the Senate bill to repeal and replace the Affordable Care Act.

Mr. Trump, who is fond of telling friends he is a "closer," became more involved over the past few days, reaching

On Senate Health Bill, Trump Falters in the Closer's Role (UNE)

Glenn Thrush
and Jonathan

out to a few reluctant conservatives like Senators Mike Lee of Utah, Ted Cruz of Texas and Rand Paul of Kentucky, who emerged from an Oval Office meeting on Monday saying he was more optimistic about getting to a yes.

"The White House has been very involved in these discussions," Mr. McConnell said in announcing that a vote on the bill was postponed until after the Fourth of July recess. "They're very anxious to help."

Yet over the past few weeks, the Senate Republican leadership has made it known that it would much rather negotiate with Mr. Pence than a president whose candidacy many did not even take seriously during the 2016 primaries. And some of the White House's efforts have clearly been counterproductive.

Over the weekend, Mr. McConnell made clear his unhappiness to the White House after a "super PAC" aligned with Mr. Trump started an ad campaign against Senator Dean Heller, Republican of Nevada, after he said last week that he opposed the health care bill.

The majority leader — already rankled by Mr. Trump's tweets goading him to change Senate rules to scuttle Democratic filibusters — called the White House chief of staff, Reince Priebus, to complain that the attacks were "beyond stupid," according to two Republicans with knowledge of the tense exchange.

Mr. McConnell, who has been toiling for weeks, mostly in private, to put together a measure that would satisfy hard-liners and moderates, told Mr. Priebus in his call that the assault by the group, America First, not only jeopardized the bill's prospects but also imperiled Mr. Heller's already difficult path to re-election.

Mr. McConnell and "several other" Republican senators expressed their irritation about the anti-Heller campaign during the White House meeting, according to two people, one of them a senator, who were present.

The move against Mr. Heller had the blessing of the White House,

according to an official with America First, because Mr. Trump's allies were furious that the senator would side with Nevada's governor, Brian Sandoval, a Republican who accepted the Medicaid expansion under the health law and opposes the Republican overhaul, in criticizing the bill.

According to the senator, the president laughed good-naturedly at the complaint and signaled that he had received the message.

A few hours later, America First announced it was pausing its advertising assault against Mr. Heller, insisting it was doing so because of his willingness to come to the White House meeting with Mr. Trump.

America First was founded by a group of Mr. Trump's loyalists — many of them with deep connections to Mr. Pence, including Nick Ayers, a Republican consultant who is regarded as the vice president's top political adviser. The group compared Mr. Heller to Representative Nancy Pelosi, the House Democratic leader, and vowed a seven-figure advertising campaign against him.

Mr. Heller, the only Senate Republican who will face voters next year in a state carried by Hillary Clinton in 2016, is the top target for Democrats facing a Senate map with few opportunities in 2018. And there were already seven groups — a mix of health care advocacy organizations and more partisan Democratic efforts — on the air in Nevada assailing the Republican health care overhaul, according to a Republican ad buyer tracking the ad traffic.

Neither Mr. McConnell's office nor his top outside political advisers were warned about an impending attack on one of their most endangered incumbents. "They didn't check in with anybody," said Josh Holmes, Mr. McConnell's former chief of staff. "There was no clearing of channels, no heads-up, nothing."

Republican senators across the ideological spectrum have indicated their unease with the health bill. But Mr. Trump has few ties with the group, and several Republicans

who remain on the fence have tangled with Mr. Trump, either during the presidential campaign or since.

Top Trump lieutenants like Stephen K. Bannon, his chief strategist, who lobbied members on the House bill, have been all but sidelined. Mr. Priebus has also played a much diminished role.

Mr. Pence has been far more active in seeking out Republican senators. Seema Verma, Mr. Pence's former adviser in the Indiana Statehouse and now a top administration health care official, has also been trying to reassure senators that their states will have flexibility on Medicaid under the bill, while Mr. Pence's former chief of staff, Marc Short, now the White House legislative affairs director, has been quarterbacking the effort from his hideaway in the Capitol.

Until Tuesday's meeting at the White House, Mr. Trump had spoken with only a few members of the Senate, according to an administration official. The pace was nothing like the dozens of calls he made to help pass the House's health bill, aides said.

A senator who supports the bill left the meeting at the White House with a sense that the president did not have a grasp of some basic elements of the Senate plan — and seemed especially confused when a moderate Republican complained that opponents of the bill would cast it as a massive tax break for the wealthy, according to an aide who received a detailed readout of the exchange.

Mr. Trump said he planned to tackle tax reform later, ignoring the repeal's tax implications, the staff member added.

After the meeting, Mr. Trump played the role of cheerleader on Twitter, encouraging his weary Republican allies to keep working.

"I just finished a great meeting with the Republican Senators concerning HealthCare," he wrote. "They really want to get it right, unlike OCare!"

**THE WALL
STREET
JOURNAL**

Galston : Tear Up the GOP Health Bill and Start Over

William A. Galston

The fate of the Affordable Care Act may be determined this week, and

no one can claim ignorance of the stakes. Republican leaders in the

Senate drafted their proposed replacement, the Better Care Reconciliation Act, behind closed doors without hearings or committee consideration. But the Congressional has pierced the Orwellian packaging to make clear the consequences of the coming vote. Senators cannot say they weren't warned, and neither can the American people. Here are the highlights:

If the BCRA becomes law, 22 million fewer people will be insured by 2026 relative to current law—about the same reduction as the American Health Care Act passed by the House—increasing the uninsured total by about 75%. The BCRA does more than repeal the ACA's Medicaid expansion; it changes the structure and funding of the entire program. Spending on Medicaid would be reduced by \$772 billion—26%—below the current baseline over the next decade. As a result, 15 million would lose their coverage under Medicaid, which is the main safety net for poor and near-poor Americans as well as for the elderly in nursing homes.

Subsidies for health insurance purchased on the individual market would be cut by \$408 billion, reducing participation by a projected seven million. The benchmark insurance plan under the BCRA would cover, on average, 58% of health-care costs, down from 70%.

This means much higher deductibles. Because the BCRA allows insurance companies to charge older Americans five times as much as young adults, up from only three times as much under current law, people 50 to 64 would be hit especially hard. For those in this age bracket making \$30,000 a year or less, the share without insurance coverage would more than double, from about 12% to 26%.

The Republican mantras of "flexibility" and "choice" can no longer conceal the underlying reality: Cutting public support for health care by \$1.2 trillion over the next decade means depriving vast numbers of Americans of health security. These people would be forced to rely on the kindness of strangers. They would turn to small-town and rural hospitals that already run on thin margins. Hospitals that cannot absorb the costs of uncompensated care will shut down, worsening the already serious shortage of health care in sparsely populated regions, which voted overwhelmingly for Donald Trump in 2016.

Twenty-one Republican senators represent 14 states that have expanded Medicaid under the ACA. This June, the Urban Institute estimated the effects of the AHCA, which BCRA closely resembles, on insurance coverage. To help these

senators' hard-pressed staffs, let me summarize the Urban Institute's findings:

Alaska's Dan Sullivan and Lisa Murkowski : 18,000 of your state's residents would lose health coverage. Arizona's Jeff Flake and John McCain : 464,000. Arkansas's Tom Cotton and John Boozman : 313,000. Colorado's Cory Gardner : 444,000. Indiana's Todd Young : 443,000. Iowa's Joni Ernst and Chuck Grassley : 191,000. Kentucky's Rand Paul and Mitch McConnell : 535,000. Louisiana's John Kennedy and Bill Cassidy : 387,000. Montana's Steve Daines : 87,000. Nevada's Dean Heller : 257,000. North Dakota's John Hoeven : 32,000. Ohio's Rob Portman : 815,000. Pennsylvania's Pat Toomey : 613,000. West Virginia's Shelley Moore Capito : 195,000.

Some Republican voters may like that the BCRA lowers taxes on manufacturers and high-income people by \$541 billion over a decade. But I wonder how many GOP senators will present this spreadsheet, showing massive reductions in coverage, to their constituents during the July 4 break.

As Speaker Paul Ryan might say, there is a better way: scrap this entire approach and write a new bipartisan bill. Last week Republican Gov. John Kasich of

Ohio and Democratic Gov. John Hickenlooper of Colorado offered a roadmap. "As governors from opposite sides of the political aisle, we feel that true and lasting reforms are best approached by finding common ground," they wrote. "All Americans will come out on the losing end if we simply replace one divisive plan with another."

This week a bipartisan group of health-care experts, represented by Lanhee Chen of the conservative Hoover Institution and Ron Pollack of the liberal Families USA, presented their consensus in an op-ed for this newspaper. Messrs. Chen and Pollack suggested means-tested subsidies for low-income Americans, "reasonable limits" on the tax-exclusion for employer-sponsored insurance, "carefully developed state testing" as a "primary engine" for Medicaid reform, and increased flexibility for states, subject to "safeguards" to prevent funds intended to help the poor from being diverted up the income scale or for other purposes. Overall, they wrote that these "incremental policies" would "help families of limited means secure the care they need."

If Republicans are serious about improving health care rather than scoring ideological points at their constituents' expense, this is the path they will pursue.

The New York Times Bruni : The Misery of Mitch McConnell

Frank Bruni

For a good laugh, or rather cry, zip backward to the beginning of 2014, when Democrats still had control of the Senate, and listen to Mitch McConnell's lamentations about the way they were doing business.

"Major legislation is now routinely drafted not in committee but in the majority leader's conference room," he declaimed on the Senate floor. "Bills should go through committee." He pledged that if Republicans were "fortunate enough to gain the majority next year, they would."

In a speech a few months later at the American Enterprise Institute, he said, "The greatest way to ensure stability in our laws is to ensure that everyone has an opportunity to participate in some way in the passage." He railed about the lack of transparency from Democrats and the damage they'd done "to the spirit of comity and respect that the public has every right to expect from their leaders."

"If Republicans were fortunate enough to reclaim the majority in November, I assure you, my friends,

all of this would change," he vowed anew.

Republicans were fortunate enough. McConnell became the majority leader. And if you can find committee hearings, transparency, full participation, comity, respect or anything akin to good faith in the way he just tried to ram his health care bill through the chamber, then I want you on the hunt for the yeti and, pretty please, the Fountain of Youth.

His approach may prove fatal: On Tuesday, he had to postpone any vote on the legislation until after July 4.

Then again, perhaps he isn't really chasing success. One intriguing theory is that he has no yen for stripping insurance from tens of millions of Americans and having it come back to bite Republicans. But he must go convincingly through the motions, lest President Trump mewl and right-wing donors carp that he isn't seizing his best chance to drive a stake through Obamacare's heart.

Whatever the case, it's a sorry turn for a man who paid such lip service to the courtesy and collaboration

that supposedly distinguished the Senate, which he did, in his way, seem to reverse.

Unlike more telegenic colleagues, he never yearned to be president. He aspired to recognition as a master of the world's "greatest deliberative body," as the Senate is often described.

But since Trump's inauguration, that body has been a sort of couch potato, slow to rouse to its rightful labors. Committees aren't busily marking up bills.

And what McConnell has displayed isn't mastery so much as bullying. Bye-bye to the 60 votes needed to proceed to confirmation of a Supreme Court nominee. He did away with that to smooth Neil Gorsuch's passage.

Farewell to deliberation. McConnell did away with that, too. Back when the Senate considered Obamacare, there were scores of hearings and exhaustive analyses of the evolving legislation's text. McConnell held no hearings for his bill. He spurned feedback from outside groups. An uncomely cabal of 13 men patched it together in the equivalent of a

subterranean bunker, with the initial hope of a vote just a week after they emerged from hiding and brought it into the light.

I asked two former senators, a Republican and a Democrat, what they made of all this. Both mourned a long, steady erosion of bipartisanship that McConnell hardly owns.

"I actually think he's done as well as he could with the cards he's been dealt," the Republican, Judd Gregg, told me, saying that McConnell is no doubt correct in his assumption that Democrats aren't eager to work with him. They're too consumed by contempt for Trump.

The Democrat, Bob Kerrey, characterized McConnell as a "creature of these very partisan times" who in some ways merely reflects them. But Kerrey said that when McConnell blocked any vote on President Barack Obama's nomination of Merrick Garland to the Supreme Court for the better part of a year, "he went way too far."

Until now, McConnell has evaded the degree of demonization that you might expect. He's too pale a blur to

arouse passion, and as an object of fascination, he can hold neither bow nor arrow to the dimpled deer hunter who reigns over the other side of the Capitol.

The tote board of House Speaker Paul Ryan's hypocrisies is more painstakingly maintained, and

during the 2016 campaign, every step of his tango with Trump was scrutinized to smithereens. McConnell receded. He was the Jan Brady to Ryan's Marcia.

But he has always been the ruthless one. In 2010, when he was the minority leader, he stated

unabashedly that Republicans' pre-eminent goal was to send Obama packing after one term.

Harry Reid, a Democrat, was then the majority leader, and after he eliminated the filibuster for all executive branch nominations apart from those for the Supreme Court,

McConnell said, "I think it's a time to be sad about what's been done to the United States Senate."

It was. But because of McConnell, it's a time now to be sadder still.

The New York Times

Editorial : The Health Care Hoax Has Been Exposed, Senator McConnell

Senator Mitch McConnell hoped that keeping his wretched bill to destroy the Affordable Care Act secret until the last minute would make it easier for him to railroad fellow Republicans. The facts the majority leader had hoped to suppress came back to bite him on Monday when the Congressional Budget Office released a detailed review of the bill that confirmed what governors, doctors and indeed the American public had been saying for days: The bill is a cruel hoax that would help the wealthiest Americans at the expense of the poorest.

With members of his own party balking at even bringing the measure to the Senate floor, Mr. McConnell announced on Tuesday that a vote would be delayed until after the July 4 recess. A wiser course — for his party as well as the nation — would be to concede defeat and give up what now seems a desperate quest to fulfill a seven-

year-old party commitment to kill an Obama-era program that, as it turns out, a large number of Americans would like to see preserved and improved.

The budget office said the measure would leave 22 million more Americans without insurance by 2026. Hit hardest would be lower-income people between the ages of 50 and 64 and people struggling with chronic illness or battling addiction — many of the same voters who believed President Trump's promises to improve their health care. The bill would cut \$772 billion over the next decade from Medicaid, which covers most of America's poor children and nursing home patients, to help finance tax cuts for the wealthy.

Some Republican senators — Ron Johnson of Wisconsin, Rand Paul of Kentucky, Ted Cruz of Texas — actually complain that the bill is too generous and doesn't deliver sufficient spending cuts. But others

— Susan Collins of Maine, Rob Portman of Ohio, Dean Heller of Nevada — have listened to those who are outraged that they'd even consider such a harmful measure.

Having drafted a bill so indefensible on the merits, Mr. McConnell and his allies promoted it with fibs. Mr. McConnell, for instance, claimed it would "strengthen Medicaid." John Cornyn of Texas said it would "save the people who are currently being hurt."

It will be interesting to hear what the voters have to say during the July 4 break. Some states that would be most deeply hurt by the bill are represented by Republicans who back it. Looking at you, Richard Burr of North Carolina; Pat Toomey of Pennsylvania; and Mr. Cornyn, the majority whip hellbent on forcing a vote this week.

And then there's Mr. McConnell. Under Obamacare, the majority leader's home state, Kentucky,

experienced one of the biggest reductions in the rate of uninsured people of any state in the nation, according to a study from the nonpartisan Kaiser Family Foundation, mostly because of gains in Medicaid coverage. Last year, more than 81,000 Kentuckians purchased coverage in the federal marketplace.

Even so, despite all evidence, Mr. McConnell seems determined to impose his will and deny these very same people access to the benefits of Obamacare when he returns to Washington.

What has blocked the bill's progress on Capitol Hill, at least for now, is that ordinary Americans have begun to pay attention to the facts instead of the fearmongering and falsehoods emanating from the White House and the congressional leadership. Let's hope the system works, and elected representatives listen to the people who stand to lose.

THE WALL STREET JOURNAL

Editorial : The GOP's Schumer Option

Senate Republicans on Tuesday delayed a vote on their health-care bill until after the July 4 recess, and the timidity and opportunism of too many Senators suggest they may never get 50 GOP votes. We hope they understand that if they fail, Republicans will be entrusting their political health-care future to the brutal generosity of Democratic Leader Chuck Schumer.

The idea persists in some media and GOP ranks that if the Senate bill dies, this will produce a blossoming of bipartisanship. The left will have been repudiated by ObamaCare's woes, and the right by the GOP Congress's failure. Everyone can then sit down in the glorious middle and work out a compromise. It's a lovely thought—like peace on Earth and the end of original sin. It is also a fantasy.

If Republicans fail, Democrats will have zero political incentive to cooperate except on their policy

terms. Americans know that Republicans run Congress and the White House, and that they promised to do something about the problems of ObamaCare. Do Republicans really believe voters in 2018 will blame GOP failure on the President who left town two years ago? Democrats can tell you how well that strategy worked in 2010.

Then there's who Republicans would negotiate with—and over what. Last week Governors John Kasich (R., Ohio) and John Hickenlooper (D., Colo.) offered a five-point bipartisan reform outline that was laughable in its lazy generalities: "Improve affordability . . . Restore stability to insurance markets."

Well, sure, but how? Reaching these goals requires hard policy choices on which the parties are philosophically divided. Democrats want to stabilize markets with more taxpayer money and federal rules. Republicans want to deregulate markets and let insurers offer more

plans that better suit the variety of insurance consumers. Democrats want to expand Medicaid to cover ever-more Americans. Republicans, or at least most of them, want to put Medicaid on a budget to provide better coverage to the neediest.

When Senate Republicans reached out to Heidi Heitkamp this spring to negotiate on health care, the North Dakota Democrat told Politico she had these demands: No per capita Medicaid block grants to the states and no rollback in ObamaCare's Medicaid expansion. And that was merely "the price of admission for me sitting down." Ms. Heitkamp is the second most conservative Senate Democrat after West Virginia's Joe Manchin.

Ms. Heitkamp would never get a real chance to negotiate in any case. If their current effort fails, Republicans would then need 60 Senate votes to pass anything, and that gives Mr. Schumer the whip hand. His price for cooperating would include the Medicaid status

quo; preserving the individual and employer mandates; tens of billions in higher subsidies to lure insurers back into the failing exchanges; and probably a limit on the policy flexibility the Trump Administration could allow states.

Does that sound like something Rand Paul might support? Or Mike Lee? The more conservative Republicans who defect, the more Mr. Schumer would demand in return for more Democratic votes. Majority Leader Mitch McConnell would have to scramble to find even 15 Republicans to vote with Democrats as the GOP majority splinters.

This is the Senate reality, not some Kasich Kumbaya circle. Republicans can either set aside their narrow self-interest and fix ObamaCare on their terms, or they can collapse in disarray and bail it out on Mr. Schumer's. In 2018 they can defend an accomplishment or try to explain away a failure. Americans will know the difference.

Bernstein : Republicans Won't Blame Trump If Health Bill Fails

Jonathan
Bernstein

It's much too soon to start digging the grave for the Senate's attempt to "repeal and replace" Obamacare. It still has a chance, even if Mitch McConnell's decision to delay a vote suggests the chance is smaller than he thought at the beginning of the week. Obviously there would be political consequences for failing to deliver the party's top agenda item for seven years. But for whom?

President Trump: Publicly, it's unlikely he'll get much blame from Republicans, and he doesn't seem worried about the prospect. "If we don't get it done, it's just going to be something that we're not going to like," he told Republican senators at the White House on Tuesday. "And that's OK, and I understand that very well."

Here's why: The loudest voices in Republican-aligned media are solid supporters of the president, and there's no real advantage to be won for politicians or interest group leaders in taking him on over this. There's no sense at picking a fight with someone who has a much, much larger megaphone. Even if they weren't afraid of core Republican voters siding with Trump and not with them, it just doesn't make

much sense to blame him. Privately? House Republicans will blame him for calling their bill "mean" after celebrating its passage at the White House, and constantly making unrealistic and extravagant promises they had no way of fulfilling and he made no effort to support.

Freedom Caucus/Conservative Senators: Both groups probably deserve a fair amount of the blame, but mainstream Republicans rarely call them out, no matter how unpopular the policies the radicals force on the rest of the party might be or how damaging their tactics are. So Senators Rand Paul, Mike Lee, Ron Johnson, and Ted Cruz are fine.

RINOs: Republican-aligned media have no hesitation for taking on relatively moderate conservatives as "Republicans In Name Only," even if senators such as Susan Collins and Dean Heller vote with their party the overwhelming bulk of the time. They'll take some of the blame, to be sure -- more, almost certainly, than the radicals. And yet there are strong reasons not to push too hard. Heller is up for reelection in 2018 and is already in serious trouble. So are several of the moderate members of the House who opposed the bill there.

Activists and other party actors do not always behave logically, but the electoral argument for muting criticism of these members of Congress is strong.

Paul Ryan and Mitch McConnell: There's no guarantee, but Republican legislative leaders are the most likely scapegoats if the bill dies. Not, as it happens, for the very good reasons why they would be responsible for it. Ryan and McConnell were as responsible as anyone for building expectations that repealing Obamacare would be easy once they had a president and congressional majorities, even though in fact returning to the status quo ante once the Affordable Care Act was fully implemented was always a pipe dream. They were also as responsible as anyone for failing to build any consensus bill over the last seven years, or at least learning which provisions couldn't be included without sparking a revolt. They were the ones who decided to put health care first on the congressional agenda this year. And they were ultimately the ones who defined the fairly open idea of "repeal and replace" to mean gutting Medicaid. 1

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Jonathan Bernstein's Early Returns

Those are the reasons they will deserve the blame. But here's why they're so easily cast as scapegoats: Everyone always hates Congress, and no one screams "Congress" and "Washington" more than the speaker of the House and the Senate majority leader. Partisans will also correctly believe that turning voters against Ryan and McConnell will be much less damaging in 2018 than either demonizing the president -- the most visible party leader -- or attacking Republicans in vulnerable seats. It's also unlikely that many conservative talk-show hosts and TV pundits are even aware of just how difficult it is to pass major legislation, let alone major legislation which polls badly and (at least on the surface) promises negative consequences for many to pay for tax cuts for a few. The loudest voices in Republican-aligned media will be angry that this didn't pass easily, or at least willing to play angry. They'll need a few names that are bigger than Mike Lee and smaller than Donald J. Trump.

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners.



Parini : Why isn't Obama hitting back at Trump?

Jay Parini, a poet and novelist, teaches at Middlebury College in Vermont. His latest book is "New and Collected Poems, 1975-2015." The opinions expressed in this commentary are solely those of the author.

(CNN)The contrast could not be more extreme: a loud, pushy, anti-intellectual President Donald Trump versus a soft-spoken, recessive, philosophical former president, Barack Obama. The difference has become especially glaring in recent days, with Trump repeatedly breaking the tradition of a new president refraining from dissing his predecessor.

Trump has, in fact, gone out of his way to attack Obama, as in his recent nonsensical reversal wherein he attacked Obama for his lack of response to Russian meddling in the 2016 election: "Obama did NOTHING," Trump tweeted. He went on to accuse Obama of colluding with the Russians!

By now the world is familiar with this Trump ploy: He engages in unscrupulous business deals, so he

labels Hillary Clinton "Crooked Hillary." He lies, so he calls Ted Cruz "Lyin' Ted." On and on. Anyone who calls him out on any failure gets the same accusation hurled back in his or her face, and -- to a shocking extent -- this trick works. Or it works with Trump supporters, who don't seem to care if he wrecks their health care, allows factories to poison their water, or provides massive tax cuts for the rich people they admire so much. THIS is making America great again.

The truth is, Obama confronted Putin directly about intervening in our political system and put in place sanctions, though he clearly didn't do enough. "I feel like we sort of choked," one former colleague of Obama has said, according to an article in the Washington Post. This is too bad, as the Russians pulled off the crime of the century, possibly derailing Clinton, a tough critic of Russia. Today we have an incompetent President who (for reasons we might discover soon enough) appears unwilling to oppose the Russian regime.

Obama's weak responses to Trump have been troubling. I don't know why he didn't simply open the intelligence files on Putin to the American public, saying: "My God, look what the Russians are trying to do! Put up your guard!" There can be no sound reason for not alerting the people of this country to a major attack on their most cherished right, the right to vote.

I'm also unhappy about Obama's response to Trumpcare. His language was strong enough:

"The Senate bill, unveiled today, is not a health care bill," he wrote in a Facebook post, blasting the Republican legislation that seeks to repeal and replace the Affordable Care Act. He calls the proposed Republican plan "a massive transfer of wealth from middle-class and poor families to the richest people in America." That is exactly what he should have said, but why is he only saying it in a Facebook post rather than in remarks to the press or in speeches.

Again and again, Trump strikes and Obama turns the other cheek. What's going on here?

There is a longstanding Christian tradition of turning the other cheek, and that's usually the best approach to abuse. But one should remember that Jesus also turned over the tables of merchants and moneychangers in Herod's Temple in Jerusalem. He accused them of transforming the holiest site in Judaism into a "den of thieves." (Mark 11:17) I wonder if the analogy here, with Trump and his cohorts, isn't more apt than we think.

A friend of mine recently suggested that Obama was, at heart, a quietist. This is a mystical tradition that involves a "quieting" of the conscious mind, a withdrawal into the deepest layers of self, even self-annihilation. Political quietism involves stepping back from the activities of the world to focus on religious truth, and it condemns self-aggrandizement and the naked reach for power. It rejects the quest for wealth.

But quietism seems misguided in this context. Political life is where we create a community. What is government but our community made visible? If we are to create a community that takes pride in how it

cares for its own, one that promotes decent values, such as humility and tolerance and the wish to share, we have no choice but to step forward, to declare ourselves and speak up for our values. Obama needs to find his voice now in ways that, during

The Washington Post

On Day 78 of his lifetime appointment, the Supreme Court's newest justice, Neil M. Gorsuch, revealed himself Monday to be:

- Skeptical about the reach of the court's two-year-old decision granting same-sex couples the right to marry.

- Farther to the right than almost all of his colleagues on gun rights.

- Unwilling to lend his full support to Chief Justice John G. Roberts Jr.'s opinion in a major separation-of-church-and-state case, because of disagreement over a two-sentence footnote.

- Willing to let President Trump's travel ban be enacted as planned, without imposing the limits most of his colleagues required.

The Supreme Court on June 26 decided to allow a limited version of President Trump's travel ban to be implemented. The court will also hold a hearing on the case in the fall. The Supreme Court decided to allow a limited version of President Trump's travel ban to be implemented, and will hold a hearing on the case in the fall. (Video: Bastien Inzaurrealde/Photo: Jonathan Newton/The Washington Post)

If the Supreme Court's compromise decision Monday on the travel ban grabbed the headlines on the court's final day, those who study the court were at least as focused on what they could learn about the 49-year-old Coloradan chosen by Trump to fill the seat of the late Antonin Scalia.

[Supreme Court allows limited travel ban to take effect]

The bottom line, according to most accounts, is that Gorsuch is a Scalia 2.0, perhaps further to the right.

"The Gorsuch we were sold during the confirmation battle is the Gorsuch that we got," said Elizabeth Slattery, a legal scholar at the conservative Heritage Foundation.

And she meant that in a good way.

A view from the other side:

his time in the Oval Office, he was too often reluctant to do, perhaps fearing the immense power of the bully pulpit

But now there is a real bully in the pulpit, and Obama -- like the rest of

"Gorsuch claimed that he could be independent of the authoritarian, anti-Constitution president who nominated him, but he failed his first real test," said Elizabeth Wydra, president of the liberal Constitutional Accountability Center, referring to the travel-ban case.

Supreme Court, with ninth justice, now looks ahead to contentious fall term And she meant that just the way it sounds.

[Gorsuch sworn in as 113th Supreme Court justice] Gorsuch has spoken of the humility that comes with putting on the "plain black polyester robe that we buy with our own money at the uniform supply store."

But in his short 2½ months on the Supreme Court, Gorsuch has proved himself to be a self-assured jurist unafraid of the big stage. He asked 22 questions at his first oral argument. He writes frequently — and well, as even his critics acknowledge — and has been willing to go it alone in providing his own reasoning in an opinion even when he agrees.

"He's asserted himself in a way that is really without precedent for a justice in the modern court," said Ian Samuel, a former Scalia clerk who teaches at Harvard Law School.

Gregory G. Garre, a former solicitor general under President George W. Bush, cautioned against any "broad pronouncements" on Gorsuch. The justice did not take his place on the court until April 10 and thus participated in only one of the court's monthly oral-argument sessions.

He wrote one majority opinion for the court, which was unanimous.

[Gorsuch shows writing style in first opinion]

The views he expressed on the final day came in dissents or concurrences he wrote or joined with other justices. He has sided far more frequently with Justice Clarence Thomas on the court's far right than with Roberts, closer to the center.

Garre said Gorsuch showed he "was perfectly willing to differ with

us -- has no choice but to speak, and to act. My hope for Obama is that, in his post-presidency, he steps forward boldly to say whatever feels true in his mind. And he must do so in the most public ways. I would urge him to speak up,

his new colleagues, albeit 'respectfully,' as he was quick to point out."

Said Slattery: "In his early opinions, he's shown that he is committed to careful statutory interpretation. In his first majority opinion, he pointed out that it's the role of courts to 'apply, not amend, the work of the people's representatives,' in narrowly reading a federal law dealing with debt collection."

Jonathan H. Adler, a Case Western Reserve University law professor writing in The Washington Post, described Gorsuch as "a confident, committed textualist with a distinctive writing style — and a justice who is not afraid to challenge his new colleagues."

It does not mean he convinces them.

In a complicated case involving which court should hear complaints from federal workers who say they were wrongly terminated, Gorsuch dissented from an opinion by Justice Ruth Bader Ginsburg. He accused Ginsburg of tweaking the law as written to reach an outcome he acknowledged might be easier for everyone.

"Respectfully," he wrote, he "would instead just follow the words of the statute as written."

There was no need to tweak the statute, Ginsburg replied, but only "to read it sensibly." All justices except for Thomas agreed with Ginsburg.

Later, on the final day of the term, Gorsuch wrote a concurrence to one of the court's orders "for no reason other than to disagree with" Roberts, who had written a dissent, noted Samuel, the former Scalia clerk.

Daniel Epps, a law professor at Washington University in St. Louis who produces a podcast with Samuel about the Supreme Court called First Mondays, said he thought Gorsuch's opinion was "perfectly fine and respectful" — but also gratuitous.

"It was a strange hill to fight on for a new justice, and it makes me wonder about the dynamics between them if he was willing to

not indirectly on Facebook, but to declare himself more publicly and without reservation, revealing his ideas, his passions. There may be some fatal flaw here, of course, one that disallows a full-throated singing of his song. But I hope it isn't so.

spar so publicly with the chief," Epps said.

The court had only eight members in the 13 months between Scalia's death and Gorsuch's confirmation, and all agree it affected the court's docket.

"These days, blockbuster terms seem more like the rule than the exception," said Kannon Shanmugam, a Washington lawyer who frequently argues before the court. "By that standard, this year was the exception. The court had few headline cases and a lot of meat-and-potatoes ones."

Added John Bursch, another Supreme Court practitioner, "It was clear the court was doing its best to avoid controversial issues and decisions that would result in 4-4 ties."

Roberts, the court's master strategist, was seen as instrumental in helping the court find a narrow path through a thicket of cases that seemed destined for deadlocks. He seems positioned to become the court's pivotal justice in the future.

"One of the most interesting things about Justice Gorsuch in the few decisions we have seen is the number of times he has joined forces with Justice Thomas," who is often on the court's far right, Garre said. "The chief justice, by contrast, has seemed more willing to find ways to broaden coalitions. . . . The chief seems content to occupy more of the middle ground on the court, increasing his influence in closer cases."

But all of that leads to something that did *not* happen on the final day — any indication from Justice Anthony M. Kennedy, the Supreme Court's justice-in-the-middle, that he is ready to retire.

That means the future remains in the future.

"For all the talk of change with the arrival of Justice Gorsuch, the direction of the court remains very much tied to Justice Kennedy," Garre said.